

UNDERWRITING AGREEMENT

October 24, 2018

Sproutly Canada, Inc.

Suite 1050 – 1095 West Pender Street
Vancouver, BC V6E 2M6

Attention: Mr. Keith Dolo, Chief Executive Officer and President

Dear Sirs:

Canaccord Genuity Corp. (“**Canaccord**”), as sole bookrunner, together with Eight Financial Corp. and Haywood Securities Inc. (collectively, the “**Underwriters**” and individually, an “**Underwriter**”) understand that Sproutly Canada, Inc. (the “**Company**”) proposes to issue and sell to the Underwriters on a private placement basis an aggregate of:

- (a) 15,400,000 equity special warrants (the “**Equity Special Warrants**”) at a price of \$0.65 per Equity Special Warrant (the “**Equity Special Warrant Offering Price**”), and
- (b) 10,750 convertible debenture special warrants (the “**CD Special Warrants**” and collectively with the Equity Special Warrants, the “**Special Warrants**”) at a price of \$1,000 per CD Special Warrant (the “**CD Special Warrant Offering Price**”),

for aggregate gross proceeds to the Company of \$20,760,000 (the “**Offering**”). Subject to the terms and conditions set out in this Agreement (as defined below), the Underwriters hereby severally and not jointly, in the respective percentages set forth in paragraph 16, agree to purchase the Special Warrants and, by its acceptance hereof, the Company agrees to issue and sell to the Underwriters, the Special Warrants at the Closing Time (as defined below) at the Equity Special Warrant Offering Price per Equity Special Warrant and the CD Special Warrant Offering Price per CD Special Warrant for an aggregate purchase price of \$20,760,000.

It is understood that the Underwriters intend to arrange for qualified substituted purchasers (the “**Substituted Purchasers**”) in the Qualifying Jurisdictions (as defined below) to purchase the Special Warrants, in which case, the Company will sell such Special Warrants to such Substituted Purchasers on the date hereof and upon completion and settlement of such sales the Underwriters’ rights and obligations to purchase Special Warrants pursuant to the Offering will be proportionately reduced. Canaccord will determine, on behalf of itself and the other Underwriters, in its sole discretion, the breakdown of allocations of the Special Warrants among Substituted Purchasers.

Each Equity Special Warrant will entitle the holder thereof to receive upon deemed exercise on the Automatic Exercise Date (as defined below) and without payment of additional consideration, one equity unit (each a “**Equity Unit**”) consisting of one common share in the capital of the Company (each, a “**Unit Share**”) and one-half of one common share purchase warrant (each whole warrant, a “**Warrant**”) with each Warrant having an exercise price of \$0.90 per common share (each, a “**Warrant Share**”) with a term of two years from the Closing Date (as defined below). The Warrants will be duly and validly created and issued by the Company pursuant to, and governed by, the terms of a warrant indenture (the “**Warrant Indenture**”) to be entered into on the Closing Date between the Company and TSX Trust Company of Canada, as warrant agent in respect of the Warrants (“**TSX Trust**”). The description of the Warrants herein is a summary only and is subject to the specific attributes and detailed provisions of the Warrants to be set forth in the Warrant Indenture. In 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.

Each CD Special Warrant will entitle the holder thereof to receive upon deemed exercise on the Automatic Exercise Date and without payment of additional consideration, one convertible debenture unit (each a “**CD Unit**”) consisting of one \$1,000 principal amount 8% unsecured convertible debenture of the Company (a “**Convertible Debenture**”) and 667 Warrants. The Convertible Debentures will be duly and validly created and issued by the Company

pursuant to, and governed by, the terms of a convertible debenture indenture (the “**Debenture Indenture**”) to be entered into on the Closing Date between the Company and TSX Trust, as indenture trustee in respect of the Convertible Debentures. The Convertible Debentures shall be convertible into common shares in the capital of the Company (the “**Debenture Shares**”), each at a price of \$0.75 per Debenture Share, subject to adjustment pursuant to the terms of the Debenture Indenture. The description of the Convertible Debentures herein is a summary only and is subject to the specific attributes and detailed provisions of the Convertible Debentures to be set forth in the Debenture Indenture. In the case of any inconsistency between the description of the Convertible Debentures in this Agreement and their terms and conditions as set forth in the Debenture Indenture, the provisions of the Debenture Indenture will govern.

Each Equity Special Warrant will be automatically exercised, without payment of additional consideration, into one Equity Unit and each CD Special Warrant will be automatically exercised, without payment of additional consideration, into one CD Unit on the earlier of (the “**Automatic Exercise Date**”): (i) the date which is four months and a day following the Closing (as defined below); and (ii) the third Business Day (as defined below) after the Qualification Date (as defined below). Notwithstanding the foregoing, in the event a receipt for the Final Prospectus (as defined below) has not been issued within 60 days following the Closing, each unexercised Equity Special Warrant will thereafter entitle the holder to receive upon the exercise thereof, at no additional consideration, 1.05 Equity Units in the capital of the Company (instead of one Equity Unit in the capital of the Company) and each unexercised CD Special Warrant will thereafter entitle the holder to receive upon the exercise thereof, at no additional consideration, 1.05 CD Units in the capital of the Company (instead of one CD Unit in the capital of the Company) (the additional 0.05 Equity Units in the capital of the Company and additional 0.05 CD Units in the capital of the Company are collectively referred to herein as the “**Penalty Units**”); provided, however, that any fractional entitlement to Penalty Units will be rounded down to the nearest whole Penalty Unit. The “**Qualification Date**” means the date on which a receipt for the Final Prospectus (as defined below) is issued by the British Columbia Securities Commission, as principal regulator, on its own behalf and on behalf of each of the other relevant securities regulators in the Qualifying Jurisdictions (as defined below).

The Equity Special Warrants will be duly and validly created and issued pursuant to, and governed by, a special warrant indenture (the “**Equity Special Warrant Indenture**”) and the CD Special Warrants will be duly and validly created and issued pursuant to, and governed by, a special warrant indenture (the “**CD Special Warrant Indenture**”) and collectively with the Equity Special Warrant Indenture, the “**Special Warrant Indentures**”) to be entered into on the Closing Date between the Company and TSX Trust in its capacity as special warrant agent thereunder. The description of the Special Warrants herein is a summary only and is subject to the specific attributes and detailed provisions of the Special Warrants to be set forth in the respective Special Warrant Indentures. In the case of any inconsistency between the description of the Special Warrants in this Agreement and their terms and conditions as set forth in the Special Warrant Indentures, the provisions of the Special Warrant Indentures will govern.

In consideration of the services to be rendered by the Underwriters in connection with the sale and purchase of Special Warrants under the Offering and all other services related thereto, the Company will pay to the Underwriters the Commission and issue to the Underwriters the Underwriters’ CD Special Warrants (as defined below) and the Underwriters’ Equity Special Warrants (as defined below) in accordance with the provisions of paragraph 2.4.

Sales of the Special Warrants may be made to Substituted Purchasers (outside of the United States) pursuant to exemptions from the prospectus and registration requirements of applicable securities laws of each of the Provinces of Canada, except Québec.

The Underwriters are entitled to appoint, at their sole expense, other registered dealers acceptable to the Company (the “**Selling Firms**”) as agents to assist in the Offering and the Underwriters may determine the remuneration payable to such Selling Firms, such remuneration to be the sole responsibility of the Underwriters.

The Offering is conditional upon and subject to the additional terms and conditions set forth below.

1. Interpretation.

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

“**ACMPR**” means the Access to Cannabis for Medical Purposes Regulations (Canada) issued pursuant to the *Controlled Drugs and Substances Act*;

“**affiliate**” and “**associate**” have the respective meanings ascribed to them in the *Securities Act* (British Columbia);

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

“**Ancillary Documents**” means all agreements (including the Subscription Agreements, the Special Warrant Indentures, the CD Indenture and the Warrant Indenture), certificates (including the global certificates representing the Unit Shares, the Convertible Debentures, the Warrants and the Special Warrants), officer’s certificates of the Company, notices and other documents executed and delivered, or to be executed and delivered, by the Company in connection with the Offering;

“**Applicable Laws**” means all laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, written policies, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, including general principles of common and civil law, and conditions of any grant of approval, permission, authority or license of any court, governmental entity or statutory body or regulatory body (including the CSE) applicable to the Offering, and includes without limitation Securities Laws and the ACMPR;

“**Automatic Exercise Date**” has the meaning ascribed to such term above;

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

“**Canaccord**” has the meaning ascribed to such term above;

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

“**CD Special Warrants**” has the meaning ascribed to such term above;

“**CD Special Warrant Offering Price**” has the meaning ascribed to such term above;

“**CD Unit**” has the meaning ascribed to such term above;

“**Claims**” has the meaning ascribed to that term in paragraph 13;

“**Closing**” means the completion of the issue and sale by the Company, and the purchase by the Underwriters and/or Purchasers of the Special Warrants pursuant to this Agreement and the Subscription Agreements;

“**Closing Date**” means October 18, 2018 or such other date as the Company and Canaccord may agree;

“**Closing Time**” means 5:00am (Vancouver time) on the Closing Date or such other time as the Company and Canaccord may agree;

“**Commission**” has the meaning ascribed to that term in paragraph 2.4;

“**Common Share**” means a common share in the capital of the Company;

“**Company**” has the meaning ascribed to such term above;

“**Continuing Underwriter**” has the meaning ascribed to that term in paragraph 16(c);

“**Convertible Debentures**” has the meaning ascribed to such term above;

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

“**Debenture Indenture**” has the meaning ascribed to such term above;

“**Debenture Shares**” has the meaning ascribed to such term above;

“**Disclosure Documents**” means all information regarding the Company (and its predecessors and former Subsidiaries) that has been filed on SEDAR since January 1, 2018, or is filed on SEDAR on or prior to the Automatic Exercise Date, including the Financial Statements, Listing Statement, press releases, material change reports and information circulars;

“**distribution**” means distribution or distribution to the public, as the case may be, as those terms are defined in Securities Laws;

“**Documents Incorporated by Reference**” means all financial statements, management’s discussion and analysis, management information circulars, annual information forms, business acquisition reports, material change reports or other documents filed by the Company, whether before or after the date of this Agreement, that are required to be incorporated by reference, or that are deemed to be incorporated by reference, under Securities Laws in the Preliminary Prospectus, the Final Prospectus or any Supplementary Material, as applicable;

“**Environmental Activity**” means and includes any past or present activity, event or circumstance in respect of a contaminant including the storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation thereof, or the release, escape, leaching, dispersal or migration thereof into the natural environment, including the movement through or in the air, soil, surface water or groundwater;

“**Environmental Laws**” means and includes any and all applicable international, federal, provincial, state, municipal, national or local laws, statutes, regulations, treaties, orders, judgments, decrees, ordinances, official directives and all authorizations relating to the environment, occupational health and safety;

“**Equity Special Warrants**” has the meaning ascribed to such term above;

“**Equity Special Warrant Offering Price**” has the meaning ascribed to such term above;

“**Equity Unit**” has the meaning ascribed to such term above;

“**Facility**” means the Company’s 16,660 sq. ft. cannabinoid production facility located in Toronto, Ontario;

