

UNDERWRITING AGREEMENT

January 12, 2021

Ayr Strategies Inc.
590 Madison Ave., 26th Floor
New York, New York, 10022

Attention: Jonathan Sandelman, Chairman and Chief Executive Officer

Dear Sir:

The undersigned, Canaccord Genuity Corp. (the "**Lead Underwriter**"), as lead underwriter, Beacon Securities Limited, Echelon Wealth Partners Inc., Roth Canada, ULC and PI Financial Corp. (each, an "**Underwriter**", and, together with the Lead Underwriter, the "**Underwriters**") hereby severally, and not jointly and severally, offer and agree to purchase from Ayr Strategies Inc. (the "**Company**"), and the Company hereby agrees to issue and sell to the Underwriters, an aggregate of 4,000,000 Equity Shares (as defined herein) (the "**Offered Shares**") of the Company, at a price of C\$34.25 per Offered Share (the "**Offering Price**"), for aggregate gross proceeds of C\$137,000,000, upon and subject to the terms and conditions contained herein (the "**Offering**"). The Securities (as defined herein) shall have the material attributes described in and contemplated by the Prospectus (as defined herein) dated the date hereof.

Subject to the terms and conditions set out in this Agreement, the Underwriters propose to distribute the Securities in the Qualifying Jurisdictions (as defined herein), except Quebec, pursuant to the Prospectus. In addition, the Company and the Underwriters further agree that any offers or sales of the Securities (as defined herein) in the United States will be made by the Underwriters through U.S. Affiliates (as defined herein) in accordance with the U.S. Offering Memorandum (as defined herein) and Schedule "A" hereto, which is incorporated into and forms a part of this Agreement, and all such sales shall be made pursuant to Rule 144A (as defined herein), first be purchased by an Underwriter or its U.S. Affiliate, acting as principal, and resold in accordance with Rule 144A to Qualified Institutional Buyers (as defined herein).

Upon and subject to the terms and conditions set forth herein, and in reliance upon the representations and warranties contained herein, the Company hereby grants to the Underwriters an option (the "**Over-Allotment Option**") to purchase up to 600,000 Equity Shares (the "**Additional Shares**", and, together with the Offered Shares, the "**Securities**") at a price equal to the Offering Price, that is exercisable on or before 11:59 p.m. (Toronto time) on the date that is 30 days after the Closing Date (as defined herein). If the Lead Underwriter, on behalf of the Underwriters, elects to exercise the Over-Allotment Option, the Lead Underwriter shall notify the Company in writing not less than 48 hours prior to the Over-Allotment Option Closing Date (as defined herein), which notice shall specify the aggregate number of Additional Shares to be purchased by the Underwriters, the date on which such Additional Shares are to be purchased and the names and denominations in which the Additional Shares are to be registered (the "**Over-Allotment Option Notice**"). The date of any such purchase may be the same as the Closing Date, but not earlier than the Closing Date nor later than 30 days following the Closing Date.

Unless the context otherwise requires or unless otherwise specifically stated, all references in this Agreement to the "**Offering**" shall be deemed to include the Over-Allotment Option.

1. Interpretation

In this Agreement, the following terms shall have the following meanings:

“Act” means the *Securities Act* (Ontario);

“Additional Shares” has the meaning given to it above;

“affiliate” and **“associate”** have the respective meanings given to such terms under the Act;

“Agreement” means this agreement resulting from the appointment by the Company of the Underwriters and the Underwriters’ acceptance of such appointment hereunder, and the terms **“hereof”**, **“hereunder”** and similar expressions refer to this Agreement and not to any particular Section or other portion hereof, as the same may be amended, restated, supplemented or otherwise modified from time to time;

“Applicable Money Laundering Laws” has the meaning ascribed to such term in Section 9(aa);

“Articles of the Company” means the articles and notice of articles of the Company;

“Authorization” means any order, permit, approval, consent, waiver, licence, qualification, registration or similar authorization of any Governmental Authority having jurisdiction over a person or property;

“Business Day” means any day which is not a Saturday, Sunday or statutory or civic holiday in the City of Toronto, ON or New York, NY;

“CDS” has the meaning given to that term in Section 12;

“Claim” has the meaning given to that term in Section 20(a);

“Closing” means the completion of the sale by the Company, and the purchase by the Underwriters, of the Offered Shares as contemplated by this Agreement;

“Closing Date” has the meaning given to that term in Section 12;

“Closing Time” has the meaning given to that term in Section 12;

“Company” has the meaning given to that term in the first paragraph of this Agreement and includes any successors or permitted assigns;

“Company’s knowledge” means the actual knowledge of Jonathan Sandelman, Jennifer Drake and Brad Asher after making reasonable inquiry into the relevant matter;

“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;

“distribution” has the meaning given to that term under the Act;

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

“Equity Shares” means the Subordinate Voting Shares, Restricted Voting Shares or Limited Voting Shares;

“Exchange” means the Canadian Securities Exchange;

“Existing Indebtedness” means the indebtedness of the Company for borrowed money, as described in the Public Disclosure Documents;

“Existing Liens” means the Liens existing on the Company and its Subsidiaries as of the date of this Agreement, including as set out in the Public Disclosure Documents.

“Final Base Shelf Prospectus” means the (final) short form base shelf prospectus of the Company dated December 17, 2020 relating to the distribution of up to C\$500,000,000 of subordinate voting shares and other securities of the Company specified therein, including, for greater certainty the Documents Incorporated by Reference (which shall include the Prospectus Supplement as of its date for the purposes of distribution of the Securities);

“Final Offering Documents” means the Prospectus, the U.S. Offering Memorandum and, for the purposes of the Company’s representations in Section 8, include those Documents Incorporated by Reference which have, on or prior to the date hereof, been filed by the Company on SEDAR;

“Financial Statements” means, collectively, (i) the audited consolidated financial statements of the Company as at and for the year ended December 31, 2019 and the report of the auditors thereon; (ii) and the unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2020 and 2019;

“Governmental Authority” means any:

- (i) multinational, federal, provincial, municipal, local or other governmental or public department, regulatory authority, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign;
- (ii) any subdivision or authority of any of the foregoing; or
- (iii) any quasi-governmental, or self-regulatory organization;

“Indemnified Parties” has the meaning given to that term in Section 20(a);

“Indemnified Party” has the meaning given to that term in Section 18;

“Indemnitor” has the meaning given to that term in Section 20(a);

“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 nonpublic 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;

"Laws" means any and all applicable laws, including all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or policies or guidelines of (or issued by) Governmental Authorities, or Authorizations binding on or affecting the person referred to in the context in which the word is used, other than any U.S. federal laws, statutes, and/or regulations as applicable to the production, trafficking, distribution, processing, extraction, sale, etc. of cannabis and cannabis related substances and products;

"Lease" has the meaning ascribed thereto in Section 9(ee);

"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, but shall exclude liens granted to a landlord under an executed lease agreement for the Company leased properties;

"marketing materials" has the meaning given to it in NI 41-101;

"marketing materials amendment" means any revised template version of any marketing materials provided to potential investors in connection with the distribution of the Securities;

"Material Adverse Effect" means any event or change that, individually or in the aggregate with other events or changes, is or would reasonably be expected to be, materially adverse to the business, operations, assets, properties, capital, prospects, condition (financial or otherwise) or liabilities, whether contractual or otherwise, of the Company or its Subsidiaries; provided that a Material Adverse Effect shall not include an adverse effect resulting from a change: (i) that arises out of a matter that has been publicly disclosed in the Public Disclosure Documents or otherwise disclosed in writing by the Company to the Underwriters prior to the date of this Agreement; (ii) that results from general economic, financial, currency exchange, interest rate or securities market conditions in Canada or the United States; or (iii) that is a direct result of any matter permitted by this Agreement or consented to in writing by the Underwriter;

"material change", "material fact" and "misrepresentation" have the respective meanings given to those terms under applicable Securities Laws;

"MI 11-102" means Multilateral Instrument 11-102 – *Passport System*;

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

"NI 44-101" means National Instrument 44-101 – *Short Form Prospectus Distributions*;

"NI 44-102" means National Instrument 44-102 – *Shelf Distributions*;

“NI 51-102” means National Instrument 51-102 – *Continuous Disclosure Obligations*;

“NP 11-202” means National Policy 11-202 – *Process for Prospectus Reviews in Multiple Jurisdictions*;

“Offered Shares” has the meaning given to it above;

“Offering” has the meaning given to it above;

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

“Offering Document Amendment” means any Prospectus Amendment or U.S. Offering Memorandum Amendment;

“Offering Documents” means the Prospectus, the Final Offering Documents and any Offering Document Amendment;

“Over-Allotment Option” has the meaning given to it above;

“Over-Allotment Option Closing” means the completion of the sale by the Underwriters of the Additional Shares pursuant to this Agreement;

“Over-Allotment Option Closing Date” means the date, not earlier than the Closing Date, for an Over-Allotment Option Closing as set out in the Over-Allotment Option Notice;

“Over-Allotment Option Closing Time” means 8:00 a.m. (Toronto time) on the Over-Allotment Option Closing Date;

“Over-Allotment Option Notice” has the meaning given to it above;

“Passport System” means the procedures provided for under MI 11-202 and NP 11-202;

“Personally Identifiable Information” means any information that alone or in combination with other information held by the Company 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;

“Preliminary Base Shelf Prospectus” means the preliminary short form base shelf prospectus prepared by the Company dated December 14, 2020 relating to the distribution of up to C\$500,000,000 of subordinate voting shares and other securities of the Company specified therein including, for greater certainty, the documents incorporated or deemed to be incorporated by reference therein;

“Prospectus” means the Final Base Shelf Prospectus, as supplemented by the Prospectus Supplement and as amended by any Prospectus Amendment;

“Prospectus Amendment” means any amendment to the Final Base Shelf Prospectus or the Prospectus Supplement;

“Prospectus Supplement” means the prospectus supplement to the Final Base Shelf Prospectus dated December 17, 2020 prepared by the Company relating to the distribution of the Securities;

“Public Disclosure Documents” means any information which has been filed on the SEDAR website at www.sedar.com by the Company pursuant to Securities Laws since December 31, 2019;

“Qualified Institutional Buyer” means a “qualified institutional buyer” as that term is defined in Rule 144A;

“Qualifying Jurisdictions” means all of the provinces of Canada;

“Regulation S” means Regulation S promulgated under the U.S. Securities Act;

“Rule 144A” means Rule 144A under the U.S. Securities Act;

“SEC” means the U.S. Securities and Exchange Commission;

