

**AYR STRATEGIES INC.**  
**(SUCCESSOR TO CANNABIS STRATEGIES ACQUISITION CORP.)**  
as the Corporation

and

**ODYSSEY TRUST COMPANY**  
as the Warrant Agent

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**SECOND SUPPLEMENT TO THE WARRANT AGENCY AGREEMENT**

As of July 12, 2019

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**THIS SECOND SUPPLEMENT TO THE WARRANT AGENCY AGREEMENT**  
(this “**Second Supplement**”) dated as of July 12, 2019

**BETWEEN:**

**AYR STRATEGIES INC.,**  
continued under the laws of the Province of British Columbia  
(hereinafter called the “**Corporation**”)

**AND**

**ODYSSEY TRUST COMPANY,**  
a trust company incorporated under the *Loan and Trust Corporations Act* (Alberta) with an office in the City of Calgary in the Province of Alberta (hereinafter called the “**Warrant Agent**”)

**RECITALS**

**WHEREAS:**

1. A predecessor of the Corporation, Cannabis Strategies Acquisition Corp., and the Warrant Agent executed a warrant agency agreement dated as of December 21, 2017 (as amended by the First Supplement (as defined herein), the “**Warrant Agency Agreement**”), governing the terms of certain share purchase warrants of the Corporation (the “**Warrants**”, and each, a “**Warrant**”).
2. Pursuant to the Warrant Agency Agreement, in addition to certain “cashless” exercise rights, each holder of a Warrant (each, a “**Holder**”) was entitled to receive, upon the exercise of such Holder’s whole Warrant(s) and subject to adjustment and penalties in certain circumstances in accordance with the terms and conditions of the Warrant Agency Agreement, one (1) Class A restricted voting share of the Corporation (each, a “**Class A Restricted Voting Share**”) at an exercise price of \$11.50 per Class A Restricted Voting Share.
3. The Warrants would become exercisable only commencing 65 days following the date of the closing of the Corporation’s qualifying transaction, as defined in the Exchange’s listing manual (“**Qualifying Transaction**”), at which time the remaining Class A Restricted Voting Shares were intended to be automatically converted into Class B shares in the capital of the Corporation (“**Class B Shares**”), and therefore each whole Warrant would be exercisable for one Class B Share at an exercise price of \$11.50 per Class B Share (or alternatively, the applicable number of Class B Shares would be issuable on a “cashless” exercise pursuant to Section 3.2(3) of the Warrant Agency Agreement), subject to adjustment in certain circumstances in accordance with the terms and conditions of the Warrant Agency Agreement.
4. The predecessor of the Corporation entered into definitive agreements, as amended, to concurrently acquire the target businesses of Washoe Wellness, LLC, The Canopy

- NV, LLC, Sira Naturals, Inc., LivFree Wellness, LLC and CannaPunch of Nevada LLC (collectively, the “**Target Businesses**”), pursuant to which the Corporation, among other things, completed the acquisitions of the Target Businesses, effected certain amendments to its articles, including to create Subordinate Voting Shares, (the “**Amendment**”) and completed the continuation of the Corporation from Ontario to British Columbia under the *Business Corporations Act* (British Columbia) and under the amended name “AYR Strategies Inc.” (collectively, the “**Transaction**”) (which also qualified as the Corporation’s Qualifying Transaction).
5. Following the closing of the Transaction which occurred on May 24, 2019 (the “**Effective Date**”), among other things, commencing on July 29, 2019, each Holder of a Warrant outstanding immediately prior to the Effective Date is entitled to receive, upon the exercise for cash of such Holder’s whole Warrant, one (1) Subordinate Voting Share of the Corporation at an exercise price of \$11.50 per Subordinate Voting Share (or alternatively, the applicable number of Subordinate Voting Shares would be issuable on a “cashless” exercise pursuant to Section 3.2(3) of the Warrant Agency Agreement).
  6. In connection with the Transaction, the Corporation and the Warrant Agent entered into a Supplement to the Warrant Agency Agreement dated May 24, 2019 (the “**First Supplement**”).
  7. The Corporation, in order to encourage Holders to exercise the Warrants early and for cash, wishes to amend the Warrant Agency Agreement pursuant to section 12.1(1)(g) thereof to provide for the ability of Holders to exercise Warrants at any time commencing on July 15, 2019 until 5:00 p.m. (Toronto time) on July 26, 2019, on a cash basis only. For all such exercises, the Corporation agrees to voluntarily pay a commitment fee (in the amount of \$0.50 per Warrant), which would be netted off the proceeds from payment of the Exercise Price.
  8. Section 12.1(1)(g) of the Warrant Agency Agreement permits the Corporation and the Warrant Agent to enter into supplemental indentures not inconsistent with the terms of the Warrant Agency Agreement provided that, in the opinion of the Warrant Agent, relying on the advice of counsel, the rights of the Warrant Agent and of the Holders are in no way prejudiced thereby.
  9. The Warrant Agent has been advised by the Corporation’s counsel that, as the proposed amendment is merely adding an additional right on the part of Holders, and in no way affecting their current rights, counsel’s view is that Holders are in no way prejudiced thereby.
  10. Section 12.1(1)(g) of the Warrant Agency Agreement authorizes the Corporation and the Warrant Agent to execute and deliver a supplemental agreement to give effect to the proposed amendments.
  11. The Corporation wishes to amend the Warrant Agency Agreement in order to reflect the foregoing recitals, which are made as representations of the Corporation and not by the Warrant Agent.

