

AGENCY AGREEMENT

December 15, 2021

Nextleaf Solutions Ltd.
68 Water Street Suite 304
Vancouver, British Columbia
V6B 1A4

Attention: **Paul Pedersen, President & Chief Executive Officer**
Charles Ackerman, Chief Financial Officer

Dear Sirs:

The undersigned, Research Capital Corporation (the “**Agent**”), understands that Nextleaf Solutions Ltd. (the “**Company**”) proposes to issue and sell up to 15,000,000 units (the “**Units**”) at a price (the “**Issue Price**”) of \$0.20 per Unit for aggregate gross proceeds of up to \$3,000,000 (the “**Offering**”). Each Unit will be comprised of one common share in the capital of the Company (a “**Common Share**”) and one Common Share purchase warrant (a “**Warrant**”). Each Warrant shall entitle the holder thereof to acquire one Common Share (a “**Warrant Share**”) at an exercise price of \$0.275 per Warrant Share (the “**Warrant Exercise Price**”) for a period of 24 months following the first Closing Date (as defined herein) (the “**Warrant Expiry Date**”).

Upon and subject to the terms and conditions contained in this Agreement, the Company hereby appoints the Agent as its exclusive agent to solicit offers to purchase the Units. The Agent hereby accepts its appointment to act as the Company’s exclusive agent in the solicitation of offers to purchase Units, and agrees to use its best efforts to sell the Units in accordance with the terms and conditions of this Agreement.

In addition, the Company hereby grants the Agent an over-allotment option (the “**Over-Allotment Option**”), exercisable in whole or in part at the sole discretion of the Agent at any time before the date that is 30 days following the last Closing Date, under which the Agent may purchase up to an additional 15% of the number of Units sold pursuant to the Offering, being up to 2,250,000 Units (the “**Additional Units**”), and/or up to 2,250,000 additional Common Shares (the “**Additional Shares**”) and/or up to 2,250,000 Warrants (the “**Additional Warrants**”, together with the Additional Units and the Additional Shares, the “**Over-Allotment Securities**”). The Over-Allotment Option may be exercised by the Agent: (i) to acquire Additional Units at the Issue Price; (ii) to acquire Additional Shares at a price of \$0.1856 per Additional Share; (iii) to acquire Additional Warrants at a price of \$0.0144 per Additional Warrant; or (iv) to acquire any combination of Additional Units, Additional Shares and Additional Warrants, so long as the aggregate number of Additional Shares and Additional Warrants which may be issued under the Over-Allotment Option does not exceed 2,250,000 Additional Shares and 2,250,000 Additional Warrants. The Over-Allotment Option is exercisable in whole or in part solely for the purpose of covering over-allotments, if any, made by the Agent in connection with the Offering and for market stabilization purposes.

Unless the context otherwise requires, all references to “Units”, “Common Shares” and “Warrants” in this Agreement includes reference to the Over-Allotment Securities which may be issued pursuant to the Over-Allotment Option on the Option Closing Date (as defined herein).

The Company has prepared and filed with the British Columbia Securities Commission (the “**Reviewing Authority**”) and the other Securities Commissions (as defined herein) in accordance with National Instrument 44-101 – *Short Form Prospectus Distributions* and National Instrument 44-102 – *Shelf Distributions* (collectively, the “**Shelf Procedures**”), a (final) short form base shelf prospectus dated

November 23, 2021 relating to the offering of Common Shares, warrants, options, subscription receipts, debt securities and units of the Company with a total offering price in the aggregate of up to \$20,000,000 (the “**Base Prospectus**”) and has obtained from the Reviewing Authority a Decision Document (as defined herein) for the Base Prospectus for and on behalf of itself and each of the other Securities Commissions pursuant to National Policy 11-202 – *Process for Prospectus Reviews in Multiple Jurisdictions* (“**NP 11-202**”). The Offering will be made by way of a prospectus supplement to the Base Prospectus dated the date hereof (the “**Prospectus Supplement**”) and filed in each of the provinces of Canada, other than Québec (collectively, the “**Qualifying Jurisdictions**”) pursuant to the Shelf Procedures.

The Agent will solicit offers in the Selling Jurisdictions (as defined herein). Offers to purchase the Units solicited by the Agent will be subject to acceptance by the Company and to the requirements of applicable Securities Laws (as defined herein) or other applicable laws. The Company will have the sole right to accept offers to purchase Units and reserves the right to withdraw, cancel or modify the offer made pursuant to the Prospectus Supplement and may, in its absolute discretion, reject any proposed purchase of Units, in whole or in part. For greater certainty, the Agent is under no obligation to purchase any Units.

In consideration of the services to be rendered by the Agent hereunder, the Agent will receive a cash commission up to 8.0% of the aggregate gross proceeds of the Offering (including gross proceeds from the exercise of the Over-Allotment Option, if any) (the “**Agency Fee**”), provided that such Agency Fee shall be reduced to 2.0% of the gross proceeds realized on sales to certain purchasers identified by the Company on a president’s list to be provided to the Agent for up to \$1,500,000 in gross proceeds (the “**President’s List Investors**”), and will be granted broker warrants (the “**Broker Warrants**”) to purchase up to such number of Units (each, a “**Broker Unit**”) as is equal to up to 8.0% of the aggregate number of Units sold pursuant to the Offering, provided the Agent shall be issued such number of Broker Warrants as is equal to 2.0% of the aggregate number of Units issued to the President’s List Investors. Each Broker Warrant will entitle the holder thereof to purchase one Broker Unit at a price of \$0.20 per Broker Unit at any time prior to the Warrant Expiry Date. Each Broker Unit shall be comprised of one Common Share (each, a “**Broker Unit Share**”) and one Warrant (each, a “**Broker Unit Warrant**”). Each Broker Unit Warrant shall entitle the holder thereof to acquire one Common Share (each, a “**Broker Unit Warrant Share**”) at an exercise price equal to the Warrant Exercise Price at any time prior to the Warrant Expiry Date. At the Closing Time, the Company shall execute and deliver to the Agent certificates evidencing the Broker Warrants (the “**Broker Warrant Certificates**”), in a form to be agreed between the Company and the Agent, each acting reasonably. The Broker Unit Warrants shall be duly and validly created and issued pursuant to, and governed by, the Warrant Indenture (as defined herein).

The Company shall also pay to the Agent a corporate finance fee equal to \$100,000 payable through the issuance of 500,000 Common Shares at a price equal to the Issue Price, plus applicable HST to be paid in cash (the “**Corporate Finance Fee**”). The Common Shares issuable in connection with the Corporate Finance Fee are collectively referred to as the “**Corporate Finance Fee Shares**”.

1. Definitions

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

“**Act**” means the *Securities Act* (British Columbia);

“**Additional Shares**” has the meaning ascribed to such term on the first page of this Agreement;

“**Additional Units**” has the meaning ascribed to such term on the first page of this Agreement;

“**Additional Warrants**” has the meaning ascribed to such term on the first page of this Agreement;

“**Agency Fee**” has the meaning ascribed to such term on the second page of this Agreement;

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

“**Agreement**” means this agreement resulting from the acceptance by the Company of the offer made by the Agent hereby;

“**Applicable Money Laundering Laws**” has the meaning ascribed to such term in Section 7(y);

“**Base Prospectus**” has the meaning given to that term on the second page of this Agreement;

“**BCBCA**” means the *Business Corporations Act* (British Columbia);

“**Broker Unit**” has the meaning ascribed to such term on the second page of this Agreement;

“**Broker Unit Share**” has the meaning ascribed to such term on the second page of this Agreement;

“**Broker Unit Warrant**” has the meaning ascribed to such term on the second page of this Agreement;

“**Broker Unit Warrant Share**” has the meaning ascribed to such term on the second page of this Agreement;

“**Broker Warrant**” has the meaning ascribed to such term on the second page of this Agreement;

“**Broker Warrant Certificates**” has the meaning ascribed to such term on the second page of this Agreement;

“**Business Day**” means a day which is not a Saturday, Sunday or statutory or civic holiday in the City of Vancouver, British Columbia or Toronto, Ontario;

“**CDS**” has the meaning ascribed to such term in Section 10 of this Agreement;

“**Closing**” means the completion of the issue and sale of Units by the Company on an applicable Closing Date as contemplated by this Agreement, which may occur in multiple tranches;

“**Closing Date**” means December 21, 2021 or such other date or dates as the Company and the Agent may agree upon in writing;

“**Closing Time**” means the time of Closing on the Closing Date or Option Closing Date, as applicable;

“**Common Shares**” has the meaning ascribed to such term on the first page of this Agreement;

“**Company**” has the meaning ascribed to such term on the first page of this Agreement;

“**Company’s knowledge**” means the actual knowledge of the Chief Executive Officer and Chief Financial Officer of the Company, after making reasonable inquiry into the relevant matter;

“**comparables**” has the meaning ascribed thereto in National Instrument 41-101 – *General Prospectus Requirements*;

“**Corporate Entities**” means collectively the Company and each of its Subsidiaries;

“**Corporate Finance Fee**” has the meaning ascribed to such term on the third page of this Agreement;

“**Corporate Finance Fee Shares**” has the meaning ascribed to such term on the third page of this Agreement;

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

“**Debt Instrument**” means any note, loan, bond, debenture, indenture, promissory note or other instrument evidencing indebtedness (demand or otherwise) for borrowed money or other liability to which the Company is a party or otherwise bound;

“**Decision Document**” means a receipt for the Base Prospectus issued by or on behalf of the Securities Commissions in accordance with the Passport System;

“**Distribution**” means “**distribution**” or “**distribution to the public**”, as the case may be, for the purposes of applicable Securities Laws;

“**Documents Incorporated by Reference**” means the documents incorporated by reference in the Prospectus;

“**Existing Note**” means the senior secured convertible note of the Company in an aggregate principal amount of \$3,300,000 issued on March 31, 2021;

“**Financial Statements**” means the financial statements of the Company included in the Documents Incorporated by Reference, including the notes to such statements and the related auditors’ report on such statements, prepared in accordance with international financial reporting standards as in force at the applicable time;

“**Governmental Authority**” means and includes, without limitation, any national, federal government, province, state, municipality or other political subdivision of any of the foregoing, any entity exercising executive, legislative, judicial, regulatory or administrative functions 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;

“**HST**” means harmonized sales tax.

