

AGENCY AGREEMENT

November 7, 2018

Heritage Cannabis Holdings Corp.
929 Mainland Street
Vancouver, British Columbia V6B 1S3

Attention: Clint Sharples, Chairman and interim Chief Executive Officer

Dear Sirs/Mesdames:

The undersigned, Cormark Securities Inc., as sole bookrunner and lead agent (the “**Lead Agent**”), and Canaccord Genuity Corp. (together with the Lead Agent, the “**Agents**”), understand that Heritage Cannabis Holdings Corp. (the “**Corporation**”) proposes to issue and sell up to 30,000,000 special warrants of the Corporation (the “**Special Warrants**”) at a price of \$0.25 per Special Warrant (the “**Issue Price**”) on a best efforts private placement basis for aggregate gross proceeds of up to \$7,500,000 (the “**Offering**”). In addition, the Corporation has granted to the Agents an option (the “**Agents’ Option**”), exercisable in whole or in part, up to the Closing Time (as defined herein), to arrange for the purchase of up to an additional 4,500,000 Special Warrants at the Issue Price. The Corporation will be entitled to arrange for the sale of up to an aggregate of 9,565,000 Special Warrants directly to one or more Purchasers (as defined herein) (the “**President’s List**”).

The Special Warrants will be duly and validly created and issued pursuant to, and governed by, a special warrant indenture (the “**Special Warrant Indenture**”) to be entered into effective on the Closing Date (as defined herein) between the Corporation and Computershare Trust Company of Canada (or such other trust company determined by the Corporation and the Lead Agent), as special warrant agent in respect of the Special Warrants (the “**Special Warrant Agent**”). Each Special Warrant shall entitle the holder thereof to receive, subject to adjustment in certain circumstances and the Penalty Provision (as defined herein) and without payment of additional consideration and without further action on the part of the holder, one unit of the Corporation (a “**Unit**”). Each Unit will be comprised of one common share in the capital of the Corporation (a “**Common Share**”) and one Common Share purchase warrant (a “**Warrant**”). Each Warrant will entitle the holder to purchase one Common Share at a price of \$0.35 until the date that is the earlier of (i) 30 months following the Closing Date; and (ii) the date specified in any Warrant Acceleration Notice (as defined herein).

The Corporation will use its commercially reasonable efforts to obtain a final receipt (the “**Final Receipt**”) from the the British Columbia Securities Commission (the “**BCSC**”), on behalf of the securities regulatory authorities in each of the Qualifying Jurisdictions (as defined herein), for the Final Prospectus (as defined herein) before 5:00 p.m. (Toronto time) on January 6, 2019 (the “**Qualification Deadline**”).

All unexercised Special Warrants shall be deemed exercised on behalf of, and without any required action on the part of, the holders (including payment of additional consideration) at the earlier of (the “**Automatic Exercise Date**”):

- (i) the third Business Day (as defined herein) following the date on which a Final Receipt is obtained from the BCSC, on behalf of the Securities Commissions, for the filing of the Final Prospectus pursuant to National Instrument 44-101 - *Short Form Prospectus Distributions* (the “**Qualification Date**”); and

- (ii) 4:59 p.m. (Toronto time) on the date which is four months and a day following the Closing Date.

If the Qualification Date has not occurred on or before the Qualification Deadline, each Special Warrant shall thereafter entitle the holder to receive upon exercise, for no additional consideration, 1.1 Units (the “**Penalty Provision**”). The Units issuable pursuant to the Penalty Provision shall be qualified under the Final Prospectus. In the event that the Corporation fails to obtain the Final Receipt by the Qualification Deadline, the Corporation shall nonetheless continue to use its best efforts to obtain the Final Receipt as soon as possible following the Qualification Deadline.

If, at any time after the earlier of a Final Receipt or the date which is four months and a day following the Closing Date, the volume-weighted average trading price of the Common Shares is equal to or greater than \$0.50 for any 20 consecutive trading day period, the Corporation may provide written notice (a “**Warrant Acceleration Notice**”) to the Warrant Agent (as defined herein) that the expiry time of the Warrants shall be accelerated to the date which is 30 days after the date of such Warrant Acceleration Notice. The Special Warrants will be exercisable by the holders thereof at any time after the Closing Date for no additional consideration.

The description of the Special Warrants herein is a summary only and is subject to the specific attributes and detailed provisions of the Special Warrants to be set forth in the Special Warrant Indenture. In the case of any inconsistency between the description of the Special Warrants in this Agreement and their terms and conditions as set forth in the Special Warrant Indenture, the provisions of the Special Warrant Indenture will govern. The description of the Warrants herein is a summary only and is subject to the specific attributes and detailed provisions of the Warrants to be set forth in the Warrant Indenture (as defined herein). In the case of any inconsistency between the description of the Warrants in this Agreement and their terms and conditions as set forth in the Warrant Indenture, the provisions of the Warrant Indenture will govern.

Upon and subject to the terms and conditions set forth herein, the Agents hereby agree to act, and upon acceptance hereof, the Corporation hereby appoints the Agents, as the Corporation’s exclusive agents, to offer for sale by way of private placement on a “best efforts” agency basis, without underwriter liability, the Special Warrants to be issued and sold pursuant to the Offering and the Agents agree to arrange for Purchasers in the Designated Jurisdictions (as defined herein) and in those jurisdictions outside Canada where the Special Warrants may lawfully be sold pursuant to the terms and conditions hereof.

In consideration of the services to be rendered by the Agents hereunder, the Agents will receive a cash fee (the “**Agents’ Commission**”) equal to 6% of the gross proceeds received by the Corporation from the Offering (including any gross proceeds from the sale of the additional Special Warrants pursuant to the Agents’ Option). As additional consideration for the services to be rendered by the Agents hereunder, the Agents shall be issued broker warrants (the “**Broker Special Warrants**”) equal to 6% of the aggregate number of Special Warrants sold hereunder (including from the sale of the additional Special Warrants pursuant to the Agents’ Option). Each Broker Special Warrant will entitle the holder thereof to receive one broker warrant of the Corporation (each a “**Broker Warrant**”) on the exercise or deemed exercise of each Broker Special Warrant. The Broker Warrants will be qualified for distribution under the Final Prospectus. Each Broker Warrant will entitle the holder to purchase one Unit at the Issue Price for a period of 30 months after the Closing Date. Notwithstanding the foregoing, no Agents’ Commission will be payable or Broker Special Warrants issuable on any Special Warrants issued to Purchasers on the President’s List who do not settle through a broker.

The parties acknowledge that the Special Warrants, the Broker Special Warrants, the Broker Warrants, the Common Shares and Warrants issuable upon exercise of the Special Warrants and the Broker Warrants, as

applicable, and the Warrant Shares issuable upon exercise of the Warrants have not been and will not be registered under the U.S. Securities Act (as defined herein) or the securities laws of any state of the United States and may not be offered or sold in the United States, or to or for the account or benefit of, U.S. Persons (as defined herein), except pursuant to exemptions from the registration requirements of the U.S. Securities Act and the applicable laws of any state of the United States in the manner specified in this Agreement and pursuant to the representations, warranties, acknowledgments, agreements and covenants of the Corporation and the Agents and the U.S. Affiliates (as defined herein) contained in Schedule "A" hereto. All actions to be undertaken by the Agents in the United States or to, or for the account or benefit of, U.S. Persons in connection with the matters contemplated herein shall be undertaken through the U.S. Affiliates.

The Agents shall be entitled (but not obligated) in connection with the Offering to retain as sub-agents other registered securities dealers and may receive subscriptions for Special Warrants from subscribers from other registered dealers, at no additional cost to the Corporation. The fee payable to any such Selling Firm (as defined herein) shall be for the account of the Agents.