12. The Warrant Agent has agreed to enter into this Second Supplement to the Warrant Agency Agreement and to hold all rights, interests and benefits contained herein for and on behalf of those persons who are holders of Warrants issued pursuant to the Warrant Agency Agreement, as modified by the First Supplement and by this Second Supplement to the Warrant Agency Agreement from time to time.

**NOW THEREFORE THIS SECOND SUPPLEMENT TO THE WARRANT AGENCY AGREEMENT WITNESSES** that, for good and valuable consideration mutually given and received, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed and declared as follows:

**SECTION 1  
DEFINITIONS AND AMENDMENTS TO WARRANT AGENCY AGREEMENT**

**(1) Definitions**

This Second Supplement to the Warrant Agency Agreement is supplemental to the Warrant Agency Agreement, and the Warrant Agency Agreement shall henceforth be read in conjunction with this Second Supplement to the Warrant Agency Agreement, and all the provisions of the Warrant Agency Agreement, except only insofar as the same may be inconsistent with the express provisions hereof, shall apply and have the same effect as if all the provisions of the Warrant Agency Agreement and of this Second Supplement to the Warrant Agency Agreement were contained in one instrument, and the expressions used herein shall have the same meaning as is ascribed to the corresponding expressions in the Warrant Agency Agreement. Except as otherwise defined herein, all capitalized terms contained in this Second Supplement to the Warrant Agency Agreement (including the recitals hereto) shall have the meanings given to them in the Warrant Agency Agreement.

**(2) Interpretation**

On and after the date hereof, each reference to the Warrant Agency Agreement, as amended by this Second Supplement to the Warrant Agency Agreement, "this Warrant Agency Agreement", "Agreement", "this Agreement", "herein", "hereby", and similar references, and each reference to the Warrant Agency Agreement in any other agreement, certificate, document or instrument relating thereto, shall mean and refer to the Warrant Agency Agreement, as amended hereby. Except as specifically amended by this Second Supplement to the Warrant Agency Agreement, all other terms and conditions of the Warrant Agency Agreement shall remain in full force and unchanged.

**(3) Amendments to Warrant Agency Agreement**

- (a) The following definitions in Section 1.1 of the Warrant Agency Agreement are hereby amended to read as follows:
- (i) "**Agreement**" or "**this Agreement**" means this warrant agency agreement dated as of the date hereof between the Corporation and the Warrant Agent, as amended or supplemented from time to time, including by the First Supplement and the Second Supplement;

(b) The following definitions in Section 1.1 of the Warrant Agency Agreement are hereby added to read as follows:

- (i) “**Commitment Fee**” has the meaning ascribed thereto in Section 3.2(3A);
- (ii) “**Early Exercise Period**” has the meaning ascribed thereto in Section 3.2(3A);
- (iii) “**First Supplement**” means the first supplement to the warrant agency agreement dated May 24, 2019;
- (iv) “**Second Supplement**” means the second supplement to the warrant agency agreement dated July 12, 2019;

(c) Section 3.1 of the Warrant Agency Agreement is amended by adding to the end thereof the following sentence:

“Despite the foregoing, the Warrants may also be exercised in accordance with the provisions of Section 3.2(3A) at any time commencing on July 15, 2019 until 5:00 p.m. (Toronto time) on July 26, 2019, but only for cash, and Section 3.2(3) shall have no application to any such exercises.”