“Securities” has the meaning given to it above;

“Securities Commissions” means, collectively, the securities commission or securities regulatory authority in each of the Qualifying Jurisdictions;

“Securities Laws” means all applicable securities laws in each of the Qualifying Jurisdictions in Canada 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 Qualifying Jurisdictions or, as the context may require, any one or more of the Qualifying Jurisdictions;

“Shares” means, collectively, the Multiple Voting Shares, the Subordinate Voting Shares, the Restricting Voting Shares and the Limited Voting Shares;

“Subordinate Voting Shares” means the subordinate voting shares in the capital of the Company;

“Subsidiaries” means each of the direct and indirect material subsidiaries of the Company;

“Tax Act” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

“template version” has the meaning given to it in NI 41-101 and includes any revised template version of marketing materials as contemplated in NI 41-101;

“Transfer Agent” means Odyssey Trust Company, at its principal office in Toronto, Ontario;

“Underwriters” has the meaning given to it above;

“Underwriters’ Fee” has the meaning given to that term in Section 12;

“Underwriters’ Information” means information and statements relating solely to the Underwriters which have been provided by the Underwriters to the Company for use in the Prospectus;

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

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

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

“U.S. Offering Memorandum” means the U.S. private placement memorandum (which shall include the Prospectus) used to make offers and sales of the Securities in the United States to Qualified Institutional Buyers;

“U.S. Offering Memorandum Amendment” means any amendment to the U.S. Offering Memorandum;

“U.S. Securities Act” means the *United States Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder; and

“U.S. Securities Laws” means all applicable securities legislation in the United States, including without limitation, the U.S. Securities Act, the U.S. Exchange Act and the rules and regulation promulgated thereunder, including the rules and policies of the SEC and any applicable state securities laws.

2. Compliance with Securities Laws

The Company represents and warrants to the Underwriters that the Company has prepared and filed the Preliminary Base Shelf Prospectus and the Final Base Shelf Prospectus with the Securities Regulators and has obtained a receipt from the Ontario Securities Commission for each of the Preliminary Base Shelf Prospectus and the Final Base Shelf Prospectus and, pursuant to MI 11-102, a receipt for the Preliminary Base Shelf Prospectus and the Final Base Shelf Prospectus is deemed to have been issued by the Securities Regulators in each of the Qualifying Jurisdictions. The Company covenants with the Underwriters that it will, forthwith prepare and file the Prospectus Supplement in a form approved by the Company and the Underwriters, acting reasonably, along with all other documents required under applicable Securities Laws to be filed therewith, as soon as possible but in any event by no later than 10:00 p.m. (Toronto time) on the date hereof. The Company will promptly fulfill and comply with, to the satisfaction of the Underwriters, acting reasonably, the Securities Laws required to be fulfilled or complied with by the Company to enable the Securities to be lawfully distributed to the public in the Qualifying Jurisdictions, except Quebec, through the Underwriters or their affiliates or any other investment dealers or brokers registered in such jurisdictions in a category permitting them to distribute the Securities under applicable securities laws in such jurisdictions.

3. Due Diligence

Prior to the filing of the Prospectus Supplement, the Company shall permit the Underwriters to review and participate in the preparation of the Prospectus Supplement and shall allow the Underwriters to conduct any due diligence investigations which any of them reasonably requires in order to fulfill its obligations under Securities Laws and in order to enable it to responsibly execute the certificate in the

Prospectus Supplement required to be executed by it. Following the execution and delivery of this Agreement up to the later of the Closing Date and the date of completion of the distribution of the Securities, the Company shall allow each of the Underwriters to conduct any due diligence investigations that it reasonably requires in order to fulfill its obligations as an underwriter under Securities Laws.

4. Distribution and Certain Obligations of the Underwriters

- (a) The Company agrees that the Underwriters will be permitted to appoint, at their sole expense, other registered dealers or brokers as their agents to assist in the distribution of the Securities. The Underwriters shall, and shall require any such dealer or broker, other than the Underwriters, with which the Underwriters have a contractual relationship in respect of the distribution of the Securities (a “**Selling Firm**”) to, comply with applicable Securities Laws in connection with the distribution of the Securities and shall offer the Securities for sale to the public in the Qualifying Jurisdictions, except Quebec, directly and through the Selling Firms upon the terms and conditions (including the offer price) set out in the Offering Documents and this Agreement. The Underwriters shall, and shall require any Selling Firm to, offer for sale to the public and sell the Securities only in those jurisdictions where the Securities may be lawfully offered for sale or sold.
- (b) The Underwriters shall, and shall require any Selling Firm to agree to, observe and distribute the Securities in a manner that complies with all applicable Laws and regulations (including in connection with offers and sales in the United States pursuant to Rule 144A and pursuant to the laws of any applicable U.S. states) in each jurisdiction into and from which they may offer to sell the Securities or distribute the Final Offering Documents, as applicable, in connection with the distribution of the Securities and will not, and will require any Selling Firm not to, directly or indirectly, offer, sell or deliver any Securities or Final Offering Documents or any other documents (including, for greater certainty, the marketing materials) to any person in any jurisdiction, except in a manner which will not require the Company to comply with the registration, prospectus, continuous disclosure, filing or other similar requirements under the applicable securities laws of any jurisdictions (other than the Qualifying Jurisdictions).
- (c) The Company acknowledges and agrees that the Underwriters are acting severally and not jointly (not jointly and severally) in performing their respective obligations under this Agreement (including obligations under any Schedules to this Agreement) and no Underwriter shall be liable for any act, omission or conduct by any other Underwriter or Selling Firm appointed by any other Underwriter.
- (d) For the purposes of this Section 4, the Underwriters shall be entitled to assume that the Securities are qualified for distribution in any Qualifying Jurisdiction, except Quebec, where a receipt or similar document for the Prospectus shall have been obtained, or deemed to have been obtained, from the applicable Securities Regulator following the filing of the Prospectus in each Qualifying Jurisdiction, except Quebec.
- (e) The Company acknowledges that the Lead Underwriter shall, in its sole discretion and without notice or consent of the Company, be entitled to assign its underwriting commitment under this Agreement to any affiliate or subsidiary of Canaccord Genuity Group Inc.

- (f) Neither the Underwriters nor any of their respective affiliates or any person acting on their behalf will engage in any marketing, sale or distribution of the Securities in the Province of Quebec.

5. United States Offers and Sales

The Company and the Underwriters hereby acknowledge that the offer and sale of the Securities have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws and may not be offered or sold in the United States except by the Underwriters or their respective U.S. Affiliates, acting as agents, pursuant to Rule 144A to persons who are, or are reasonably believed by them to be, Qualified Institutional Buyers, in compliance with any applicable state securities laws of the United States. Accordingly, the Company and each of the Underwriters hereby agree that offers and sales of the Securities in the United States shall be conducted only in the manner specified in Schedule "A" hereto, which terms and conditions are hereby incorporated by reference in and form a part of this Agreement.

6. Marketing Materials

- (a) In connection with the distribution of the Securities:
 - (i) The Company shall prepare, in consultation with the Lead Underwriter, and approve in writing, prior to the time the marketing materials are provided to potential investors, a template version of the marketing materials reasonably requested to be provided by the Underwriters to any potential investor; such marketing materials shall comply with Securities Laws and be acceptable in form and substance to the Underwriters, acting reasonably, and such template version shall be approved in writing by the Lead Underwriter, on behalf of all of the Underwriters, prior to the time the marketing materials are provided to potential investors;
 - (ii) The Company shall file the template version of the marketing materials referred to in Section 6(a)(i) above with the Securities Regulators as soon as reasonably practicable after the template version of the marketing materials is so approved in writing by the Company and by the Lead Underwriter, on behalf of all of the Underwriters, and in any event on or before the day the marketing materials are first provided to any potential investor; and
 - (iii) Any comparables shall be redacted from the template version of the marketing materials in accordance with NI 41-101 prior to filing such template version with the Securities Regulators and a complete template version containing such comparables and any disclosure relating to the comparables, if any, shall be delivered to the Securities Regulators by the Company as required by Securities Laws.
- (b) Following the approvals and filings set forth in the foregoing paragraphs, the Underwriters may provide the marketing materials to potential investors to the extent permitted by Securities Laws and applicable U.S. Securities Laws.
- (c) The Company shall prepare and file a marketing materials amendment provided to potential investors in connection with the offering of the Securities where required under

Securities Laws, and the foregoing paragraphs above shall also apply to such revised template version.

7. Delivery of Documents

- (a) At or prior to the time of filing the Prospectus Supplement, the Company shall deliver or cause to be delivered to the Underwriters and the Underwriters' counsel, at the respective times indicated, the following documents (except to the extent such documents have been previously delivered to the Underwriters or are available on SEDAR):
 - (i) a copy of each of the Final Base Shelf Prospectus and the Prospectus Supplement, including for greater certainty each of the documents incorporated by reference, signed and certified by the Company as required by applicable Securities Laws;
 - (ii) a copy of the U.S. Offering Memorandum;
 - (iii) a "long-form" comfort letter of MNP LLP dated the date of the Prospectus Supplement (with the requisite procedures to be completed by such auditors no earlier than two Business Days prior to the date of the Prospectus Supplement) addressed to the Underwriters and the directors of the Company, in form and substance satisfactory to the Underwriters, acting reasonably, with respect to certain financial and accounting information relating to the Company contained in the Final Offering Documents (including the Documents Incorporated by Reference therein), which letter shall be in addition to the auditors' report of MNP LLP contained in the Prospectus and any consent letter of MNP LLP addressed to the Securities Regulators; and
 - (iv) a copy of any other document required to be filed by the Company under Securities Laws.
- (b) During the period from the date of this Agreement until the later of the Closing Date and the date of completion of distribution of the Securities under the Final Offering Documents:
 - (i) in the event that the Company is required by Securities Laws (as a result of a change in Securities Laws or otherwise) to prepare and file a Prospectus Amendment or a marketing materials amendment, the Company shall prepare and deliver promptly to the Underwriters signed and certified (other than by the Underwriters) copies of such Prospectus Amendment or marketing materials amendment. Concurrently with the delivery of any Prospectus Amendment, the Company shall deliver to the Underwriters documents similar to those referenced in Section 7(a)(iii), and in connection with any such Prospectus Amendment, shall prepare and deliver to the Underwriters a corresponding U.S. Offering Memorandum Amendment; and
 - (ii) in the event that the Company is required by U.S. Securities Laws (as a result of a change in U.S. Securities Laws or otherwise) to prepare and/or file an U.S. Offering Memorandum Amendment, the Company shall use commercially

reasonable efforts to prepare and deliver promptly to the Underwriters such U.S. Offering Memorandum Amendment.