The Offering is conditional upon and subject to the additional terms and conditions set forth below. The following are the terms and conditions of the agreement between the Corporation and the Agents:

Section 1. Definitions and Interpretation

(a) In this Agreement:

"Accredited Investor" means an "accredited investor" within the meaning of Rule 501(a) of Regulation D under the U.S. Securities Act;

"ACMPR" means the Access to Cannabis for Medical Purposes Regulations;

"ACMPR Licences" has the meaning given to that term in Section 6(sss) of this Agreement;

"Acts" has the meaning given to that term in Section 6(yyy) of this Agreement;

"affiliate", **"associate"**, **"distribution"**, **"material change"**, **"material fact"**, and **"misrepresentation"** have the respective meanings given to them in the Ontario Act;

"Agents" has the meaning given to that term on the face page of this Agreement;

"Agents' Commission" shall have the meaning ascribed thereto on the second page of this Agreement;

"Agents' Information" has the meaning given to that term in Section 3(g)(i) of this Agreement;

"Agents' Option" has the meaning given to that term on the face page of this Agreement;

"Agreement" means this Agency Agreement and not any particular article or section or other portion except as may be specified and words such as "hereof", "hereto", "herein" and "hereby" refer to this Agreement as the context requires;

"Automatic Exercise Date" has the meaning given to that term on the face page of this Agreement;

"BCSC" has the meaning given to that term on the face page of this Agreement;

“**Broker Special Warrant Certificates**” means the definitive certificates representing the Broker Special Warrants in a form acceptable to the Agents and the Corporation;

“**Broker Special Warrants**” has the meaning given to that term on the second page of this Agreement;

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

“**Business Day**” means a day other than a Saturday, Sunday or any other day on which the principal chartered banks located in Toronto, Ontario or Vancouver, British Columbia are not open for business;

“**Canadian Securities Laws**” means, collectively, all applicable securities laws of each of the Qualifying Jurisdictions and the respective rules and regulations under such laws together with applicable published policy statements, blanket orders, instruments and notices of the Securities Commissions and all discretionary orders or rulings, if any, of the Securities Commissions made in connection with the transactions contemplated by this Agreement;

“**CannaCure Agreement**” means the Definitive Agreement dated as of October 18, 2018 among the Corporation, CannaCure Corporation and 2659938 Ontario Limited providing for the amalgamation of CannaCure Corporation and 2659938 Ontario Limited;

“**CannaCure Transaction**” means the amalgamation of CannaCure Corporation and 2659938 Ontario Limited as provided for in the CannaCure Agreement;

“**CDS**” means CDS Clearing and Depository Services Inc.;

“**Claims**” has the meaning given to that term in Section 11(a) of this Agreement;

“**Closing**” means, with respect to the Special Warrants, the completion of the issue and sale by the Corporation of the Special Warrants pursuant to this Agreement;

“**Closing Date**” means November 7, 2018 or such other date as the Corporation and the Lead Agent may agree;

“**Closing Time**” means the time of Closing on the Closing Date;

“**Common Share**” has the meaning given to that term on the face page of this Agreement;

“**Corporation**” has the meaning given to that term on the face page of this Agreement;

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

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

“**Designated Jurisdictions**” means, collectively, each of the provinces of British Columbia, Alberta and Ontario, and such other provinces and territories of Canada as may be agreed to by the Corporation and the Lead Agent, excluding the Province of Quebec;

“**Disclosure Documents**” means, collectively, all of the documentation which has been filed by or on behalf of the Corporation with the relevant Securities Commissions pursuant to the requirements of

applicable Securities Laws, including all press releases, material change reports (excluding any confidential material change report) and financial statements of the Corporation since January 1, 2017;

“Documents Incorporated by Reference” means all financial statements, management information circulars, annual information forms, material change reports, business acquisition reports, Marketing Materials or other documents filed by the Corporation on SEDAR, whether before or after the date of this Agreement, that are required by applicable Canadian Securities Laws to be incorporated by reference into the Preliminary Prospectus, the Final Prospectus or any Supplementary Material, as applicable;

“Engagement Letter” means the letter agreement dated October 17, 2018 between the Corporation and the Lead Agent relating to the Offering;

“Environmental Laws” means any federal, provincial, state, local or municipal statute, law, rule, regulation, ordinance, code, policy or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of Hazardous Materials or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials;

“Environmental Permits” means permits, authorizations and approvals required under any applicable Environmental Laws to carry on business as currently conducted;

“Final Prospectus” means the final prospectus of the Corporation, including all Documents Incorporated by Reference, to be approved, signed and certified in accordance with the Canadian Securities Laws, relating to the qualification for distribution the Common Shares and Warrants to be issued upon exercise or deemed exercise of the Special Warrants (as well as the Broker Warrants) under applicable Canadian Securities Laws;

“Final Receipt” has the meaning given to that term on the face page of this Agreement;

“Financial Statements” means, collectively, (a) the unaudited condensed consolidated interim financial statements of the Corporation for the three and nine months ended July 31, 2018 and 2017; and (b) the audited consolidated financial statements of the Corporation as at and for the years ended October 31, 2017 and 2016, and any other financial statements of the Corporation included in the Documents Incorporated by Reference, including the notes to such statements and the related auditors’ report on such statements, where applicable, prepared in accordance with IFRS;

“Governmental Authority” means any governmental authority and includes, without limitation, any national or federal government, province, state, municipality or other political subdivision of any of the foregoing, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing;

“Hazardous Materials” means chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products;

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board, or any successor entity, applicable as at the date on which such principles are applied;

“including” means including without limitation;

“**Indemnified Party**” or “**Indemnified Parties**” has the meaning given to that term in Section 11(a) of this Agreement;

“**Intellectual Property**” has the meaning given to that term in Section 6(kk) of this Agreement;

“**Issue Price**” has the meaning given to that term on the face page of this Agreement;

“**knowledge of the Corporation**” (or similar phrases) means, with respect to the Corporation, the knowledge of Clint Sharples, Debra Senger and Patrick Gagne after due and diligent inquiry;

“**Laws**” means the Securities Laws, the Environmental Laws and all other statutes, regulations, statutory rules, orders, by-laws, codes, ordinances, decrees, the terms and conditions of any grant of approval, permission, authority or licence, or any judgment, order, decision, ruling, award, policy or guideline, of any Governmental Authority, and the term “applicable” with respect to such Laws and in the context that refers to one or more persons, means that such Laws apply to such person or persons or its or their business, undertaking, property or securities and emanate from a Governmental Authority, having jurisdiction over the person or persons or its or their business, undertaking, property or securities;

“**Lead Agent**” has the meaning given to that term on the face page of this Agreement;

“**Leased Premises**” means the premises which are material to the Corporation or any Subsidiary, and which the Corporation or any Subsidiary occupies as a tenant;

“**Liens**” means any mortgage, charge, pledge, encumbrance, hypothec, security interest, prior claim, demand or lien (statutory or otherwise), in each case, whether contingent or absolute;

“**Losses**” has the meaning given to that term in Section 11(a) of this Agreement;

“**Marketing Materials**” has the meaning given to that term in NI 41-101;

“**Material Adverse Effect**” means the effect resulting from any change (including a decision to implement such a change made by the board of directors or by senior management who believe that confirmation of the decision of the board of directors is probable), event, violation, inaccuracy or circumstance that is materially adverse to the business, assets (including intangible assets), liabilities, capitalization, ownership, prospects, financial condition, or results of operations of the Corporation and its Subsidiaries, taken as a whole;

“**Material Agreement**” means any material contract, commitment, agreement (written or oral), instrument, lease or other document, including the CannaCure Agreement, licence agreements and agreements relating to Intellectual Property, to which the Company or any Subsidiary are a party or to which its property or assets are otherwise bound;

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

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

“**NI 45-106**” means National Instrument 45-106 - *Prospectus Exemptions*;

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

“**NI 52-110**” means National Instrument 52-110 - *Audit Committees*;

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

“**Offering**” has the meaning given to that term on the face page of this Agreement;

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

“**Owned Real Property**” means the property, including 13 acres of land and related structures, located in Falkland, British Columbia, known as the Falkland Property, owned by the Corporation;

“**Passport System**” means the procedures described under Multilateral Instrument 11-102 – *Passport System* and NP 11-202;

“**Penalty Provision**” shall have the meaning ascribed thereto on the second page of this Agreement;

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

“**PhyeinMed**” means PhyeinMed Inc., a corporation existing under the *Business Corporations Act* (British Columbia);

“**Preliminary Prospectus**” means the preliminary prospectus of the Corporation, including all Documents Incorporated by Reference, to be approved, signed and certified in accordance with the Canadian Securities Laws, relating to the qualification for distribution of the Units under applicable Canadian Securities Laws;

“**Preliminary Receipt**” means a receipt for the Preliminary Prospectus issued in accordance with the Passport System;

“**President’s List**” has the meaning given to that term on the face page of this Agreement;

“**Principal Securityholders**” has the meaning given to that term in Section 5(l) of this Agreement;

“**Purchasers**” means the persons who (as purchasers or beneficial purchasers) acquire Special Warrants by duly completing, executing and delivering Subscription Agreements;