“**Final Prospectus**” means the (final) short form prospectus of the Company, including all of the Documents Incorporated by Reference, prepared by the Company and certified by the Company and the Underwriters qualifying the distribution of the Qualified Securities in the Qualifying Jurisdictions;

“**Financial Statements**” means, collectively: (i) the unaudited consolidated financial statements of the Company as at, and for the three months ended May 31, 2018 and 2017; and (ii) the audited consolidated financial statements of Sproutly, Inc. as at, and for the period from incorporation on January 17, 2017 to November 30, 2017, and the notes thereto, together with the report of MNP LLP thereon filed on SEDAR;

“**Governmental Authority**” means any governmental authority and includes, without limitation, any national or federal government, province, state, municipality or other political subdivision of any of the foregoing, any entity exercising executive, legislative, judicial, regulatory or administrative functions (including, in particular, Health Canada) of or pertaining to government and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing;

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

“**including**” means “including without limitation”;

“**Indemnified Parties**” has the meanings ascribed to that term in paragraph 13;

“**Intellectual Property**” has the meaning ascribed to that term in paragraph 7(o);

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

“**Listing Statement**” the Form 2A listing statement of the Company dated June 29, 2018 filed on SEDAR;

“**Material Adverse Effect**” means any change, fact, event, circumstance or state of being which could reasonably be expected to have a material and adverse effect (actual or anticipated, whether financial or otherwise) on the business, affairs, operations, properties, assets, liabilities (contingent or otherwise), capital, results of operations or condition (financial or otherwise) of the Company or any of its Subsidiaries (taken as a whole);

“**misrepresentation**”, “**material fact**” and “**material change**” have the respective meanings ascribed to them in the *Securities Act* (British Columbia);

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

“**notice**” has the meaning ascribed to such term in paragraph 15;

“**NP 11-202**” means National Policy 11-202 – *Process for Prospectus Reviews in Multiple Jurisdictions* adopted by the Canadian Securities Administrators;

“**Offering**” has the meaning ascribed to such term above;

“**Owned Property**” means the owned real property that is material to the Company and its Subsidiaries, taken as a whole, and which the Company or any of its Subsidiaries, as applicable, are the registered owners of;

“**Penalty Units**” has the meaning ascribed to such term above;

“**Permitted Liens**” means such Liens in respect of the Company or any of its Subsidiaries as previously disclosed to Canaccord in writing;

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

“**Preliminary Prospectus**” means the preliminary short form prospectus of the Company, including all of the Documents Incorporated by Reference, prepared by the Company and certified by the Company and the Underwriters relating to the distribution of the Qualified Securities in the Qualifying Jurisdictions;

“**Purchasers**” means the Persons who are Substituted Purchasers (who as purchasers or beneficial purchasers) acquire Special Warrants by duly completing, executing and delivering the Subscription Documents;

“**Qualification Date**” has the meaning ascribed to such term above;

“**Qualified Securities**” means the Equity Units and the CD Units (including, if applicable, the Penalty Units) issuable upon the deemed exercise of the Special Warrants and the Underwriters’ Equity Warrants and the Underwriters’ CD Warrants issuable upon the deemed exercise of the Underwriters’ Equity Special Warrants and Underwriters’ CD Special Warrants, respectively;

“**Qualifying Jurisdictions**” means each of the Provinces of British Columbia, Alberta and Ontario;

“**Refusing Underwriter**” has the meaning ascribed to that term in paragraph 16(c);

“**Securities Commission**” means the applicable securities commission or securities regulatory authority in each of the Qualifying Jurisdictions and “**Securities Commissions**” has a comparable meaning;

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

“**SEDAR**” means the System for Electronic Document Analysis and retrieval established by National Instrument 13-101 of the Canadian Securities Administrators;

“**Selling Firm**” has the meaning ascribed to such term above;

“**Special Warrants**” has the meaning ascribed to such term above;

“**Special Warrant Indentures**” has the meaning ascribed to such term above;

“**Subscription Agreements**” means the subscription agreements, in the form agreed upon by the Company and the Underwriters, pursuant to which Purchasers agree to subscribe for and purchase Special Warrants;

“**Subscription Documents**” means, with respect to a Purchaser, a Subscription Agreement duly completed by the Purchaser together with all applicable duly completed schedules to the Subscription Agreement in the forms attached thereto and any other forms or documents required under applicable Securities Laws or any other Applicable Laws;

“**Subsequent Disclosure Documents**” means any annual and/or interim financial statements, management’s discussion and analysis, information circulars, annual information forms, material change reports, business acquisition reports or other documents issued by the Company after the date of this Agreement that are required to be incorporated by reference into the Preliminary Prospectus, the Final Prospectus or any Supplementary Material;

“**Subsidiary**” means the subsidiaries of the Company, as listed in Schedule “A” hereto and “Subsidiary” means any one of the Subsidiaries;

“**Substituted Purchasers**” has the meaning ascribed to such term above;

“**Supplementary Material**” means, collectively, any amendment to or amendment and restatement of, the Preliminary Prospectus and/or the Final Prospectus, and any further amendment, amendment and restatement or supplemental prospectus thereto or ancillary materials that may be filed by or on behalf of the Company under the Securities Laws relating to the qualification of the distribution of the Qualified Securities;

“**Taxes**” has the meaning ascribed to that term in paragraph 7(n);

“**TSX Trust**” has the meaning ascribed to such term above;

“**Underlying Securities**” means, collectively, the Qualified Securities, the Debenture Shares, the Warrant Shares, the Underwriters’ Equity Unit and the Underwriters’ CD Unit;

“**Underwriter**” or “**Underwriters**” has the meaning ascribed to such term above;

“**Underwriters’ CD Units**” has the meaning ascribed to that term in paragraph 2.4;

“**Underwriters’ Equity Units**” has the meaning ascribed to that term in paragraph 2.4;

“**Underwriters’ Shares**” has the meaning ascribed to that term in paragraph 2.4;

“**Underwriters’ Special Warrants**” has the meaning ascribed to that term in paragraph 2.4;

“**Underwriters’ CD Warrants**” has the meaning ascribed to that term in paragraph 2.4;

“**Underwriters’ Equity Warrants**” has the meaning ascribed to that term in paragraph 2.4;

“**Unit Share**” has the meaning ascribed to such term above;

“**Warrant**” has the meaning ascribed to such term above;

“**Warrant Indenture**” has the meaning ascribed to such term above; and

“**Warrant Share**” has the meaning ascribed to such term above.

1.1 Knowledge. Where any representation or warranty contained in this Agreement or any Ancillary Document is expressly qualified by reference to the “knowledge” of the Company, or where any other reference is made herein or in any Ancillary Document to the knowledge of the Company, it will be deemed to refer to the actual knowledge of the Chief Executive Officer and the Chief Financial Officer of the Company, after having made reasonable enquiry of appropriate and relevant persons.

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

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

1.4 Currency. Unless otherwise specified, references to “\$” are to Canadian.

2. Terms and Conditions

2.1 Bought Deal. Upon and subject to the terms and conditions set forth herein, the Underwriters, severally and not jointly nor jointly and severally, in the respective percentages set out in paragraph 16, hereby agree to purchase from the Company, and the Company hereby agrees to issue and sell to the Underwriters at the Closing Time, all but not less than all of the Equity Special Warrants for the Equity Special Warrant Offering Price and the CD Special Warrants for the CD Special Warrant Offering Price.

2.2 Sale on an Exempt Basis to Purchasers. The Company understands that, although the offer to act as Underwriters with respect to the Special Warrants is made hereunder by the Underwriters to the Company as purchasers, the Underwriters have the right to arrange for the Special Warrants to be purchased by the Purchasers: (a) in the Qualifying Jurisdictions on a “private placement basis” in compliance with the Securities Laws such that the offer and sale of the Special Warrants does not obligate the Company to file a prospectus (other than the Preliminary Prospectus, the Final Prospectus or any Supplementary Material relating to the distribution of the Qualified Securities); and (b) in such other jurisdictions (excluding the United States) on a “private placement basis” in compliance with all applicable securities laws of such other jurisdictions provided that no prospectus, registration statement, offering memorandum or similar document is required to be filed in such jurisdiction, no registration or similar requirement would apply with respect to the Company in such other jurisdictions and the Company does not thereafter become subject to on-going or continuous disclosure obligations in such other jurisdictions.

2.3 Legal Compliance. The Company undertakes to file or cause to be filed, within the time periods stipulated by Applicable Laws, all forms, undertakings and other documents required to be filed by the Company under Applicable Laws in connection with the offer and sale of the Special Warrants in order that the distribution of the Special Warrants and the Underlying Securities may lawfully occur without the necessity of filing a prospectus, registration statement or similar document in Canada or any other jurisdiction where Special Warrants are offered and sold by the Underwriters. The Company's obligation to file any form, undertaking or other document under the Applicable Laws of any other jurisdiction (other than Canada) will be subject to the Underwriters advising the Company of such requirement. All fees payable in connection with such filings will be at the sole expense of the Company. The Company further agrees to comply with all Securities Laws and applicable stock exchange requirements (including those of the CSE) in connection with the distribution of the Special Warrants and the Underlying Securities.

2.4 Commission and Underwriters' Special Warrants. In consideration for the services rendered by the Underwriters hereunder, the Company will pay a cash commission (the "**Commission**") at Closing to the Underwriters equal to

- (a) 7.0% of the gross proceeds from the sale of the Equity Special Warrants sold pursuant to the Offering; and
- (b) 5.5% of the gross proceeds from the sale of the CD Special Warrants sold pursuant to the Offering.

In addition to the Commission, the Company agrees to issue and deliver to the Underwriters

(a) that number of special warrants (the "**Underwriters' Equity Special Warrants**") as is equal to 7.0% of the Equity Special Warrants sold under the Offering. Each Underwriters' Equity Special Warrant will be automatically exercised, without payment of additional consideration, into one Underwriters equity warrant (an "**Underwriters' Equity Warrant**") on the earlier of: (i) the date which is four months and a day following the Closing; and (ii) the third Business Day after the Qualification Date. Each Underwriters' Equity Warrant will be exercisable into one Underwriters' equity unit (an "**Underwriters' Equity Unit**") for up to two years from the Closing Date at the exercise price of \$0.65 per Underwriters' Equity Unit. Each Underwriters' Equity Unit consists of one common share of the Company (an "**Underwriters' Share**") and one Warrant, and

(b) that number of special warrants (the "**Underwriters' CD Special Warrants**") as is equal to 5.5% of the gross on the CD Special Warrants sold under the Offering divided by \$0.75. Each Underwriters' CD Special Warrant will be automatically exercised, without payment of additional consideration, into one Underwriters convertible debenture warrant (an "**Underwriters' CD Warrant**") on the earlier of: (i) the date which is four months and a day following the Closing; and (ii) the third Business Day after the Qualification Date. Each Underwriters' CD Warrant will be exercisable into one Underwriters' convertible debenture unit (an "**Underwriters' CD Unit**") for up to two years from the Closing Date at the exercise price of \$0.75 per Underwriters' CD Unit. Each Underwriters' CD Unit consists of one Underwriters' Share and one-half of one Warrant.