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

“**Indemnified Parties**” has the meaning given to that term in Section 16;

“**Indemnified Party**” has the meaning ascribed to such term in Section 16 of this Agreement;

“**Indemnitor**” has the meaning given to that term in Section 16;

“**Intellectual Property**” means domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or

patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) computer systems, software, data and related documentation; (viii) right, title and interest as licensee or authorized user of any of the aforementioned intellectual property; and (ix) any other intellectual property and industrial property;

“**Issue Price**” has the meaning ascribed to such term on the first page of this Agreement;

“**Lease**” has the meaning ascribed thereto in Section 7(bb);

“**Licence Agreement**” means the non-exclusive licence and distribution agreement dated December 16, 2019 among Nextleaf Innovations Ltd., Hive Supply Company Ltd., 1227865 B.C. Ltd. and Christopher Andrews;

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

“**marketing materials**” has the meaning ascribed thereto in National Instrument 41-101 – *General Prospectus Requirements*;

“**Marketing Materials**” means, collectively, (i) the investor presentation relating to the Company prepared for potential investors in connection with the Offering dated and filed on December 7, 2021; (ii) the “template version” (as such term is defined in NI 41-101) of the term sheet for the Offering dated December 7, 2021; and (iii) the “template version” (as such term is defined in NI 41-101) of the term sheet for the Offering dated December 14, 2021;

“**Material Adverse Effect**” or “**Material Adverse Change**” means any effect or change that is or would be reasonably likely to be materially adverse to the business, operations, assets, properties, capital, Intellectual Property, financial condition or liabilities (contingent or otherwise) of the Company or its Subsidiaries, taken as a whole, after giving effect to this Agreement and the transactions contemplated hereby or that is or is reasonably likely to be materially adverse to the completion of the transactions contemplated by this Agreement;

“**material change**”, “**material fact**” and “**misrepresentation**” have the respective meanings ascribed thereto in the Act;

“**Material Permits**” has the meaning ascribed thereto in Section 7(l);

“**NI 41-101**” means National Instrument 41-101 – *General Prospectus Requirements*;

“**NP 11-202**” has the meaning ascribed to such term on the second page of this Agreement;

“**Offering**” has the meaning ascribed to such term on the first page of this Agreement;

“**Offering Documents**” means, collectively, the Prospectus and any Supplementary Material;

“**Option Closing Date**” means the date upon which the sale by the Company to the Agent of the Over-Allotment Securities is completed;

“**Over-Allotment Option**” has the meaning given to that term on the first page of this Agreement;

“**Over-Allotment Securities**” has the meaning given to that term on the first page of this Agreement;

“**Passport System**” means the prospectus review procedures provided for under NP 11-202;

“**Permitted Liens**” means any (i) Liens granted to a landlord under an executed lease agreement for the Company leased properties; (ii) Liens in favour of Medisun Inc., Natural Medco Ltd. or any other processors or cultivator which the Company or its Subsidiaries engage in the ordinary course of business to supply product to the Company; and (iii) Liens in favour of BPY Limited granted in connection with the Existing Note;

“**Person**” means any individual (whether acting as an executor, trustee, administrator, legal representative or otherwise), corporation, firm, partnership, sole proprietorship, syndicate, joint venture, trustee, trust, unincorporated organization or association, and pronouns have a similar extended meaning;

“**Personally Identifiable Information**” means any information that alone or in combination with other information held a person or entity can be used to specifically identify a person including but not limited to a natural person’s name, street address, telephone number, e-mail address, photograph, social insurance number, driver’s license number, passport number, credit or debit card number or customer or financial account number or any similar information that is treated as “**Personally Identifiable Information**” under any applicable laws;

“**President’s List Investors**” has the meaning ascribed to such term on the second page of this Agreement;

“**Prospectus**” means, collectively, the Base Prospectus and the Prospectus Supplement, including the Documents Incorporated by Reference;

“**Prospectus Supplement**” has the meaning ascribed to such term on the second page of this Agreement;

“**Public Disclosure Documents**” means any information which has been filed by the Company on SEDAR at www.sedar.com pursuant to Securities Laws;

“**Qualifying Jurisdictions**” has the meaning ascribed to such term on the second page of this Agreement;

“**Reviewing Authority**” has the meaning given to that term on the first page of this Agreement;

“**Securities Commissions**” means, collectively, the securities commission or securities regulatory authority in each of the provinces and territories of Canada;

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

“**Securities Regulators**” means, collectively, the securities regulators or other securities regulatory authorities in all of the Selling Jurisdictions or, as the context may require, any one or more of the Selling Jurisdictions;

“**Selling Group**” means, collectively, those registered dealers appointed by the Agent to assist in the Offering as contemplated in this Agreement;

“**Selling Jurisdictions**” means the Qualifying Jurisdictions and such other jurisdictions outside of Canada and the United States as the Agent and the Company may agree;

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

“**Shelf Procedures**” has the meaning ascribed to such term on the first page of this Agreement;

“**Subsidiaries**” means Nextleaf Labs Ltd. and Nextleaf Innovations Ltd.;

“**Supplementary Material**” means, collectively, any amendment or supplement to the Prospectus;

“**Transactional Documents**” means collectively this Agreement, the Prospectus, the Warrant Indenture and the Broker Warrant Certificates;

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

“**Units**” has the meaning ascribed to such term on the first page of this Agreement;

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

“**Warrant Exercise Price**” has the meaning ascribed to such term on the first page of this Agreement;

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

“**Warrant Indenture**” means the warrant indenture to be entered into on the Closing Date between Odyssey Trust Company and the Company in relation to the Warrants; and

“**Warrant Share**” has the meaning ascribed to such term on the first page of this Agreement.

2. **Filing of Prospectus Supplement**

- (a) The Company shall comply with the Shelf Procedures to prepare and file, on the date hereof, the Prospectus Supplement with the Securities Commissions in each of the Qualifying Jurisdictions.
- (b) The Company shall comply with the Securities Laws with respect to the filing of the template version of any marketing materials that have been approved by the Company and

the Agent in the manner required under the Securities Laws (with any comparables and all disclosure relating to such comparables being redacted).

- (c) Until the distribution of the Units has been completed, the Company will use commercially reasonable efforts to promptly take, or cause to be taken, all additional steps and proceedings that are in its power to take or cause to be taken and which may from time to time be required under the Securities Laws to continue to qualify the distribution of the Units in the Qualifying Jurisdictions and the grant of the Over-Allotment Option to the Agent or, if the Units or the Over-Allotment Option have, for any reason, ceased to so qualify, to again so qualify them.
- (d) Prior to the filing of the Prospectus Supplement and any Supplementary Material, the Company shall have permitted the Agent to review each of the Prospectus Supplement and such Supplementary Material and shall have allowed the Agent to conduct any due diligence investigations which the Agent reasonably requires in order to fulfil its obligations as an agent under Securities Laws and in order to enable it to responsibly execute the certificate in the Prospectus Supplement and such Supplementary Material required to be executed by it where applicable. Following the filing of the Prospectus Supplement and prior to the completion of the distribution of the Units, the Company shall allow the Agent to conduct any due diligence investigations which the Agent reasonably requires to confirm as at any date that it continues to have reasonable grounds for the belief that the Prospectus does not contain a misrepresentation as at such date.

3. Distribution and Certain Obligations of Agent

- (a) During the course of the distribution of the Units to the public by or through the Agent, the Agent will solicit offers for the Units from the public only in those jurisdictions where they may be lawfully offered for sale or sold. The Agent will comply with applicable Securities Laws in connection with the distribution of the Units. The Agent will not, directly or indirectly, solicit offers to purchase the Units or deliver any Offering Document in any jurisdiction other than the Qualifying Jurisdictions. The Agent will cause similar undertakings to be contained in any agreements entered into among the Selling Group, if any, and will cause each member of such Selling Group to comply with applicable securities laws. Each purchaser not resident in a Qualifying Jurisdiction shall purchase Units only on a private placement basis in accordance with such procedures as the Company and the Agent may mutually agree, acting reasonably, in order to fully comply with applicable laws and the terms of this Agreement.
- (b) The Agent will complete, and will use its reasonable best efforts to cause members of their Selling Group, if any, to complete, the distribution of the Units as soon as practicable, and in any event within 10 days following the Closing Time. The Agent will provide the Company with a written breakdown of the number of Units distributed in each of the Qualifying Jurisdictions where that breakdown is required by the relevant Securities Commission for the purpose of calculating fees payable to that Securities Commission.
- (c) For the purposes of this Section 3, the Agent will be entitled to assume that the Units are qualified for distribution in each Qualifying Jurisdiction in respect of which the Decision Document has been obtained unless the Agent receives written notice to the contrary from the Company or its legal counsel.

- (d) From the date of commencement of distribution of the Units to the date such distribution ceases, the Agent will: (i) not provide to any potential purchasers of Units any marketing materials that are or would be required to be incorporated by reference into the Prospectus without the prior approval by the Company; (ii) not provide to any potential purchaser of Units any marketing materials that are or would be required to be incorporated by reference into the Prospectus unless a template version of such marketing materials has been filed by the Company on or before the day such marketing materials are first provided to any potential purchaser of Units; and (iii) provide a copy of the Base Prospectus to each potential investor of the Units who receives any marketing materials referred to in this Section 3(d). Any marketing materials approved and filed in accordance with this Section 3(d) and any standard term sheets shall only be provided to potential investors in the Selling Jurisdictions where the provision of such marketing materials or standard term sheets does not contravene Securities Laws.

4. Delivery of Prospectus and Related Matters

- (a) The Company shall deliver promptly to the Agent copies of the Prospectus Supplement and the Base Prospectus, signed and certified if and as required by Securities Laws, concurrently with the filing of the Prospectus Supplement. The Company shall prepare and deliver promptly to the Agent copies of all Supplementary Material, if any, as applicable, signed and certified if and as required under Securities Laws and accompanied by documents corresponding to those referred to in Section 3(d).
- (b) Each delivery of an Offering Document by the Company to the Agent shall constitute the consent of the Company to the use by the Agent and the members of the Selling Group, if any, of such Offering Document in connection with the Offering of the Units and shall constitute the representation and warranty of the Company to the Agent that, at the respective times of such delivery:
 - (i) all information and statements contained therein (except information and statements relating solely to the Agent and provided by the Agent in writing expressly for inclusion therein):
 - (A) are true and correct in all material respects and contain no misrepresentation; and
 - (B) constitute full, true and plain disclosure of all material facts relating to the Units and to the Corporate Entities considered as a whole;
 - (ii) such document does not contain an untrue statement of a material fact or omit to state a material fact (except information and statements relating to the Agent and furnished by the Agent for use in the Offering Document) required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made; and
 - (iii) such document (except information and statements relating to the Agent and furnished by the Agent for use in the Offering Document) complies in all material respects with Securities Laws at the time filed.