“**Qualification Date**” means the date the Final Receipt is issued by the BCSC, as principal regulator, on its own behalf and on behalf of each of the other Securities Commissions, for the Final Qualification Prospectus qualifying the distribution in the Qualifying Jurisdictions of the Units;

“**Qualification Deadline**” has the meaning given to that term on the face page of this Agreement;

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

“**Qualifying Jurisdictions**” means each of the Designated Jurisdictions in Canada in which Purchasers are resident;

“**Regulation D**” means Regulation D adopted by the SEC under the U.S. Securities Act;

“**Rule 144A**” means Rule 144A adopted by the SEC under the U.S. Securities Act;

“**SEC**” means the United States Securities and Exchange Commission;

“**Securities Commissions**” means collectively, the applicable securities commission or securities regulatory authority in each of the Qualifying Jurisdictions (including the CSE) and, if applicable, the SEC and any applicable securities regulatory authority of any state of the United States;

“**Securities Laws**” means, unless the context otherwise requires, the Canadian Securities Laws, the U.S. Securities Laws and all applicable securities laws in each of the Designated Jurisdictions, the respective regulations made thereunder, together with applicable published fee schedules, prescribed forms, policy statements, multilateral and national instruments, orders, blanket rulings, notices and other regulatory instruments of the securities regulatory authorities in such jurisdictions;

“**Selling Firm**” has the meaning given to that term in Section 4(a) of this Agreement;

“**Special Warrants**” has the meaning given to that term on the face page of this Agreement;

“**Special Warrant Agent**” has the meaning given to that term on the face page of this Agreement;

“**Special Warrant Indenture**” has the meaning given to that term on the face page of this Agreement;

“**Subscription Agreements**” means, collectively, the subscription agreements for the Special Warrants, in the forms agreed upon by the Agents and the Corporation pursuant to which Purchasers agree to subscribe for and purchase the Special Warrants pursuant to the Offering as herein contemplated and shall include, for certainty, all schedules thereto; and “**Subscription Agreement**” means any one of them, as the context requires;

“**Subsidiaries**” means each of 1005477 B.C. Ltd., Umbral Energy, LLC, Mainstrain Market Ltd. and PhyeinMed (and after the completion of the CannaCure Transaction shall include the corporation resulting from the amalgamation of CannaCure Corporation and 2659938 Ontario Limited), and “**Subsidiary**” means any one of them;

“**Supplementary Material**” means, collectively, any amendment to the Preliminary Prospectus or the Final Prospectus, or any amended or supplemental prospectus or ancillary materials that may be filed by or on behalf of the Corporation under the Canadian Securities Laws relating to the qualification for distribution of the Units under applicable Canadian Securities Laws;

“**Tax Act**” means the *Income Tax Act* (Canada);

“**Taxes**” has the meaning given to that term in Section 6(cc) of this Agreement;

“**Transaction Documents**” means, collectively, this Agreement, the Subscription Agreements, the Special Warrant Indenture, the Warrant Indenture, and the certificates, if any, representing the Special Warrants, the Broker Special Warrants, the Broker Warrants, the Common Shares, the Warrants and the Warrant Shares;

“**Transfer Agent**” means the registrar and transfer agent for the Common Shares, currently Computershare Investor Services Inc.;

“**U.S. Affiliate**” means an Agent’s duly registered broker-deal affiliate in the United States;

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

“**U.S. Person**” means a “U.S. person”, as such term is defined in Rule 902(k) of Regulation S under the U.S. Securities Act;

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

“**U.S. Securities Laws**” means the United States federal securities laws, including, without limitation, the U.S. Securities Act and the U.S. Exchange Act and the rules and regulations promulgated thereunder and as may be amended from time to time, and applicable state securities laws;

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

“**Unit**” has the meaning given to that term on the face page of this Agreement;

“**Warrant**” has the meaning given to that term on the face page of this Agreement;

“**Warrant Acceleration Notice**” shall have the meaning ascribed thereto on the second page of this Agreement;

“**Warrant Agent**” means Computershare Trust Company of Canada, as warrant agent under the Warrant Indenture;

“**Warrant Certificates**” means certificates representing the Warrants;

“**Warrant Indenture**” means the warrant indenture pursuant to which the Warrants will be created and issued dated as of the Closing Date and entered into between the Corporation and the Warrant Agent; and

“**Warrant Shares**” has the meaning given to that term on the face page of this Agreement.

- (b) The division of this Agreement into sections, subsections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or the interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to sections, subsections, paragraphs and other subdivisions are to sections, subsections, paragraphs and other subdivisions of this Agreement.
- (c) Unless otherwise expressly provided in this Agreement, (i) words importing only the singular number include the plural and vice versa and words importing gender include all genders; and (ii) all references to dollars or “\$” are to Canadian dollars.

Section 2. Offering

- (a) **The Offering.** The Corporation hereby appoints the Agents to act as exclusive agents to offer and sell the Special Warrants on a private placement basis and the Agents hereby accept such appointment. Notwithstanding anything to the contrary contained herein or any oral representations or assurances previously or subsequently made by the parties hereto, this Agreement does not constitute a commitment by, or legally binding obligation of, the Agents or any of their respective affiliates to act as underwriters, initial purchasers, arrangers, and/or

placement agents in connection with any offering of securities of the Corporation, including the Special Warrants, or to provide or arrange any financing, other than the appointment as agent in connection with the Offering in accordance with the prior sentence and otherwise on the terms set forth herein.

- (b) **Sale on Exempt Basis.** The Agents shall use their “best efforts” to arrange for the purchase of the Special Warrants:
 - (i) in the Designated Jurisdictions on a private placement basis in compliance with applicable Canadian Securities Laws;
 - (ii) in the United States and to, or for the account or benefit of, U.S. Persons that are Qualified Institutional Buyers or Accredited Investors in compliance with Schedule “A” hereto; and
 - (iii) in such other jurisdictions as may be agreed upon between the Corporation and the Agents, on a private placement basis in compliance with all applicable Securities Laws of such other jurisdictions provided that no prospectus, registration statement or similar document is required to be filed in such jurisdiction, no registration or similar requirement would apply with respect to the Corporation in connection with the Offering in such other jurisdiction and the Corporation does not become subject to ongoing continuous disclosure obligations in such other jurisdictions.

- (c) **Filings.** The Corporation undertakes to file or cause to be filed all forms or undertakings required to be filed by the Corporation in connection with the issue and sale of the Special Warrants such that the distribution of the Special Warrants may lawfully occur without the necessity of filing a prospectus, a registration statement or an offering memorandum in Canada, the United States or elsewhere, and the Agents undertake to use their best efforts to cause the Purchasers arranged by the Agents to complete any forms required by Canadian Securities Laws or other applicable Securities Laws. All fees payable in connection with such filings shall be at the expense of the Corporation.

- (d) **No Offering Memorandum.** Neither the Corporation nor the Agents shall: (i) provide to prospective Purchasers any document or other material or information that would constitute an offering memorandum within the meaning of Canadian Securities Laws; or (ii) engage in any form of general solicitation or general advertising in connection with the offer and sale of the Special Warrants, including but not limited to, causing the sale of the Special Warrants to be advertised in any newspaper, magazine, printed public media, printed media or similar medium of general and regular paid circulation, broadcast over radio, television or telecommunications, including electronic display, or conduct any seminar or meeting relating to the offer and sale of the Special Warrants whose attendees have been invited by general solicitation or advertising.