The Company covenants that the certificates representing the Underwriters' Equity Warrants and Underwriters' CD Warrants will, among other things, include provisions for the appropriate adjustment in the class, number and price of the Underwriters' Equity Units and Underwriters' CD Units issued upon exercise of the Underwriters' Equity Warrants and Underwriters' CD Warrants, respectively, upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Common Shares and the payment of stock dividends with respect thereto.

3. Filing of Preliminary Prospectus and Final Prospectus

- (a) **Preliminary Prospectus.** The Company covenants and agrees to use its commercially reasonable efforts to: (i) prepare and file the Preliminary Prospectus and obtain a receipt therefor from the Securities Commissions; and (ii) promptly resolve all comments received or deficiencies raised by

the Securities Commissions in respect of the Preliminary Prospectus as expeditiously as possible; provided, however, that the Company will provide to the Underwriters copies of all correspondence received by the Company from the Securities Commissions relating to such comments or deficiencies and will afford the Underwriters and their counsel a reasonable opportunity to review and provide input on the Company's responses to such correspondence.

- (b) **Final Prospectus.** The Company covenants and agrees to use its commercially reasonable efforts to, as soon as practicable after all comments of the Securities Commissions have been satisfied with respect to the Preliminary Prospectus, prepare and file the Final Prospectus and obtain a receipt therefor from the Securities Commissions within 60 days following the Closing Date. The Company will promptly take, or cause to be taken, all commercially reasonable steps and proceedings that may from time to time be required under Securities Laws to qualify the distribution of the Qualified Securities in the Qualifying Jurisdictions and will use commercially reasonable efforts to ensure that such requirements (including the issuance of a receipt for the Final Prospectus) will be fulfilled before the Automatic Exercise Date. If applicable, the Company will continue to use commercially reasonable efforts to obtain a receipt for the Final Prospectus after the Automatic Exercise Date.
- (c) **Commercial Copies.** The Company will cause commercial copies of the Final Prospectus and any Supplementary Material to be delivered to the Underwriters without charge, in such numbers and in such cities in the Qualifying Jurisdictions as the Underwriters may reasonably request. Such delivery will be effected as soon as practicable and, in any event, within two Business Days after the filing thereof in the Qualifying Jurisdictions. The Underwriters will cause to be delivered to the Purchasers copies of the Final Prospectus and any Supplementary Material required to be delivered to them pursuant to Applicable Laws.
- (d) **Representation as to Final Prospectus and Supplementary Material.**

Each delivery to any Underwriter of the Preliminary Prospectus, the Final Prospectus and/or any Supplementary Material by or on behalf of the Company will constitute the representation and warranty of the Company to the Underwriters that:

- (i) all information and statements (except information and statements relating solely to and provided in writing by the Underwriters) contained and incorporated by reference in the Preliminary Prospectus or the Final Prospectus or any Supplementary Material, as the case may be, are, at the respective dates of delivery thereof, true and correct and contain no misrepresentation or untrue, false or misleading statement of a material fact and, on the respective dates of delivery thereof, the Preliminary Prospectus, the Final Prospectus or any Supplementary Material provide full, true and plain disclosure of all material facts relating to the Company (on a consolidated basis), the Special Warrants and the Underlying Securities as required by Securities Laws of the Qualifying Jurisdictions;
- (ii) no material fact has been omitted from any of the Preliminary Prospectus, the Final Prospectus or any Supplementary Material (except information and statements relating solely to and provided in writing by the Underwriters) which is required to be stated therein or is necessary to make the statements therein not misleading in light of the circumstances in which they were made; and
- (iii) each of such documents complies with the requirements of the Securities Laws of the Qualifying Jurisdictions.

Such delivery will also constitute the Company's consent to the Underwriters' and any Selling Firm's use of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material in connection with the distribution of the Qualified Securities in the Qualifying Jurisdictions in compliance with the provisions of this Agreement.

- (e) **Review of Prospectuses.** The form and substance of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material will be satisfactory to the Underwriters, acting reasonably.
- (f) **Due Diligence.** The Company will permit the Underwriters and their counsel to participate in the preparation of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material, to discuss the Company's business with its corporate officials, auditors, legal counsel and other advisors and to conduct such full and comprehensive review and investigation of the Company's business, affairs, capital and operations as the Underwriters will consider to be necessary to establish a due diligence defence under Applicable Laws to an action for misrepresentation or damages and to enable the Underwriters to responsibly execute the Underwriters' certificate in the Preliminary Prospectus, the Final Prospectus and any Supplementary Material. The Company also covenants to use its commercially reasonable efforts to secure the cooperation of the Company's professional advisors (including its legal advisors and auditors) and the officers and directors to participate in any due diligence conference calls required by the Underwriters, and the Company consents to the use and the disclosure of information obtained during the course of the due diligence investigation where such disclosure is required by Applicable Laws.
- (g) **Deliveries.** The Company will deliver to the Underwriters prior to the filing of the Preliminary Prospectus and Final Prospectus, as applicable, unless otherwise indicated:
 - (i) a copy of the Preliminary Prospectus and the Final Prospectus signed on behalf of the Company, by the persons and in the form required by Applicable Laws;
 - (ii) a copy of any other document filed with, or delivered to, the Securities Commissions by the Company under Applicable Laws in connection with the filing of the Preliminary Prospectus or Final Prospectus; and
 - (iii) in the case of the Final Prospectus, a "long-form" comfort letter dated the date of the Final Prospectus, in form and substance satisfactory to the Underwriters addressed to the Underwriters, from the Company's auditors and based on a review completed not more than two Business Days prior to the date of the letter, with respect to certain financial and accounting information relating to the Company included and incorporated by reference in the Final Prospectus, which letter will be in addition to the auditors' report contained in the Final Prospectus and any auditors' comfort letter addressed to or filed with the Securities Commissions under Securities Laws.
- (h) **Supplementary Material.** If applicable, the Company will prepare and deliver promptly to the Underwriters copies of all Supplementary Material. Concurrently with the delivery of any Supplementary Material or the incorporation by reference in the Preliminary Prospectus or the Final Prospectus of any Subsequent Disclosure Document, the Company will deliver to the Underwriters, with respect to such Supplementary Material or Subsequent Disclosure Document, documents substantially similar to those referred to in paragraph 3(g).

4. Covenants of the Company.

In addition to the covenants of the Company set out in the other paragraphs of this Agreement, the Company hereby covenants to and for the benefit of the Underwriters and the Purchasers, and acknowledges that each of them is relying on such covenants in connection with the purchase of the Special Warrants, that:

- (a) the Company will comply, in all material respects, with its obligations under Applicable Laws;
- (b) the Company will duly execute and deliver the Special Warrant Indentures on or before the Closing Date in form and substance satisfactory to the Underwriters and their counsel, acting reasonably, and the Company will comply with its covenants contained in the Special Warrant Indentures;

- (c) the Company will duly execute and deliver the Debenture Indenture on or before the Closing Date in form and substance satisfactory to the Underwriters and their counsel, acting reasonably, and the Company will comply with its covenants contained in the Debenture Indenture;
- (d) the Company will duly execute and deliver the Warrant Indenture on or before the Closing Date in form and substance satisfactory to the Underwriters and their counsel, acting reasonably, and the Company will comply with its covenants contained in the Warrant Indenture;
- (e) the Company will duly execute the Subscription Agreements which have been duly completed by the Purchasers subject to the terms thereof, and duly and punctually perform all the obligations to be performed by it under this Agreement and the Subscription Agreements;
- (f) the Company will fulfil or cause to be fulfilled, at or prior to the Closing Date, each of the conditions required to be fulfilled by it set out in paragraph 10 hereof that are within its control (unless waived by the Underwriters);
- (g) the Company will use its commercially reasonable efforts to cause the Unit Shares, Debenture Shares, Warrant Shares and Underwriters' Shares to be listed and posted for trading on the CSE from and after the Automatic Exercise Date;
- (h) the Company will file with the Securities Commissions and the CSE all forms, notices and certificates required to be filed by the Company pursuant to the Securities Laws in the time required by the Securities Laws, including, for greater certainty, Form 45-106F1 of NI 45-106 and any other forms, notices and certificates set forth in the opinions delivered to the Underwriters pursuant to the closing conditions set forth in paragraph 10 hereof, as are required to be filed by the Company;
- (i) the Company will ensure that, at all times prior to the Automatic Exercise Date, a sufficient number of Unit Shares, Debenture Shares, Warrant Shares and Underwriters' Shares are duly and validly allotted and reserved for issuance upon the due exercise of the Special Warrants, Convertible Debentures, Warrants and Underwriters' Equity Warrants and Underwriters' CD Warrants (including with respect to the Penalty Units, if applicable), and the Company will ensure that such Unit Shares, Debenture Shares, Warrant Shares and Underwriters' Shares, upon issuance, will be duly issued as fully paid and non-assessable Common Shares, and will have the attributes corresponding in all material respects to the description thereof set forth in this Agreement and the Subscription Agreements;
- (j) the Company will fulfil all legal requirements to permit the creation, issuance, offering and sale of the Special Warrants and the Underlying Securities, all as contemplated in this Agreement and file or cause to be filed all documents, applications, forms or undertakings required to be filed by the Company and take or cause to be taken all action required to be taken by the Company in connection with the purchase and sale of the Special Warrants and the issuance of the Underlying Securities, so that the distribution of the Qualified Securities may lawfully occur without the necessity of filing a registration statement in the United States or similar document in any other jurisdiction;
- (k) the Company will until the date of the completion of the distribution of the Qualified Securities, use commercially reasonable efforts to ensure the Preliminary Prospectus and Final Prospectus comply at all times with the Securities Laws;
- (l) the Company will during the period from the date hereof until the date of the completion of the distribution of the Qualified Securities, promptly inform the Underwriters of the full particulars of any request of any Securities Commissions for any information, or the receipt by the Company of any communication from any Securities Commissions or any other competent authority relating to the Company or which may be relevant to the distribution of the Qualified Securities;

- (m) the Company will comply with each of the covenants of the Company set out in the Subscription Agreements;
- (n) at all times prior to the completion of the distribution of the Qualified Securities, the Company will continue to operate its business in compliance with Applicable Laws and in the ordinary course;
- (o) the Company will forthwith notify the Underwriters of any breach of any covenant of this Agreement or any Ancillary Document by any party thereto, or upon it becoming aware that any representation or warranty of the Company contained in this Agreement or any Ancillary Document is or becomes untrue or inaccurate in any material respect;
- (p) the Company will use its commercially reasonable efforts to make the Special Warrants and Underlying Securities issued to holders resident in Canada eligible for deposit in CDS;
- (q) the Company will advise the Underwriters, promptly after receiving notice thereof, of the time when the Preliminary Prospectus, the Final Prospectus and any Supplementary Material have been filed and receipts therefor have been obtained pursuant to NP 11-202 and will provide evidence reasonably satisfactory to the Underwriters of each such filing and copies of such receipts;
- (r) the Company will advise the Underwriters, promptly after receiving notice or obtaining knowledge thereof, of:
 - (i) the issuance by any Securities Commission of any order suspending or preventing the use of the Preliminary Prospectus, the Final Prospectus or any Supplementary Material;
 - (ii) the institution, threatening or contemplation of any proceeding for any such purposes;
 - (iii) any order, ruling, or determination having the effect of suspending the sale or ceasing the trading in any securities of the Company (including the Special Warrants or the Underlying Securities) having been issued by any Securities Commissions or the institution, threatening or contemplation of any proceeding for any such purposes; or
 - (iv) any requests made by any Securities Commissions to amend or supplement the Preliminary Prospectus or the Final Prospectus or to provide additional information, and will use its commercially reasonable efforts to prevent the issuance of any order referred to in paragraph 4(r)(i) above and, if any such order is issued, to obtain the withdrawal thereof as quickly as possible;
- (s) the Company will, except to the extent the Company participates in a merger or business combination transaction which is in the best interest of the Company and following which the Company is not a “reporting issuer”, 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 Securities Laws of each of the Canadian jurisdictions in which it is currently a reporting issuer, which have such a concept to the date which is three years following the Closing Date; and
- (t) the Company will, except to the extent the Company participates in a merger or business combination transaction which is in the best interest of the Company and following which the Company is not listed on the CSE, use its commercially reasonable efforts to maintain the listing of the Common Shares on the CSE or such other recognized stock exchange or quotation system to the date that is two years following the Closing Date.