- (c) The Company shall permit the Underwriters to review and participate in the preparation of any Offering Document Amendment or marketing materials amendment, it being understood and agreed that no Prospectus Amendment or marketing materials amendment will be filed with any Securities Regulator, and no U.S. Offering Memorandum Amendment distributed, without first obtaining the approval of the Underwriters and their counsel, after consultation with the Underwriters with respect to the form and content thereof.

8. Representations and Warranties of the Company as to the Offering Documents

- (a) Filing and delivery to the Underwriters in accordance with this Agreement of any Offering Document shall constitute a representation and warranty by the Company to the Underwriters and the U.S. Affiliates that, as at their respective dates, dates of filing and dates of delivery:
 - (i) the information and statements (except the Underwriters' Information) contained in such Offering Documents are true and correct and contain no misrepresentation and constitute full, true and plain disclosure of all material facts relating to the Company and the Securities as required by applicable Securities Laws and applicable U.S. Securities Laws;
 - (ii) no material fact or information has been omitted from such disclosure (except for Underwriters' Information) that is required to be stated in such disclosure or that is necessary to make a statement contained in such disclosure not misleading in the light of the circumstances under which it was made;
 - (iii) the information and statements (except for Underwriters' Information) contained in the U.S. Offering Memorandum and any U.S. Offering Memorandum Amendment, as applicable, including, without limitation, the documents incorporated or deemed to be incorporated by reference therein, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the information presented and the statements made, in the light of the circumstances under which they were presented or made, not misleading, within the meaning of the U.S. Securities Laws;
 - (iv) except with respect to any Underwriters' Information, such documents comply in all material respects with the requirements of Securities Laws and the applicable U.S. Securities Laws; and
 - (v) the statistical and market-related data included in the Prospectus, the U.S. Offering Memorandum, the marketing materials and any Prospectus Amendment, Offering Document Amendment or marketing materials amendment are based on or derived from sources that are believed by the Company to be reliable and accurate in all material respects.

- (b) Such filings shall also constitute the Company's consent to the Underwriters' use of the Prospectus, any Prospectus Amendment, the marketing materials and any marketing materials amendment in connection with the distribution of the Securities in the Qualifying Jurisdictions, except Quebec, in compliance with this Agreement and applicable Securities Laws and the use of the U.S. Offering Memorandum for offers and sales of the Securities, if any, in the United States to Qualified Institutional Buyers.

9. Additional Representations and Warranties of the Company

The Company represents and warrants to the Underwriters and acknowledges that the Underwriters and their U.S. Affiliates (if any) are relying upon such representations and warranties, that:

- (a) **Organization, Good Standing and Qualification.** The Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of continuance 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, with the exception of any U.S. federal laws, statutes, and/or regulations as applicable to the production, trafficking, distribution, processing, extraction, sale, etc. of cannabis and cannabis related substances and products, 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 and therein.
- (b) **Subsidiaries.** Each of the Subsidiaries is a corporation or other legal entity duly formed and validly existing under the laws of the jurisdiction in which it was formed, and all have the requisite power and capacity and are duly qualified and hold all necessary material permits, licenses and authorizations necessary to carry on business as now conducted, and to own, lease or operate their properties and assets, and no steps or proceedings have been taken by any person, voluntary or otherwise, requiring or authorizing their 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. Except as disclosed to the Underwriters in writing, 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.
- (c) **Capitalization and Voting Rights.**
 - (i) The authorized capital of the Company consists of an unlimited number of Multiple Voting Shares, Subordinate Voting Shares, Restricted Voting Shares and Limited Voting Shares. As of January 11, 2021, the outstanding capital of the Company consisted of 3,696,486 Multiple Voting Shares and 29,126,766 Equity Shares issued and outstanding, all of which have been duly authorized, are fully paid and non-assessable and were issued in compliance with Securities Laws.

- (ii) Other than as disclosed in the Public Disclosure Documents or the Prospectus Supplement, there are no securities exercisable, convertible or exchangeable into Shares.
 - (iii) Other than as disclosed in the Public Disclosure Documents or the Prospectus Supplement, 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: (A) 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 as a result of the sale of the Offered Shares pursuant to this Agreement.
 - (v) Other than as disclosed in the Public Disclosure Documents or the Prospectus Supplement, the Company has no outstanding commitment or obligation to issue or sell any Shares, other than grants of options under the Company's incentive stock option plan.
- (d) **Authorization.**
- (i) The Company has all corporate power, authority and capacity to enter into this Agreement and perform its obligations hereunder, and to execute and file with the Securities Regulators the Final Base Shelf Prospectus, the Prospectus Supplement and any Prospectus Amendments;
 - (ii) This Agreement and the performance of all obligations of the Company hereunder, the execution and filing with the Securities Regulators of the Final Base Shelf Prospectus, the Prospectus Supplement and any Prospectus Amendments have or will be prior to the Closing Time, be duly authorized by all necessary corporate action, and this Agreement has been duly executed and delivered by the Company and constitutes valid and legally binding obligations of the Company, enforceable in accordance with its 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.
 - (iii) The execution and delivery of this Agreement and the performance and carrying out of any provision hereof by the Company, will not: (A) result in a breach of the terms, conditions, or provisions of any material agreement of the Company or its Subsidiaries; (B) violate any provision of applicable law, any order of any court applicable to the Company or its constating documents; or (C) 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) **Valid Issuance.** At the applicable Closing Time, and upon receipt of the aggregate Offering Price therefor, the Offered Shares and, if applicable, the Additional Shares, will be duly and

validly issued and outstanding as fully paid non-assessable Shares in the capital of the Company, and the Offered Shares and, if applicable, the Additional Shares, will not have been issued in violation of or subject to any pre-emptive or contractual rights to purchase securities issued or granted by the Company.

- (f) **Reporting Issuer.** The Company: (A) is a “reporting issuer” in each of the provinces and territories of Canada within the meaning of the applicable Securities Laws; (B) is not in default of any material requirement of the applicable Securities Laws; and (C) is in compliance, in all material respects, with the rules, policies and regulations of the Exchange;
- (g) **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, except for Existing Liens and, subject to acquisitions and sales in the ordinary course;
- (h) **Governmental Consents.** Other than customary post-closing filings required by Securities Laws, and with the exception of any U.S. federal laws, statutes, and/or regulations as applicable to the production, trafficking, distribution, processing, extraction, sale, etc. of cannabis and cannabis related substances and products, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, Canadian or of U.S. federal, provincial, state or local Governmental Authority on the part of the Company is required in connection with the consummation of the transactions contemplated by this Agreement or, to the extent any such consents, approvals, orders, authorizations or registrations, qualifications, designations, declarations or filings with any such authorities on the part of the Company are required in connection with the consummation of the transactions contemplated herein, they shall have been obtained prior to, and be effective as of, the Closing.
- (i) **Litigation.** There is no claim, action, suit, proceeding, arbitration, complaint, charge or investigation pending or, to the Company’s knowledge, threatened, against the Company, 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, its Subsidiaries nor, to the knowledge of the Company, their respective officers or directors, 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 material 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.
- (j) **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, 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, other than in respect of certain United States federal laws relating to the cultivation, distribution or possession of cannabis in the United States. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby 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.

(k) **Agreements; Action.**

(i) Except for this Agreement and the Existing Indebtedness and as disclosed in the Public Disclosure Documents or the Prospectus Supplement, 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 Indebtedness or as otherwise disclosed in the Public Disclosure Documents or the Prospectus Supplement, the Company or its Subsidiaries has not: (A) incurred any indebtedness for money borrowed that has not been repaid and released or any other liabilities individually or in the aggregate in excess of U.S.\$1,000,000; (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.

(iii) For the purposes of subsections (i) and (ii) above, all indebtedness, liabilities, agreements, understandings, instruments, contracts and proposed transactions involving the same person or entity (including persons or entities the Company has reason to believe are affiliated therewith) shall be aggregated for the purpose of meeting the individual minimum dollar amounts of such subsections. The Company is not a guarantor of any other person, entity or business, other than the Subsidiaries pursuant to the Leases.

(l) **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. To the best of the Company's knowledge, other than as disclosed in the Public Disclosure Documents or the Prospectus Supplement or to the Underwriters in writing, 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 or the Prospectus Supplement. Other than as disclosed in the Public Disclosure Documents or the Prospectus Supplement, 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 or the Prospectus Supplement, 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.

- (m) **Permits.** The Company or its Subsidiaries holds 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 and its Subsidiaries are in compliance, in all material respects, with each license and material permit held by them 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, its Subsidiaries, or the business or legal environment under which the Company and its Subsidiaries now operate or propose to operate. The Company has provided to the Underwriters copies of (including all material correspondence relating to) all material permits held by it and any renewals thereof as of the date hereof.
- (n) **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.
- (o) **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, municipal, and local Laws and regulations and other lawful requirements of any governmental or regulatory body that govern all aspects of the Company’s and its Subsidiaries’ businesses, including, but not limited to, permits and/or licenses to grow, process, and dispense cannabis and cannabis-derived products, with the exception of any U.S. federal Laws, statutes, and/or regulations as applicable to the production, trafficking, distribution,

processing, extraction, sale, etc. of cannabis and cannabis related substances and products;

- (p) **Registration Rights.** The Company has not granted or agreed to grant any registration or prospectus qualification rights to any person or entity for it or any of its Subsidiaries.
- (q) **Title to Property and Assets.** The Company or its Subsidiaries are the absolute legal and beneficial owner of, and have good and marketable title to, all of their material property and assets, free of all Liens, pledges, security interests, encumbrances, claims or demands whatsoever, other than Existing Liens 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.
- (r) **Financial Statements.** The Financial Statements, fairly represent, in all material respects, the consolidated financial position of Company and its Subsidiaries 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.
- (s) **Changes.** Since the date of the Financial Statements, except 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 capital stock 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 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, 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, or as disclosed in the Public Disclosure Documents;
 - (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 capital stock, or any direct or indirect redemption, purchase, or other acquisition of any of such stock 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 9(s).
- (t) **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 have requested extensions thereof and have 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, and except as disclosed to the Underwriters, 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.
- (u) **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.