- (e) **Press Releases.** In order to comply with applicable U.S. Securities Laws, any press release announcing or otherwise concerning the Offering shall include an appropriate notation as follows: “*Not for dissemination in the United States or through U.S. newswire services*”. In addition, any such press release shall contain the following disclaimer: “*The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.*”

Section 3. Filing of Preliminary Prospectus and Final Prospectus

- (a) **Preliminary Prospectus.** The Corporation covenants with the Agents that: (i) the Corporation shall use commercially reasonable efforts to file the Preliminary Prospectus, in form and substance satisfactory to the Agents, acting reasonably, with the Securities Commissions in the Qualifying Jurisdictions under the Canadian Securities Laws pursuant to the Passport System and NP 11-202 and shall designate the BCSC as the principal regulator thereunder, together with the required supporting documents; and (ii) following receipt of the Preliminary Receipt, the Corporation shall use commercially reasonable efforts to promptly resolve all comments received and deficiencies raised by the Securities Commissions.
- (b) **Final Prospectus.** The Corporation covenants and agrees to use its commercially reasonable efforts to, as soon as practicable after all comments of the Securities Commissions have been satisfied with respect to the Preliminary Prospectus, prepare and file the Final Prospectus, in form and substance satisfactory to the Agents, with the Securities Commissions under the Canadian Securities Laws, together with the required supporting documents, and obtain the Final Receipt from the BCSC, as principal regulator, as soon as possible after the filing of the Final Prospectus, and, in any event, use its reasonable commercial efforts to obtain such document by no later than the Qualification Deadline. The Corporation shall promptly take, or cause to be taken, all commercially reasonable steps and proceedings that may from time to time be required under applicable Canadian Securities Laws to qualify the distribution of the Units in the Qualifying Jurisdictions and shall use its commercially reasonable efforts to ensure that such requirements (including the issuance of a Final Receipt for the Final Prospectus) shall be obtained promptly following the Closing Date.
- (c) **Commercial Copies.** The Corporation shall cause commercial copies of the Final Prospectus and any Supplementary Material to be delivered to the Agents without charge, in such numbers and in such cities in the Qualifying Jurisdictions as the Agents may reasonably request. Such delivery shall be effected as soon as practicable and, in any event, within two Business Days after the filing thereof in the Qualifying Jurisdictions.
- (d) **Due Diligence and Review of Offering Documents.** The form and substance of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material shall be satisfactory to the Agents, acting reasonably, prior to the filing thereof with the Securities Commissions. Prior to the filing of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material, the Corporation shall allow the Agents to participate fully in the preparation of such documents and shall allow the Agents to conduct all due diligence which the Agents may reasonably require in order to fulfill their obligations as agents and in order to enable the Agents to responsibly execute any certificate related to such documents required to be executed by them under applicable Canadian Securities Laws. Up to the Qualification Date, the Corporation shall allow the Agents to conduct any due diligence investigations that the Agents reasonably require to confirm as at any date that the Agents continue to have reasonable grounds for the belief that the Offering Documents do not contain a misrepresentation as at such date or as at the date of such Offering Documents.
- (e) **Material Change.** Once the Preliminary Prospectus has been filed, the Corporation shall comply with section 57 of the *Securities Act* (Ontario) and with any comparable provisions of the other Canadian Securities Laws, and the Corporation will prepare and file promptly any Supplementary Material which may be necessary and will otherwise comply with all legal requirements necessary to continue to permit the Units (and Penalty Units, if applicable) to be distributed in each of the Qualifying Jurisdictions as contemplated herein.

- (f) **Deliveries.** The Corporation will deliver to the Agents prior to or concurrently with the filing of the Preliminary Prospectus and Final Prospectus and any Supplementary Material, as applicable, unless otherwise indicated:
- (i) a copy of the Preliminary Prospectus and the Final Prospectus manually signed on behalf of the Corporation, by the persons and in the form signed and certified as required by Canadian Securities Laws;
 - (ii) a copy of any Supplementary Material, or other document required to be filed with or delivered to, the Securities Commissions by the Corporation under Canadian Securities Laws in connection with the Offering, including any document to be incorporated by reference in the Preliminary Prospectus or the Final Prospectus (other than documents already filed publicly with a Securities Commission);
 - (iii) concurrently with the filing of the Final Prospectus, a “long-form” comfort letter of the Corporation’s auditors dated the date of the Final Prospectus (with the requisite procedures to be completed by such auditor within two Business Days of the date of such letter), in form and substance satisfactory to the Agents, acting reasonably, addressed to the Agents and the directors and officers of the Corporation, with respect to certain financial and accounting information relating to the Corporation in the Final Prospectus, including all Documents Incorporated by Reference, which letter shall be in addition to the auditors’ reports incorporated by reference in the Final Prospectus;
 - (iv) a copy of any document filed with, or delivered to, the Securities Commissions by the Corporation under applicable Canadian Securities Laws with the Preliminary Prospectus, Final Prospectus and any Supplementary Material;
 - (v) a certificate dated the date of the Final Prospectus, addressed to the Agents and signed by the Chief Executive Officer and the President of the Corporation, certifying for and on behalf of the Corporation, and not in their personal capacities, after having made due inquiries, with respect to the following matters:
 - A. the Corporation has complied in all material respects (except where already qualified by a materiality or Material Adverse Effect qualification, in which case the Corporation has complied in all respects) with all the terms, covenants and satisfied in all material respects (except where already qualified by a materiality or Material Adverse Effect qualification, in which case the Corporation has satisfied in all respects) all the terms and conditions of this Agreement on its part to be complied with and satisfied at or prior to the date of the Final Prospectus;
 - B. no order, ruling or determination having the effect of ceasing or suspending trading in any securities of the Corporation or prohibiting the issue of the Units or any of the Corporation’s issued securities, having been issued, and no proceeding for such purpose being threatened or, to the knowledge of such officers, pending;
 - C. the representations and warranties of the Corporation contained in this Agreement and in any certificates of the Corporation delivered pursuant to or in connection with this Agreement being true and correct in all material respects (or, in the case of any representation or warranty containing a materiality or Material Adverse Effect qualification, in all respects) as at the date of the Final Prospectus (other than those that speak to a specific time, in which case they shall have been true and

correct in all material respects at such time), with the same force and effect as if made on and as at the date of the Closing Date, after giving effect to the transactions contemplated by this Agreement; and

- D. since the Closing Time, there having been no material adverse change, financial or otherwise, in the assets, liabilities (contingent or otherwise), capital, business, prospects or results of operations of the Corporation and the Subsidiaries on a consolidated basis;
- (vi) on the Qualification Date, an opinion, subject to customary qualifications, of the Corporation's counsel (it being understood that such counsel may rely to the extent appropriate in the circumstance as to matters of fact, on certificates of the Corporation executed on its behalf by a senior officer of the Corporation) with respect to the following matters:
- A. the Corporation has the necessary corporate power and authority to execute and deliver the Preliminary Prospectus and the Final Prospectus and all necessary corporate action has been taken by the Corporation to authorize the execution and delivery by it of the Preliminary Prospectus and the Final Prospectus and the filing thereof, as the case may be, in each of the Qualifying Jurisdictions in accordance with applicable Securities Laws in each of Qualifying Jurisdictions;
 - B. all necessary documents have been filed, all necessary proceedings have been taken and all legal requirements have been fulfilled as required under Canadian Securities Laws in order to qualify the distribution of the Common Shares and Warrants comprising the Units to the public in each of the Qualifying Jurisdictions by or through investment dealers and brokers duly registered under the applicable laws of such provinces who have complied with the relevant provisions of Securities Laws in each of the Qualifying Jurisdictions;
 - C. that the issuance of the Warrant Shares issuable upon the exercise of the Warrants is exempt from the prospectus requirements of applicable Securities Laws in each of the Qualifying Jurisdictions and no documents are required to be filed, proceedings taken or approvals, permits, consents or authorizations obtained under the applicable Securities Laws in each of the Qualifying Jurisdictions to permit such issuance;
 - D. the statements and opinions concerning tax matters set forth in the Final Prospectus under the headings (including for certainty, all subheadings under such headings) "*Eligibility for Investment*" and "*Certain Canadian Federal Income Tax Considerations*" insofar as they purport to describe the provisions of the laws referred to therein are fair and adequate summaries of the matters discussed therein subject to the qualifications, assumptions and limitations set out under such headings; and
 - E. the attributes of the Special Warrants, Broker Special Warrants, Broker Warrants, Common Shares, Warrants and Warrant Shares conform in all material respects with the description thereof contained in the Final Prospectus; and

- (vii) opinions, comfort letters and other documents substantially similar to those referred to in this Section to the Agents with respect to any Supplementary Material, contemporaneously with, or prior to the filing of, any Supplementary Material.
- (g) **Representations as to Offering Documents.** Filing and delivery to the Agents in accordance with this Agreement of any Offering Document shall constitute a representation and warranty by the Corporation to the Agents that, as at their respective dates, dates of filing and dates of delivery:
 - (i) the information and statements (except information and statements relating solely to the Agents, which have been provided by the Agents to the Corporation in writing specifically for use in any of the Offering Documents (collectively, “**Agents’ Information**”) contained and incorporated by reference 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 Corporation, the Special Warrants and the Units as required by applicable Canadian Securities Laws of the Qualifying Jurisdictions;
 - (ii) no material fact or information has been omitted from such disclosure (except for the Agents’ 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; and
 - (iii) except with respect to any Agents’ Information, such documents comply in all material respects with the requirements of Canadian Securities Laws.