In addition to the covenants of the Company set out in the other paragraphs of this Agreement, the Company hereby further covenants to and for the benefit of the Underwriters and the Purchasers, and acknowledges that each of them is relying on such covenants in connection with the purchase of the Special Warrants, that following the Closing:

- (u) the Company will allow the Underwriters to participate in the preparation of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material that the Company is required to file under the Securities Laws relating to the Offering;
- (v) the Company will deliver to the Underwriters, without charge, contemporaneously with, or prior to the filing of, the Final Prospectus, unless otherwise indicated:
 - (i) a copy of any document filed with, or delivered to, the Securities Commissions by the Company under the Securities Laws with the Final Prospectus;
 - (ii) a certificate dated the date of the Final Prospectus, addressed to the Underwriters and signed by the Chief Executive Officer and Chief Financial Officer of the Company, certifying for and on behalf of the Company, and not in their personal capacities, after having made due inquiries, with respect to the following matters:
 - (A) the Company having complied with all of the covenants and satisfied all of the terms and conditions of this Agreement on its part to be complied with and satisfied at or prior to the date of the Final Prospectus;
 - (B) no order, ruling or determination having the effect of ceasing or suspending trading in any securities of the Company or prohibiting the issue of the Special Warrants or the Underlying Securities or any of the Company's issued securities having been issued and no proceeding for such purpose being pending or, to the knowledge of such officers, threatened;
 - (C) the representations and warranties of the Company contained in this Agreement and in any certificates of Company delivered pursuant to or in connection with this Agreement being true and correct as at the date of the Final Prospectus, with the same force and effect as if made on and as at the date of the Final Prospectus, after giving effect to the transactions contemplated by this Agreement; and
 - (D) since the Closing Time, there having been no material adverse change, financial or otherwise, in the assets, liabilities (contingent or otherwise), capital, business or results of operations of the Company; and
- (w) the Company will, until the earlier of the Qualification Date and the Automatic Exercise Date, deliver to the Underwriters copies of all correspondence and other written communications between the Company and any Securities Commission or other Governmental Authority relating to the Offering and will generally keep the Underwriters apprised of the status of, including all developments relating to, the Offering.

5. Underwriters' Representations, Warranties and Covenants. Each Underwriter hereby severally (on its own behalf and not on behalf of any other Underwriter) represents and warrants to, and covenants with the Company that:

- (a) it is duly qualified and registered to carry on business as a securities dealer in each of the jurisdictions where the sale of the Special Warrants requires such qualification and/or registration in a manner that permits the sale of the Special Warrants on a basis described in paragraph 5(b);
- (b) it will offer and solicit offers for the purchase of the Special Warrants in compliance with Applicable Laws and only from such persons and in such manner that, pursuant to applicable Securities Laws and the securities laws of any other jurisdiction applicable to the offer, sale and solicitation of the Special Warrants under this Offering, no prospectus, registration statement or similar document need be delivered or filed, other than any prescribed reports of the issue and sale

of the Special Warrants and, in the case of any jurisdiction other than the Qualifying Jurisdictions, no continuous disclosure obligations will be created;

- (c) it will make any offers or sales of Special Warrants in accordance with the terms of this Agreement;
- (d) it will conduct, and will cause its affiliates and any person acting on its behalf to conduct, activities in connection with arranging for the offer and sale of the Special Warrants in compliance with applicable Securities Laws and the securities laws of any other jurisdiction applicable to the offer and sale of the Special Warrants;
- (e) it will obtain from each Purchaser a completed and executed Subscription Agreement, together with all Subscription Documents (including documents required by the CSE, if any) as may be necessary in connection with subscriptions for Special Warrants to ensure compliance with applicable Securities Laws and the securities laws of any other jurisdiction applicable to the offer and sale of the Special Warrants under this Offering; and
- (f) it will refrain from advertising the Offering in: (i) printed media of general and regular paid circulation; (ii) radio; (iii) television; or (iv) telecommunication (including electronic display and the Internet) and not make use of any green sheet or other internal marketing without the consent of the Company, such consent to be promptly considered and not to be unreasonably withheld.

In performing their respective obligations under this Agreement, the Underwriters are acting severally (and not jointly nor jointly and severally) and no Underwriter will be liable to the Company under this Agreement with respect to a default by any other Underwriter or any Selling Firm appointed by another Underwriter.

6. Material Changes During Distribution. During the period from the date of this Agreement to the Automatic Exercise Date, the Company will, upon becoming aware of same, promptly notify the Underwriters (and, if requested by the Underwriters, confirm such notification in writing) of: (a) any material change (actual, anticipated, contemplated or threatened) in the business, operations, assets, liabilities (contingent or otherwise) or capital of the Company; (b) any material fact which has arisen or has been discovered following the Closing Date and is required to be stated in the Preliminary Prospectus, the Final Prospectus or any Supplementary Material or which would have been required to have been stated in the Preliminary Prospectus, the Final Prospectus or any Supplementary Material had the fact arisen or been discovered on, or prior to, the date of such document; and (c) any change in any material fact (which for the purposes of this Agreement will be deemed to include the disclosure of any previously undisclosed material fact) contained in the Disclosure Documents, the Preliminary Prospectus, the Final Prospectus or any Supplementary Material which change is, or may be, of such a nature as to render any statement in the Disclosure Documents, the Preliminary Prospectus, the Final Prospectus or any Supplementary Material misleading or untrue in any material respect or which would result in a misrepresentation in the Disclosure Documents, the Preliminary Prospectus, the Final Prospectus or any Supplementary Material or which would result in the Disclosure Documents, the Preliminary Prospectus, the Final Prospectus or any Supplementary Material not complying with the Securities Laws.

The Company will promptly, and in any event within any applicable time limitation, comply with all applicable filing and other requirements under the Securities Laws as a result of such fact or change; provided, however, that the Company must not file any Supplementary Material or other document without first advising Canaccord with respect to the form and content thereof, it being understood and agreed that no such Supplementary Material or document may be filed with any Securities Commissions prior to advising Canaccord. The Company must in good faith discuss with Canaccord any fact or change in circumstance which is of such a nature that there is or could be reasonable doubt whether notice need be given under this paragraph 6.

7. Representations and Warranties and Additional Covenants of the Company. The Company represents and warrants to, and covenants with, the Underwriters and the Purchasers, and acknowledges that each of them is relying upon such representations and warranties and covenants in entering into this Agreement and completing the Closing, that as of the date hereof and the Closing Time or as of such other time as is contemplated by any representation, warranty or covenant set forth below:

- (a) the Company is validly existing under the laws of British Columbia and has all requisite corporate power, capacity and authority to: (i) own, lease and operate its assets and conduct its business as currently conducted or proposed to be conducted and to execute, deliver and carry out its obligations under this Agreement and all Ancillary Documents, and to do all acts and things and execute and deliver all documents as are required hereunder and thereunder in accordance with the terms hereof and thereof; (ii) create, offer, issue and sell the Special Warrants and create, offer and issue the Underwriters' CD Special Warrants and Underwriters' Equity Special Warrants in accordance with this Agreement; (iii) to create, issue and deliver the Underlying Securities in accordance with this Agreement; and (iv) to allot, reserve, issue and deliver the Unit Shares, the Debenture Shares, the Warrant Shares and the Underwriters' Shares in accordance with this Agreement;
- (b) each Subsidiary has been duly incorporated and is validly existing under the laws of its jurisdiction of incorporation and has all requisite corporate power, capacity and authority to own, lease and operate its assets and conduct its business as currently conducted or proposed to be conducted;
- (c) the Subsidiaries are the only subsidiaries of the Company. The Company does not beneficially own or exercise control or direction over 10% or more of the outstanding voting shares of any company that holds any assets or conducts any operations other than the Subsidiaries and the Company beneficially owns, directly or indirectly, the percentage indicated on Schedule "A" hereto of the issued and outstanding shares in the capital of the Subsidiaries which are free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands of any kind whatsoever, all of such shares have been duly authorized and are validly issued and are outstanding as fully paid and non-assessable shares and no person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming a right, agreement or option, for the purchase from the Company of any interest in any of such shares or for the issue or allotment of any unissued shares in the capital of any of the Subsidiaries or any other security convertible into or exchangeable for any such shares;
- (d) the Company has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement and each Ancillary Document and to observe and perform the provisions of this Agreement and each Ancillary Document in accordance with the provisions hereof and thereof, including the creation and issue of the Special Warrants, the Underwriters' Special Warrants and the Underlying Securities upon the terms and conditions set forth herein and the issue and delivery of the Unit Shares, Warrants and Convertible Debentures (including with respect to Penalty Units, if applicable) upon the exercise of the Special Warrants, the issue and delivery of the Warrant Shares upon the exercise of the Warrants and the issue and delivery of the Underwriters' Equity Units and the Underwriters' CD Units upon the exercise of the Underwriters' Equity Warrants and Underwriters' CD Warrants, respectively;
- (e) none of the Company nor any of its Subsidiaries has committed an act of bankruptcy and is insolvent, has proposed a compromise or arrangement to any of its creditors, has had a petition or a receiving order in bankruptcy filed against it, has made a voluntary assignment in bankruptcy, has taken any action with respect to a compromise or arrangement, has taken any action to have itself declared bankrupt or wound-up, has taken any action to have a receiver appointed for any of its property or has had any execution or distress become enforceable or levied upon any of its property or assets;