- (c) Prior to or concurrently with the filing of the Prospectus Supplement, or as soon as reasonably possible in the case of paragraph (i) below, the Company shall use its commercially reasonable efforts to deliver or cause to deliver to the Agent, without charge:
 - (i) in such cities in Canada as the Agent may reasonably request, without charge, such numbers of printed commercial copies of the Prospectus as the Agent may reasonably require;
 - (ii) a copy of any other document required to be filed by the Company under the Securities Laws in connection with the Offering; and
 - (iii) a “long-form” comfort letter of the auditors of the Company dated the date of this Agreement, in form and substance satisfactory to the Agent, acting reasonably, addressed to the Agent and the directors of the Company, verifying certain financial and accounting information relating to the Company in the Prospectus, including any Supplementary Material, which letter shall be based on a review by the Company’s auditors completed not more than two Business Days prior to the date of the letter, and to the effect that the auditors are independent public accountants as required by Securities Laws, which letter will be in addition to any consent letter(s) addressed to the Securities Commissions in the Qualifying Jurisdiction, if applicable.
- (d) Opinions, comfort letters and other documents substantially similar to those referred to in Section 4(c) of this Agreement will be delivered to the Agent, the directors of the Company and their respective counsel with respect to any Supplementary Material concurrently with the filing of such Supplementary Material with the Securities Commissions in the Qualifying Jurisdictions.
- (e) During the period commencing on the date hereof and ending on the date of completion of the distribution of the Units, the Company will promptly provide to the Agent drafts of any press releases of the Company that relate to the Offering or the Units, for review and approval by the Agent and its counsel prior to issuance, such approval not to be unreasonably withheld or delayed provided such review will be completed in a timely manner and the Company will incorporate in such press release all reasonable comments of the Agent or its counsel thereto. In addition, any press release announcing or otherwise referring to the Offering shall include an appropriate notation on each page in substantially the following form: “NOT FOR DISTRIBUTION TO U.S. NEWS WIRE SERVICES OR DISSEMINATION IN THE UNITED STATES.”.

5. Material Change

- (a) The Company will promptly inform the Agent in writing during the period prior to the completion of the distribution of the Units of the full particulars of:
 - (i) any material change (whether actual, anticipated or threatened), financial or otherwise, in the assets, liabilities (contingent or otherwise), business, affairs, operations, Intellectual Property, cash flow or capital of the Company and its Subsidiaries, taken as a whole;

- (ii) any material fact which has arisen or has been discovered that would have been required to have been stated in an Offering Document had that fact arisen or been discovered on or prior to the date of such Offering Document; and
 - (iii) any change in any material fact contained in any of the Offering Documents or whether any event or state of facts has occurred after the date of this Agreement, which, in any case, could render any of the Offering Documents untrue or misleading in any material respect or result in a misrepresentation in any of the Offering Documents.
- (b) During the period prior to the completion of the distribution of the Units, the Company will prepare and file promptly at the request of the Agent any Supplementary Material which, in the reasonable opinion of the Agent, may be necessary or advisable, and will otherwise comply with all legal requirements necessary to continue to qualify the Units for distribution in each of the Qualifying Jurisdictions.
 - (c) In addition to the provisions of Sections 5(a) and 5(b), the Company will, in good faith, discuss with the Agent any change, event or fact contemplated in Section 5(a) which is of such a nature that there may be reasonable doubt as to whether notice should be given to it under Section 5(a) and will consult with the Agent with respect to the form and content of any Supplementary Material proposed to be filed by the Company, it being understood and agreed that no such Supplementary Material will be filed with any Securities Commission prior to the review and approval of such Supplementary Material by the Agent (such approval not to be unreasonably withheld or delayed).
 - (d) During the period commencing on the date hereof and ending on the date the Agent notifies the Company of the completion of the distribution of the Units, the Company will, and will cause each of the Corporate Entities to, promptly inform the Agent of the full particulars of: (i) any request of any Securities Commission for any amendment to the Prospectus or any Supplementary Material or for any additional information in connection with the Offering; and (ii) any notice or other correspondence received by any of them from any Governmental Authority commencing or threatening any investigation into any of the Corporate Entities or their businesses to the extent any such investigation could reasonably be expected to result in a Material Adverse Change.

6. Regulatory Approvals

The Company will, and will cause each of the Corporate Entities to, make, within the time periods provided for under applicable laws, all necessary filings and use its commercially reasonable efforts to obtain all necessary regulatory consents and approvals, if any, and the Company will pay or cause to be paid by the other Corporate Entities all filing fees required to be paid, in each case in connection with the transactions contemplated by this Agreement.

7. Representations and Warranties of the Company

The Company hereby represents and warrants to the Agent and acknowledges that the Agent is relying upon such representations and warranties, that each of the following representations and warranties is true and correct on the date of the Agreement:

- (a) **Organization, Good Standing and Qualification.** The Company is a corporation duly organized, validly existing and in good standing under the BCBCA and has all requisite

corporate power and authority to own, lease and operate its properties and assets and carry on its business as now conducted. The Company is duly qualified to conduct business, is in material compliance with all applicable laws and regulations of each jurisdiction in which it carries on business (including, without limitation, all applicable Canadian federal, provincial, municipal and local laws and regulations and other lawful requirements of any governmental or regulatory body) and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary. The Company has full corporate power and authority to enter into this Agreement and to perform its obligations set out herein.

(b) **Subsidiaries.** Each of the Subsidiaries is a corporation duly organized and validly existing under the laws of the jurisdiction in which it was formed, and each has the requisite power and capacity and is duly qualified and holds all necessary material permits, licences and authorizations necessary to carry on its business as now conducted, and to own, lease or operate its properties and assets, and no steps or proceedings have been taken by any Person, voluntary or otherwise, requiring or authorizing its dissolution or winding up. There exist no options, warrants, purchase rights, or other contracts or commitments that could require the Company to sell, transfer or otherwise dispose of any of the issued securities of the Subsidiaries that it beneficially owns. There exist no options, warrants, purchase rights, or other contracts or commitments requiring any of the Subsidiaries to issue additional securities to a Person other than the Company. Other than the Subsidiaries, the Company has no subsidiaries, nor is it a partner of any partnerships (other than participating in industry partnerships in the ordinary course of business) or limited partnerships and the Company has no shareholdings in any other corporation or business organization.

(c) **Capitalization and Voting Rights.**

- (i) The authorized capital of the Company consists of an unlimited number of Shares, of which 125,318,208 Shares were issued and outstanding as fully paid and non-assessable common shares of the Company as of the date of this Agreement.
- (ii) Other than as disclosed in the Public Disclosure Documents, there are no securities exercisable, convertible or exchangeable into Shares and the Company has no outstanding commitment or obligation to issue or sell any Shares.
- (iii) As at the date of this Agreement, there are no contracts, commitments or agreements relating to voting or giving of written consents with respect to the Shares (i) between or among the Company and any of its shareholders; or (ii) to the Company's knowledge, between or among any of the shareholders of the Company.
- (iv) No holder of Shares is entitled to any pre-emptive or any similar rights to subscribe for any Shares or other securities of the Company.

(d) **Authorization.**

- (i) All corporate action on the part of the Company necessary for the authorization, execution and delivery of the Transactional Documents and the performance of all obligations of the Company hereunder and thereunder, and the authorization, issuance (or reservation for issuance), sale and delivery of the Common Shares and

the Warrants comprising the Units, the Broker Warrants, the Corporate Finance Fee Shares and the Warrant Shares, Broker Unit Shares, Broker Unit Warrants and Broker Unit Warrant Shares issuable upon exercise thereof, has been taken or will be taken prior to the Closing, and the Transactional Documents will constitute valid and legally binding obligations of the Company, enforceable in accordance with their respective terms, except (A) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and (B) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

- (ii) The execution and delivery of the Transactional Documents and the performance and carrying out of any provision thereof, will not (i) result in a breach of the terms, conditions, or provisions of any material agreement of the Company or its Subsidiaries, (ii) violate any provision of applicable law, any order of any court applicable to the Company or its constating documents, or (iii) result in the creation or imposition of any lien, charge, restriction, claim, or encumbrance of any nature whatsoever upon any of the properties or assets of the Company.
- (e) **Reporting Issuer.** The Company is a "reporting issuer" in each of the provinces and territories of Canada within the meaning of the applicable Securities Laws, and is not in default of any material requirement of the applicable Securities Laws.
- (f) **Ownership of Assets.** the Company and each of the Subsidiaries has good and marketable title to all of its assets, free and clear of all Liens (other than Permitted Liens), subject to acquisitions and sales in the ordinary course.
- (g) **Consents, Approvals and Conflicts.** None of the transactions contemplated in this Agreement and the Transactional Documents do or will (i) subject to compliance by the Agent with the provisions of this Agreement, require the consent, approval, authorization, order or agreement of, or registration or qualification with, any Governmental Authority, court, stock exchange, securities regulatory authority or other person, except (A) such as have been, or will by the Closing Date, be obtained, or (B) such as may be required under Securities Laws of any of the Qualifying Jurisdictions, or (C) such as may be required under the policies of the CSE and will be obtained by the Closing Date, or (ii) conflict with or result in any breach or violation of any of the provisions of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Company or any Subsidiary is a party or by which any of them or any of the properties or assets thereof is bound, or the articles or by-laws or any other constating document of the Company or any Subsidiary or any resolution passed by the directors (or any committee thereof) or shareholders of the Company or any Subsidiary, 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 Subsidiary or any of the properties or assets thereof.
- (h) **Litigation.** There is no claim, action, suit, proceeding, arbitration, complaint, charge or investigation pending or, to the Company's knowledge, threatened, against the Company or its Subsidiaries, their property or respective directors or officers, that would reasonably be expected to have a Material Adverse Effect, nor is the Company aware of any basis for the foregoing. Neither the Company nor its Subsidiaries is a party, or is named as subject, to the provisions of any order, writ, injunction, judgment or decree of any court or

government agency or instrumentality. There is no action, suit, proceeding or investigation by the Company or its Subsidiaries pending or which either the Company or its Subsidiaries intends to initiate. The foregoing includes, without limitation, actions, suits, proceedings or investigations pending or threatened in writing (or any basis therefor known to the Company) involving the prior employment of any of the Company or its Subsidiaries' employees, their services provided in connection with the Company's business, or any information or techniques allegedly proprietary to any of their former employers, or their obligations under any agreements with prior employers.