- (v) **Minute Books.** Except as otherwise disclosed to the Underwriters, the minute books and corporate records of the Company and its Subsidiaries have been made available to counsel for the Underwriters and are all of the minute books and corporate 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.
- (w) **Employee and Labour Matters.** Except as disclosed to the Underwriters in writing, the Company and 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 their 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.
- (x) **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.
- (y) **Intellectual Property.**
 - (i) The Company and its Subsidiaries own, free and clear of any 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 and its Subsidiaries have not received any communications alleging that they have violated or, by conducting their 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's or its Subsidiaries' business. Neither the execution or delivery of this Agreement, nor the carrying on of the Company's or its Subsidiaries' business by the employees of the Company, nor the conduct of the Company's 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's 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's 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.
- (z) **No Illegal Payments.** To the knowledge of the Company, the Company and its Subsidiaries have not, directly or indirectly: (i) 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 (ii) 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 instituted and

maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such laws; and 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;

- (aa) **Money Laundering Laws.** The operations of the Company and its Subsidiaries are and have been conducted at all times in material compliance 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 other than any U.S. federal laws, statutes, and/or regulations, as applicable, to the production, trafficking, distribution, processing, extraction, sale, etc. of cannabis and cannabis-related substances and products (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;
- (bb) **Transfer Agent.** Odyssey Trust Company of Canada at its principal offices in the City of Vancouver has been or prior to the Closing Time will be duly appointed as the registrar and transfer agent with respect to the Offered Shares.
- (cc) **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.
- (dd) **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: (i) are 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 Underwriters and are stored on a virtual data site to which the Underwriters have 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.

- (ee) **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 (including this Offering) 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.
- (ff) **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.
- (gg) **Business of Trading.** The Company is not in the business of trading in securities under Securities Laws.
- (hh) **Commission.** Other than as contemplated herein or otherwise disclosed to the Underwriters, 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 herein.
- (ii) **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.
- (jj) **Directors and Officers.**
 - (i) Other than as disclosed in the Public Disclosure Documents or the Prospectus Supplement, 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 are 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.
- (kk) **Cease Trading.** No order or ruling suspending the sale or ceasing the trading in any securities of the Company (including the Securities) 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.
- (ll) **Legislation.** The Company is not aware of any legislation, or proposed legislation (published by a legislative body), which it anticipates will materially and adversely affect the business, affairs, operations, assets or liabilities (contingent or otherwise) of the Company or its Subsidiaries.
- (mm) **No Options, etc. 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.
- (nn) **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.
- (oo) **Full Disclosure.** None of the foregoing representations and warranties and no document furnished by or on behalf of the Company to the Underwriters 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.
- (pp) **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.
- (qq) **Qualified Investment.** Subject to the qualifications and limitations described under "Eligibility for Investment" in the Prospectus, the Securities 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.

- (rr) **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.
- (ss) **No Liens.** No security interest or lien has been granted on any of the assets or properties of the Company other than Existing Liens, 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 Offered Shares.
- (tt) **No Changes.** Since the respective dates as of which information is given in the Final Offering Documents, except as otherwise stated therein: (A) there has been no Material Adverse Change; (B) there have been no transactions entered into by the Company, other than those in the ordinary course of business, which are material with respect to the Company; and (C) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its shares.
- (uu) **Share Terms.** The rights, privileges, restrictions, conditions and other terms attaching to the Shares will, at the Closing Time and, if applicable, the Over-Allotment Option Closing Time, conform in all material respects to the respective descriptions thereof contained in the Final Offering Documents.
- (vv) **Market Stabilization.** Neither the Company nor any of its Subsidiaries has taken, nor will the Company or any of its Subsidiaries take any action which is designed to or which constitutes or might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.
- (ww) **Listing of Shares.** The Shares of the Company (including all of the Securities) are or will be listed for trading on the Exchange prior to the Closing Date.
- (xx) **Qualification.** The Company is qualified under NI 44-101 to file a prospectus in the form of a short form prospectus, and is qualified under NI 44-102 to file a short form prospectus that is a base shelf prospectus.
- (yy) **Forward-Looking Information.** The Company has a reasonable basis for disclosing any forward-looking information contained in the Final Offering Documents and is not, as of the date hereof, required to update any such forward looking information pursuant to NI 51-102, and such forward looking information contained in the Final Offering Documents reflects the best currently available estimates and good faith judgments of the management of the Company, as the case may be, as to the matters covered thereby.
- (zz) **U.S. Offering Memorandum.** The U.S. Offering Memorandum has been prepared in a form customary for a private placement offering of equity securities of a Canadian issuer into the United States pursuant to Rule 144A concurrent with a public offering in Canada, and does not and will not contain any material disclosures regarding the Company or its

Subsidiaries other than as set forth in the Prospectus or in any Prospectus Amendment, if any, in each case, that is included therein.

10. Representations and Warranties of the Underwriters

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

- (a) such Underwriter and its U.S. Affiliate, if any, is registered or qualified, as applicable, to offer and sell the Securities in the Qualifying Jurisdictions;
- (b) such Underwriter and its U.S. Affiliate, if any, is a valid and subsisting corporation existing in good standing under the laws of the jurisdiction in which it is incorporated;
- (c) such Underwriter and its U.S. Affiliate, if any, has all requisite power and authority and good and sufficient right and authority to enter into, deliver and carry out its obligations under this Agreement and complete the transactions contemplated under this Agreement on the terms and conditions set forth herein;
- (d) in respect of the offer and sale of Securities, such Underwriter and its U.S. Affiliate, if any, has complied with the provisions of this Agreement in all material respects and with all Securities Laws in the jurisdictions in which either of them offers the Securities;
- (e) such Underwriter and its U.S. Affiliate, if any, is duly registered pursuant to the provisions of Securities Laws, 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 and is in good standing with any applicable governmental agency or self-regulatory organization governing such registration or license, or if or where not so registered or licensed, such Underwriter and its U.S. Affiliate, if any, has acted only through members of a Selling Firm who are so registered or licensed; and
- (f) such Underwriter and its U.S. Affiliate, if any, and their 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 Offered Shares 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 the internet, or otherwise or conducted any seminar or meeting concerning the offer or sale of the Offered Shares whose attendees have been invited by any general solicitation or general advertising.

11. Covenants of the Company

- (a) Subject to the terms and conditions of this Agreement, the Company covenants and agrees with the Underwriters that the Company:
 - (i) will promptly notify the Lead Underwriter if any of the representations or warranties of the Company in this Agreement no longer are true and correct in all material respects;

- (ii) will promptly provide to the Underwriters, during the period commencing on the date hereof and until completion of the distribution of the Securities, 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;
- (iii) promptly provide to the Underwriters and their counsel, during the period commencing on the date hereof and until completion of the distribution of the Securities, 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 Underwriters and their counsel prior to issuance, and give the Underwriters and their 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;
- (iv) deliver to the Underwriters, without charge, in Toronto, Ontario contemporaneously with or prior to the filing of the Prospectus Supplement or any Prospectus Amendment, a copy of any document required to be filed by the Company, if any, under Securities Laws in connection with the Offering;
- (v) shall advise the Underwriters, promptly after receiving notice or obtaining knowledge thereof, during the period prior to the completion of the distribution of the Securities, of: (A) the issuance by any Securities Regulator, the SEC or similar regulatory authority of any order suspending or preventing the use of any Offering Document; (B) the suspension of the qualification of the Securities or any other security of the Company for offering or sale in any of the Qualifying Jurisdictions; (C) the institution, threatening or contemplation of any proceeding for any such purposes; (D) any requests made by any Securities Regulator, the SEC or similar regulatory authority for amending or supplementing any of the Offering Documents or for additional information; or (E) the receipt by the Company of any material communication, whether written or oral, from any Securities Regulator, the SEC or similar regulatory authority or any stock exchange, relating to the distribution of the Securities, and will use its commercially reasonable efforts to prevent the issuance of any such order and, if any such order is issued, to obtain the withdrawal thereof as quickly as possible;
- (vi) will promptly inform the Underwriters in writing during the period prior to the completion of the distribution of the Securities of the full particulars of:
 - (A) any material change (whether actual, anticipated, contemplated or proposed by, or threatened), financial or otherwise, in the assets, liabilities (contingent or otherwise), business, affairs, prospects, operations, cash flow or capital of the Company and its Subsidiaries, taken as a whole;
 - (B) any material fact which has arisen or has been discovered which would have been required to have been stated in the Offering Documents had that fact arisen or been discovered on, or prior to, the date of any of the Offering Documents, as the case may be; or

- (C) any change in any material fact (which for the purposes of this Agreement shall be deemed to include the disclosure of any previously undisclosed material fact or any new 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, is of such a nature as to render any of the Offering Documents untrue or misleading in any material respect or to result in any misrepresentation in any of the Offering Documents including as a result of any of the Offering Documents containing an untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make any statement therein not false or misleading in the light of the circumstances in which it was made, which would result in any Offering Document not complying with applicable Securities Laws or U.S. Securities Laws, as the case may be, or which would reasonably be expected to have an effect on the market price or value of the Securities;
 - (vii) promptly prepare and file with the Securities Commissions in the Qualifying Jurisdictions, except Quebec, any Prospectus Amendment or other document relating to the Offering which in the opinion of the Underwriters and the Company, each acting reasonably, may be necessary or advisable, and will otherwise comply with all legal requirements necessary to continue to qualify the Securities for distribution. If the Company and the Underwriters in good faith disagree as to whether a change, fact or event requires the filing of any Prospectus Amendment or other document in compliance with NI 41-101, the Company will prepare and file promptly at the request of the Underwriters any Prospectus Amendment or other document which, in the opinion of the Underwriters, acting reasonably, may be necessary or advisable. Upon receipt of any Prospectus Amendment the Underwriters shall, as soon as possible, send such Prospectus Amendment to purchasers of the Securities; and
 - (viii) will use reasonable best efforts promptly to do, make, execute, deliver or cause to be done, made, executed or delivered, all such acts, documents and things as the Underwriters may reasonably require from time to time for the purpose of giving effect to this Agreement and the transactions contemplated hereby and take all such steps as may be reasonably within its power to implement to the full extent the provisions of this Agreement and the Offering.
- (b) During the period beginning on the Closing Date and ending on the date that is 90 days after the Closing Date, the Company shall not, directly or indirectly, without the prior written consent of the Lead Underwriter, on behalf of all of the Underwriters, which consent shall not unreasonably be withheld or delayed, offer, issue, sell, grant, secure, pledge or otherwise transfer, dispose of or monetize, or engage in any hedging transaction, or enter into any form of agreement or arrangement the consequence of which is to alter economic exposure to, or announce any intention to do so, in any manner whatsoever, any Shares of the Company or securities convertible into, exchangeable for, or otherwise exercisable to acquire Shares of the Company or other equity securities of the Company, other than:
 - (i) grants of stock options or other similar issuances pursuant to the share incentive plan of the Company and other share compensation arrangements or Employee Plans; (ii) the exercise of outstanding exchangeable or convertible securities or stock options or

warrants; (iii) obligations of the Company in respect of existing agreements; or (iv) the issuance of securities by the Company in connection with acquisitions and consulting and services agreements entered into with arm's length parties, in each case in the normal course of business.