- (f) each of the Company and its Subsidiaries has conducted and is conducting its business in material compliance with all applicable laws and regulations (including the ACMPR) of each jurisdiction in which it carries on business and each of the Company and its Subsidiaries holds all material requisite licences, registrations, qualifications, permits and consents necessary or appropriate (including under or in connection with the ACMPR) for carrying on its business as currently carried on and all such licences, registrations, qualifications, permits and consents (including those issued, granted or subsisting under or in connection with the ACMPR) are valid and subsisting and in good standing in all material respects. Without limiting the generality of the foregoing, neither the Company nor any of its Subsidiaries has 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 (including under or in connection with the ACMPR) which would have a Material Adverse Effect;
- (g) each of the Company and its Subsidiaries is the absolute legal and beneficial owner of, and has good and marketable title to, all of the material properties and assets thereof, free and clear of any Liens, except for Permitted Liens, and no other property or assets are necessary for the conduct of the business of the Company and its Subsidiaries as currently conducted. Any and all of the agreements and other documents and instruments pursuant to which each of the Company and its Subsidiaries holds the property and assets thereof are valid and subsisting agreements, documents and instruments in full force and effect, enforceable in accordance with the terms thereof, and such properties and assets are in good standing under the applicable statutes and regulations of the jurisdictions in which they are situated, and all material leases, licenses and other agreements pursuant to which the Company or any of its Subsidiaries derives the interests thereof in such property are in good standing. The Company does not know of any claim or the basis for any claim that might or could materially and adversely affect the right of the Company or any of its Subsidiaries to use, transfer or otherwise exploit their respective assets, and neither the Company nor any of its Subsidiaries has any responsibility or obligation to pay any commission, royalty, licence fee or similar payment to any person with respect to the property and assets thereof;
- (h) no legal or governmental proceedings or inquiries are pending to which the Company or any of its Subsidiaries is a party or to which the property thereof is subject that would result in the revocation or modification of any certificate, authority, permit or license (including under or in connection with the ACMPR) necessary to conduct the business now owned or operated by the Company or any of its Subsidiaries which, if the subject of an unfavourable decision, ruling or finding could reasonably be expected to have a Material Adverse Effect and, to the knowledge of the Company, no such legal or governmental proceedings or inquiries have been threatened against or are contemplated with respect to the Company or any of its Subsidiaries or with respect to the properties or assets thereof;
- (i) there are no actions, suits, judgments, investigations or proceedings of any kind whatsoever outstanding or, to the best of the Company's knowledge, pending or threatened against or affecting the Company or any of its Subsidiaries, or the directors, officers or employees thereof, at law or in equity or before or by any commission, board, bureau or agency of any kind whatsoever and, to the best of the Company's knowledge, there is no basis therefor and neither the Company nor any of its Subsidiaries is subject to any judgment, order, writ, injunction, decree, award, rule, policy or regulation of any Governmental Authority, which, either separately or in the aggregate, is or could reasonably be expected to have a Material Adverse Effect or that would adversely affect the ability of the Company to perform its obligations under this Agreement or any of the Ancillary Documents;
- (j) neither the Company nor any of its Subsidiaries is in violation of its constating documents or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, trust deed, mortgage, loan agreement, note, lease, licence or other agreement or instrument to which it is a party or by which it or its property or assets may be bound;

- (k) to the knowledge of the Company, no counterparty to any material obligation, agreement, covenant or condition contained in any contract, indenture, trust deed, mortgage, loan agreement, note, lease or other agreement or instrument to which the Company or any of its Subsidiaries is a party is in default in the performance or observance thereof, except where such violation or default in performance would not reasonably be expected to have a Material Adverse Effect;
- (l) since May 31, 2018, except as disclosed in the Disclosure Documents, neither the Company nor any of its Subsidiaries has approved, or has entered into any agreement in respect of: (i) the purchase of any material property or assets or any interest therein, other than the ongoing construction and development of the Facility, or the sale, transfer or other disposition of any material property or assets or any interest therein currently owned, directly or indirectly, by the Company whether by asset sale, transfer of shares or otherwise; (ii) the change in control (by sale, transfer or other disposition of shares or sale, transfer, lease or other disposition of all or substantially all of the property and assets of the Company or any of its Subsidiaries) of the Company; or (iii) a proposed or planned disposition of shares by any shareholder who owns, directly or indirectly, 10% or more of the outstanding shares of the Company;
- (m) the authorized capital of the Company consists of an unlimited number of Common Shares, of which as of the date hereof, 162,083,633 Common Shares were issued and outstanding as fully paid and non-assessable shares. As of the date hereof, other than (i) outstanding stock options to acquire an aggregate of 13,151,811 Common Shares, (ii) outstanding share purchase warrants to acquire an aggregate of 12,596,124 Common Shares, (iii) no outstanding convertible debentures convertible and (iv) the Special Warrants, no Person will have any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement for the purchase, acquisition, subscription for or issue of any of the unissued shares or other securities of the Company;
- (n) all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, "**Taxes**") due and payable by each of the Company and each of its Subsidiaries have been paid. All tax returns, declarations, remittances and filings required to be filed by the Company 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 misleading. No examination of any tax return of the Company or any of its Subsidiaries is currently in progress to the knowledge of the Company 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 Company or any of its Subsidiaries in any case;
- (o) each of the Company and its Subsidiaries owns or has 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 Company and each of its Subsidiaries to conduct their respective business as currently conducted. Neither the Company nor any of its Subsidiaries has received any notice nor is the Company 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 the Company or any of its Subsidiaries therein and which infringement or conflict (if subject to an unfavourable decision, ruling or finding) or invalidity or inadequacy would reasonably be expected to have a Material Adverse Effect;
- (p) there are no material restrictions on the ability of the Company or any of its Subsidiaries to use and explore all rights in the Intellectual Property required in the ordinary course of the business of the Company and its Subsidiaries, as applicable. None of the rights of the Company and its

Subsidiaries in the Intellectual Property will be impaired or affected in any way by the transactions contemplated by this Agreement;

- (q) each of the Company and its Subsidiaries has taken all reasonable steps to protect its Intellectual Property in those jurisdictions where, in the reasonable opinion of the Company, the Company and each of its Subsidiaries carries on a sufficient business to justify such filings;
- (r) any and all of the agreements and other documents and instruments pursuant to which each of the Company and each of its Subsidiaries holds the property and assets thereof (including any interest in, or right to earn an interest in, any Intellectual Property) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with the terms thereof, neither the Company nor any of its Subsidiaries is in default of any of the material provisions of any such agreements, documents or instruments nor has any such default been alleged and such properties and assets are in good standing under the applicable statutes and regulations of the jurisdictions in which they are situated, all material leases, licences and other agreements pursuant to which the Company and each of its Subsidiaries derives the interests thereof in such property and assets are in good standing and there has been no material default under any such lease, licence or agreement. None of the properties (or any interest in, or right to earn an interest in, any property) of the Company or any of its Subsidiaries is subject to any right of first refusal or purchase or acquisition right;
- (s) except as disclosed in the Disclosure Documents, no Person who owns, directly or indirectly, more than 10% of any class of securities of the Company or securities of any Person exchangeable for more than 10% of any class of securities of the Company, or any associate or affiliate of any of the foregoing, had or has any material interest, direct or indirect, in any transaction or any proposed transaction (including, without limitation, any loan made to or by any such Person) with the Company which, as the case may be, materially affects, is material to or will materially affect the Company;
- (t) the Company is not party to any agreement, nor is the Company aware of any agreement, which in any manner affects the voting control of any of the securities of the Company or any of its Subsidiaries other than with respect to or in connection with the Permitted Liens and any shareholders' agreement in force as at the date hereof with respect to any of its Subsidiaries;
- (u) neither the Company nor any of its Subsidiaries is a party to, bound by or, to the knowledge of the Company, affected by any commitment, agreement or document containing any covenant which expressly and materially limits the freedom of the Company or any of its Subsidiaries to compete in any line of business, transfer or move any of its respective assets or operations or which would reasonably be expected to result in a Material Adverse Effect;
- (v) to the knowledge of the Company, the Company and its Subsidiaries have never been in violation of, in connection with the ownership, use, maintenance or operation of its property and assets, any Environmental Laws which would could reasonably be expected to have a Material Adverse Effect;
- (w) without limiting the generality of the immediately preceding paragraph, the Company is not aware of, and has not received any notice of, any material claim, judicial or administrative proceeding, pending or, to the knowledge of the Company, threatened against, or which may affect, the Company or any of its Subsidiaries or any of the property, assets or operations thereof, relating to, or alleging any violation of any Environmental Laws, the Company is not aware of any facts which could give rise to any such claim or judicial or administrative proceeding and, to the best of the Company's knowledge, neither the Company nor any of its Subsidiaries, nor any of the property, assets or operations thereof is the subject of any investigation, evaluation, audit or review by any Governmental Authority to determine whether any violation of any Environmental Laws has occurred or is occurring or whether any remedial action is needed in connection with a release of any contaminant into the environment, except for compliance investigations conducted

in the normal course by any Governmental Authority and, in each case, which could not reasonably be expected to have a Material Adverse Effect;

- (x) there are no orders, rulings or directives issued, pending or, to the best of the knowledge of the Company, threatened against the Company or any of its Subsidiaries under or pursuant to any Environmental Laws requiring any work, repairs, construction or capital expenditures with respect to the property or assets of the Company or any of its Subsidiaries;
- (y) the Company and its Subsidiaries are not subject to any contingent or other liability relating to the restoration or rehabilitation of land, water or any other part of the environment or non-compliance with Environmental Law which would reasonably be expected to have a Material Adverse Effect;
- (z) except as disclosed in the Financial Statements, other than trade payables with respect to the ongoing construction and development of the Facility or liabilities incurred in the ordinary course of the Company's business, there are no material liabilities of the Company, whether direct, indirect, absolute, contingent or otherwise, and the Company has not made any loans to or guaranteed the obligations of any Person;
- (aa) with respect to each of the Owned Properties, the Company and each of its Subsidiaries, as applicable, occupies the Owned Properties and has valid, good and marketable title to all of the real or immovable property owned by them free and clear of any Liens, other than Permitted Liens and there are no outstanding options or rights of first refusal to purchase the Owned Properties or any portion thereof or interest therein;
- (bb) the Company is in compliance with all laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages, except where non-compliance with such laws could not reasonably be expected to have a Material Adverse Effect;
- (cc) the Company is not aware of any legislation, regulation or other lawful requirement (including the ACMPR) of any Governmental Authority having lawful jurisdiction over the Company or any of its Subsidiaries presently in force or, to the Company's knowledge, proposed to be brought into force, or any pending or contemplated change to any licensing or legislation, regulation, by-law or other lawful requirement (including the ACMPR) of any Governmental Authority having lawful jurisdiction over the Company or any of its Subsidiaries presently in force, that the Company reasonably expects the Company or any of its Subsidiaries will be unable to comply with or which could reasonably be expected to result in a Material Adverse Effect;
- (dd) all information which has been prepared by the Company relating to the Company and its business, properties and liabilities and made available to the Underwriters was, as of the date of such information and is as of the date hereof, true and correct in all material respects, taken as a whole, and no fact or facts have been omitted therefrom which would make such information materially misleading;
- (ee) the Company has not withheld and will not withhold from the Underwriters prior to the date hereof, any material fact relating to the Company or any of its Subsidiaries;
- (ff) the minute books and corporate records of the Company and the Subsidiaries for the period from incorporation to the date hereof made available to the Underwriters contain copies of all proceedings (or certified copies thereof or drafts thereof pending approval) of the shareholders and the directors (or any committee thereof) thereof and there have been no other meetings, resolutions or proceedings of the shareholders or directors of the Company and the Subsidiaries to the date hereof not reflected in such corporate records, other than those which are not material to the Company and the Subsidiaries, as the case may be;