- (i) **Compliance with Other Instruments.** The Company and its Subsidiaries are not in violation or default of any material provisions of their constating documents, any order, judgment, order, writ, or decree, or under any note, indenture, Debt Instrument, lease, agreement, contract or purchase order to which it is a party or by which it is bound or, to the Company's knowledge, of any provision of any law, statute, rule or regulation applicable to the Company or its Subsidiaries. The execution, delivery and performance of the Transactional Documents and the consummation of the transactions contemplated thereby will not result in any such violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either a default under any such material provision, instrument, judgment, order, writ, decree or contract or an event which results in the creation of any lien, charge or encumbrance upon any assets of the Company or the suspension, revocation, forfeiture or non-renewal of any Material Permit or license applicable to the Company.
- (j) **Agreements; Action.**
 - (i) Except for the Transactional Documents, the Existing Note and the Licence Agreement, there are no agreements, understandings, instruments, contracts, proposed transactions, judgments, orders, writs or decrees to which the Company is a party or by which it is bound that may involve: (A) obligations (contingent or otherwise) of, or payments to, the Company or its Subsidiaries outside of the ordinary course; (B) the license of any patent, copyright, trademark, trade secret or other proprietary right to or from the Company or its Subsidiaries; (C) the grant of rights to license, market or sell products; (D) the grant of any Lien or security interests in the material assets of the business; or (E) provisions restricting or affecting the development, ability to transfer or move, or distribution of the Company or its Subsidiaries' products or services.
 - (ii) Since the date of the Financial Statements, other than the Existing Note, the Company or its Subsidiaries has not (A) incurred any indebtedness for money borrowed that has not been repaid and released, (B) made any loans or advances to any person, other than in the ordinary course of business, or (C) sold, exchanged or otherwise disposed of any of its assets or rights other than in the ordinary course of business.
- (k) **Related-Party Transactions.** No employee, officer, director or shareholder of the Company or member of his or her immediate family or any "affiliate" or "associate" of such persons (as defined under Securities Laws) is indebted to the Company or its Subsidiaries, nor is the Company or its Subsidiaries indebted (or committed to make loans or extend or guarantee credit) to any of them for indebtedness, other than as disclosed in the Public Disclosure Documents. To the best of the Company's knowledge, other than as disclosed in the Public Disclosure Documents, none of such persons has any direct or

indirect ownership interest in any firm or corporation with which the Company or its Subsidiaries are affiliated or with which the Company have a material business relationship, or any firm or corporation that competes with the Company, except to the extent that employees, officers, directors or shareholders of the Company and members of their immediate families own shares in publicly traded companies that may compete with the Company, other than as disclosed in the Public Disclosure Documents. Other than as disclosed in the Public Disclosure Documents, no employee, officer, director or shareholder of the Company or member of his or her immediate family or any “**affiliate**” or “**associate**” thereof is directly or indirectly interested in any material contract or agreement to which the Company or its Subsidiaries are a party or by which it is bound, and other than as disclosed in the Public Disclosure Documents, none of such persons has any material interest, direct or indirect, in any transaction or any proposed transaction with the Company which, as the case may be, materially affects, is material to, or will materially affect, the Company.

- (l) **Permits.** The Company has provided or otherwise made available to the Agent copies of all material documents and correspondence relating to the licenses issued pursuant to the *Cannabis Act* (Canada), the *Controlled Drug and Substances Act* (Canada) and the related regulations (the “**Material Permits**”) to the Company and any Subsidiary. The Company or its Subsidiaries hold in good standing all Material Permits, licenses and any similar authority necessary for the conduct of its business as presently conducted including, without limitation, all licenses or permits, if any, required by any governmental or regulatory authorities in each of the jurisdictions in which the Company or its Subsidiaries operates. The Company is in compliance, in all material respects, with each licence and Material Permit held by it and no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination of any such permit or license or has resulted, or after notice or lapse of time would result, in any other material impairment of the rights of the holder of any such permit or license. The Company is not aware of any pending change or contemplated change to any applicable law or regulation or governmental position that would materially affect the business, affairs, operations, assets, liabilities (contingent or otherwise) of the Company or the business or legal environment under which the Company now operates or proposes to operate. The Company does not anticipate any variations or difficulties in renewing such Material Permits or any other required license or permit.
- (m) **Environmental and Safety Laws.** The Company and its Subsidiaries are in compliance with all applicable statutes, laws or regulations relating to the environment or occupational health and safety, except to the extent any violation of such laws would not have a Material Adverse Effect on the Company (as such business is presently conducted and as it is proposed to be conducted) and, to the Company’s knowledge, no material expenditures are or will be required in order to comply with any such existing statute, law or regulation.
- (n) **Conduct of Business.** The Company and its Subsidiaries have conducted and are conducting their business in compliance in all material respects with all applicable laws of each jurisdiction in which it carries on business and with all applicable laws, tariffs and directives material to its operations, including all applicable federal, state, provincial, municipal, and local laws and regulations and other lawful requirements of any governmental or regulatory body that govern all aspects of the Company and its Subsidiaries businesses, including, but not limited to, permits and/or licenses to grow, research, process, and dispense cannabis and cannabis-derived products.

- (o) **Title to Property and Assets.** The Company or its Subsidiaries, as applicable, is the absolute legal and beneficial owner of, and has good and marketable title to, all of their material property and assets, free of all Liens (other than Permitted Liens), pledges, security interests, encumbrances, claims or demands whatsoever, and no other property rights are necessary for the conduct of the business of the Company as currently conducted, and the Company knows of no claim or the basis for any claim that might or could materially and adversely affect the right thereof to use, transfer or otherwise exploit such property rights and the Company has no responsibility or obligation to pay any material commission, royalty, license fee or similar payment to any person with respect to the property rights thereof.
- (p) **Financial Statements.** The Financial Statements have been prepared in accordance with Securities Laws and IFRS and fairly present, in all material respects, the consolidated financial position of Company and its Subsidiaries on a consolidated basis at the dates specified in the Financial Statements and the consolidated results of the operations and changes in financial position of Company and its Subsidiaries for the period covered by the Financial Statements. The Financial Statements have been audited or reviewed by independent public accountants within the meaning of Securities Laws.
- (q) **Changes.** Since the date of the Financial Statements and other than as disclosed in the Public Disclosure Documents, there has not been:
 - (i) any damage, destruction or loss, whether or not covered by insurance, materially and adversely affecting the business, properties, prospects, or financial condition of the Company or its Subsidiaries;
 - (ii) any waiver or compromise by the Company or its Subsidiaries of a valuable right or of a material debt owed to it;
 - (iii) any material change in any compensation arrangement or agreement with any employee, officer, director or holder of shares of the Company or its Subsidiaries;
 - (iv) any sale, assignment or transfer of any patents, trademarks, copyrights, trade secrets or other intangible assets by the Company or its Subsidiaries;
 - (v) any removal of any auditor or director or termination of any officer or other senior employee of the Company or its Subsidiaries;
 - (vi) any extraordinary loss, whether or not covered by insurance, suffered by the Company or its Subsidiaries;
 - (vii) any material shortage or any cessation or interruption in the shipment of any inventory, supplies or equipment used by the Company or its Subsidiaries;
 - (viii) any resignation or termination of employment of any officer or key employee of the Company or its Subsidiaries that has not been disclosed in the Public Disclosure Documents; and the Company is not aware of any impending resignation or termination of employment of any officer or key employee of the Company or its Subsidiaries;

- (ix) any mortgage, pledge, transfer of a security interest in, or Lien, created by the Company or its Subsidiaries, with respect to any of its material properties or assets, except liens for taxes not yet due or payable and liens that arise in the ordinary course of business and do not materially impair the Company or its or its Subsidiaries ownership or use of such property or assets;
 - (x) any loans or guarantees made by the Company or its Subsidiaries to or for the benefit of an employee, officer or director, or any member of their immediate families;
 - (xi) any declaration, setting aside or payment or other distribution in respect of any of the Company's securities, or any direct or indirect redemption, purchase, or other acquisition of any of such securities by the Company;
 - (xii) to the Company's knowledge, any other event or condition of any character, other than events affecting the economy or the Company's industry generally, that could reasonably be expected to result in a Material Adverse Effect; or
 - (xiii) any arrangement or commitment by the Company to do any of the things described in this Section 7(q).
- (r) **Tax Returns, Payments and Elections.** The Company and each of its Subsidiaries have filed all federal, provincial and local tax returns that are required to be filed or has requested extensions thereof and has paid all taxes required to be paid by it and any other assessment, fine or penalty levied against it, to the extent that any of the foregoing is due and payable and all such returns, declarations, remittances and filings are complete and accurate in all material respects, and no material fact or facts have been omitted therefrom which would make any of them misleading. To the knowledge of the Company, no examination of any tax return of the Company or its Subsidiaries are currently in progress 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.
- (s) **Insurance.** The Company and each of its Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are customary in the businesses in which they are engaged; all policies of insurance and fidelity or surety bonds insuring the Company or its Subsidiaries or their respective businesses, assets, employees, officers and directors are in full force and effect; the Company and its Subsidiaries are in compliance with the terms of such policies and instruments in all material respects; and there are no material claims by the Company or its Subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; neither the Company nor any of its Subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect.
- (t) **Minute Books.** The minute books and records of the Company and its Subsidiaries have been made available to counsel for the Agent and are all of the minute books and records of the Company. The minute books and corporate records of the Company and its Subsidiaries are up to date and complete in all material respects and contain copies of all material proceedings (or certified copies thereof or drafts thereof pending approval) of the

shareholders, the directors and all committees of directors of the Company and there have been no other material meetings, resolutions or proceedings of the shareholders, directors or any committees of the directors of the Company to the date hereof not reflected in such minute books and other corporate records.

- (u) **Employee and Labour Matters.** The Company or its Subsidiaries are not bound by or subject to (and none of their assets or properties is bound by or subject to) any written or oral, express or implied, contract, commitment or arrangement with any labour union, and no labour union has requested or, to the Company's knowledge, has sought to represent any of the employees, representatives or agents of the Company or its Subsidiaries. There is no strike or other labour dispute involving the Company pending, or to the Company's knowledge threatened against the Company nor is the Company aware of any labour organization activity involving its employees. The Company and its Subsidiaries have paid its employees and independent contractors in accordance, in all material respects, with applicable laws and any applicable contracts and is not delinquent in the payment of any material wages, salaries, commissions, bonuses, fees or other compensation for services provided to the Company. The Company and its Subsidiaries have complied in all material respects with applicable equal employment opportunity laws and with other laws related to employment.
- (v) **Suppliers.** No supplier (or group of suppliers) that was or is significant to the Company or its Subsidiaries, has given the Company or its Subsidiaries notice or, to the Company's knowledge, has taken any other action that has given the Company or its Subsidiaries any significant reason to believe that such supplier (or group of suppliers) will cease to supply, restrict the amount supplied, or adversely change its prices or terms to the Company of any products or services that are material to the Company or its Subsidiaries.
- (w) **Intellectual Property.**
 - (i) The Company and its Subsidiaries own, free and clear of any Liens (other than Permitted Liens) or encumbrances, or possesses sufficient legal rights to use, all Intellectual Property used by it in connection with the Company's business, which represents all intellectual property rights necessary to the conduct of the Company's business as now conducted and as presently contemplated to be conducted, without any conflict with, or infringement of, in any material respect, the intellectual property rights of others.
 - (ii) The Company or its Subsidiaries have not received any communications alleging that they have violated or, by conducting its business, would violate any of the patents, trademarks, service marks, tradenames, copyrights, rights of privacy, rights in personal data, moral rights, trade secrets or other proprietary rights or processes of any other person or entity. To the Company's knowledge, no product or service marketed or sold (or presently contemplated to be marketed or sold) by the Company or its Subsidiaries violate any license to which they are a party or infringes any intellectual property rights of any other person or entity. No claim is pending or, to the Company's knowledge, threatened to the effect that any operations of the Company or its Subsidiaries infringe upon or conflict with the asserted rights of any other person to any Intellectual Property and, to the Company's knowledge, there is no basis for any such claim (whether or not pending or threatened).