12. Underwriters' Fee

In consideration of the services rendered and to be rendered by the Underwriters in connection with the Offering, the Company agrees to pay to the Underwriters a fee (the "**Underwriters' Fee**") in an aggregate amount equal to: (i) C\$6,165,000 (4.5%) of the aggregate gross proceeds raised from the sale of the Offered Shares; and (ii) at the Over-Allotment Closing Time, if applicable, a fee equal to 4.5% of the gross proceeds raised from the sale of the Additional Shares. The Underwriters' Fee shall be payable at the Closing Time and be deducted (along with the expenses of the Underwriters in accordance with Section 17) from the aggregate gross proceeds of the sale of the Securities payable by the Underwriters to the Company.

13. Closing Deliveries

- (a) The purchase and sale of the Offered Shares shall be completed electronically at 8:00 a.m. (the "**Closing Time**") on January 14, 2021, or such other date and/or time as may be agreed upon in writing by the Company and the Lead Underwriter (the "**Closing Date**").
- (b) At the Closing Time, subject to the terms and conditions contained in this Agreement, the Company shall deliver the Offered Shares, and at the Over-Allotment Option Time, the Company shall duly deliver the Additional Shares to the Underwriters, in each case in the form of an electronic deposit pursuant to the non-certificated inventory system maintained by CDS, or in the manner directed by the Lead Underwriter in writing, registered in the name of "CDS & Co.", or in such other name or names as the Lead Underwriter may notify the Company in writing not less than 48 hours prior to the Closing Time or the Over-Allotment Option Closing Time, as the case may be. The Offered Shares shall be delivered against payment by the Lead Underwriter, on behalf of the Underwriters, of the aggregate Offering Price, net of the applicable Underwriters' Fee, by wire transfer of immediately available funds to the accounts specified in writing by the Company and the Additional Shares (if any) shall be delivered against payment by the Lead Underwriter, on behalf of the Underwriters, of the aggregate Offering Price for the Additional Shares, net of the applicable Underwriters' Fee, by wire transfer of immediately available funds to the accounts specified in writing by the Company.

14. Closing Conditions

The obligations of the Underwriters hereunder will be subject to the following conditions, which are for the exclusive benefit of the Underwriters, and any of the following conditions may be waived, in whole or in part, by the Underwriters:

- (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 herein and therein 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 Underwriters shall have received copies of each of the Offering Documents executed and delivered by the Company, as applicable, together with a certificate, dated as of the Closing Date, addressed to the Underwriters and signed by two officers of the Company, one of which must be the Chief Executive Officer of the Company with respect to such matters as the Underwriters may reasonably request and additionally certifying that:
 - (i) no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of the Company has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, to the knowledge of such officer, contemplated or threatened by any regulatory authority;
 - (ii) since the date of the Financial Statements, other than as disclosed in the Public Disclosure Documents or the Prospectus Supplement, there has been no change (financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of the Company or its Subsidiaries that could reasonably be expected to have a Material Adverse Effect other than as disclosed in the Public Disclosure Documents or the Prospectus Supplement;
 - (iii) the Company has duly complied with all material terms, covenants and conditions of this Agreement on its part to be complied with up to the Closing Time;
 - (iv) the representations, warranties and covenants of the Company and its Subsidiaries contained in this Agreement are true and correct in all material respects as of the Closing Time with the same force and effect as if made at and as of the Closing Time after giving effect to the transactions contemplated by this Agreement; and
 - (v) the Offering Documents (except any Underwriters' Information) does not contain a misrepresentation as of its date and as of the Closing Date, did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances which they were made, not misleading;
- (d) the Underwriters shall have received at the Closing Time a certificate dated the Closing Date, signed by appropriate officers of the Company, addressed to the Underwriters, 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 Underwriters may reasonably request;
- (e) the Underwriters shall have received favourable legal opinions addressed to the Underwriters in form and substance satisfactory to the Underwriters, acting reasonably,

dated the Closing Date, from Stikeman Elliott LLP, Canadian counsel for the Company, 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) the Company is a corporation validly existing and in good standing under the *Business Corporations Act* (British Columbia);
- (ii) the authorized share capital of the Company, and as to the number of outstanding Shares in the capital of the Company;
- (iii) the Company has all requisite corporate power, capacity and authority to own and lease its properties and assets, to carry on business as described in the Offering Documents and to execute and deliver the Offering Documents to which it is a party and to perform its obligations thereunder;
- (iv) the Offered Shares have been duly authorized by all necessary corporate action on the part of the Company and, upon receipt by the Company of payment therefor by the Underwriters as provided by this Agreement, will be validly issued as fully-paid and non-assessable shares in the capital of the Company;
- (v) the Additional Shares upon the exercise of the Over-Allotment Option have been duly authorized by all necessary corporate action on the part of the Company and have been duly and validly created, allotted and reserved for issuance by the Company and, upon the exercise of the Over-Allotment Option including receipt by the Company of payment in full therefor, the Additional Shares will be duly and validly created, authorized, issued and outstanding as fully-paid and non-assessable shares in the capital of the Company;
- (vi) all necessary corporate action has been taken by the Company to authorize: (A) the execution and delivery of this Agreement, and the performance by the Company of its obligations hereunder; (B) the offering, issuance, sale and delivery the Offered Shares; (C) the grant of the Over-Allotment Option; and (D) the delivery and, if applicable, the execution and filing of the Final Base Shelf Prospectus, Prospectus Supplement, and, if applicable, any Prospectus Amendment, under the Securities Laws in each of the Qualifying Jurisdictions (excluding Quebec in the case of the Prospectus Supplement and any Prospectus Amendment);
- (vii) the attributes of the Shares conform in all material respects with the descriptions thereof in the Prospectus;
- (viii) this Agreement has been duly authorized, executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to customary assumptions and qualifications;
- (ix) the execution and delivery by the Company of this Agreement and the performance by the Company of its obligations hereunder do not and will not conflict with any Securities Laws, the Laws of the Province of British Columbia, or result in any

breach of, as applicable, the Articles of the Company or any resolutions of the directors of the Company;

- (x) the Transfer Agent has been duly appointed as the registrar and transfer agent for the Shares of the Company;
 - (xi) no authorization, consent or approval of, or filing, registration, permit, license, decree, qualification or recording with, any Governmental Authority in the Qualifying Jurisdictions (except Quebec) is required for the performance by the Company of its obligations under this Agreement, the consummation of the transactions contemplated by this Agreement, other than those that have been obtained or made prior to the Closing Time;
 - (xii) subject to the qualifications, assumptions, limitations and understandings set out therein, the statements as to matters of the federal Laws of Canada set out in the Prospectus Supplement under the heading "Certain Canadian Federal Income Tax Considerations" summarize the principal Canadian federal income tax considerations as at the date thereof generally applicable under the Tax Act to a prospective purchaser of Securities described therein;
 - (xiii) subject to the qualifications, assumptions, limitations and understandings set out in the Prospectus Supplement under the heading "Eligibility for Investment", the Securities are qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a deferred profit sharing plan, a registered disability savings plan or a tax-free savings account;
 - (xiv) all necessary documents have been filed and all requisite proceedings have been taken and all necessary approvals, permits, consents and authorizations of the Securities Regulators under Securities Laws have been obtained by the Company to qualify the Securities for distribution in each of the Qualifying Jurisdictions, except Quebec, through dealers duly registered in the category of investment dealer under the Securities Laws of the applicable Qualifying Jurisdiction, except Quebec, who have complied with the relevant provisions of such applicable Securities Laws and the terms of their registration;
- (f) if any Securities are sold in the United States, the Underwriters shall have received a favourable legal opinion from Dorsey & Whitney LLP, special United States counsel for the Company, in form and substance reasonably satisfactory to the Underwriters, which opinion may be subject to usual and customary qualifications for opinions of this type, to the effect that no registration under the U.S. Securities Act is required for the offer and sale of the Securities in the United States in accordance with the terms of this Agreement, including Schedule "A" hereto, it being understood that no opinion is expressed as to any subsequent reoffer or resale of the Securities;
- (g) the Underwriters shall have received a comfort letter from the Company's auditors dated the Closing Date in respect of the Company, in form and content satisfactory to the Underwriters, acting reasonably, bringing forward to the date which is two Business Days

prior to the Closing Date or the Over-Allotment Option Closing Date, as applicable, the information contained in the comfort letter referred to in Section 7(a)(iii);

- (h) the Underwriters shall have received certificates of good standing or similar certificates with respect to the jurisdiction in which the Company is continued or incorporated, as applicable;
- (i) if applicable, the Underwriters shall have received at the Closing Time the definitive certificate(s) registered in the name of CDS or its nominee (or as the Underwriters may otherwise direct the Company in writing not less than 24 hours prior to the Closing Time);
- (j) each of the Company's "Named Executive Officers" (as defined in NI 51-102) shall have executed a lock-up agreement in such form as is approved by the Underwriters;
- (k) the Company shall have duly notified the Exchange of the issuance of the Offered Shares and completed all necessary filings for the listing of the Offered Shares on the Exchange and the Exchange shall not have objected thereto or denied the listing thereof;
- (l) the Underwriters shall have received the Underwriters' Fee in respect of the Offered Shares;
- (m) the Underwriters shall have received such other closing certificates, opinions, receipts, agreements or documents as the Underwriters or their counsel may reasonably request; and
- (n) the Underwriters shall not have exercised any rights of termination set out in Section 15.

15. Conditions to the Underwriters' Obligations to Purchase the Additional Shares

The several obligations of the Underwriters to purchase the Additional Shares hereunder are subject to the accuracy in all material respects of the representations and warranties of the Company contained in this Agreement as of the date of this Agreement and as of the Closing Date and the Over-Allotment Option Closing Date, the performance by the Company of its obligations under this Agreement, the delivery to the Underwriters on the Over-Allotment Option Closing Date of letters dated the Over-Allotment Option Closing Date substantially similar to the letters referred to in Sections 14(e) and 14(g) (in each case, as if references therein to the "Closing Date" were references to the "Over-Allotment Option Closing Date", and references to the "Closing Time" were references to the "Over-Allotment Option Closing Time"), and such other documents as the Underwriters may reasonably request with respect to the Company and the deliver of the Additional Shares.