- (gg) all necessary corporate action has been taken by the Company to authorize the valid creation, issue and sale of, and the delivery by the Company of the Special Warrants and the Underlying Securities via a non-certificated inventory deposit with CDS;
- (hh) upon payment of the requisite consideration therefor: the Special Warrants will be validly created and issued; upon the exercise of the Special Warrants, the Convertible Debentures and the Warrants will be validly created and issued and the Unit Shares will be validly issued as fully paid and non-assessable shares in the capital of the Company, as applicable; upon conversion of the Convertible Debentures, the Debenture Shares will be validly issued as fully paid and non-assessable shares in the capital of the Company; and upon the exercise of the Warrants, the Warrant Shares will be validly issued as fully paid and non-assessable shares in the capital of the Company;
- (ii) upon Closing, the Underwriters' CD Special Warrants and the Underwriters' Equity Special Warrants will be validly created and issued and, upon the exercise of the Underwriters' CD Special Warrants and the Underwriters' Equity Special Warrants, the Underwriters' CD Warrants and Underwriters' Equity Warrants, respectively, will be validly created and issued and upon the exercise of the Underwriters' Equity Warrants and Underwriters' CD Warrants, the Underwriters' Shares will be validly issued as fully paid and non-assessable shares in the capital of the Company and the Warrants will be validly created and issued and upon the exercise of the Warrants, the Warrant Shares will be validly issued as fully paid and non-assessable shares in the capital of the Company;
- (jj) none of the: (i) creation, issuance and sale of the Special Warrants, the Underwriters' CD Special Warrants and the Underwriters' Equity Special Warrants or the creation or issuance of the Underlying Securities; (ii) the execution and delivery of this Agreement or any Ancillary Document; (iii) compliance by the Company with the provisions of this Agreement or any of the Ancillary Documents; or (iv) consummation of the transactions contemplated herein including, without limitation, the creation, issue, sale and delivery (as the case may be) of the Special Warrants, the Underwriters' CD Special Warrants and the Underwriters' Equity Special Warrants and the Underlying Securities will: (A) require the consent, approval, or authorization, order or agreement of, or registration or qualification with, any Governmental Authority, court, stock exchange, securities regulatory authority, any class or classes of the securityholders of the Company or other Person, except: (x) such as have already been obtained; or (y) such as may be required under applicable Securities Laws of the Qualifying Jurisdictions and will be obtained in compliance with the requirements of Securities Laws and the CSE; or (B) conflict with or result in any breach or violation of any of the provisions of, or constitute a default under (whether after notice or lapse of time or both), any indenture, mortgage, deed of trust, lease or other material agreement or instrument to which the Company or any Subsidiary of the Company is a party or by which any of them or any of the assets thereof are bound, or the articles, by-laws or any other constating document of the Company or any Subsidiary of the Company or any resolution passed by the directors (or any committee thereof) or shareholders of the Company or any of its Subsidiaries, or any statute or any judgment, decree, order, rule, policy or regulation of any court, Governmental Authority, arbitrator, stock exchange or securities regulatory authority applicable to the Company or any of its Subsidiaries or any of the assets thereof, which could have a Material Adverse Effect;
- (kk) each of this Agreement, the Special Warrant Indentures, the Debenture Indenture, the Warrant Indenture and the Subscription Agreements (when accepted by the Company) has been duly authorized, executed and delivered by the Company and constitutes a valid and legally binding obligation of the Company enforceable against the Company in accordance with the terms hereof or thereof, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law;

- (ll) the Company has filed with all applicable regulatory authorities all documents required under Applicable Laws. The Disclosure Documents complied in all material respects with Securities Laws at the time they were filed. There is no material fact known to the Company which the Company has not disclosed to, or which the Company has withheld from, the Underwriters and which has or may reasonably be expected to have a Material Adverse Effect or which materially adversely affects or which may reasonably be expected to materially adversely affect the ability of the Company to perform its obligations under this Agreement or any Ancillary Document;
- (mm) there has not occurred any material change in the assets, liabilities, capital, affairs, prospects, business, operations or condition of the Company and its Subsidiaries taken as a whole which has not been generally publicly disclosed in a Disclosure Document;
- (nn) the Company's "documents" or "core documents" (as such terms are defined in Section 140.1 of the of the *Securities Act* (British Columbia)) do not contain a misrepresentation and there is no material fact or material change related to the Company that has not been generally disclosed;
- (oo) no order preventing, ceasing or suspending trading in any securities of the Company or prohibiting the issue and sale of securities by the Company has been issued and no proceedings for any of such purposes have been instituted or, to the knowledge of the Company, are pending, contemplated or threatened;
- (pp) the Financial Statements and the notes thereto, present fairly, in all material respects, the financial position of the Company and the statements of profit or loss and other comprehensive income, changes in equity and cash flow of the Company as at the dates and for the periods specified in such Financial Statements, and have been prepared in conformity with IFRS applied on a consistent basis throughout the periods involved, and there has been no material change in accounting policies or practices of the Company since May 31, 2018;
- (qq) other than as disclosed in the Disclosure Documents, in respect of the ongoing construction and development of the Facility or in respect of this Offering, since May 31, 2018, none of the Company or any of its Subsidiaries has:
 - (i) paid or declared any dividend or incurred any material capital expenditure or made any commitment therefor;
 - (ii) incurred any obligation or liability, direct or indirect, contingent or otherwise, except in the ordinary course of business and which is not, and which in the aggregate are not, material; or
 - (iii) entered into any material transaction;
- (rr) other than the Underwriters and except as may be consented to by the Underwriters and other than with respect to certain fees to be paid to Novus Merchant Partners Inc., there is no Person acting or purporting to act at the request of the Company, who is entitled to any brokerage underwriting, finders', advisory or agency fee in connection with the Offering;
- (ss) the Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles in Canada and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any material differences;

- (tt) the Company is a reporting issuer or the equivalent thereof in the Provinces of British Columbia, Alberta and Ontario and is not in default of any of its obligations under the securities laws of such Provinces;
- (uu) the Company is in material compliance with all rules, regulations and policies of the CSE;
- (vv) neither the Company nor any of its Subsidiaries nor, to the best knowledge of the Company, any director, officer, agent, employee or other person associated with or acting on behalf of the Company or any of its Subsidiaries, has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds, (iii) violated or is in violation of any provision of the Corruption of Foreign Officials Act (Canada) or the Foreign Corrupt Practices Act (United States), or (iv) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment;
- (ww) the operations of the Company and the Subsidiaries are and have been conducted, at all times, in material compliance with all applicable financial recordkeeping and reporting requirements of applicable anti-money laundering statutes of the jurisdictions in which the Company and the Subsidiaries conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "**Anti-Money Laundering Laws**"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of the Subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of the Company, threatened;
- (xx) the Company or, to the best knowledge of the Company, any director, officer, agent, employee, affiliate or person acting on behalf of the Company has not been or is not currently subject to any United States sanctions administered by the Office of Foreign Assets Control of the United States Treasury Department and the Company will not directly or indirectly use any proceeds of the distribution of the Special Warrants or lend, contribute or otherwise make available such proceeds to the Company or to any affiliated entity, joint venture partner or other person or entity, to finance any investments in, or make any payments to, any country or person targeted by any of the sanctions of the United States; and
- (yy) the Company maintains insurance against loss of, or damage to, its assets by all insurable risks on a replacement cost basis in accordance with industry standards, and all of the policies in respect of such insurance coverage are in good standing in all respects and not in default except in each case as could not reasonably be expected to have a Material Adverse Effect.

8. Closing. The purchase and sale of the Special Warrants will be completed at the Closing Time at the offices of DuMoulin Black LLP in Vancouver, British Columbia, or at such other place as the Company and Canaccord may agree upon. At or prior to the Closing Time, the Company will, subject to the provisions of paragraph 10, duly and validly deliver to Canaccord, or arrange for the delivery thereto of the Special Warrants by way of electronic deposit registered in the name of "CDS & Co." or such other name or names as Canaccord may direct in writing, against payment at the direction of the Company, in lawful money of Canada, by wire transfer of an amount equal to the aggregate subscription price for the number of Special Warrants being issued and sold hereunder less the Commission and all of expenses of the Underwriters payable by the Company to the Underwriters in accordance with paragraph 9 hereof.

9. Fees and Expenses of the Company. The Company will pay all expenses and fees in connection with the Offering, including, without limitation: (a) all expenses of or incidental to the creation, issue, sale or distribution of the Special Warrants, the Underwriters' Equity Special Warrants, Underwriters' CD Special Warrants and the Underlying Securities (and the Penalty Units and associated Unit Shares, Debenture Shares and Warrants, Warrant Shares, if applicable); (b) all costs incurred in connection with the preparation of documentation relating to the Offering (including the qualification and distribution pursuant to the Final Prospectus of the Qualified Securities; (c) the fees and expenses of counsel and auditors to the Company, and the Company's registrar and transfer agent

and TSX Trust; (d) all applicable filing, regulatory and CSE fees; and (e) all reasonable fees and expenses incurred by the Underwriters, the reasonable fees and disbursements of the Underwriters' Canadian legal counsel, up to a maximum of \$120,000 (exclusive of disbursements and applicable taxes). All fees and expenses incurred by the Underwriters or on their behalf will be payable by the Company immediately upon receiving an invoice therefor from the Underwriters and will be payable whether or not the Offering is completed.

10. Closing Conditions. In addition to the deliveries contemplated by paragraph 8, the Underwriters' obligation to purchase the Special Warrants, or to arrange for the Purchasers to purchase the Special Warrants on their behalf, at the Closing Time will be conditional upon the fulfilment at or before the Closing Time of the following conditions:

- (a) the Underwriters will have received at the Closing Time a certificate dated the Closing Date addressed to the Underwriters and signed by the Chief Executive Officer and Chief Financial Officer of the Company, in a form satisfactory to the Underwriters, acting reasonably, certifying for and on behalf of the Company and without personal liability, after having made due enquiries, that: (i) the Company has complied in all material respects (except where already qualified by materiality, in which case the Company has complied in all respects) with all the covenants and satisfied in all material respects (except where already qualified by materiality, in which case the Company has satisfied in all respects) all the terms and conditions of this Agreement on its part to be complied with and satisfied at or prior to the Closing Time (ii) the representations and warranties of the Company contained in this Agreement and any certificate of the Company delivered hereunder are true and correct in all material respects (or, in the case of any representation or warranty containing a materiality or Material Adverse Effect qualification, in all respects) as at the Closing Time with the same force and effect as if made on and as at the Closing Time after giving effect to the transactions contemplated by this Agreement; (iii) since June 30, 2018 (A) there has been no material change affecting the Company on a consolidated basis, and (B) no transaction has been entered into by the Company other than in the ordinary course of business; there has been no change in any material fact (which includes the disclosure of any previously undisclosed material fact or a new material fact) which material fact or change is of such a nature as to render any statement in the Disclosure Documents misleading or untrue in any material respect or which would result in a misrepresentation in the Disclosure Documents or which would result in the Disclosure Documents not complying with applicable Securities Laws; and (v) no order, ruling or determination having the effect of ceasing or suspending trading in any securities of the Company or prohibiting or suspending the offering, issue or sale of the Special Warrants or any of the Company's issued securities, having been issued, and no proceeding for such purpose being threatened or, to the knowledge of such officers, pending;
- (b) the Underwriters will have received at the Closing Time certificates dated the Closing Date, signed by appropriate officers of the Company addressed to the Underwriters and counsel to the Underwriters, with respect to the constating documents of the Company, all resolutions of the Company's board of directors relating to this Agreement, the Ancillary Documents, the creation, issuance, offering, sale, allotment and reservation (as applicable) of the Special Warrants, the Underwriters' Equity Special Warrants, the Underwriters' CD Special Warrants and the Underlying Securities and the consummation of the respective transactions contemplated herein and therein, and the incumbency and specimen signatures of signing officers and such other matters as Canaccord may reasonably request;
- (c) the Company's board of directors will have authorized and approved this Agreement and the Ancillary Documents pursuant to which the Special Warrants, the Underwriters' Equity Special Warrants, the Underwriters' CD Special Warrants and the Underlying Securities are to be issued, and the creation, offering, issue, sale allotment and reservation (as applicable) of the Special Warrants, the Underwriters' Equity Special Warrants, the Underwriters' CD Special Warrants and the Underlying Securities, and all matters relating thereto;