- (iii) The Company is not aware that any of its employees is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with the use of such employee's best efforts to promote the interest of the Company or that would conflict with the Company or its Subsidiaries' business. Neither the execution or delivery of this Agreement, nor the carrying on of the Company or its Subsidiaries' business by the employees of the Company, nor the conduct of the Company or its Subsidiaries' business as proposed, will, to the Company's knowledge, conflict with or result in a breach of the terms, conditions, or provisions of, or constitute a default under, any contract, covenant or instrument under which any such employee is now obligated.
- (iv) All persons then involved in the development of the Company or its Subsidiaries' owned Intellectual Property were at the time employees, consultants or independent contractors of the Company or its Subsidiaries and, for greater certainty, the Company owns the Intellectual Property arising from their work. All persons involved in the development of the Company or its Subsidiaries' owned Intellectual Property will be employees, consultants or independent contractors of the Company, and the Company will own all such Intellectual Property arising from their work. The Company does not believe it is or will be necessary to use any inventions of any of its employees (or persons it currently intends to hire) made prior to their employment by the Company.
- (x) **No Illegal Payments.** To the knowledge of the Company, (i) the Company or its Subsidiaries have not, directly or indirectly, (A) made or authorized any contribution, payment or gift of funds or property of the Company or its Subsidiaries or other unlawful expense relating to political activity to any official, employee or agent of any governmental agency, authority or instrumentality of any jurisdiction or any official of any public international organization; or (B) made any direct or indirect contribution from corporate funds to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the *Canada Corruption of Foreign Public Officials Act* (Canada), *U.S. Foreign Corrupt Practices Act of 1977*, the *Proceeds of Crime (Money Laundering)* and the *Terrorist Financing Act* (Canada), or Title 18 United States Code Section 1956 and 1957 (U.S.), or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to the Company, its Subsidiaries and their operations, and the Company or its Subsidiaries have not instituted and maintains policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such laws; and (ii) the operations of the Company and its Subsidiaries are and have been conducted at all times in compliance, in all material respects, with such laws and no suit, action or proceeding by or before any Governmental Authority or any arbitrator involving the Company or its Subsidiaries with respect to such legislation is in progress, pending or, to the knowledge of Company, threatened.
- (y) **Money Laundering Laws.** The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance, in all material respects, with applicable financial recordkeeping and reporting requirements of the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Authority (collectively, the "**Applicable Money Laundering Laws**") and no action, suit

or proceeding by or before any Governmental Authority involving the Company or any of its subsidiaries with respect to Applicable Money Laundering Laws is, to the knowledge of Company, pending or threatened.

- (z) **Employee Plans.** Except as disclosed in the Public Disclosure Documents, there are no employee benefit plans or plans for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to or required to be contributed to, by the Company or its Subsidiaries for the benefit of any current or former director, officer, employee or consultant of the Company or its Subsidiaries.
- (aa) **Material Contracts and Obligations.** All agreements, contracts, leases, licenses, instruments, commitments (oral or written), indebtedness, liabilities and other obligations to which the Company or its Subsidiaries are a party or by which it is bound that are (i) material to the conduct and operations of their business and properties; (ii) involve any of the officers, consultants, directors, employees or shareholders of the Company, other than ordinary course agreements relating to employment, confidentiality, intellectual property or stock options; or (iii) obligate the Company or its Subsidiaries to share, license or develop any Intellectual Property have been disclosed by the Company to the Agent and are stored on a virtual data site to which the Agent has access. Neither the Company nor, to the Company's knowledge, any other person, is in material default in the observance or performance of any term, covenant or obligation to be performed by it under any such documents and the Company or its Subsidiaries have not received any notice of termination or default under any such documents and no event has occurred which with notice or lapse of time or both would constitute such a default and all such contracts, agreements and arrangements are in good standing.
- (bb) **Leases.** Except as disclosed in the Public Disclosure Documents, each lease with respect to real property to which the Company or its Subsidiaries are a party (collectively the "**Leases**" and each a "**Lease**"), is in good standing, in all material respects, creates a good and valid leasehold interest in the lands and premises thereby demised and is in full force and effect without amendment. With respect to each Lease: (i) all rents and additional rents have been paid to date; (ii) no waiver, indulgence or postponement of the lessee's obligations has been granted by the lessor; (iii) to the knowledge of the Company, there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default under the Lease; and (iv) to the knowledge of the Company, all of the covenants to be performed by any other party under the Lease have been fully performed in all material respects.
- (cc) **Privacy.** The Company, its Subsidiaries, and their employees, have: (i) complied at all times and in all material respects with all applicable privacy laws and regulations and contractual obligations regarding the collection, processing, disclosure and use of all data consisting of Personally Identifiable Information that is, or is capable of being, associated with specific individuals; (ii) complied in all material respects with the Company's privacy policies with respect to Personally Identifiable Information; and (iii) taken all appropriate and industry standard measures to protect from unauthorized disclosure any Personally Identifiable Information that the Company or its Subsidiaries have collected or otherwise acquired. No person has made a claim in writing to the Company, its Subsidiaries or any Governmental Authority that the Company or its Subsidiaries have violated any applicable

privacy laws, consumer protection legislation, regulations or other legal requirements or any contractual obligations regarding the collection, processing, disclosure and use of all data consisting of personally identifiable information.

- (dd) **Commission.** Other than as contemplated herein, the Company has not incurred any obligation or liability, contingent or otherwise, for brokerage fees, finder's fees, agent's commission or other similar form of compensation with respect to the transactions contemplated by this Agreement.
- (ee) **Non-Disclosure.** Each employee of the Company or its Subsidiaries who has access to the confidential information of the Company has executed an agreement that prohibits such person from divulging any confidential information of the Company and prohibits such person from using any such confidential information for any purpose other than for the benefit of the Company or its Subsidiaries.
- (ff) **Directors and Officers.**
 - (i) To the Company's knowledge, none of the directors or officers of the Company is or has been subject to prior regulatory, criminal or bankruptcy proceedings in Canada or elsewhere.
 - (ii) There has not been and there is not currently any material disagreement or other material dispute between the Company or its Subsidiaries, and any of their employees, which is adversely affecting or would reasonably be expected to result in a Material Adverse Effect.
 - (iii) To the Company's knowledge, the Company and its Subsidiaries in compliance in all material respects with the provisions of applicable worker's compensation, applicable employee health and safety, training or similar legislation in each jurisdiction where it carries on business.
- (gg) **Cease Trading.** No order or ruling suspending the sale or ceasing the trading in any securities of the Company has been issued by any securities regulator, securities commission or other regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of the Company, are pending, contemplated or threatened by any regulatory authority.
- (hh) **Legislation.** To the Company's knowledge, there is no legislation, or proposed legislation (published by a legislative body), which the Company anticipates will materially and adversely affect the business, affairs, operations, assets or liabilities (contingent or otherwise) of the Company or its Subsidiaries.
- (ii) **No Options to Purchase Assets.** No person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming such for the purchase or other acquisition from the Company or its Subsidiaries of any of the assets or properties of the Company or its Subsidiaries, outside of the ordinary course.
- (jj) **Condition of Tangible Assets.** The buildings, structures, vehicles, equipment, technology and communications hardware and other tangible personal property owned or leased by the Company or its Subsidiaries are structurally sound, in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they

are being put. None of such buildings, structures, vehicles, equipment or other property are in need of maintenance or repairs except for routine maintenance and repairs in the ordinary course that are not material in nature or cost.

- (kk) **Full Disclosure.** None of the foregoing representations and warranties and no document furnished by or on behalf of the Company to the Agent in connection with the negotiation of the transactions contemplated by this Agreement contains any untrue statement of a material fact or omits to state any material fact necessary to make any such statement or representation not misleading as to the business, the Company and its properties, businesses and affairs.
- (ll) **Public Disclosure.** The information and statements set forth in any Public Disclosure Documents, were true, correct, and complete in all material respects, and did not contain any misrepresentation, as of the date of such information or such statements were made.
- (mm) **Qualified Investment.** Subject to the qualifications and limitations described under “Eligibility for Investment” in the Prospectus, the Common Shares, Warrants and Warrant Shares will be qualified investments under the *Income Tax Act* (Canada) and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans, a registered disability savings plan and tax free savings accounts.
- (nn) **Reportable Event.** There has not been any reportable event (within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations*) with the auditors of the Company.
- (oo) **No Liens.** Other than Permitted Liens (which include, for greater certainty, Liens in connection with the Existing Note), no security interest or lien has been granted on any of the assets or properties of the Company, and no security interest or lien has been granted by the Company which would require a security interest or lien to be granted in connection with the issue of the Units.

8. Representations and Warranties of the Agent

The Agent hereby represents and warrants to the Company, and acknowledges that the Company is relying upon such representations and warranties, that:

- (a) **Registration.** The Agent is, and will remain so, until completion of the Offering, registered or qualified, as applicable, under applicable Securities Laws so as to permit it to lawfully fulfill its obligations hereunder to offer and sell the Units in the Selling Jurisdictions.
- (b) **Corporate Existence.** The Agent it is a valid and subsisting corporation duly incorporated and in good standing under the laws of the jurisdiction in which it is incorporated.
- (c) **Authority.** The Agent has all requisite power and authority and good and sufficient right and authority to enter into, deliver any carry out its obligations under this Agreement and complete the transactions contemplated under this Agreement on the terms and conditions set forth herein.
- (d) **Marketing Materials.** Other than the Marketing Materials, the Agent has not provided any marketing materials to any potential investors in connection with the Offering.

- (e) **Compliance with Securities Laws.** In respect of the offer and sale of the Units, the Agent has complied with the provisions of this Agreement in all material respects and with all Securities Laws in the Selling Jurisdictions.
- (f) **Registration.** The Agent is, and will remain so until completion of the Offering, duly registered or qualified under Securities Laws and applicable securities laws in the Selling Jurisdiction, and is duly registered or licensed as a broker-dealer or an investment dealer in those jurisdictions in which it is required to be so registered in order to perform the services contemplated by this Agreement, including to offer and sell the Units in the Selling Jurisdictions, or where not so registered or licensed, the Agent has acted only through members of a Selling Group who are so registered or licensed.
- (g) **No General Solicitation.** The Agent and its representatives have not engaged in or authorized, and will not engage in or authorize, any form of general solicitation or general advertising in connection with or in respect of the Units in any newspaper, magazine, printed media of general and regular paid circulation or any similar medium, or broadcast over radio or television or other telecommunications, including electronic display, or otherwise or conducted any seminar or meeting concerning the offer or sale of the Units whose attendees have been invited by any general solicitation or general advertising.