16. Rights of Termination

- (a) Each Underwriter may terminate and cancel its obligations hereunder (and its obligations to purchase the Securities), at its sole discretion, on or before Closing in the following circumstances, if at any time prior to the Closing:
 - (i) **Change in Material Fact.** There shall have occurred any material change or change in any material fact or a new or undisclosed material fact shall arise or be discovered, which, in the sole opinion of the Underwriter, acting reasonably, has or would be expected to have a Material Adverse Effect on the business, affairs,

prospects or financial condition of the Company or on the market price, value or marketability of the Securities;

- (ii) **Litigation.** Any inquiry, action, suit, proceeding or investigation (whether formal or informal) (including matters of regulatory transgression or unlawful conduct), is commenced, announced or threatened, by any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality (including any securities regulatory authority) against the Company or any one of the officers or directors of the Company or any of its principal shareholders or any order is made by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality (including a securities commission), which, in the opinion of the Underwriter, acting reasonably, prevents or restricts trading in or the distribution of securities of the Company or materially adversely affects or might reasonably be expected to materially adversely affect the market price or value of the securities of the Company;
 - (iii) **Change in Law.** Any order is issued by any securities regulatory authority or other competent authority, in relation to the Company or its securities, or there is a change in any law or the interpretation or administration thereof which, in each case, in the reasonable opinion of the Underwriter, acting reasonably, operates to prevent or restrict the distribution of or trading in the Securities or materially adversely affects or could reasonably be expected to materially adversely affect the Offering;
 - (iv) **Disaster Out.** If there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence or catastrophe, war or act of terrorism of national or international consequence or a new change in any law or regulation which, in the sole opinion of the Underwriter, acting reasonably, seriously adversely affects or involves, or will seriously adversely affect or involve, the financial markets or the business, operations or affairs of the Company and its Subsidiaries, taken as a whole; or
 - (v) **Non-Compliance with this Agreement.** The Company is in breach of, default under or non-compliance with any material covenant, representation, warranty, term or condition of this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement.
- (b) The rights of termination contained in Sections 16(a)(i), 16(a)(ii), 16(a)(iv) and 16(a)(v), may be exercised by the Underwriters and are in addition to any other rights or remedies such Underwriter 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 an Underwriter, there shall be no further liability on the part of such Underwriter to the Company or on the part of the Company to such Underwriter 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 17, Section 20 or Section 21.

- (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 Underwriters 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 Underwriters any such waiver or extension must be in writing and executed by the Underwriters.

17. 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 Securities; 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 Underwriters, which shall include the reasonable fees of the Underwriters' counsel up to an aggregate maximum of C\$100,000 plus applicable taxes and disbursements and all reasonable travel expenses in connection with due diligence and marketing activities.

18. 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 Securities and continue in full force and effect for the benefit of the Underwriters 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 Underwriters in connection with the offer and sale of the Securities.

19. Stabilization.

In connection with the distribution of the Securities, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Shares at levels other than those which might otherwise prevail in the open market, in compliance with applicable Securities Laws and the rules and regulations of applicable stock exchanges. Those stabilizing transactions, if any, may be discontinued at any time.

20. Indemnification

- (a) The Company (the "**Indemnitor**") shall fully indemnify and hold the Underwriters and each of its subsidiaries, affiliates, and each of their respective partners, shareholders, advisers, directors, officers, employees and agents (collectively, "**Personnel**", and together with the Underwriters, the "**Indemnified Parties**") harmless to the full extent from and against any and all expenses, losses (other than loss of profits), claims, actions (including shareholder actions, derivative actions or otherwise), damages or liabilities, whether joint or several (including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims), and the reasonable fees and expenses of their counsel (collectively, "**Losses**") that may be incurred in investigating, settling, advising with respect to and/or defending any actual or threatened claim, actions, suits, investigations or proceedings (collectively, a "**Claim**") to which the Indemnified Parties may become subject or otherwise involved in any capacity under any statute or common law, or otherwise

insofar as such Losses and/or Claims result from, arise out of or are based, directly or indirectly, upon:

- (i) any negligence, fraud or wilful misconduct by the Indemnitor relating to or connected with the Offering;
 - (ii) any inaccuracy of, or any breach of or default under, any representation, warranty, covenant or agreement made by the Indemnitor in this Agreement, or any agreement, certificate or other document to be delivered pursuant hereto, or the failure of the Indemnitor to comply with any of its obligations under this Agreement;
 - (iii) any information or statement (except any Underwriters' Information) contained in the Offering Documents, marketing materials or marketing materials amendment or being alleged to be, a misstatement or a misrepresentation;
 - (iv) any order made or any inquiry, investigation or other proceeding commenced or threatened by any one or more competent authorities based upon any failure by the Indemnitor to comply with applicable Securities Laws or any misrepresentation or alleged misrepresentation prohibiting or restricting the Offering; and
 - (v) any breach of, default under or non-compliance by the Indemnitor with: (A) any requirements of applicable Securities Laws in relation to the Offering, unless such breach, default or noncompliance results from the non-compliance by the Indemnified Parties with any requirement of applicable Securities Laws; or (ii) any representation, warranty, term or condition of this Agreement or in any certificate or other document delivered by or on behalf of the Indemnitor hereunder or pursuant hereto.
- (b) The Indemnitor agrees that no Indemnified Party shall have any liability (either direct or indirect, in contract or tort or otherwise) to the Indemnitor or any person asserting Claims on the Indemnitor's behalf or in right for or in connection with this Agreement, except to the extent that any Losses incurred by the Indemnitor are determined by a court of competent jurisdiction in a final judgement (in a proceeding in which the applicable Indemnified Party is named as a party) that has become non-appealable to have resulted solely from the gross negligence or wilful misconduct of such Indemnified Party.
- (c) The Indemnitor agrees that in case any legal proceeding shall be brought against, or an investigation is commenced in respect of, the Indemnitor and/or an Indemnified Party and an Indemnified Party or its personnel are 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 engagement of the Underwriters hereunder, 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 Underwriters for time spent by the Underwriters or their personnel in connection therewith) and out-of-pocket expenses incurred by the Indemnified Party in connection therewith shall be paid by the Indemnitor as they occur.
- (d) The applicable Indemnified Party will notify the Indemnitor promptly in writing after receiving notice of any Claim against it or receipt of notice of the commencement of any

investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor, stating the particulars thereof, will provide copies of all relevant documentation to the Indemnitor and, unless the Indemnitor assumes the defense thereof, will keep the Indemnitor advised of the progress thereof and will discuss all significant actions proposed. The omission to so notify the Indemnitor shall not relieve the Indemnitor of any liability which the Indemnitor may have to an Indemnified Party except only to the extent that any such delay in giving or failure to give notice as herein required materially prejudices the defense of such claim or results in any material increase in the liability under this indemnity which the Indemnitor would otherwise have incurred had the Indemnified Party not so delayed in giving, or failed to give, the notice required hereunder.

- (e) The Indemnitor shall be entitled (but not required), at its own expense, to participate in and, to the extent it may wish to do so, assume the defense of any Claim in respect of which indemnification is sought hereunder, provided such defense is conducted by counsel of good standing acceptable to the Indemnified Party. Upon the Indemnitor notifying the Indemnified Party in writing of its election to assume the defense and retain counsel, the Indemnitor shall not be liable to such Indemnified Party for any legal expenses subsequently incurred by it in connection with such defense. If such defense is not assumed by the Indemnitor, the Indemnified Parties, throughout the course thereof, shall provide copies of all relevant documentation to the Indemnitor, shall keep the Indemnitor advised of the progress thereof and shall discuss with the Indemnitor all significant actions proposed. If such defense is assumed by the Indemnitor, the Indemnitor throughout the course thereof will provide copies of all relevant documentation to the applicable Indemnified Party, will keep such Indemnified Party advised of the progress thereof and will discuss with such Indemnified Party all significant actions proposed.
- (f) Notwithstanding the foregoing, any Indemnified Party shall have the right, at the Indemnitor's expense, to separately retain counsel of such Indemnified Party's choice, in respect of the defense of any Claim in which indemnification is sought hereunder if: (i) the employment of such counsel has been authorized by the Indemnitor; or (ii) the Indemnitor has not assumed the defense and employed counsel thereof within 10 days of receiving notice of such Claim; or (iii) counsel retained by the Indemnitor 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 for the reason that there may be legal defenses available to the Indemnified Party which are different from or in addition to those available to the Indemnitor or that there is a conflict of interest between the Indemnitor and the Indemnified Party or the subject matter of the claim may not fall within the indemnity set forth herein (in any of which events the Indemnitor shall not have the right to assume or direct the defense on such Indemnified Party's behalf). No admission of liability and no settlement of any Claim shall be made by the Indemnitor without the prior written consent of the Indemnified Parties affected. In each of cases (i), (ii) or (iii), the Indemnitor shall not have the right to assume or direct the defense on behalf of the Indemnified Party and shall be liable to pay the reasonable fees and disbursements of one counsel for all such Indemnified Parties as well as the reasonable costs and out-of-pocket expenses of the Indemnified Party (including an amount to reimburse the Underwriters at their normal per diem rates for time spent by its directors, officers or employees).

- (g) The Company hereby waives its rights to recover contribution from the Underwriters with respect to any liability of the Company by reason of or arising out of any misrepresentation in the Offering Documents (except any Underwriters' Information).
- (h) The indemnity and contribution obligations of the Indemnitor shall be in addition to and not in derogation of any liability which the Indemnitor may otherwise have, shall extend upon the same terms and conditions to the Personnel of the Underwriters and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnitor, the Underwriters and any of the Personnel of the Underwriters. The foregoing provisions shall survive the completion of professional services rendered under this Agreement and the exercise of the termination rights set forth herein.
- (i) The Indemnitor will not, without the Indemnified Party's prior written consent, such consent not to be unreasonably withheld or delayed, admit any liability, settle, compromise, consent to the entry of any judgment in or otherwise seek to terminate any Claim in respect of which indemnification may be sought hereunder unless in connection with any settlement, compromise or consent by the Indemnitors, such settlement, compromise or consent: (i) includes an unconditional release of each Indemnified Party from any liabilities arising out of such Claim (if an Indemnified Party is a party to such action); and (ii) does not include a statement as to, or an admission of fault, culpability or a failure to act by or on behalf of an Indemnified Party.
- (j) The Indemnitor hereby acknowledges that to the extent that any Indemnified Party is not a party to this Agreement, the Underwriters shall obtain and hold the right and benefit of this section in trust for and on behalf of such Indemnified Party.
- (k) Notwithstanding anything to the contrary contained herein, the indemnity set out in Section 20(f) shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that such Losses to which the Indemnified Party may be subject resulted solely from the gross negligence or wilful misconduct of such Indemnified Party.

