

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT (the “**Agreement**”) is made as of June 13, 2018 (the “**Effective Date**”).

BETWEEN:

PRAIRIE PLANT SYSTEMS INC., a corporation incorporated under the laws of Saskatchewan

(“**PPS**”)

AND:

AUSTRALIS CAPITAL INC., a corporation incorporated under the laws of Alberta

(“**SpinCo**”)

WHEREAS:

A. Pursuant to a Securities Purchase Agreement dated May 18, 2018 between SubTerra, PPS and Brenton H. Zetl (the “**Purchase Agreement**”), PPS sold its remaining interest in SubTerra LLC (“**SubTerra**”) in exchange for, among other things, the following (capitalized terms are as defined in the Purchase Agreement):

- (a) the Earnout Payment, which includes:
 - (i) the payment by SubTerra to PPS of five percent (5%) of the gross revenues of SubTerra earned annually from the sale of cannabis and cannabis-based products grown and/or processed at SubTerra’s facility during the period commencing June 1, 2018 and ending May 31, 2028; and
 - (ii) a payment by SubTerra to PPS of \$150,000.00 annually during the period commencing June 1, 2018 and ending May 31, 2028;
- (b) the grant of an option to purchase a parcel of land located in White Pine, Michigan for a period of two years for a price of \$3,000, as further described in an option agreement dated May 18, 2018 (the “**Option Agreement**”),

B. PPS wishes to assign to SpinCo and SpinCo has agreed to assume, the Earnout Payment and the Option Agreement on the terms and conditions set out in this Agreement.

NOW THEREFORE in consideration of the payment of the Purchase Price by SpinCo to PPS and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, the parties hereby covenant and agree as follows:

1. Assignment of Earnout Payment and Option Agreement

1.1 PPS hereby assigns to SpinCo all of PPS’s property, right, title, interest and obligations in and to the Earnout Payment and the Option Agreement for the use of SpinCo absolutely, free and clear

of any lien, claim, charge, pledge, hypothecation, security interest, mortgage, title retention agreement, option or encumbrance of any nature or kind whatsoever (collectively, the “**Liens**”).

- 1.2 SpinCo hereby agrees to accept such assignment and acquire the entire beneficial right, title and interest in and to the Earnout Payment and the Option Agreement, and to assume, perform and observe all covenants, conditions, and obligations of PPS under the Option Agreement.

2. **Payment of Purchase Price**

- 2.1 The purchase price payable by SpinCo for the assignment of the Earnout Payment and the Option Agreement is the aggregate of \$1,400,000 which shall be satisfied by SpinCo issuing to PPS a non-interest bearing demand promissory note in the amount of the Purchase Price.

3. **Warranties and Representations**

- 3.1 PPS warrants and represents to SpinCo that:
 - (a) PPS has the requisite capacity, power and authority to execute this Agreement and the other agreements, documents and instruments required to be delivered hereby and to perform the obligations to which it thereby becomes subject;
 - (b) the execution and delivery of this Agreement in accordance with the terms of this Agreement are not and will not be in violation or breach of, or be in conflict with or require any consent, authorization or approval under any law applicable to PPS;
 - (c) PPS legally and beneficially owns the Earnout Payment and Option Agreement with good and marketable title free and clear of any Liens, adverse claims or claims of others;
 - (d) no person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming a right, agreement or option to acquire the Earnout Payment and Option Agreement or any of PPS’s rights under the Option Agreement (other than as provided by this Agreement);
 - (e) no consent, approval, license, permit, order or authorization of, or registration, declaration or filing with, or permit from, any governmental authority or other third party is required to be obtained or made by or with respect to PPS in connection with the execution, delivery and performance of this Agreement or the completion of the transactions contemplated hereby.
 - (f) PPS is not in any way subject or party to any unsatisfied judgments, consent decrees, injunctions, litigation, proceedings, actions or claims (and to the best of the knowledge of PPS no such matters are pending or threatened against it) which could result in a judgment against it leading to the impairment or loss of its interest in the Earnout Payment and Option Agreement; and
 - (g) this Agreement has been duly executed and delivered by it and this Agreement constitutes, and all other documents executed and delivered on behalf of PPS hereunder shall, when executed and delivered constitute, legal, valid and binding obligations of PPS enforceable in accordance with their respective terms and conditions, subject to the qualification that such enforceability may be subject to: (i) bankruptcy, insolvency, fraudulent preference, reorganization or other laws affecting creditors’ rights generally,

and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at equity or law).