9. Covenants of the Company

Subject to the terms and conditions of this Agreement, the Company covenants and agrees with the Agent that the Company shall:

- (a) promptly provide to the Agent, during the period commencing on the date hereof and until completion of the distribution of the Units, copies of any filings made by the Company or the Subsidiaries of information relating to the Offering with any securities exchange or any regulatory body in Canada or the United States or any other jurisdiction;
- (b) promptly provide to the Agent and its counsel, during the period commencing on the date hereof and until completion of the distribution of the Units, drafts of any press releases and other public documents of the Company relating to the Company, the Subsidiaries or the Offering for review by the Agent and its counsel prior to issuance, and give the Agent and its counsel a reasonable opportunity to provide comments on any such press release or other public document, subject to the Company's timely disclosure obligations under applicable Securities Laws;
- (c) advise the Agent, promptly after receiving notice or obtaining knowledge thereof, during the period prior to the completion of the distribution of the Units, of: (i) the issuance by any Securities Commission or similar regulatory authority of any order suspending or preventing the use of any Offering Document; (ii) the suspension of the qualification of the Units in any of the Qualifying Jurisdictions; (iii) the institution, threatening or contemplation of any proceeding for any such purposes; (iv) any requests made by any Securities Commission or similar regulatory authority for amending or supplementing any of the Offering Documents or for additional information; or (v) the receipt by the Company of any material communication, whether written or oral, from any Securities Commission or similar regulatory authority or any stock exchange, relating to the distribution of the Units, and will use its commercially reasonable efforts to prevent the issuance of any order referred to in (i) above and, if any such order is issued, to obtain the withdrawal thereof as quickly as possible;

- (d) promptly prepare and file Supplementary Material with the appropriate Securities Commissions where such filing is required if, during the period of distribution of the Units there shall be any change in Securities Laws which, in the opinion of the Agent and its legal counsel, acting reasonably, requires the filing of any Supplementary Material;
- (e) deliver to the Agent prior to or concurrently with filing the Prospectus Supplement, a copy thereof signed and certified as required by the applicable Securities Laws;
- (f) advise the Agent, promptly after receiving notice thereof, of the time when the Prospectus, any Marketing Materials and any Supplementary Material has been filed and provide evidence satisfactory to the Agent of each such filing;
- (g) use the net proceeds of the Offering in the manner specified in the Prospectus;
- (h) file or cause to be filed with the CSE all necessary documents and take or cause to be taken all necessary steps to ensure that the Company has obtained all necessary approvals for the Common Shares issuable in connection with the Offering (including, for greater certainty, the Warrant Shares, Corporate Finance Fee Shares, Broker Unit Shares and Broker Unit Warrant Shares) to be listed on the CSE;
- (i) prior to the Closing Date, use commercially reasonable efforts to make all necessary arrangements that are within the control of the Company for the electronic deposit of the Common Shares and Warrants comprising the Units pursuant to the non-certificated issue system of CDS on the Closing Date. All fees and expenses payable to CDS and/or the transfer agent in connection with the electronic deposit and the fees and expenses payable to CDS and/or the transfer agent in connection with the initial or additional transfers as may be required in the course of the distribution of the Units shall be borne by the Company;
- (j) until the expiry date of the Warrants, use its commercially reasonable efforts to remain (i) a corporation validly subsisting under the BCBCA, provided that the Company shall not be required to comply with the terms of this Section 9(j) following the completion of a merger, amalgamation, arrangement, business combination or take-over bid pursuant to which the Company ceases to be a “distributing corporation” (within the meaning of the BCBCA); (ii) licensed, registered or qualified as an extra-provincial or foreign corporation in all jurisdictions where the character of its properties owned or leased or the nature of the activities conducted by it make such licensing, registration or qualification necessary; and shall carry on its business in the ordinary course and in compliance in all material respects with all applicable Laws of each such jurisdiction;
- (k) until the expiry date of the Warrants, use commercially reasonable efforts to maintain its status as a “reporting issuer” under Securities Laws of a jurisdiction of Canada, not in default of any requirement of such Securities Laws, other than in the event of an acquisition of all of the issued and outstanding Shares by way of take-over bid merger, amalgamation, plan of arrangement or similar transaction;
- (l) until the expiry date of the Warrants, use commercially reasonable efforts to maintain the listing of the Shares on the CSE or another recognized stock exchange or quotation system in Canada, other than in the event of an acquisition of all of the issued and outstanding Shares by way of take-over bid merger, amalgamation, plan of arrangement or similar transaction;

- (m) duly execute and deliver the Warrant Indenture and the Broker Warrant Certificates at the Closing Time, and comply with and satisfy all terms, conditions and covenants therein contained to be complied with or satisfied by the Company;
- (n) use its commercially reasonable efforts to fulfil or cause to be fulfilled, at or prior to the Closing Time or Option Closing Time, each of the conditions required to be fulfilled by it set out in Section 11 hereof;
- (o) ensure that at the Closing Time, the Common Shares are duly and validly created and, upon receipt of full payment therefor, are issued as fully paid and non-assessable Shares and shall have attributes corresponding in all material respects to the description thereof set forth in this Agreement;
- (p) ensure that at the Closing Time, the Warrants and Broker Warrants are duly and validly created, authorized and issued and shall have attributes corresponding in all material respects to the description set forth in the Warrant Indenture and the Broker Warrant Certificates, as applicable;
- (q) ensure that, at all times prior to the expiry date of the Warrants, Broker Warrants and Broker Unit Warrants, a sufficient number of Warrant Shares, Broker Unit Shares and Broker Unit Warrant Shares are allotted and reserved for issuance upon the exercise of the Warrants, Broker Warrants and Broker Unit Warrants, in each case, in accordance with their terms;
- (r) ensure that the Warrant Shares issuable upon the exercise of the Warrants, the Broker Unit Shares issuable upon the exercise of the Broker Units and the Broker Unit Warrant Shares issuable upon the exercise of the Broker Unit Warrants shall, each in accordance with their terms, shall be duly issued as fully paid and non-assessable Shares on payment of the applicable exercise or purchase price therefor;
- (s) ensure that the Corporate Finance Fee Shares, when issued, are duly and validly created and are issued as fully paid and non-assessable Shares and shall have attributes corresponding in all material respects to the description thereof set forth in this Agreement;
- (t) for the period of 90 days following the last Closing Date, not offer, nor announce the offering of, nor make any agreement to issue any equity or debt securities or securities convertible or exercisable into equity or debt securities of the Company, without the prior written consent of the Agent, such consent not to be unreasonably withheld, delayed or denied, other than (i) grants of options or other similar securities to directors, officers and employees of the Company pursuant to the Company's stock option plan or other similar incentive plan, (ii) outstanding warrants, (iii) obligations in respect of existing agreements, (iv) the issuance of securities in connection with asset or share acquisitions in the normal course of business, or other strategic, consulting, licensing, joint venture or similar transactions, (v) the Over-Allotment Option, or (vi) outstanding convertible securities or warrants outstanding at the date hereof;
- (u) prior to the Closing Time, use commercially reasonable efforts to cause the directors, senior officers of the Company, and existing shareholders with greater than 10.0% ownership (direct or indirect) in the Company to enter into agreements in favour of the Agent in which they will covenant and agree that they will not, for a period of 90 days following the last Closing Date, directly or indirectly, offer, sell, contract to sell, lend, swap, or enter into any

other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to offer, sell, contract to sell, grant or sell any option to purchase, hypothecate, pledge, transfer, assign, purchase any option or contract to sell, lend, swap or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, securities of the Company held by them, directly or indirectly, without prior consent of the Agent, which consent will not be unreasonably withheld or delayed, provided that the Agent's consent shall not be required in connection with (a) the grant or exercise of previously issued options or other convertible securities, (b) transfers among a shareholder's affiliates for tax or other planning purposes, or (c) a tender or sale by a shareholder of securities of the Company in or pursuant to a take-over bid or similar transaction involving a change of control of the Company, or (d) as a result of the death of any individual shareholder; and

- (v) promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, such further acts, documents and things for the purpose of giving effect to this Agreement and the transactions contemplated herein.

10. Closing Deliveries

The purchase and sale of the Units shall be completed at the offices of the Company's counsel, Aird & Berlis LLP, on the Closing Date or at such other place as the Agent and the Company may agree. At the Closing Time, the Company shall deliver to the Agent confirmation of an electronic deposit of the Units with CDS Clearing and Depository Services Inc. ("CDS") as directed by the Agent, through the non-certificated inventory system of CDS or as otherwise directed by the Agent in writing, against payment by the Agent to the Company, at the direction of the Company, in lawful money of Canada by wire transfer to a bank account designated by the Company to the Agent in writing, an amount equal to the aggregate gross proceeds from the sale of the Units less the Agency Fee and all of the estimated out-of-pocket expenses of the Agent payable by the Company to the Agent in accordance with Section 14 hereof.

11. Closing Conditions

The Agent's obligations hereunder shall be subject to the following conditions:

- (a) the Company will have complied in all material respects with all obligations and covenants contained in this Agreement and satisfied all material terms and conditions contained in this Agreement to be complied with and satisfied by it at or prior to the Closing Time;
- (b) the representations and warranties of the Company and/or its Subsidiaries contained in this Agreement will be true and correct in all material respects as of the Closing Date as if made as of such date (except for such representations and warranties which refer to or are made as of another specified date, in which case, such representations and warranties will have been true and correct in all material respects as of that date);
- (c) the Agent shall have received a certificate, dated as of the Closing Date or Option Closing Date, as applicable, addressed to the Agent and signed by the Chief Executive Officer and Chief Financial Officer of the Company, or such other senior officer(s) of the Company as may be acceptable to the Agent, with respect to such matters as the Agent may reasonably request and additionally certifying 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) no order, ruling or determination having the effect of ceasing the trading or suspending the sale of the Shares or any other securities of the Company has been issued by any Governmental Authority and is continuing in effect and no proceedings for such purpose have been instituted or are pending or, to the knowledge of such officers, contemplated or threatened under any Securities Laws or by any Governmental Authority;
 - (iv) since the respective dates as of which information is given in the Prospectus (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, which is material to the Company on a consolidated basis, other than to be disclosed in the Prospectus or any Supplementary Material, as the case may be; and
 - (v) there has been no change in any material fact (which includes the disclosure of any previously undisclosed material fact or a new material fact) contained in the Prospectus which material fact or change is of such a nature as to render any statement in the Prospectus misleading or untrue in any material respect or which would result in a misrepresentation in the Prospectus;
- (d) the Agent shall have received at the Closing Time a certificate dated the Closing Date or the Option Closing Date, as applicable, signed by appropriate officers of the Company addressed to the Agent, with respect to the constating documents of the Company, all resolutions of the Company's board of directors relating to the Offering, this Agreement and the transactions contemplated hereby, the incumbency and specimen signatures of signing officers and such other matters as the Agent may reasonably request;
- (e) this Agreement shall have been executed and delivered by the parties thereto in form and substance satisfactory to the Agent, acting reasonably;
- (f) the Agent shall have received favourable legal opinions addressed to the Agent in form and substance satisfactory to the Agent, acting reasonably, dated the Closing Date, from Aird & Berlis LLP, counsel for the Company and, where appropriate, local counsel, which counsel in turn may rely, as to matters of fact, on certificates of auditors, public officials and officers of the Company, with respect to the following matters:

- (i) that the Company is a “reporting issuer” or its equivalent, in each of the Qualifying Jurisdictions and it is not listed as in default of any requirement of Securities Laws on the lists maintained by the Securities Commissions in the Qualifying Jurisdictions;
- (ii) that the Company is a corporation incorporated under the BCBCA;
- (iii) that the Company has the corporate power and capacity to own or lease its property and assets, to carry on its business as it is currently conducted and to execute, deliver and perform its obligations under this Agreement, the Warrant Indenture and the Broker Warrant Certificates;
- (iv) that the authorized share capital of the Company consists of an unlimited number of Shares and specifying the number of issued and outstanding Shares immediately prior to the Closing Time;
- (v) all necessary corporate action has been taken by the Company to authorize the execution and delivery of the Offering Documents and the filing thereof under Securities Laws in each of the Qualifying Jurisdictions;
- (vi) that all necessary corporate action has been taken by the Company to authorize the execution and delivery of this Agreement, the Warrant Indenture and the Broker Warrant Certificates and the performance of the Company’s obligations hereunder and thereunder and this Agreement, the Warrant Indenture and the Broker Warrant Certificates have each been duly authorized, executed and delivered by the Company, and each constitutes a legal, valid and binding agreement of the Company, enforceable against the Company in accordance with the terms thereof, subject to customary limitations on enforceability;
- (vii) the execution and delivery of this Agreement, the Warrant Indenture and the Broker Warrant Certificates and the performance of the Company’s obligations hereunder and thereunder, including the granting of the Over-Allotment Option and the issuance, sale and delivery of the Units, the Broker Warrants, the Corporate Finance Fee Shares and the Warrant Shares, Broker Unit Shares, Broker Unit Warrants and Broker Unit Warrant Shares issuable upon exercise thereof, do not and will not result in a breach of or default under, and do not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or default under, and do not and will not conflict with: (A) any of the terms, conditions or provisions of the articles or by-laws of the Company, or any resolution of any of the directors (or committees of directors) or shareholders; or (B) any Laws having force in the Province of British Columbia;
- (viii) that all necessary corporate action has been taken by the Company to authorize the issuance of the Common Shares and Warrants comprising the Units, the and the Broker Warrants;
- (ix) that the Warrants and the Broker Warrants have been validly created and issued by the Company;

- (x) that upon the payment of the Issue Price therefor, the Common Shares partially comprising the Units will be duly and validly issued as fully paid and non-assessable Shares;
- (xi) the Corporate Finance Fee Shares have been duly and validly issued as fully paid and non-assessable Shares;
- (xii) that the Broker Unit Warrants have been authorized and, upon the due exercise of the Broker Warrants in accordance with the terms thereof, will be validly created and issued by the Company;
- (xiii) that the Warrant Shares issuable upon the exercise of the Warrants have been authorized and allotted for issuance and, upon the due exercise of the Warrants in accordance with the terms thereof, will be validly issued as fully paid and non-assessable Shares;
- (xiv) that the Over-Allotment Securities have been authorized and allotted for issuance and, upon the due exercise of the Over-Allotment Option, the Over-Allotment Securities will be validly created and issued, as applicable;
- (xv) the Broker Unit Shares and Broker Unit Warrant Shares issuable upon the exercise of the Broker Warrants and Broker Unit Warrants, as applicable, have been authorized and allotted for issuance to the Agent and, upon their issuance in accordance with the terms of the Broker Warrant Certificates and Warrant Indenture, as applicable, will have been validly issued as fully paid and non-assessable Shares;
- (xvi) that all necessary documents have been filed, all requisite proceedings have been taken and all approvals, permits and consents of the appropriate regulatory authority in each of the Qualifying Jurisdictions have been obtained by the Company to qualify the distribution to the public of the Units in each of the Qualifying Jurisdictions through persons who are registered under applicable Securities Laws and who have complied with the relevant provisions of applicable Securities Laws;
- (xvii) that the issuance of the Warrant Shares issuable upon the exercise of the Warrants, is exempt from the prospectus requirements of applicable Securities Laws and no documents are required to be filed, proceedings taken or approvals, permits, consents or authorizations obtained under the applicable Securities Laws to permit such issuance;
- (xviii) that the statements set forth in the Prospectus under the caption “Eligibility for Investment” and “Certain Canadian Federal Income Tax Considerations” in the Prospectus are accurate, subject to the limitations and qualifications set out therein;
- (xix) that the attributes of the Common Shares, Warrants, Corporate Finance Fee Shares and Broker Warrants are consistent in all material respects with the description thereof in the Prospectus;
- (xx) that the form of the certificates respecting the Common Shares, Warrants and Broker Warrants have been approved and adopted by the board of directors of the

Company and do not conflict with the constating documents of the Company or any applicable laws and complies with the rules and regulations of the CSE; and

- (xxi) that Odyssey Trust Company, at its principal office in the City of Calgary, has been duly appointed as the warrant agent in respect of the Warrants;
- (g) the Agent shall have received favourable legal opinions addressed to the Agent in form and substance satisfactory to the Agent, acting reasonably, dated the Closing Date, from each of the Subsidiaries respective counsel (who may rely, to the extent appropriate in the circumstances, as to matters of fact, on certificates of auditors, public officials and officers of the Subsidiary), that (A) the Subsidiary is a corporation existing under the laws of its jurisdiction of incorporation and has all requisite corporate capacity, power and authority to carry on its business as now conducted and to own, lease and operate its property and assets; and (B) all of the issued and outstanding shares of capital of such Subsidiary are registered in the name of the Company;
- (h) the Agent shall have received a certificate of status or the equivalent dated within one Business Day of the Closing Date or Option Closing Date, as applicable, in respect of the Company and the Subsidiaries;
- (i) the Company shall cause Davidson & Company LLP to deliver to the Agent a “bring down” comfort letter, addressed to the Agent and the board of directors of the Company, dated the Closing Date or Option Closing Date, as applicable, in form and substance satisfactory to the Agent, acting reasonably, bringing forward to a date not more than two Business Days prior to the Closing Date or Option Closing Date, as applicable, the information contained in the comfort letter referred to in Section 4(c)(iii) hereof;
- (j) the Agent shall, in its sole discretion, be satisfied with its due diligence review with respect to the business, assets, financial condition, affairs and prospects of the Company; and
- (k) the Agent has not exercised any rights of termination set out in Section 13.

12. Closing of the Over-Allotment Option

- (a) The purchase and sale of the Over-Allotment Securities, if required, shall be completed at such time and place as the Agent and the Company may agree, but in no event shall such closing occur later than five Business Days after written notice to purchase Over-Allotment Securities under the Over-Allotment Option is given in the manner contemplated herein.
- (b) At the closing of the Over-Allotment Option, subject to the terms and conditions contained in this Agreement: (i) the Company will deposit, for the account of the Agent, the Over-Allotment Securities electronically with CDS through its non-certificated inventory system, against payment by the Agent to the Company, at the direction of the Company, of the aggregate purchase price for the Over-Allotment Securities less an amount equal to the Agency Fee and a reasonable estimate of the out-of-pocket fees and expenses of the Agent payable pursuant to Section 14, by wire transfer, or if permitted by applicable law, certified cheque or bank draft, together with a receipt signed by the Agent for such electronic deposit and for receipt of the Agency Fee and such estimated expenses.
- (c) The applicable terms, conditions and provisions of this Agreement (including the provisions of Section 11 relating to closing deliveries) shall apply *mutatis mutandis* to the

closing of the issuance of any Over-Allotment Securities pursuant to any exercise of the Over-Allotment Option.

- (d) In the event that the Company shall subdivide, consolidate, reclassify or otherwise change its Shares during the period in which the Over-Allotment Option is exercisable, appropriate adjustments will be made to the Issue Price and to the number of Over-Allotment Securities issuable on exercise thereof such that the Agent is entitled to arrange for the sale of the same number and type of securities that the Agent would have otherwise arranged for had it exercised such Over-Allotment Option immediately prior to such subdivision, consolidation, reclassification or change.

13. Rights of Termination

- (a) The Agent shall be entitled, at its sole option, to terminate, without any liability on its part, its obligations hereunder by written notice to that effect given to the Company at or prior to the Closing Time if:
 - (i) there should occur any material change, change of a material fact, occurrence, event, fact or circumstance or any development or a new material fact shall arise which has or would be expected to have, in the sole opinion of the Agent, acting reasonably and in good faith, a material adverse effect on the business, operations, affairs or financial condition of the Company or its Subsidiaries, taken as a whole, or on the market price, value or marketability of the securities of the Company;
 - (ii) the Agent is not satisfied in its sole discretion with its due diligence review and investigations in respect of the Company;
 - (iii) the state of the financial markets, whether in Canada or internationally, is such that the Units cannot, in the reasonable opinion of the Agent, be marketed profitably or it would be impractical for the Agent to offer or continue to offer the Units for sale;
 - (iv) any inquiry, action, suit, investigation or other proceeding (whether formal or informal) in relation to the Company or the Subsidiaries or any of their respective directors, officers or principal shareholders, is commenced, announced or threatened or any order made by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality including, without limitation, the CSE or any other recognized securities exchange or any securities regulatory authority or any law or regulation is enacted or changed which, in the opinion of the Agent, acting reasonably, operates to prevent or restrict the trading or distribution of the securities of the Company or materially adversely affects or will materially adversely affect the market price, value or marketability of the Shares or any other securities of the Company;
 - (v) there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence (including any natural catastrophe) or any outbreak or escalation of national or international hostilities or any crisis or calamity or act of terrorism or similar event or any governmental action, change of applicable law or regulation (or the interpretation or administration thereof), inquiry or other occurrence of any nature whatsoever, including by a result of the novel coronavirus (COVID-19)

pandemic only to the extent that there are material adverse impacts related thereto after December 5, 2021, which, in each case, in the opinion of the Agent, acting reasonably, imminently seriously adversely affects, or involves, or might reasonably be expected to imminently seriously adversely affect, or involve, the financial markets in Canada or the United States or the business, operations or affairs of the Company and its Subsidiaries (taken as a whole);

- (vi) any order, action or proceeding shall have been made or threatened to cease or suspend trading in the Shares, or to otherwise prohibit or restrict in any manner the distribution or trading of the Shares, or proceedings are announced or commenced for the making of any such order by any securities regulatory authority or similar regulatory or judicial authority; or
 - (vii) 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 untrue or false and such breach is not remedied by the Company at or prior to the Closing Time.
- (b) The rights of termination contained in Section 13(a) may be exercised by the Agent and are in addition to any other rights or remedies the Agent 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 by the Agent, there shall be no further liability on the part of such Agent to the Company or on the part of the Company to the Agent except for any liability of the Company provided for in this Agreement which by its terms survives termination. For greater certainty, no termination pursuant to the terms of this Agreement shall discharge or otherwise affect any obligation of the Company under Section 14 or Section 16.
- (c) The Company shall use its reasonable best efforts to cause all conditions in this Agreement which relate to it to be satisfied. It is understood that the Agent may waive, in whole or in part, or extend the time for compliance with any such terms and conditions without prejudice to its rights in respect of any subsequent breach, provided that to be binding on the Agent any such waiver or extension must be in writing and executed by the Agent.