21. Contribution

- (a) In order to provide for just and equitable contribution in circumstances in which the indemnity provided in Section 20 hereof would otherwise be available in accordance with its terms but is, for any reason held to be illegal, unavailable to or unenforceable by the Indemnified Parties or enforceable otherwise than in accordance with its terms, any Underwriter required to make contribution and the Company shall contribute to the aggregate of all Losses of the nature contemplated in Section 20 hereof and suffered or incurred by the Indemnified Parties in the following proportions: (i) the relative benefits received by such Underwriters (being the amount of the Underwriters' Fee), on the one hand, and the relative benefits received by the Company on the other hand (being the gross proceeds derived from the sale of the Securities); (ii) the relative fault of the Company on the one hand and such Underwriters on the other hand; and (iii) relevant equitable considerations; provided that the Company shall in any event contribute to the amount paid or payable by the Indemnified Parties as a result of such Claim any excess of such amount over the amount of the Underwriters' Fees actually received by such Underwriters or any

other Indemnified Party under this Agreement and further provided that the Underwriters shall not in any event be liable to contribute, in the aggregate, any amount in excess of the total amount received through the Underwriters' Fee or any portion thereof actually received by the Underwriters. However, no party who has been determined by a court of competent jurisdiction, in a final judgment that has become non-appealable, to have breached this Agreement or who has engaged in any fraud, illegal acts, or wilful misconduct shall be entitled to claim contribution from any person who has not been so determined to have breached this Agreement or engaged in such fraud, illegal acts, or wilful misconduct.

- (b) The rights to contribution provided in this Section 21 shall be in addition to and not in derogation of any other right to contribution which the Indemnified Parties may have by statute or otherwise at law.
- (c) If an Indemnified Party has reason to believe that a claim for contribution may arise, the Indemnified Party shall give the Company notice thereof in writing, but failure to so notify shall not relieve the Company of any obligation which it may have to the Indemnified Party under this Section 21 provided that the Company is not materially and adversely prejudiced by such failure, and the right of the Company to assume the defense of such Indemnified Party shall apply as set out in Section 20 hereof, mutatis mutandis.

22. Obligations to Purchase

- (a) The obligation of the Underwriters to purchase the Offered Shares at the Closing Time or at any Over-Allotment Option Closing Time, as applicable, shall be several, and not joint, nor joint and several, and shall be as to the following percentages to be purchased at any such time:

Canaccord Genuity Corp.	60.0%
Beacon Securities Limited	15.0%
Echelon Wealth Partners Inc.	10.0%
Roth Canada, ULC	10.0%
PI Financial Corp.	5.0%
	100.0%

- (b) In the event that any Underwriter shall fail to purchase its applicable percentage of the Offered Shares (the "**Defaulted Securities**") at the Closing Time or at any Over-Allotment Option Closing Time, as applicable, the other Underwriters shall have the right, within 36 hours thereafter, to make arrangements to purchase all, but not less than all, of the Defaulted Securities, in such amounts as may be agreed upon and upon the terms set forth herein. If, however, the Underwriter shall have not completed such arrangements within such 36 hour period, then:
 - (i) if the number of Defaulted Securities does not exceed 10% of the number of Offered Shares to be purchased hereunder, the non-defaulting Underwriters shall be obligated to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligation of the non-defaulting Underwriters; or

- (ii) if the number of Defaulted Securities exceeds 10% of the number of Offered Shares to be purchased hereunder, the Company shall have the right to either (A) proceed with the sale of the Offered Shares, as applicable (less the Defaulted Securities), with the non-defaulting Underwriters, or (B) terminate its obligations hereunder without liability, except pursuant to the provisions of Section 17, Section 20 or Section 21 in respect of the non-defaulting Underwriters;
- (c) No action taken pursuant to this Section 22 shall relieve the defaulting Underwriter from liability in respect of its default to the Company or to any non-defaulting Underwriter.
- (d) In the event of any such default which does not result in a termination of this Agreement, either the Underwriters or the Company shall have the right, acting reasonably, to postpone the Closing Date or any Over-Allotment Option Closing Date for a period not exceeding seven calendar days in order to effect any required changes to the Prospectus.

23. Notice

Any notice or other communication required or permitted to be given under this Agreement will be in writing and will be delivered by facsimile, e-mail or functionally equivalent electronic means of transmission to, as follows:

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

Ayr Strategies Inc.
590 Madison Ave., 26th Floor
New York, New York, 10022

Attention: Jonathan Sandelman
Telephone: 212-299-7676
Email: Jsandelman@mercercparklp.com

with a copy to:

Stikeman Elliott LLP
5300, 199 Bay Street
Toronto, ON M4L 1B9

- (ii) If to the Underwriters:

Canaccord Genuity Corp.
161 Bay Street, Suite 3000
Toronto, Ontario, M5J 2S1

Attention: Malcolm Inglis
Telephone: 416-687-5254
Email: minglis@cgf.com

with a copy to:

Dentons Canada LLP
1500, 850 – 2nd Street S.W.
Calgary, AB T2P 0R8

Attention: Dan Shea
Telephone: 403-268-3060
Email: dan.shea@dentons.com

or to such other address as any of the parties may designate by notice given to the others. Each notice shall be personally delivered to the addressee or sent by facsimile transmission to the addressee and: (i) a notice which is personally delivered shall, if delivered before 5:00 p.m. (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.

24. No Fiduciary Duty

The Company hereby acknowledges that each Underwriter is acting solely as principal in connection with the purchase and sale of the Securities. The Company further acknowledges that each Underwriter 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 Underwriters act or be responsible as fiduciaries to the Company, its management, shareholders or creditors or any other person in connection with any activity that the Underwriters may undertake or have undertaken in furtherance of the purchase and sale of the Securities, either before or after the date hereof. The Underwriters hereby expressly disclaim 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.

25. Authority of the Lead Underwriter and the Underwriters

All steps which must or may be taken by the Underwriters in connection with this Agreement, with the exception of the matters relating to termination contemplated by Section 16 or settlement of an indemnity claim contemplated by Section 20, shall be taken by the Lead Underwriter, acting on behalf of itself and the other Underwriters, and the execution of this Agreement shall constitute the Company's authority for accepting notification of any such steps from the Lead Underwriter. The Lead Underwriter shall, where reasonably practicable, consult with the other Underwriters concerning any matter in respect of which it acts as representative of the Underwriters hereunder.

26. Time of the Essence.

Time shall be of the essence of this Agreement.

27. United States Dollars.

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

28. Headings.

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

29. 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.

30. 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, communications, representations, understandings and agreements between the parties with respect to the subject matter hereof whether verbal or written. This Agreement may be amended or modified in any respect by written instrument only. Each Schedule attached to this Agreement is deemed to be part hereof and is hereby incorporated by reference.

31. 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.

32. 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.

33. Successors and Assigns.

The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Company, the Underwriters 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.

34. 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.

35. 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.

36. 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.

37. 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.

[The remainder of this page is left blank intentionally]

If this Agreement accurately reflects the terms of the transactions which we are to enter into and are agreed to by you, please communicate your acceptance by executing the enclosed copies of this Agreement where indicated and returning them to us.

Yours very truly,

CANACCORD GENUITY CORP.

Per: *(signed) Malcolm Inglis*

Authorized Signatory

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

BEACON SECURITIES LIMITED

Per: *(signed) Mario Maruzzo*

Authorized Signatory

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

ECHELON WEALTH PARTNERS INC.

Per: *(signed) Peter Graham*

Authorized Signatory

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

ROTH CANADA, ULC

Per: *(signed) Jacob Frank*

Authorized Signatory

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

PI FINANCIAL CORP.

Per: *(signed) Blake Corbet*

Authorized Signatory

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

AYR STRATEGIES INC.

Per: *(signed) Brad Asher*

Authorized Signatory

Schedule "A"

COMPLIANCE WITH UNITED STATES SECURITIES LAWS

For the purposes of this Schedule "A", capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Agreement to which this Schedule is annexed and the following terms shall have the meanings indicated:

"affiliate" means an **"affiliate"** within the meaning of Rule 405 under the U.S. Securities Act;

"Directed Selling Efforts" means "directed selling efforts" as that term is defined in Rule 902(c) of Regulation S. Without limiting the foregoing, but for greater clarity in this Schedule, it means, subject to the exclusions from the definition of directed selling efforts contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Securities, and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the offering of the Securities;

"Foreign Issuer" means a "foreign issuer" as that term is defined in Rule 902(e) of Regulation S. Without limiting the foregoing, but for greater clarity in this Schedule, it means any issuer which is (a) the government of any country other than the United States or of any political subdivision of a country other than the United States; or (b) a corporation or other organization incorporated or organized under the laws of any country other than the United States, except an issuer meeting the following conditions as of the last business day of its most recently completed second fiscal quarter: (1) more than 50 percent of the outstanding voting securities of such issuer are directly or indirectly owned of record by residents of the United States; and (2) any of the following; (i) the majority of the executive officers or directors are United States citizens or residents, (ii) more than 50 percent of the assets of the issuer are located in the United States, or (iii) the business of the issuer is administered principally in the United States;

"General Solicitation or General Advertising" means "general solicitation or general advertising", as used in Rule 502(c) of Regulation D under the U.S. Securities Act, including, but not limited to, any advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or the internet or broadcast over radio or television or the internet, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising;

"Offshore Transaction" means an "offshore transaction" as that term is defined in Rule 902(h) of Regulation S;

"Substantial U.S. Market Interest" means "substantial U.S. market interest" as that term is defined in Rule 902(j) of Regulation S; and

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

All other capitalized terms used but not otherwise defined in this Schedule "A" shall have the meanings assigned to them in the Agreement to which this Schedule "A" is attached.