Such filings shall also constitute the Corporation’s consent to the Agents’ use of the Offering Documents in connection with the distribution of the Common Shares and Warrants comprising the Units in the Qualifying Jurisdictions in compliance with this Agreement and Canadian Securities Laws.

Section 4. Distribution and Certain Obligations of the Agents

- (a) Each Agent shall, and shall require any investment dealer or broker with which such Agent has a contractual relationship in respect of the distribution of the Special Warrants (each, a “**Selling Firm**”) to agree to, comply with applicable Canadian Securities Laws of the Qualifying Jurisdictions and the applicable Securities Laws of the jurisdictions outside of Canada, in connection with the distribution of the Special Warrants and shall offer the Special Warrants for sale to directly and through Selling Firms upon the terms and conditions set out in this Agreement.
- (b) Each Agent shall, and shall require any Selling Firm to agree to, distribute the Special Warrants in a manner which complies with and observes all applicable Laws in each jurisdiction into and from which they may offer to sell the Special Warrants or distribute the Final Prospectus, any Marketing Materials or any Supplementary Material in connection with the distribution of the Special Warrants and will not, directly or indirectly, offer, sell or deliver any Special Warrants or deliver the Final Prospectus, any Marketing Materials or any Supplementary Material to any person in any jurisdiction other than in the Designated Jurisdictions except in a manner which will not require the Corporation to comply with the registration, prospectus, filing, continuous disclosure or other similar requirements under the applicable Laws of such other jurisdictions or pay any unreasonable filing fees which relate to such other jurisdictions. Subject to the foregoing, the Agents and any Selling Firm shall be entitled to offer and sell the Special Warrants solely pursuant to an applicable exemption or exemptions from the registration requirements of any other

jurisdictions (other than the United States) in accordance with any applicable Laws in the jurisdictions in which the Agents and/or Selling Firms offer the Special Warrants.

- (c) Each Agent will use commercially reasonable efforts to obtain from each Purchaser arranged by such Agent a duly completed and executed Subscription Agreement and other forms required under Canadian Securities Laws or the applicable Securities Laws of any other Designated Jurisdiction outside of Canada and the United States into and which the Special Warrants are sold that are provided to the Agents by the Corporation for execution by the Purchasers relating to the issuance and sale of the Special Warrants, and the Agents shall at least one Business Day prior to the Closing Date, provide the Corporation with copies of such Subscription Agreements and complete registration instructions in respect of the Special Warrants.

Section 5. Conditions of the Offering

The obligation of the Purchasers to purchase the Special Warrants at the Closing Time shall be subject to the performance by the Corporation of its obligations under this Agreement and each of the following conditions:

- (a) receipt of evidence by the Agents, in a form acceptable to the Agents, acting reasonably, that all actions required to be taken by or on behalf of the Corporation, including the passing of all requisite resolutions of the directors and shareholders of the Corporation, if applicable, having been taken so as to approve the execution and delivery of each of the Transaction Documents, the distribution of the Special Warrants and the Broker Special Warrants, the issuance of the Broker Warrants, the issuance of the Common Shares and Warrants comprising the Units issuable upon exercise of the Special Warrants and Broker Warrants and the issuance of the Warrant Shares issuable upon exercise of the Warrants;
- (b) the Corporation delivering to the Agents, at the Closing Time, a certificate dated the Closing Date addressed to the Agents and signed by the Chief Executive Officer and Chief Financial Officer of the Corporation, in a form satisfactory to the Agents, acting reasonably, certifying for and on behalf of the Corporation and without personal liability, after having made due enquiries, that:
 - (i) the Corporation has complied in all material respects (except where already qualified by materiality, in which case the Corporation has complied in all respects) with all the covenants and satisfied in all material respects (except where already qualified by materiality, in which case the Corporation has satisfied in all respects) all the terms and conditions of this Agreement on its part to be complied with and satisfied at or prior to the Closing Time;
 - (ii) the representations and warranties of the Corporation contained in this Agreement and any certificate of the Corporation delivered hereunder are true and correct in all material respects (or, in the case of any representation or warranty containing a materiality or Material Adverse Effect qualification, in all respects) as at the Closing Time with the same force and effect as if made on and as at the Closing Time after giving effect to the transactions contemplated by this Agreement;
 - (iii) either the CannaCure Transaction has been completed in accordance with the CannaCure Agreement or the CannaCure Agreement has not been terminated and remains in full force and effect;

- (iv) since July 31, 2018, other than as disclosed in the Disclosure Documents, (A) there has been no material change affecting the Corporation on a consolidated basis, and (B) no transaction has been entered into by the Corporation other than in the ordinary course of business;
 - (v) there has been no change in any material fact (which includes the disclosure of any previously undisclosed material fact or a new material fact) which material fact or change is of such a nature as to render any statement in the Disclosure Documents misleading or untrue in any material respect or which would result in a misrepresentation in the Disclosure Documents or which would result in the Disclosure Documents not complying with applicable Canadian Securities Laws; and
 - (vi) no order, ruling or determination having the effect of ceasing or suspending trading in any securities of the Corporation or prohibiting or suspending the offering, issue or sale of the Special Warrants or any of the Corporation's issued securities, having been issued, and no proceeding for such purpose being threatened or, to the knowledge of such officers, pending;
- (c) the Agents receiving, at the Closing Time a legal opinion dated the Closing Date, to be addressed to the Agents and the Purchasers, in form and substance acceptable to the Agents acting reasonably, of McMillan LLP, counsel to the Corporation (who may rely, to the extent appropriate in the circumstances, on the opinions of local counsel acceptable to the Agents and may rely, to the extent appropriate in the circumstances, as to matters of fact, on certificates of officers, public and exchange officials or of the auditors of the Corporation or Transfer Agent), with respect to the following matters:
- (i) that the Corporation is a reporting issuer under Canadian Securities Laws in each of the provinces of British Columbia, Alberta and Ontario and is not on the list of defaulting issuers maintained under such legislation;
 - (ii) as to the incorporation and valid existence of the Corporation;
 - (iii) as to the authorized and issued capital of the Corporation;
 - (iv) that the Corporation has the corporate power and capacity to own or lease its properties and assets, carry on its business as it is currently conducted, and to execute, deliver and perform its obligations under the Transaction Documents; and to issue and sell the Special Warrants, the Broker Special Warrants, the Broker Warrants, the Common Shares and Warrants comprising the Units (including any Units issuable upon exercise of the Broker Warrants) and the Warrant Shares, as applicable;
 - (v) all necessary corporate action has been taken by the Corporation to authorize the execution and delivery of the Transaction Documents and the performance of the Corporation's obligations hereunder and thereunder and the issuance of the Special Warrants, the Broker Special Warrants, the Broker Warrants, the Common Shares and Warrants comprising the Units (including any Units issuable upon exercise of the Broker Special Warrants) and the Warrant Shares, as applicable.
 - (vi) each of the Transaction Documents has been duly authorized and (other than the Broker Warrant certificates, the Warrant Certificates, the Common Share certificates and the Warrant Share certificates) executed and delivered by the Corporation and each such

Transaction Document constitutes a valid and legally binding agreement of the Corporation enforceable against it in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law;

- (vii) the execution and delivery of the Transaction Documents, the performance by the Corporation of its obligations hereunder and thereunder and the issuance and sale of the Special Warrants, the Broker Special Warrants, the Broker Warrants, the Common Shares and Warrants comprising the Units (including any Units issuable upon exercise of the Broker Warrants) and the Warrant Shares does not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, whether after notice or lapse of time or both, (A) any Laws of any of the Qualifying Jurisdictions applicable to the Corporation, including, without limitation, Canadian Securities Laws and the *Business Corporations Act* (British Columbia); and (B) the constating documents of the Corporation;
- (viii) that the Special Warrants, the Broker Special Warrants, the Broker Warrants and the Warrants (including any Warrants issuable upon exercise of the Broker Warrants) will, upon issuance, be validly created, executed and issued by the Corporation and constitute valid and binding obligations of the Corporation enforceable against it in accordance with their terms;
- (ix) that the Common Shares partially comprising the Units issuable upon exercise of the Special Warrants and the Broker Warrants have been duly authorized and validly allotted for issuance by the Corporation and, when issued in accordance with the terms of the Special Warrants and the Broker Warrants, as applicable, will be outstanding as fully paid and non-assessable shares in the capital of the Corporation;
- (x) that the Warrant Shares have been duly authorized and validly allotted for issuance by the Corporation and, when issued in accordance with the terms of the Warrants, will be outstanding a fully paid and non-assessable shares in the capital of the Corporation;
- (xi) that the issuance and sale by the Corporation of the Special Warrants to the Purchasers resident in the Qualifying Jurisdictions in accordance with the Subscription Agreements and the granting and the issuance of the Broker Special Warrants to the Agents in accordance with the terms of this Agreement are exempt from the prospectus requirements of Canadian Securities Laws and except as has been completed, no filings, proceedings, approvals, consents or authorizations are required to be made, taken or obtained by the Corporation, or any securities regulatory authority in the Qualifying Jurisdictions to permit the issuance, distribution and delivery of the Special Warrants to Purchasers resident in the Qualifying Jurisdictions and the granting and the issuance of the Broker Special Warrants to the Agents, except for the filing, within ten days from the date of each such issue and distribution, of a report of the Offering on Form 45-106F1 prepared and executed in accordance with Canadian Securities Laws, together with the requisite filing fees;
- (xii) that the issuance of (A) the Broker Warrants issuable upon the exercise or deemed exercise of the Broker Special Warrants, (B) the Common Shares and Warrants

comprising the Units issuable upon exercise or deemed exercise of the Special Warrants and exercise of the Broker Warrants, and (C) the Warrant Shares issuable upon the exercise of the Warrants (including any Warrants issuable upon exercise of the Broker Warrants) will be exempt from the prospectus and registration requirements of Canadian Securities Laws and no filings, proceedings, approvals, consents or authorizations will be required to be made pursuant to Canadian Securities Laws to permit such issuance, provided that (i) in the case of the Common Shares and Warrants issuable upon the exercise or deemed exercise of the Special Warrants and the exercise of the Broker Warrants, the Special Warrants or Broker Warrants, as applicable, are exercised or deemed exercised, as applicable, in accordance with the terms and conditions of the Special Warrant Indenture or the terms and conditions of the Broker Warrants, as applicable; (ii) in the case of the Warrant Shares, the Warrants are exercised in accordance with the terms and conditions of the Warrant Indenture; and (iii) in the case of the Broker Warrants issuable upon the exercise or deemed exercise of the Broker Special Warrants, the Broker Special Warrants are exercised or deemed to be exercised in accordance with the terms and conditions of the Broker Special Warrant Certificates;

- (xiii) that the first trade in the Broker Special Warrants, the Broker Warrants, the Common Shares and Warrants comprising the Units issuable upon exercise of the Special Warrants and the Broker Warrants and the Warrant Shares issuable upon exercise of the Warrants will be, as applicable, exempt from the prospectus requirements of applicable Canadian Securities Laws and no prospectus, offering memorandum or other document is required to be filed, no proceeding is required to be taken and no approval, permit, consent or authorization of regulatory authorities is required to be obtained by the Corporation under applicable Canadian Securities Laws to permit such trade through registrants registered under applicable Canadian Securities Laws who have complied with such laws and the terms and conditions of their registration, provided that at the time of such trade:
- A. the Corporation is and has been a “reporting issuer” (within the meaning of Canadian Securities Laws) in a “jurisdiction of Canada” (as defined in National Instrument 14-101 – Definitions (“NI 14-101”)) for the four months immediately preceding the trade;
 - B. at the time of such trade, at least four months have elapsed from the “distribution date” (as defined in section 1.1 of National Instrument 45-102 – Resale of Securities (“NI 45-102”)) of the Special Warrants;
 - C. any certificates representing the Special Warrants, Broker Special Warrants, Broker Warrants, Common Shares, Warrants or the Warrant Shares, if any, carry a legend or ownership statement issued under a direct registration system acceptable to the regulator, as required pursuant to section 2.5(2)(3)(i) of NI 45-102;
 - D. the trade is not a “control distribution” (as defined in section 1.1 of NI 45- 102);
 - E. no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade (within the meaning of Canadian Securities Laws);
 - F. no extraordinary commission or consideration is paid to a person or company in respect of such trade (within the meaning of Canadian Securities Laws); and

- G. if the selling security holder is an “insider” or “officer” of the Corporation (within the meaning of Canadian Securities Laws), such selling security holder has no reasonable grounds to believe that the Corporation is in default of “securities legislation” (as defined in NI 14-101);
- (xiv) Upon the issuance of the Final Receipt from the Securities Commissions in the Qualifying Jurisdictions, and provided that the Final Prospectus is delivered to the holders of the Special Warrants and the Broker Special Warrants, as the case may be prior to the exercise of the same, the first trade of the Broker Warrants, Common Shares, Warrants and Warrant Shares issued upon the exercise of the Special Warrant, Broker Warrants and Warrants (or in the case of the Warrant Shares, will be exempt from), as applicable, after the issuance of such Final Receipt will not be subject to the prospectus requirements under Canadian Securities Laws, such Broker Warrants, Common Shares, Warrants and Warrant Shares will not be subject to any statutory hold period, and no filing, proceeding, approval, consent or authorization under Canadian Securities Laws will be required to be made, taken or obtained to permit the trade of such Broker Warrants, Common Shares, Warrants and Warrant Shares in the Qualifying Jurisdictions through registrants registered under Canadian Securities Laws who have complied with such laws, provided that such sale is not a “control distribution” within the meaning of NI 45-102;
 - (xv) that the Special Warrants, Common Shares, Warrants and Warrant Shares would if issued on the date hereof be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered disability savings plans and deferred profit sharing plans, subject to customary exceptions;
 - (xvi) that the form and terms of the certificates representing the Special Warrants, the Broker Special Warrants, the Broker Warrants, the Common Shares, the Warrants and the Warrant Shares have been approved by the board of directors of the Corporation;
 - (xvii) that Computershare Investor Services Inc., at its principal offices in Vancouver, British Columbia, has been duly appointed as registrar and transfer agent for the Common Shares and will be, as of the Closing Date, duly appointed as Special Warrant Agent and as Warrant Agent under the Special Warrant Indenture and the Warrant Indenture, respectively; and
 - (xviii) as to such other matters as may reasonably be requested by the Agents, in a form acceptable to the Agents, acting reasonably.
- (d) the Agents receiving, at the Closing Time, a legal opinion dated the Closing Date, addressed to the Agents and the Purchasers, in form and substance acceptable to the Agents, from counsel to each Subsidiary, other than Umbral Energy, LLC and Mainstrain Market Ltd., with respect to the following matters: (i) the incorporation and subsistence of the Subsidiary; (ii) the corporate power, capacity and authority of the Subsidiary to carry on its business as presently carried on and to own, lease and operate its properties and assets; (iii) the authorized and issued capital of the Subsidiary; and (iv) the ownership of the issued and outstanding securities of the Subsidiary;
- (e) if any Special Warrants are sold in the United States, the Agents receiving, at the Closing Time on the Closing Date, a legal opinion dated the Closing Date, to be addressed to the Agents, in form and substance acceptable to the Agents, of McMillan LLP, United States legal counsel to the Corporation (who may rely, to the extent appropriate in the circumstances, as to matters of fact, on certificates of officers, public and exchange officials or of the auditors of the Corporation or

Transfer Agent), to the effect that the offer and sale of the Special Warrants in the United States, the issuance of the Common Shares, Warrants and Warrant Shares thereunder and the issuance of the Warrant Shares upon the exercise of the Warrants is not required to be registered under the U.S. Securities Act, provided such offers and sales are made in accordance with Schedule "A" hereto; it being understood that such counsel need not express its opinion with respect to any resale of the Special Warrants or the Common Shares, Warrants or Warrant Shares issuable thereunder;