- (d) the Subscription Agreements will have been accepted, executed and delivered by the Company and the other parties thereto in a form and substance satisfactory to Canaccord and its counsel, acting reasonably;
- (e) the Special Warrant Indentures will have been executed and delivered by the Company and TSX Trust in form and substance satisfactory to Canaccord and its counsel, acting reasonably;
- (f) the Debenture Indenture will have been executed and delivered by the Company TSX Trust in form and substance satisfactory to Canaccord and its counsel, acting reasonably;
- (g) the Warrant Indenture will have been executed and delivered by the Company and TSX Trust in form and substance satisfactory to Canaccord and its counsel, acting reasonably;
- (h) Canaccord will have received at the Closing Time certificates representing the Underwriters' Equity Special Warrants and the Underwriters' CD Special Warrants registered in accordance with its instructions;
- (i) the Underwriters will have received favourable legal opinions addressed to the Purchasers and the Underwriters, in form and substance satisfactory to Canaccord and its legal counsel, dated the Closing Date from DuMoulin Black LLP, counsel for the Company, as to the laws of Canada and of the Qualifying Jurisdictions in which Purchasers are resident at the Closing Time; provided, however, that they may rely on opinions of local counsel of recognized standing in such jurisdictions (excluding the United States where no Special Warrants will be offered) where they are not qualified to practice law, which counsel may rely, as to factual matters only, on certificates of the Company's auditors, the Company's registrar and transfer agent, public and stock exchange officials and officers of the Company, which opinion will address such matters as Canaccord may reasonably request;
- (j) the Underwriters will have received favourable legal opinions addressed to the Purchasers and the Underwriters, in form and substance satisfactory to Canaccord and its legal counsel, dated the Closing Date from local counsel to the Company as to the incorporation, capacity, ownership, subsistence and authorized and issued capital of the Subsidiaries, and such other legal matters reasonably requested by the Underwriters;
- (k) the Underwriters will have received: (i) a certificate of status (or equivalent document) in respect of the Company and its Subsidiaries; (ii) satisfactory evidence that the Company is not in default under the Securities Laws of the jurisdictions in which the Company is a reporting issuer; and (iii) a certificate from the Company's registrar and transfer agent dated the Closing Date as to the number of Common Shares issued and outstanding as at the Business Day prior to the Closing Date;
- (l) the Company will have fulfilled to the satisfaction of the Underwriters all covenants set forth in paragraph 4 that are required to be satisfied by it on or prior to the Closing Time; and
- (m) the Underwriters will not have terminated their obligations under this Agreement pursuant to paragraph 11.

11. Rights of Termination.

- (a) All terms and conditions set out in this Agreement will be construed as conditions and any material breach or failure by the Company to comply with any such conditions in favour of the Underwriters will entitle the Underwriters (or any one of them) to terminate and cancel, without any liability on the part of the Underwriter, all of its obligations under this Agreement and the obligations of any Purchaser to purchase the Special Warrants, by notice in writing to that effect delivered to the Company prior to or at the Closing Time. The Company will use commercially reasonable efforts to cause all conditions in this Agreement over which it has control to be

satisfied. It is understood that Canaccord may waive in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to their rights in respect of any subsequent breach or non-compliance; provided, however, that to be binding on an Underwriter, any such waiver or extension must be in writing and signed by such Underwriter.

- (b) In addition to any other remedies which may be available to the Underwriters in respect of any default, act or failure to act, non-compliance with the terms of this Agreement by the Company, each of the Underwriters will be entitled, at its sole option, to terminate and cancel, without any liability on the part of the Underwriter, all of its obligations under this Agreement and the obligations of any Purchaser to purchase the Special Warrants, by notice in writing to that effect delivered to the Company prior to or at the Closing Time if:
- (i) there will be any material change in the business, affairs, financial condition, prospects, capital or control of the Company and its Subsidiaries, taken as a whole, or any change in a material fact or a new material fact, or there should be discovered any previously undisclosed fact (other than facts relating solely to an Underwriter) which, in each case, in the reasonable opinion of the Underwriters (or any of them), has or could be expected to have a significant effect on the market price or value or marketability of the Common Shares, the Special Warrants or any other securities of the Company;
 - (ii) any inquiry, action, suit, investigation or other proceeding (whether formal or informal) including matters of regulatory transgression or unlawful conduct, is commenced, announced or threatened or any order is made or issued under or pursuant to any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency, or instrumentality including, without limitation, the CSE or any securities regulatory authority against the Company or its Subsidiaries or any of their respective officers, directors or principal shareholders or any law or regulation is enacted or changed which in the opinion of the Underwriters (or any of them), acting reasonably, could operate to prevent or restrict or otherwise seriously adversely affect the distribution or trading of the Special Warrants or value of the Common Shares, the Special Warrants or any other securities of the Company;
 - (iii) there should develop, occur or come into effect or existence any event, action, state, accident, condition, terrorist event or major financial occurrence of national or international consequence or any law or regulation which in the opinion of the Underwriters (or any one of them) seriously adversely affects or involves or may seriously adversely affect or involve the Canadian or United States financial markets or the business, operations or affairs of the Company and its Subsidiaries taken as a whole or the market price or value of the Special Warrants, Common Shares or other securities of the Company; or
 - (iv) the Underwriters (or any of them) determine that the Company is in breach of a material term, condition or covenant of this Agreement or any representation or warranty given by the Company in this Agreement is or becomes false.
- (c) The rights of termination contained in paragraph 11 may be exercised by each of the Underwriters and are in addition to any other rights or remedies the Underwriters may have in respect of any default, act or failure to act or non-compliance by the Company in respect of any of the matters contemplated by this Agreement or otherwise. In the event of any such termination, there will be no further liability on the part of the Underwriters to the Company or on the part of the Company to the Underwriters except in respect of any liability or obligation which may have arisen or arises after such termination under paragraphs 1, 2.4, 9, 12 or 13, which paragraphs will survive the termination of this Agreement. A notice of termination given by one Underwriter as contemplated by paragraph 11 will not be binding upon the other Underwriters.

- (d) The Underwriters will use commercially reasonable efforts to give the notice to the Company as contemplated by paragraph 11 of the occurrence of any of the events or circumstances referred to therein, provided that neither the giving nor the failure to give such notice will in any way affect the Underwriters' entitlement to exercise their rights contained in paragraph 11 at any time through to the Closing Time.

12. Survival of Representations and Warranties. The representations, warranties, covenants and indemnities of the Company and the Underwriters contained in this Agreement will survive the Closing.

13. Indemnity.

- (a) The Company hereby agrees to indemnify and save harmless to the maximum extent permitted by law, the Underwriters, their affiliates and their respective directors, officers, employees, partners, agents, advisors and shareholders (collectively, the "**Indemnified Parties**" and individually, an "Indemnified Party") from and against any and all losses, claims, actions, suits, proceedings, investigations, damages, liabilities or expenses of whatsoever nature or kind (excluding loss of profits), whether joint or several, including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims, and the fees, disbursements and taxes of their counsel in connection with any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party or in enforcing this indemnity (each a "**Claim**" and, collectively, the "**Claims**") to which an Indemnified Party may become subject or otherwise involved in any capacity insofar as the Claim relates to, is caused by, results from, arises out of or is based upon, directly or indirectly, this Agreement whether performed before or after the execution of this Agreement by the Company, including, without limitation, in any way caused by, or arising directly or indirectly from, or in consequence of:
 - (i) any misrepresentation (as such term is defined in the *Securities Act* (British Columbia)) or alleged misrepresentation contained in this Agreement, the Preliminary Prospectus or the Final Prospectus, or any amendments thereto, filed in connection with the sale of Special Warrants pursuant to the Offering;
 - (ii) any information or statement (except any information or statement relating solely to the Underwriters) contained in the Preliminary Prospectus or the Final Prospectus or any certificate of the Company delivered under or pursuant to this Agreement which at the time and in light of the circumstances under which it was made contains or is alleged to contain a misrepresentation;
 - (iii) any omission or alleged omission to state, in the Preliminary Prospectus or the Final Prospectus or any certificate of the Company delivered under or pursuant to this Agreement, any fact (except facts relating solely to the Underwriters), whether material or not, required to be stated in such document or necessary to make any statement in such document not misleading in light of the circumstances under which it was made; or
 - (iv) the non-compliance or alleged non-compliance by the Company with any requirements of the *Securities Act* (British Columbia) or other applicable securities laws and regulations in connection with the Offering,

and to reimburse each Indemnified Party forthwith, upon demand, for any legal or other expenses reasonably incurred by such Indemnified Party in connection with any Claim.

- (b) If and to the extent that a court of competent jurisdiction, in a final non-appealable judgment in a proceeding in which an Indemnified Party is named as a party, determines that a Claim was caused by or resulted from an Indemnified Party's material breach of this Agreement, breach of applicable laws, gross negligence or fraudulent act, this indemnity shall cease to apply to such Indemnified Party in respect of such Claim and such Indemnified Party shall reimburse any funds advanced by the Company to the Indemnified Party pursuant to this indemnity in respect of such

Claim. The Company agrees to waive any right the Company might have of first requiring the 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.