(d) Section 3.2 of the Warrant Agency Agreement is amended by adding after the end of Section 3.2(3) the following new subsection, as Section 3.2(3A):

“Despite the other provisions of this Section 3.2, if a Holder duly exercises the Warrants in accordance with the provisions of the last sentence of Section 3.1 and of this Section 3.2(3A) at any time commencing on July 15, 2019 until 5:00 p.m. (Toronto time) on July 26, 2019 (the “**Early Exercise Period**”), the Corporation shall pay to the exercising Holder a commitment fee in the amount of \$0.50 per Warrant so exercised (the “**Commitment Fee**”), which shall be set-off against the applicable Exercise Price in respect of such exercises (but for greater certainty, such Commitment Fee and such set-off shall not apply to exercises outside of the Early Exercise Period). Any such exercises during the Early Exercise Period shall otherwise be in accordance with the provisions of Sections 3.2(1), (2), (6) (without reference to cashless exercises in accordance with Section 3.2(3)), (7) and (8) and Sections 3.4 through 3.10, inclusive, of the Warrant Agency Agreement. However, box (B) of the Exercise Form (and any other boxes related to a cashless exercise) may not be checked for exercises during the Early Exercise Period, as cashless exercises are not available for such purposes. If box (B) (or any other box related to a cashless exercise) is checked in respect of a purported exercise during the Early Exercise Period, such purported exercise shall be of no force and effect and, if applicable, the Warrants in question shall be promptly returned to the Holder purporting to so exercise them by the Warrant Agent. The Corporation may in its discretion waive any requirement applicable to any particular exercise of Warrants during the Early Exercise Period upon written notice to the Warrant Agent, except where such requirement is required by applicable law, provided that if any such waiver would adversely affect

the Warrant Agent, then the Warrant Agent must have consented thereto in writing.”

## **SECTION 2 ADDITIONAL MATTERS**

### **(1) Corporation’s Liabilities**

The Corporation hereby covenants, acknowledges and agrees that, as and from the date hereof, it shall become liable for, and shall perform the obligations of the Corporation under the Warrant Agency Agreement and, in particular but without limitation, the Corporation hereby covenants, acknowledges and agrees that, as and from the date hereof, upon written notice from the Warrant Agent of the exercise of a Warrant(s) in accordance with the terms of the Warrant Agency Agreement, the Corporation shall cause the issuance of the necessary number of Shares necessary to settle such exercise, and shall cause the delivery thereof to the Warrant Agent (or as the Warrant Agent may otherwise direct the Corporation in writing).

### **(2) Confirmation of Warrant Agency Agreement**

The Warrant Agency Agreement shall be and continue to be in full force and effect, unamended, except as provided herein, and the Corporation hereby confirms the Warrant Agency Agreement in all other respects.

### **(3) Acceptance of Second Supplement to the Warrant Agency Agreement**

The Warrant Agent confirms its role as warrant agent in this Second Supplement to the Warrant Agency Agreement and agrees to carry out and discharge the same upon the terms and conditions in accordance with the Warrant Agency Agreement, as supplemented by the First Supplement and by this Second Supplement to the Warrant Agency Agreement.

### **(4) Governing Law**

This Second Supplement to the Warrant Agency Agreement shall be governed and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and shall be binding upon the parties hereto and their respective successors and assigns.

### **(5) Effective Date**

This Second Supplement to the Warrant Agency Agreement shall take effect upon the date first above written.

### **(6) Counterparts**

This Second Supplement to the Warrant Agency Agreement may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and

notwithstanding their date of execution they shall be deemed to be dated as of the date hereof.

*[Remainder of page left intentionally blank. Signature page follows.]*

**IN WITNESS WHEREOF** the parties hereto have executed this Second Supplement to the Warrant Agency Agreement.

**AYR STRATEGIES INC.**

By: (Signed) Jonathan Sandelman  
Authorized Signatory

**ODYSSEY TRUST COMPANY**

By: (Signed) Dan Sander  
Authorized Signatory

By: (Signed) Frank Kailik  
Authorized Signatory

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