- (f) the Agents receiving at the Closing Time, a certificate, signed by the Chief Executive Officer and the Chief Financial Officer of the Corporation (or such other officers as the Agents may agree to), in a form satisfactory to the Agents, acting reasonably, certifying for and on behalf of the Corporation and without personal liability, with respect to:
 - (i) the constating documents and articles of the Corporation;
 - (ii) the resolutions of the board of directors of the Corporation relevant to the issue and sale of the Special Warrants and the Broker Special Warrants, the allotment and reservation of the Broker Warrants, the Units and the Warrant Shares issuable thereunder and the authorization of the Transaction Documents and transactions contemplated herein and therein; and
 - (iii) the incumbency and signatures of signing officers of the Corporation;
- (g) the Agents shall have received certificates and/or evidence of the electronic deposit of the Special Warrants in form and substance satisfactory to the Agents, acting reasonably and certificates representing the Broker Special Warrants;
- (h) the Agents shall have received a certificate from the Transfer Agent as to the number of Common Shares issued and outstanding as at the end of Business Day prior to the Closing Date;
- (i) all consents, approval, permits, authorizations or filings as may be required under Canadian Securities Laws necessary for the Offering and the transactions contemplated by this Agreement, shall have been obtained or made, as applicable;
- (j) each of the Transaction Documents (other than the Warrant Certificates) shall have been executed and delivered by the parties thereto in form and substance satisfactory to the Agents, acting reasonably;
- (k) the Agents not having previously terminated their obligations pursuant to Section 9 of this Agreement;
- (l) the Agents shall have received lock-up agreements duly executed by the senior management, directors of the board and the Principal Securityholders (as defined herein) of the Corporation providing that, for a period of 120 days following the Closing Date, such persons or companies will not, directly or indirectly, offer, sell, dispose of or otherwise monetize the economic value of any securities in the Corporation beneficially owned by such shareholder, without the prior written consent of the Lead Agent, such consent not to be unreasonably withheld. The term "**Principal Securityholders**" shall be defined to include all securityholders of the Corporation that own, at the Closing Date, securities representing 5% of the outstanding equity of the Corporation, after giving effect to the exercise of convertible securities owned or controlled by them. The definitive terms of such lock-up agreement shall be negotiated between the Corporation and the Lead Agent in good faith and contain customary provisions;

- (m) the Agents shall have received confirmation with respect to the Corporation's title to the Owned Real Property;
- (n) the Agents shall have completed, to their satisfaction, their due diligence review of the Corporation and its Subsidiaries and each of their respective businesses, operations and financial condition; and
- (o) the Agents shall have received at the Closing Time such further certificates, opinions of counsel and other documentation from the Corporation contemplated herein, provided, however, that the Agents or their counsel shall request any such certificate or document within a reasonable period prior to the Closing Time that is sufficient for the Corporation to obtain and deliver such certificate, opinion or document.

Section 6. Additional Representations and Warranties of the Corporation

The Corporation represents and warrants to the Agents and to the Purchasers, and acknowledges that each of them is relying upon such representations and warranties in connection with the completion of the Offering, that as of the date hereof:

- (a) each of the Corporation and the Subsidiaries: (A) is a corporation duly incorporated, continued or amalgamated and validly existing under the laws of the jurisdiction in which it was incorporated, continued or amalgamated, as the case may be; (B) has all requisite corporate power and authority and is duly qualified and holds all necessary permits, licences and authorizations necessary or required to carry on its business as now conducted to own, lease or operate its properties (including the Owned Real Property) and assets; (C) where required, has been duly qualified as an extra-provincial corporation or foreign corporation for the transaction of business and is in good standing under the Laws of each jurisdiction in which it owns or leases property, or conducts business unless, in each case, the failure to do so would not individually or in the aggregate, have a Material Adverse Effect; and (D) no steps or proceedings have been taken by any person, voluntary or otherwise, requiring or authorizing its dissolution or winding up;
- (b) the Corporation has all requisite corporate power, authority and capacity to enter into each of the Transaction Documents and to perform the transactions contemplated herein and therein, including, without limitation, to issue the Special Warrants and the Broker Special Warrants and the Broker Warrants, Common Shares, Warrants and Warrant Shares issuable upon exercise thereof, as applicable;
- (c) Schedule "B" sets out each Subsidiary of the Corporation and each other entity controlled by the Corporation, directly or indirectly, and the Corporation's direct and indirect holdings in each such Subsidiary are as set out on Schedule "B". The Corporation beneficially owns, directly or indirectly, the percentage indicated therein of the issued and outstanding shares or other securities in the capital of the Subsidiaries free and clear of all Liens, all of such shares or other securities have been duly authorized and validly issued and are outstanding as fully paid securities and subject to no further call for contribution and 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, for the purchase from the Corporation or the Subsidiaries of any interest in any of such securities or for the issue or allotment of any unissued securities in the capital of any of the Subsidiaries or any other security convertible into or exchangeable for any such securities;

- (d) each of Mainstrain Market Ltd. and Umbral Energy, LLC is inactive, has no material assets or liabilities, is not party to any material agreement and no material revenues are booked through such Subsidiary;
- (e) each of the Corporation and the Subsidiaries has conducted and is conducting its business in compliance with all applicable laws and regulations of each jurisdiction in which it carries on business, except where the failure to so comply would not have a Material Adverse Effect, and each of the Corporation and the Subsidiaries holds all material requisite licences, registrations, qualifications, permits and consents necessary or appropriate for carrying on its business as currently carried on and all such licences, registrations, qualifications, permits and consents are valid and subsisting and in good standing in all material respects. Without limiting the generality of the foregoing, neither Corporation nor any Subsidiary has received a written notice of non-compliance, nor does the Corporation know of, nor have reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such laws, regulations or permits which would have a Material Adverse Effect;
- (f) the Corporation is in compliance in all material respects with all of the rules, policies and requirements of the CSE and the Common Shares are currently listed on the CSE and on no other stock exchange or public market other than OTC Markets Group;
- (g) no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of the Corporation has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of the Corporation, are pending, contemplated or threatened by any regulatory authority;
- (h) the Corporation is currently a “reporting issuer” in the provinces of British Columbia, Alberta and Ontario and is in compliance, in all material respects, with all of its obligations as a reporting issuer and since incorporation has not been the subject of any investigation by any stock exchange or any Securities Commission, is current with all material filings required to be made by it under Canadian Securities Laws and other Laws, is not aware of any material deficiencies in the filing of any documents or reports with any Securities Commissions and there is no material change relating to the Corporation which has occurred and with respect to which the requisite news release or material change report has not been filed with the Securities Commissions;
- (i) the Corporation has not filed any confidential material change report with the Securities Commissions since January 1, 2017;
- (j) other than the Leased Premises and any Intellectual Property that they license from third parties, each of the Corporation and the Subsidiaries is the absolute legal and beneficial owner of, and has good and marketable title to, all of the material properties and assets thereof, and no other property or assets are necessary for the conduct of the business of the Corporation and the Subsidiaries as currently conducted. Any and all of the agreements and other documents and instruments pursuant to which each of the Corporation or the Subsidiaries holds the property and assets thereof (including any interest in, or right to earn an interest in, any Intellectual Property) are valid and subsisting agreements, documents and instruments in full force and effect, enforceable in accordance with the terms thereof, and such properties and assets are in good standing under the applicable statutes and regulations of the jurisdictions in which they are situated, and all material leases, licenses and other agreements pursuant to which the Corporation or any Subsidiary derives the interests thereof in such property are in good standing. The Corporation does not know of any claim or the basis for any claim that might or could materially and adversely affect the right of the Corporation or any Subsidiary to use, transfer or otherwise exploit their respective assets, none of

the properties (or any interest in, or right to earn an interest in, any property) of the Corporation or any Subsidiary is subject to any right of first refusal or purchase or acquisition right, and neither the Corporation nor any Subsidiary has a responsibility or obligation to pay any commission, royalty, licence fee or similar payment to any person with respect to the property and assets thereof;