- (c) If any Claim is brought against an Indemnified Party or an Indemnified Party has received notice of the commencement of any investigation in respect of which indemnity may be sought against the Company, the Indemnified Party will give the Company prompt written notice of any such Claim of which the Indemnified Party has knowledge and the Company will undertake the investigation and defence thereof on behalf of the Indemnified Party, including the prompt employment of counsel acceptable to the Indemnified Parties affected and the payment of all expenses. Failure by the Indemnified Party to so notify shall not relieve the Company of its obligation of indemnification hereunder.
- (d) No admission of liability and no settlement, compromise or termination of any Claim, or investigation shall be made without the consent of the Company and the consent of the Indemnified Parties affected, such consents not to be unreasonably withheld or delayed. Notwithstanding that the Company will undertake the investigation and defence of any Claim, the Indemnified Parties will have the right to employ one separate counsel in each applicable jurisdiction with respect to such Claim and participate in the defence thereof, but the fees and expenses of such counsel will be at the expense of the Indemnified Parties unless:
 - (i) employment of such counsel has been authorized in writing by the Company;
 - (ii) the Company has not assumed the defence of the action within a reasonable period of time after receiving notice of the claim;
 - (iii) the named parties to any such claim include the Company, and any of the Indemnified Parties, and the Indemnified Parties shall have been advised by counsel to the Indemnified Parties that there may be a conflict of interest between the Company and any Indemnified Party; or
 - (iv) there are one or more defences available to the Indemnified Parties which are different from or in addition to those available to the Company, as the case may be; in which case such fees and expenses of such counsel to the Indemnified Parties will be for the account of the Company. The rights accorded to the Indemnified Parties hereunder shall be in addition to any rights the Indemnified Parties may have at common law or otherwise.
- (e) Without limiting the generality of the foregoing, this Indemnity shall apply to all reasonable expenses (including legal expenses), losses, claims and liabilities that the Underwriters may incur as a result of any action, suit, proceeding or claim that may be threatened or brought against the Company.
- (f) If for any reason the foregoing indemnification is unavailable (other than in accordance with the terms hereof) to the Indemnified Parties (or any of them) or insufficient to hold them harmless, the Company agrees to contribute to the amount paid or payable by the Indemnified Parties as a result of such Claims in such proportion as is appropriate to reflect not only the relative benefits received by the Company on the one hand and the Indemnified Parties on the other, but also the relative fault of the parties and other equitable considerations which may be relevant. Notwithstanding the foregoing, the Company will in any event contribute to the amount paid or payable by the Indemnified Parties as a result of such Claim any amount in excess of the fees actually received by the Indemnified Parties hereunder.
- (g) The Company hereby constitutes Canaccord as trustee for each of the other Indemnified Parties of the covenants of the Company under this indemnity with respect to such persons and Canaccord agrees to accept such trust and to hold and enforce such covenants on behalf of such persons.

- (h) The Company agrees that, in any event, no Indemnified Party shall have any liability (either direct or indirect, in contract or tort or otherwise) to the Company, or any person asserting claims on their behalf or in right for or in connection with this Agreement, except to the extent that any losses, expenses, claims, actions, damages or liabilities incurred by the Company are determined by a court of competent jurisdiction in a final judgment (in a proceeding in which an Indemnified Party is named as a party) that has become non-appealable to have resulted from a material breach of this Agreement, breach of applicable laws, gross negligence or fraudulent act of such Indemnified Party.
- (i) The Company agrees to reimburse each of the Underwriters monthly for the time spent by such Underwriters' personnel in connection with any Claim at their reasonable per diem rates. The Company also agrees that if any action, suit, proceeding or claim shall be brought against, or an investigation commenced in respect of the Company and any of the Underwriters and personnel of such Underwriters shall be required to participate or respond in respect of or in connection with this Agreement, each such Underwriter shall have the right to employ its own counsel in connection therewith and the Company will reimburse such Underwriter monthly for the time spent by its personnel in connection therewith at their reasonable per diem rates together with such disbursements and reasonable out-of-pocket expenses as may be incurred, including fees and disbursements of such Underwriter's counsel.
- (j) The indemnity and contribution obligations of the Company shall be in addition to any liability which the Company may otherwise have to the Indemnified Parties, shall extend upon the same terms and conditions to the Indemnified Parties and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Company, and any Indemnified Party. The foregoing provisions shall survive the completion of professional services rendered under this Agreement or any termination of the authorization given by this Agreement.

14. Advertisements. The Company acknowledges that the Underwriters will have the right, at their own expense, to place such advertisement or advertisements or press releases relating to and following the completion of the sale of the Special Warrants contemplated herein as the Underwriters may consider desirable or appropriate and as may be permitted by Applicable Law. The Company and the Underwriters each agree that it will not make or publish any advertisement or press release in any media whatsoever relating to, or otherwise publicizing, the Offering so as to result in any exemption from the prospectus and registration requirements of applicable Securities Laws being unavailable in respect of the sale of the Special Warrants and issuance of Underlying Securities to prospective purchasers. Subject to compliance with Applicable Law, any press release or advertisement of the Company relating to the Offering will be provided in advance to the Underwriters and the Company will use its commercially reasonable efforts to agree to the form and substance thereof with the Underwriters prior to the release thereof.

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

If to the Company, at:

Sproutly Canada, Inc.
Suite 1050 – 1095 West Pender Street,
Vancouver, BC V6E 2M6

email: info@sproutly.ca
Attention: Keith Dolo, Chief Executive Officer

and, in respect of any notice given to the Company, with a copy to:

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

email: jkates@dumoulinblack.com
Attention: Justin Kates

If to the Underwriters (as applicable), at:

Canaccord Genuity Corp.
609 Granville Street, Suite 2100
Vancouver, British Columbia V7Y 1H2

Attention: Jamie Brown
Email: jbrown@canaccordgenuity.com

Eight Capital Corp.
2900 – 100 Adelaide Street West
Toronto, ON M5H 1S3

Attention: Patrick McBride
Email: pmcbride@viicapital.com

Haywood Securities Inc.
2910 – 181 Bay Street
Toronto, Ontario M5J 2T3

Attention: Lawrence Rhee
Email: lrhee@haywood.com

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

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

email: Barbara.collins@mcmillan.ca
Attention: Barbara Collins

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

Each notice will be personally delivered to the addressee or sent by email transmission to the addressee and: (a) a notice which is personally delivered will, 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 (b) a notice which is sent by email transmission will be deemed to be given and received on the first Business Day following the day on which it is confirmed to have been sent.

16. Underwriters' Obligations.

- (a) The Underwriters' obligations under this agreement, including their applicable obligations to purchase the Special Warrants are several and not joint nor joint and several in that each of the Underwriters will be obligated to purchase only the percentage of the total number of Special Warrants set forth opposite their names in paragraph 16(b).

- (b) The applicable percentage of the total number of the Special Warrants which each of the Underwriters will be separately obligated to purchase is as follows:

Underwriter	Percentage
Canaccord Genuity Corp.	70%
Eight Capital Corp.	25%
Haywood Securities Inc.	5%
<hr/>	
Total	100.0%

- (c) If any Underwriter (a “**Refusing Underwriter**”) will not complete the purchase and sale of its applicable percentage of the aggregate amount of the Special Warrants at the Closing Time for any reason, the other Underwriters (the “**Continuing Underwriters**”) will have the right, but will not be obligated, to purchase all, but not less than all, of the Special Warrants which would otherwise have been purchased by the Refusing Underwriter on a pro rata basis according to the number of Special Warrants to have been acquired by the Continuing Underwriters hereunder or on such other basis as the Continuing Underwriters may agree. If, with respect to such Special Warrants, the Continuing Underwriter(s) elects not to exercise such rights to assume the entire obligations of the Refusing Underwriter, then the Company will have the right to terminate its obligations hereunder without liability except in respect of its obligations under paragraphs 1, 2.4, 12 or 13 in respect of the Continuing Underwriter(s) only. Nothing in this paragraph 16 will oblige the Company to sell to the Underwriters less than all of the Special Warrants or will relieve an Underwriter in default hereunder from liability to the Company.

17. General.

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

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

17.3 Entire Agreement. This Agreement and the other agreements and documents referred to herein constitute the only agreement between the parties with respect to the subject matter hereof and will supersede any and all prior negotiations and understandings between the parties hereto with respect to the transactions contemplated in this Agreement. This Agreement may be amended or modified in any respect by written instrument only.

17.4 Conflict. The Company acknowledges that the Underwriters and their affiliates carry on a range of businesses, including providing stockbroking, investment advisory, research, investment management and custodial services to clients and trading in financial products as agent or principal. It is possible that the Underwriters and other entities in their respective groups that carry on those businesses may hold long or short positions in securities of companies or other entities, which are or may be involved in the transactions contemplated in this Agreement and effect transactions in those securities for their own account or for the account of their respective clients. The Company agrees that these divisions and entities may hold such positions and effect such transactions without regard to the Company’s interests under this Agreement.

17.6 No Fiduciary Duty. The Company hereby acknowledges that: (a) the purchase and sale of the Special Warrants pursuant to this Agreement is an arm’s-length commercial transaction between the Company, on the one hand, and the Underwriters and any affiliate through which they may be acting to effect sales, on the other hand; (b) such Underwriters are acting as principal and not as an agent or fiduciary of the Company; and (c) the Company’s engagement of the Underwriters in connection with the Offering and the process leading up to the Offering is as independent contractors and not in any other capacity. Furthermore, the Company agrees that it is

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

17.8 Underwriters' Authority. All steps which must or may be taken by the Underwriters in connection with this Agreement, with the exception of the matters relating to: (a) termination or waiver contemplated by paragraph **11**; (b) indemnification or contribution contemplated by paragraph **13**; or (c) the Underwriters' obligations contemplated by paragraph **16**, may be taken by Canaccord on behalf of the Underwriters and Canaccord will have authority to bind the Underwriters, and the execution of this Agreement by the Company will constitute the Company's authority for accepting notification of any such steps from, and for delivering the definitive documents constituting the Special Warrants to Canaccord. Nothing in this Agreement is intended to create any relationship in the nature of a partnership, or joint venture among the Underwriters.

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

17.11 Successors and Assigns. The terms and provisions of this Agreement will be binding upon and enure to the benefit of the Company, the Underwriters and the Purchasers and their respective successors and permitted assigns; provided, however, that, except as provided herein, this Agreement will not be assignable by the Company without the prior written consent of the Underwriters, or by any Underwriter without the prior written consent of the Company.

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

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

17.14 Counterparts and Facsimile Execution. This Agreement may be executed in any number of counterparts, which taken together will form one and the same agreement. This Agreement may be executed by one or more of the parties by facsimile transmitted signature or by e-mail in PDF format and all parties agree that the reproduction of signature by way of facsimile or by e-mail in PDF format will be treated as though such reproductions were executed originals.

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

[Signatures on following page]

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

Yours very truly,

CANACCORD GENUITY CORP

By: "*Jamie Brown*"
Name: Jamie Brown
Title: Vice Chairman, Managing Director,
Investment Banking

EIGHT CAPITAL CORP.

By: "*Patrick McBride*"
Name: Patrick McBride
Title: Head of Origination, Investment Banking

HAYWOOD SECURITIES INC.

By: "*Lawrence Rhee*"
Name: Lawrence Rhee
Title: Managing Director, Investment Banking

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

DATED as of October 24, 2018.

SPROUTLY CANADA, INC.

By: "Keith Dolo"

Name: Keith Dolo

Title: Chief Executive Officer & President

SCHEDULE "A"

SUBSIDIARIES

Name	Jurisdiction of Formation	Beneficial Equity/ Voting Ownership
Sproutly, Inc.	Canada	100%
Toronto Herbal Remedies Inc.	Ontario	100% (indirect)
Infusion Biosciences Canada Inc.	Ontario	100%
SSM Partners Inc.	Barbados	100%