3.2 SpinCo warrants and represents to PPS that:

- (a) SpinCo has the requisite capacity, power and authority to execute this Agreement and the other agreements, documents and instruments required to be delivered hereby and to perform the obligations to which it thereby becomes subject;
- (b) the execution and delivery of this Agreement in accordance with the terms of this Agreement are not and will not be in violation or breach of, or be in conflict with or require any consent, authorization or approval under any law applicable to SpinCo; and
- (c) this Agreement has been duly executed and delivered by it and this Agreement constitutes, and all other documents executed and delivered on behalf of it hereunder shall, when executed and delivered constitute, legal, valid and binding obligations of it enforceable in accordance with their respective terms and conditions, subject to the qualification that such enforceability may be subject to: (i) bankruptcy, insolvency, fraudulent preference, reorganization or other laws affecting creditors' rights generally, and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at equity or law).

4. **Closing Deliveries**

4.1 PPS's Deliveries. Concurrent with the execution of this Agreement, PPS shall deliver or cause to be delivered to SpinCo:

- (a) such other instruments of conveyance, assignment and transfer as shall be effective to vest in SpinCo all of PPS's property, right, title and interest in, to and under the Earnout Payment and Option Agreement; and
- (b) such other documents and instruments as may be reasonably necessary to complete the transactions set out in this Agreement.

4.2 SpinCo's Deliveries. Concurrent with the execution of this Agreement, SpinCo shall deliver or cause to be delivered to PPS:

- (a) the Promissory Note; and
- (b) such other documents and instruments as may be reasonably necessary to complete the transactions set out in this Agreement.

5. **General**

5.1 All notices, demands and payments required or permitted to be given must be in writing and may be delivered personally, sent by facsimile, sent by email, or by first-class prepaid registered mail to the addresses as follows:

(a) If to PPS:

1 Plant Technology Road
Box 19A, RR #5
Saskatoon SK S7K 3J8

Attention: John W. Knowles, Chief Financial Officer
Email: jlk@cannimed.com

(b) If to SpinCo:

Suite 500, 10355 Jasper Avenue
Edmonton, Alberta T5J 1Y6

Attn: Jillian Swainson, General Counsel
Email: jill@auroramj.com

or to other such addresses as may from time to time be provided in writing by the parties and will be deemed to have been received (a) if delivered, at the time of delivery; (b) if given by facsimile or email, at the time of the transmission; and (c) if given by mail, on the third day after the mailing of the letter.

- 5.2 Each of the parties hereto shall execute and deliver all further documents and perform all other acts as may be necessary or desirable to give effect to the terms of this Agreement.
- 5.3 This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.
- 5.4 Neither this Agreement nor any of the rights or obligations under this Agreement, including any right to payment, may be assigned or transferred, in whole or in part, by any party without the prior written consent of the other party.
- 5.5 No amendment, modification or discharge of this Agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing and duly executed by the party against whom enforcement of the amendment, modification, discharge or waiver is sought.
- 5.6 If a court of other tribunal of competent jurisdiction determines that any one or more of the provisions contained in this Agreement is invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions shall not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, unless in either case as a result of such determination this Agreement would fail in its essential purpose.
- 5.7 This Agreement and each document contemplated by or delivered under or in connection with this Agreement shall be governed by and interpreted in accordance with the Laws of the Province of British Columbia and the federal laws of Canada applicable therein, and each of the parties irrevocably attorns to the exclusive jurisdiction of the courts of the Province of British Columbia.

- 5.8 This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, oral or written, by and between any of the parties with respect to the subject matter hereof.
- 5.9 This Agreement, and any amendment hereto, may be executed in counterpart and/or by facsimile, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument. Transmission of an executed counterpart by facsimile or other electronic means shall be deemed to constitute due and sufficient delivery of such counterpart.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement.

PRAIRIE PLANT SYSTEMS INC.

By: *“Steve Dobler”*

Authorized Signatory

AUSTRALIS CAPITAL INC.

By: *“Steve Dobler”*

Authorized Signatory