A. Representations, Warranties and Covenants of the Company

The Company represents and warrants to and covenants with the Underwriters and their U.S. Affiliates, as at the date hereof and as of the Closing Date, that:

1. It is, and on the Closing Date will be, a Foreign Issuer with no Substantial U.S. Market Interest with respect to any of its securities.
2. Except with respect to offers and sales in accordance with this Schedule "A" to: (i) purchasers in the United States in reliance upon the exemption from the registration requirements of the U.S. Securities Act pursuant to Rule 144A and similar exemptions under applicable state securities laws; and (ii) persons outside the United States in Offshore Transactions in reliance upon the exclusion from the registration requirements of the U.S. Securities Act available pursuant to Rule 903 of Regulation S, neither the Company nor any of its affiliates, nor any person acting on any of their behalf (other than the Underwriters, the U.S. Affiliates, any Selling Firm members, their respective affiliates or any person acting on any of their behalf, in respect of which no representation, warranty or covenant is made), has made or will make: (A) any offer to sell, or any solicitation of an offer to buy, any Securities to a person in the United States; or (B) any sale of Securities unless, at the time the buy order was or will have been originated, the purchaser is (i) outside the United States or (ii) the Company, its affiliates, and any person acting on any of their behalf reasonably believe that the purchaser is outside the United States.
3. None of the Company, its affiliates, or any persons acting on any of their behalf (other than the Underwriters, the U.S. Affiliate, any Selling Firm member, their respective affiliates or any person acting on any of their behalf, in respect of which no representation, warranty or covenant is made) has made or will make any Directed Selling Efforts or has engaged or will engage in any form of General Solicitation or General Advertising or has acted in any manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act in the United States with respect to the Securities.
4. The Company is not, and as a result of the sales of the Securities will not be, an investment company registered or required to be registered under the United States Investment Company Act of 1940, as amended.
5. The Company has not sold, offered for sale or solicited any offer to buy and will not sell, offer for sale or solicit any offer to buy, during the period beginning six months prior to the start of the Offering and ending six months after the completion of the Offering, as applicable, any of its securities in the United States in a manner that would be integrated with and would cause available exemptions from the registration requirements of the U.S. Securities Act to be unavailable with respect to offers and sales of the Securities pursuant to this Schedule "A".
6. The Company will not take any action that would cause the exemptions from registration provided by Rule 144A or the exclusion from registration afforded by Rule 903 of Regulation S to be unavailable with respect to offers and sales of the Securities to purchasers pursuant to the Underwriting Agreement including this Schedule "A".
7. None of the Company, its affiliates or any person on behalf of any of them (other than the Underwriter, the U.S. Affiliate, any Selling Firm member, their respective affiliates or any person acting on any of their behalf, in respect of which no representation, warranty or covenant is made) has engaged or will engage in any violation of Regulation M under the U.S. Exchange Act in connection with this Offering.

8. None of the Equity Shares is part of a class listed on a national securities exchange registered under Section 6 of the U.S. Exchange Act, quoted in an automated interdealer system in the United States, or convertible or exchangeable at an effective conversion premium (calculated as specified in paragraph (a)(6) of Rule 144A) of less than ten percent for securities so listed or quoted.
9. For so long as any of the Equity Shares which have been sold in the United States in reliance upon Rule 144A are outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act, and if the Company is not subject to and in compliance with the reporting requirements of Section 13 or 15(d) of, or exempt from reporting pursuant to Rule 12g3-2(b) under, the U.S. Exchange Act, the Company will furnish to any holder of the Securities in the United States and any prospective purchaser of the Securities designated by such holder in the United States, upon request of such holder, the information required to be delivered pursuant to Rule 144A(d)(4) under the U. S. Securities Act (so long as such requirement is necessary in order to permit holders of the Securities to effect resales under Rule 144A).
10. The Company will, within prescribed time periods, prepare and file any forms or notices required under the U.S. Securities Act or applicable state Securities Laws in connection with the Offering.

B. Representations, Warranties and Covenants of the Underwriters

Each Underwriter represents and warrants to and covenants and agrees with the Company (on behalf of itself and its U.S. Affiliate), as of the date hereof and as of the Closing Date, that:

1. It acknowledges that the Securities have not been and will not be registered under the U.S. Securities Act or any U.S. state Securities Laws and may not be offered or sold except pursuant to an exclusion or exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state Securities Laws. It has offered and sold and will offer and sell the Securities only (i) outside the United States in Offshore Transactions in accordance with Rule 903 of Regulation S, or (ii) in the United States as provided in this Schedule “A”. Accordingly, neither the Underwriter, nor the U.S. Affiliate, nor any persons acting on any of their behalf: (i) have engaged or will engage in any Directed Selling Efforts; or (ii) except as permitted by this Schedule “A”, have made or will make (x) any offer to sell or any solicitation of an offer to buy, any of the Securities to any person in the United States, or (y) any sale of Securities to any purchaser unless, at the time the purchaser made its buy order therefor, the Underwriter, the U.S. Affiliate or other person acting on any of their behalf reasonably believed that such purchaser was outside the United States.
2. It has not entered and will not enter into any contractual arrangement with respect to the offer and sale of the Securities, except with the U.S. Affiliate, any Selling Firm member, or with the prior written consent of the Company.
3. It shall require the U.S. Affiliate, any Selling Firm member, and any other person permitted to participate with the consent of the Company to agree, for the benefit of the Company, to comply with, and shall use its best efforts to ensure that the U.S. Affiliate, any Selling Firm member, and any such other person complies with, the provisions of this Schedule “A” as if such provisions applied to such U.S. Affiliate, Selling Firm member or other person.
4. All offers and sales of the Securities in the United States will be effected by the U.S. Affiliate in accordance with all applicable U.S. federal and state broker-dealer requirements. Such U.S. Affiliate is, and will be on the date of each offer or sale of Securities in the United States, duly registered as a broker-dealer pursuant to Section 15(b) of the U.S. Exchange Act and the securities

laws of each state in which such offer or sale is made (unless exempted from the respective state's broker-dealer registration requirements) and a member of and in good standing with the Financial Industry Regulatory Authority, Inc.

5. Any offer, sale or solicitation of an offer to buy Securities that has been made or will be made to purchasers, was or will be made only to (i) Qualified Institutional Buyers in transactions that are exempt from the registration requirements of the U.S. Securities Act pursuant to Rule 144A and similar exemptions under applicable state Securities Laws, and (ii) persons outside the United States in Offshore Transactions that are excluded from registration pursuant to Rule 903 of Regulation S.
6. It will solicit, and will cause the U.S. Affiliate to solicit, offers for the Securities in the United States only from, and will offer the Securities only to, and it and they have offered and solicited only from and to Qualified Institutional Buyers in accordance with Rule 144A.
7. Immediately prior to soliciting such offerees, the Underwriter, its affiliates, including its U.S. Affiliate, and any person acting on its or their behalf had reasonable grounds to believe and did believe that each offeree was a Qualified Institutional Buyer, and at the time of completion of each sale in the United States, the Underwriter, its affiliates, including its U.S. Affiliate, and any person acting on its or their behalf will have reasonable grounds to believe and will believe, that each purchaser in the United States purchasing the Securities from such Underwriter or its U.S. Affiliate is a Qualified Institutional Buyer.
8. Offers and sales of Securities in the United States have not been and shall not be made by any form of General Solicitation or General Advertising or in any manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act.
9. At least one business day prior to the Closing Date, it shall provide the Company's transfer agent with a list of all purchasers of the Securities in the United States, together with their addresses (including state of residence), the number of the Securities purchased and the registration and delivery instructions for the Securities.
10. Prior to any sale of Securities in the United States, it shall cause each purchaser in the United States to execute and deliver to the Company, the Underwriter and the U.S. Affiliate, a Qualified Institutional Buyer Letter in the form attached as Exhibit I to the U.S. Offering Memorandum.
11. All purchasers of the Securities in the United States shall be informed that the Securities have not been and will not be registered under the U.S. Securities Act and applicable state Securities Laws and are being offered and sold to such purchasers in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A and similar exemptions under applicable U.S. state securities laws.
12. None of the Underwriter, the U.S. Affiliate, or any person acting on its or their behalf has engaged or will engage in any violation of Regulation M under the U.S. Exchange Act in connection with this Offering.
13. At Closing, the Underwriter, together with the U.S. Affiliate, will provide a certificate, substantially in the form of Exhibit A to this Schedule "A", relating to the manner of the offer and sale of the Securities in the United States, or will be deemed to have represented and warranted for the benefit of the Company that they did not offer or sell Securities in the United States.

EXHIBIT A
UNDERWRITERS' CERTIFICATE

In connection with the private placement in the United States of the Offered Shares of Ayr Strategies Inc. (the "**Company**") pursuant to the underwriting agreement dated effective ● among the Company and the Underwriters named therein (the "**Underwriting Agreement**"), and the placement agent in the United States for such Underwriter (the "**U.S. Affiliate**"), each of the undersigned does hereby certify in favour of the Company as follows:

- (a) the U.S. Affiliate is, and at all relevant times was, a duly registered broker or dealer with the United States Securities and Exchange Commission and is a member of and in good standing with the Financial Industry Regulatory Authority, Inc. on the date hereof and the date on which each offer was made by it in the United States, and all offers and sales of the Securities in the United States have been effected by the U.S. Affiliate in compliance with all U.S. federal and state broker-dealer requirements;
- (b) immediately prior to making any offers in the United States, we had reasonable grounds to believe and did believe that each purchaser in the United States was a Qualified Institutional Buyer, and, on the date hereof, we continue to believe that each such purchaser in the United States purchasing the Securities is a Qualified Institutional Buyer;
- (c) no form of General Solicitation or General Advertising was used by us, including, but not limited to, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television or the internet or any seminar or meeting whose attendees had been invited by General Solicitation or General Advertising, in connection with the offer or sale of the Securities in the United States;
- (d) prior to any sale of the Securities in the United States, such purchaser in the United States duly executed, at the time of purchase, the Qualified Institutional Buyer Letter attached as Exhibit I to the U.S. Offering Memorandum and such purchaser was provided with a copy of the U.S. Offering Memorandum a reasonable time prior to confirming such sale;
- (e) neither we nor the U.S. Affiliate have taken or will take any action that would constitute a violation of Regulation M under the U.S. Exchange Act; and
- (f) the offering of the Securities has been conducted by us in accordance with the terms of the Underwriting Agreement, including Schedule "A" thereto.

Terms used in this certificate have the meanings given to them in the Underwriting Agreement, including Schedule "A" thereto, unless otherwise defined herein.

[signature page follows]

DATED this _____ day of _____, ●.

[Underwriter]

[U.S. Broker-Dealer Affiliate of Underwriter]

By: _____

By: _____

Name:

Name:

Title:

Title: