

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

and

**ODYSSEY TRUST COMPANY**  
as the Warrant Agent

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**THIRD SUPPLEMENT TO THE WARRANT AGENCY AGREEMENT**

As of November 23, 2020

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**THIS THIRD SUPPLEMENT TO THE WARRANT AGENCY AGREEMENT** (this “**Third Supplement**”) dated as of November 23, 2020

**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) and the Second 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 pursuant to Section 3.2(3) of the Warrant Agency Agreement, each holder of a Warrant (each, a “**Holder**”) is entitled to receive, upon the exercise of such Holder’s whole Warrant(s) and subject to adjustment in certain circumstances in accordance with the terms and conditions of the Warrant Agency Agreement, one (1) Subordinate Voting share in the capital of the Corporation (each, a “**Subordinate Voting Share**”) at an exercise price of \$11.50 per Subordinate Voting Share.
3. The Corporation and the Warrant Agent entered into a Supplement to the Warrant Agency Agreement dated May 24, 2019 (the “**First Supplement**”) and further entered into a Second Supplement to the Warrant Agency Agreement dated July 12, 2019 (the “**Second Supplement**”).
4. The Corporation, in order to encourage Holders to exercise the Warrants for cash rather than on a cashless basis, wishes to further amend the Warrant Agency Agreement pursuant to sections 12.1(1)(c) and 12.1(1)(g) thereof to provide for the ability of Holders, without prejudice to their ordinary exercise rights, to exercise Warrants (an “**Incentive Exercise**”) at any time commencing on November 24, 2020 until 5:00 p.m. (Toronto time) on December 8, 2020 (the “**Incentive Exercise Period**”), on a cash basis only and receive an incentive in such circumstances (the

- “**Warrant Incentive Program**”). For such Incentive 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. All such Incentive Exercises pursuant to the Warrant Incentive Program will be subject to a maximum of 3,000,000 Warrants (representing approximately 20% of the issued and outstanding Warrants of the Corporation as at November 20, 2020), with all Incentive Exercises in excess of such maximum as at the end of the Incentive Exercise Period subject to proration on the basis of the number of Incentive Exercises by each Holder during the Incentive Exercise Period, and thus deemed not to be exercised and returned to the Holder unexercised, rounded up to the next nearest whole number of Warrants.
5. Section 12.1(1)(c) of the Warrant Agency Agreement permits the Corporation and the Warrant Agent to enter into supplemental indentures to add to or alter the provisions thereof in respect of the transfer of Warrants, making provision for the exchange of Warrant Certificates and making any modification in the form of the Warrant Certificate which does not affect the substance thereof.
  6. 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.
  7. The Warrant Agent has been advised by the Corporation’s counsel that, as the proposed amendments pursuant to Section 12.1(1)(g) of the Warrant Agency Agreement are merely to add an additional right on the part of Holders, and in no way affects their current rights, counsel’s view is that Holders are in no way prejudiced thereby.
  8. Sections 12.1(1)(c) and 12.1(1)(g) of the Warrant Agency Agreement authorize the Corporation and the Warrant Agent to execute and deliver a supplemental agreement to give effect to the proposed amendments.
  9. 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.
  10. The Warrant Agent has agreed to enter into this Third 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, the Second Supplement and by this Third Supplement to the Warrant Agency Agreement.

**NOW THEREFORE THIS THIRD 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 Third 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 Third 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 Third 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 Third 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 Third 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 Third Supplement to the Warrant Agency Agreement, all other terms and conditions of the Warrant Agency Agreement shall remain in full force and unchanged. Except as otherwise stated in this Third Supplement to the Warrant Agency Agreement, all dollar amount herein are expressed in Canadian dollars.

**(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, the Second Supplement and the Third Supplement;
- (ii) "**Exchange**" means the Canadian Securities Exchange or any successor, assign or replacement exchange on which any of the Corporation's securities are listed from time to time;

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

- (i) **“Incentive Exercise”** has the meaning ascribed thereto in Section 3.2(3B);
- (ii) **“Incentive Exercise Period”** has the meaning ascribed thereto in Section 3.2(3B);
- (iii) **“Incentive Fee”** has the meaning ascribed thereto in Section 3.2(3B);
- (iv) **“Incentive Maximum”** has the meaning ascribed thereto in Section 3.2(3B);
- (v) **“Second Supplement”** means the second supplement to the warrant agency agreement dated July 12, 2019;
- (vi) **“Third Supplement”** means the third supplement to the warrant agency agreement dated November 23, 2020;

(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 further be exercised in accordance with the provisions of Section 3.2(3B) at any time commencing on November 24, 2020 until 5:00 p.m. (Toronto time) on December 8, 2020, but only for cash, and Subsection 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(3B):

“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(3B) at any time commencing on November 24, 2020 until 5:00 p.m. (Toronto time) on December 8, 2020 (the **“Incentive Exercise Period”**) (each, an **“Incentive Exercise”**), the Corporation shall pay to the exercising Holder a fee in the amount of \$0.50 per Warrant so exercised (the **“Incentive Fee”**), which shall be set-off against the applicable Exercise Price in respect of such Incentive Exercises (but for greater certainty, such Incentive Fee and such set-off shall not apply to exercises outside of the Incentive Exercise Period). Any such Incentive Exercises during the Incentive Exercise Period shall be subject to a maximum of 3,000,000 Warrants (representing approximately 20% of the issued and outstanding Warrants of the Corporation as at November 20, 2020) (the **“Incentive Maximum”**), and any Incentive Exercises in excess of the Incentive Maximum as at the end of the Incentive Exercise Period shall be pro-rated amongst all exercising Holders (and rounded up to the next nearest whole number) based on the number of Incentive Exercises by each applicable Holder, with the resulting unexercised Warrants returned to the exercising Holder. The Shares issuable pursuant to the Incentive Exercises will only be issued at the end of the Incentive Exercise Period. In addition, if Warrants are registered in the name of CDS, they will be required to be withdrawn from CDS in order to be exercised under the Warrant Incentive Program.

Any such Incentive Exercises during the Incentive 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 and subject to Section 3.3 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 Incentive 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 Incentive Exercise during the Incentive 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 Incentive 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."

- (e) The Exercise Form appended to the Warrant Certificate at the end of Schedule "A" to the Warrant Agency Agreement is amended by adding after box (D) of the Exercise Form the following new box (E):

E  The undersigned holder (i) meets the definition of a Qualified Institutional Buyer within the meaning of Rule 144A under the U.S. Securities Act (but that did not purchase the Warrants pursuant to the Corporation's Offering and/or deliver the certificate of Qualified Institutional Buyer attached to the U.S. Private Placement Memorandum in connection with its purchase of Class A Restricted Voting Units), (ii) understands and acknowledges that the Warrants and Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act that will not be represented by certificates that bear a U.S. restrictive legend or identified by a restricted CUSIP number, and covenants and agrees, in consideration for the receipt of unlegended "restricted securities", although the Corporation is under no obligation to issue Shares without U.S. restrictive legend, that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Shares, it will only do so (A) to the Corporation (though the Corporation is under no obligation to purchase any such Shares), or (B) outside the United States in accordance with Regulation S under the U.S. Securities Act, and, in each case, in compliance with applicable local laws and regulations, (iii) acknowledges that, unless alternative arrangements for the issuance of physical certificates or direct registration system advices are made, the Shares may only be held in an account at CDS Clearing and Depository Services Inc., or a successor depository in Canada, and will not be held in an account at The Depository Trust Company, or a successor depository in the United States, (iv) acknowledges it has implemented, or shall immediately implement, adequate internal procedures to be able to ensure compliance with the transfer restrictions set out above, and (v) is exercising the Warrants for its own account or for the account of

the Qualified Institutional Buyer with respect to which it exercises sole investment discretion and for which it purchased the Warrants.

## 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 Third Supplement to the Warrant Agency Agreement**

The Warrant Agent confirms its role as warrant agent in this Third 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 Third Supplement to the Warrant Agency Agreement.

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

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

### **(6) Counterparts**

This Third 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 Third Supplement to the Warrant Agency Agreement.

**AYR STRATEGIES INC.**

By: (Signed) "Jennifer Drake"  
Authorized Signatory

**ODYSSEY TRUST COMPANY**

By: (Signed) "Dan Sander"  
Authorized Signatory

By: (Signed) "Amy Douglas"  
Authorized Signatory

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