14. Expenses

Whether or not the Offering shall be completed, the Company will pay all reasonable expenses and fees in connection with the Offering including, all reasonable expenses of or incidental to the issue, sale or distribution of the Units; the fees and expenses of the Company's counsel; all reasonable costs incurred in connection with the preparation of documents relating to the Offering; all fees and expenses of the Company's accountants and auditors, technical consultants and other applicable experts; and all reasonable expenses and fees incurred by the Agent, which shall include the reasonable fees of the Agent's counsel up to an aggregate maximum of \$85,000 plus applicable taxes and disbursements and all reasonable travel expenses in connection with due diligence and marketing activities.

15. Survival of Representations and Warranties

All terms, warranties, representations, covenants and agreements herein contained or contained in any documents submitted pursuant to this Agreement and in connection with the transactions herein contemplated shall survive the purchase and sale of the Units and continue in full force and effect for the benefit of the Agent or the Company, as the case may be, for a period of two years following the Closing

Date, and shall not be limited or prejudiced by any investigation made by or on behalf of the Agent in connection with the offer and sale of the Units.

16. Indemnification

- (a) The Company (the “**Indemnitor**”) hereby agrees to indemnify and hold harmless the Agent, each of its directors, officers, employees, shareholders, affiliates and agents (collectively, the “**Indemnified Parties**” and each, an “**Indemnified Party**”) harmless from and against any and all expenses, losses (other than loss of profits), claims, actions, damages or liabilities, whether joint or several (including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings or claims), and the reasonable fees and expenses of their counsel that may be incurred in advising with respect to and/or defending any claim that may be made against an Indemnified Party, to which an Indemnified Party may become subject or otherwise involved in any capacity under any statute or common law or otherwise insofar as such expenses, losses, claims, damages, liabilities or actions arise out of or are based, directly or indirectly, upon the performance of professional services rendered to the Indemnitor by the Agent or any other Indemnified Party hereunder or otherwise in connection with the matters referred to in this Agreement; provided, however, that the Indemnitor’s liability under this indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that:
- (i) the Agent or any other Indemnified Party have been negligent or dishonest or have committed any fraudulent act in the course of such performance, or have breached applicable laws; and
 - (ii) the expenses, losses, claims, damages or liabilities, as to which indemnification is claimed, were directly caused by the negligence, dishonesty, fraud or breach referred to in (i) above.

If for any reason (other than the occurrence of any of the events itemized in (i) and (ii) above), the foregoing indemnification is unavailable to an Indemnified Party or insufficient to hold it harmless, then the Indemnitor shall contribute to the amount paid or payable by the Indemnified Party as a result of such expense, loss, claim, damage or liability in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnitor on the one hand and the Indemnified Party on the other hand but also the relative fault of the Indemnitor and the Indemnified Party, as well as any relevant equitable considerations; provided that the Indemnitor shall, in any event, contribute to the amount paid or payable by the Indemnified Party as a result of such expense, loss, claim, damage or liability, any excess of such amount over the amount of the fees actually received by the Agent hereunder pursuant to this Agreement.

- (b) Promptly after receipt of notice of the commencement of any legal proceeding against an Indemnified Party or after receipt of notice of the commencement of any investigation, which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor, the Indemnified Party will notify the Indemnitor in writing of the commencement thereof and, throughout the course thereof, will provide copies of all relevant documentation to the Indemnitor, will keep the Indemnitor advised of the progress thereof and will discuss with the Indemnitor all significant actions proposed. The omission so to notify the Indemnitor shall not relieve the Indemnitor of any liability which the Indemnitor may have to the Indemnified Party except only to the extent

that any such delay in giving or failure to give notice as herein required materially prejudices the defence of such action, suit, proceeding, claim or investigation or results in any material increase in the liability which the Indemnitor would otherwise have under this indemnity had the Indemnified Party not so delayed in giving or failed to give the notice required hereunder.

- (c) The Indemnitor shall be entitled, at its own expense, to participate in and, to the extent it may wish to do so, assume the defence thereof, provided such defence is conducted by experienced and competent counsel. Upon the Indemnitor notifying the Indemnified Party in writing of its election to assume the defence and retaining counsel, the Indemnitor shall not be liable to the Indemnified Party for any legal expenses subsequently incurred by them in connection with such defence. If such defence is assumed by the Indemnitor, the Indemnitor throughout the course thereof will provide copies of all relevant documentation to the Indemnified Party and will keep the Indemnified Party advised of the progress thereof.
- (d) Notwithstanding the foregoing paragraph, the Indemnified Party shall have the right, at the Indemnitor's expense, to employ counsel of the Indemnified Party's choice, in respect of the defence of any action, suit, proceeding, claim or investigation if: (i) the employment of such counsel has been authorized by the Indemnitor; or (ii) the Indemnitor has not assumed the defence and employed counsel therefor within a reasonable time after receiving notice of such action, suit, proceeding, claim or investigation; or (iii) counsel retained by the Company or the Indemnified Party has advised the Indemnified Party that representation of both parties by the same counsel would be inappropriate for any reason, including without limitation because there may be legal defences available to the Indemnified Party which are different from or in addition to those available to the Indemnified Party or that there is a conflict of interest between the Indemnitor and the Indemnified Party or the subject matter of the action, suit, proceeding, claim or investigation may not fall within the indemnity set forth herein (in either of which events the Agent shall not have the right to assume or direct the defence on the Indemnified Party's behalf).
- (e) No admission of liability and no settlement of any action, suit, proceeding, claim or investigation shall be made without the consent of the Indemnified Party affected. No admission of liability shall be made and the Indemnitor shall not be liable for any settlement of any action, suit, proceeding, claim or investigation made without its consent.
- (f) The Indemnitor agrees that in case any legal proceeding shall be brought against the Indemnitor and/or the Indemnified Party by any governmental commission or regulatory authority or any stock exchange or other entity having regulatory authority, either domestic or foreign, shall investigate the Indemnitor and/or the Indemnified Party and any personnel of Indemnified Party shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with, or by reason of the performance of professional services rendered to the Indemnitor by the Indemnified Party, the Indemnified Party shall have the right to employ its own counsel in connection therewith, and the reasonable fees and expenses of such counsel as well as the reasonable costs (including an amount to reimburse the Indemnified Party for time spent by its personnel in connection therewith) and out-of-pocket expenses incurred by its personnel in connection therewith shall be paid by the Indemnitor as they occur.
- (g) The indemnity and contribution obligations of the Indemnitor shall be in addition to any liability which the Indemnitor may otherwise have, shall extend upon the same terms and

conditions to the Indemnified Party and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnitor and any Indemnified Party. The foregoing provisions shall survive the completion of professional services rendered under this Agreement or any termination of this Agreement.

17. Notices.

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

(i) If to the Company, to it at:

Nextleaf Solutions Ltd.
68 Water Street Suite 304
Vancouver, BC V6B 1A4

Attention: Charles Ackerman
Email: charles@nextleafsolutions.com

with a copy to:

Aird & Berlis LLP
Brookfield Place
181 Bay St. #1800
Toronto, ON M5J 2T9

Attention: Melanie Cole
Email: mcole@airdberlis.com

(ii) If to the Agent, to it at:

Research Capital Corporation
199 Bay Street, Suite 4500
Commerce Court West, Box 368
Toronto, ON M5L 1G2

Attention: Howard Katz
Email: HKatz@researchcapital.com

with a copy to:

DLA Piper (Canada) LLP
100 King St. West, Suite 6000
Toronto, ON M5X 1E2

Attention: Russel Drew
Email: russel.drew@dlapiper.com

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

- (b) Each notice shall be personally delivered to the addressee or sent by facsimile or electronic transmission to the addressee and (i) a notice which is personally delivered shall, if delivered before 5:00 pm (place of receipt) on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first Business Day following the day on which it is delivered; and (ii) a notice which is sent by email shall be deemed to be given and received on the first Business Day following the day on which it is sent.

18. No Fiduciary Relationship

The Company hereby acknowledges that the Agent is acting solely as agent in connection with the purchase and sale of the Units. The Company further acknowledges that the Agent is acting pursuant to a contractual relationship created solely by this Agreement entered into on an arm's length basis, and in no event do the parties intend that the Agent act or be responsible as a fiduciary to the Company, its management, shareholders or creditors or any other person in connection with any activity that the Agent may undertake or have undertaken in furtherance of the purchase and sale of the Units, either before or after the date hereof. The Agent hereby expressly disclaims any fiduciary or similar obligations to the Company, either in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions, and the Company hereby confirms its understanding and agreement to that effect.

19. Time of the Essence

Time shall be of the essence of this Agreement.

20. Canadian Dollars

Unless otherwise specified, all references herein to dollar amounts are to lawful money of the Canada.

21. Headings

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

22. Singular and Plural, etc.

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

23. Entire Agreement

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

24. Severability

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

25. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and the parties hereto hereby attorn to the jurisdiction of the courts of the Province of Ontario, in the City of Toronto with respect to any dispute related to or arising from this Agreement.

26. Successors and Assigns

The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Company, the Agent and their respective executors, heirs, successors and permitted assigns; provided that, except as provided herein, this Agreement shall not be assignable by any party without the prior written consent of the others.

27. Further Assurances.

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

28. Language.

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

29. Effective Date.

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

30. Counterparts and Facsimile.

This Agreement may be executed and delivered in any number of counterparts and by facsimile or other means of electronic transmission, each of which shall constitute an original and all of which taken together shall form one and the same agreement.

[Signature page follows.]

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 Agent.

Yours very truly,

RESEARCH CAPITAL CORPORATION

Per: (signed) "Howard Katz"
Authorized Signatory

Accepted and agreed to be effective as of the date of this Agreement.

NEXTLEAF SOLUTIONS LTD.

Per: (signed) "Paul Pedersen"
Authorized Signatory