- (k) no legal or governmental proceedings or inquiries are pending to which the Corporation or any Subsidiary is a party or to which the property thereof is subject that would result in the revocation or modification of any certificate, authority, permit or license necessary to conduct the business now owned or operated by the Corporation or any Subsidiary which, if the subject of an unfavourable decision, ruling or finding could reasonably be expected to have a Material Adverse Effect and, to the knowledge of the Corporation, no such legal or governmental proceedings or inquiries have been threatened against or are contemplated with respect to the Corporation or any Subsidiary or with respect to the properties or assets thereof;
- (l) there are no material actions, suits, judgments, investigations or proceedings of any kind whatsoever outstanding or, to the best of the Corporation's knowledge, pending or threatened against or affecting the Corporation, any Subsidiary or the directors, officers or employees of the Corporation or the Subsidiaries, at law or in equity or before or by any commission, board, bureau or agency of any kind whatsoever and, to the best of the Corporation's knowledge, there is no basis therefore and neither the Corporation nor any Subsidiary is subject to any judgment, order, writ, injunction, decree, award, rule, policy or regulation of any Governmental Authority, which, either separately or in the aggregate, may have a Material Adverse Effect or that would materially adversely affect the ability of the Corporation to perform its obligations under the Transaction Documents or the CannaCure Agreement;
- (m) neither the Corporation nor any Subsidiary is in violation of its constating documents or in default in any material respect in the performance or observance of any material obligation, Material Agreement, covenant or condition contained in any contract, indenture, trust deed, mortgage, loan agreement, note, lease, licence or other agreement or instrument to which it is a party or by which it or its property or assets may be bound which, either separately or in the aggregate, may have a Material Adverse Effect;
- (n) to the knowledge of the Corporation, no counterparty to any material obligation, Material Agreement, covenant or condition contained in any contract, indenture, trust deed, mortgage, loan agreement, note, lease or other agreement or instrument to which the Corporation or any Subsidiary is a party is in default in the performance or observance thereof, except where such violation or default in performance would not have a Material Adverse Effect;
- (o) there are no judgments against the Corporation or any Subsidiary which are unsatisfied, nor are there any consent decrees or injunctions to which the Corporation or any Subsidiary is subject;
- (p) neither of the Corporation nor any Subsidiary has committed an act of bankruptcy or sought protection from the creditors thereof before any court or pursuant to any legislation, proposed a compromise or arrangement to the creditors thereof generally, taken any proceeding with respect to a compromise or arrangement, taken any proceeding to be declared bankrupt or wound up, taken any proceeding to have a receiver appointed of any of the assets thereof, had any person holding any Lien or receiver take possession of any of the property thereof, had an execution or distress become enforceable or levied upon any portion of the property thereof or had any petition for a receiving order in bankruptcy filed against it;

- (q) at the Closing Time, all consents, approvals, permits, authorizations or filings as may be required to be made or obtained by the Corporation under applicable Securities Laws and the rules and regulations of the CSE necessary for the execution and delivery of the Transaction Documents and the creation, issuance and sale, as applicable, of the Special Warrants and the Broker Special Warrants and the Broker Warrants, Common Shares, Warrants and Warrant Shares issuable upon exercise thereof, as applicable, and the consummation of the transactions contemplated thereby, will have been made or obtained, as applicable (other than the filing of reports required under applicable Securities Laws within the prescribed time periods, the filing of standard documents with the CSE, which documents shall be filed as soon as practicable after the Closing Date and, in any event, within 10 calendar days of the Closing Date or within such other deadline imposed by applicable Securities Laws or the rules and regulations of the CSE and other than in connection with the qualification for distribution of the Units, including the filing of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material, and the issuance of Preliminary Receipt and the Final Receipt);
- (r) the Common Shares, Warrants and Warrant Shares issuable upon exercise of the Special Warrants, the Broker Warrants and the Warrants, as applicable, have been authorized and reserved and allotted for issuance, as applicable;
- (s) at the Closing Time, the Special Warrants and the Broker Special Warrants will be duly and validly issued and created;
- (t) upon the due exercise of the Special Warrants and the Broker Warrants in accordance with the respective provisions thereof, the Common Shares and Warrants issuable upon the exercise thereof will be duly and validly issued and, in the case of the Common Shares, as fully paid and non-assessable Common Shares of the Corporation, on payment of the purchase price therefor;
- (u) upon the due exercise of the Warrants in accordance with the provisions thereof, the Warrant Shares issuable upon the exercise thereof will be duly and validly issued as fully paid and non-assessable Common Shares of the Corporation, on payment of the purchase price therefor;
- (v) the Special Warrants, the Broker Special Warrants and the Broker Warrants, Common Shares, Warrants and Warrant Shares issuable upon exercise thereof, as applicable, will not be subject to a restricted period or to a statutory hold period under the Canadian Securities Laws which extends beyond four months and one day after the Closing Date in accordance with and subject to the conditions set out in NI 45-102;
- (w) the execution and delivery of each of the Transaction Documents, the performance by the Corporation of its obligations hereunder or thereunder, the issue and sale of the Special Warrants hereunder and the consummation of the transactions contemplated in this Agreement, including the issuance and delivery of the Common Shares and Warrants issuable upon exercise of the Special Warrants, the granting of the Broker Special Warrants, the issuance and delivery of the Broker Warrants upon exercise of the Broker Special Warrants, the issuance and delivery of the Common Shares and Warrants issuable upon exercise of the Broker Warrants and the Warrant Shares issuable upon exercise of the Warrants, as the case may be, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, (whether after notice or lapse of time or both): (A) any Laws applicable to the Corporation including, without limitation, the Securities Laws; (B) the constating documents, by-laws or resolutions of the Corporation which are in effect at the date hereof; (C) any Material Agreement, contract, agreement, instrument, lease or other document to which the Corporation is a party or by which it is bound which, either separately or in the aggregate, may have a Material Adverse

Effect; or (D) any judgment, decree or order binding the Corporation or the property or assets of the Corporation;

- (x) at the Closing Time, the Corporation shall have duly authorized and (other than the Broker Warrant certificates, the Warrant Certificates, the Common Share certificates and the Warrant Share certificates) executed and delivered the Transaction Documents and upon such execution and delivery (and subsequent execution and delivery of the Broker Warrant certificates the Warrant Certificates) each shall constitute a valid and binding obligation of such Corporation and each shall be enforceable against such Corporation in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law;
- (y) the outstanding Common Shares are listed and posted for trading on the CSE, and all necessary notices and filings have been made with, and all necessary filings have been made by the Corporation with the CSE to ensure that the Common Shares issuable upon exercise of the Special Warrants, the Broker Warrants and the Warrants, as the case may be, will be listed and posted for trading on the CSE upon their issuance other than the filing of certain standard documents with the CSE which documents shall be filed as soon as possible after the Closing Date and in any event within any deadline imposed by the CSE;
- (z) the Financial Statements have been prepared in accordance with IFRS, contain no misrepresentations, and with respect to the audited comparative consolidated financial statements of the Corporation as at and for the year ended October 31, 2017 and 2016 only present fairly, in all material respects, the financial condition of the Corporation on a consolidated basis as at the date thereof and the results of the operations and cash flows of the Corporation on a consolidated basis for the period then ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of the Corporation on a consolidated basis that are required to be disclosed in such financial statements and there has been no material change in accounting policies or practices of the Corporation since July 31, 2018;
- (aa) there are no material liabilities of the Corporation or the Subsidiaries whether direct, indirect, absolute, contingent or otherwise required to be disclosed in the Financial Statements which are not disclosed or reflected in the Financial Statements, except those incurred in the ordinary course of business or disclosed in the Disclosure Documents since July 31, 2018;
- (bb) there are no off-balance sheet transactions, arrangements or obligations (including contingent obligations) of the Corporation or the Subsidiaries with unconsolidated entities or other persons that may have a material current or future effect on the financial condition, changes in financial condition, results of operations, earnings, cash flow, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses of the Corporation or any Subsidiary or that would reasonably be expected to be material to an investor in making a decision to purchase the Special Warrants;
- (cc) all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, sales taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, reassessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, "**Taxes**") due and payable by the Corporation and the Subsidiaries have been paid or

accrued, except where the failure to pay such Taxes would not constitute an adverse material fact in respect of the Corporation or the Subsidiaries or have a Material Adverse Effect. All tax returns, declarations, remittances and filings required to be filed by the Corporation and the Subsidiaries have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading, except where the failure to file such documents would not constitute an adverse material fact in respect of the Corporation or the Subsidiaries or have a Material Adverse Effect. Other than as disclosed in writing to the Agents, to the knowledge of the Corporation, no examination of any tax return of the Corporation is 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 Corporation or the Subsidiaries, in any case except where such examinations, issues or disputes would not constitute an adverse material fact in respect of the Corporation or have a Material Adverse Effect;

- (dd) to the knowledge of the Corporation, the Corporation's auditors are independent public accountants as required under applicable Canadian Securities Laws and there has never been a reportable event (within the meaning of NI 51-102) between the Corporation and such auditors or, to the knowledge of the Corporation, any former auditors of the Corporation;
- (ee) the responsibilities and composition of the Corporation's audit committee comply with NI 52-110;
- (ff) the Corporation maintains a system of internal accounting controls which is sufficient to provide reasonable assurance that in all material respects:
 - (i) transactions are executed in accordance with management's general or specific authorization;
 - (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with international financial reporting standards and to maintain accountability for assets; and
 - (iii) access to assets is permitted only in accordance with management's general or specific authorization;
- (gg) other than as disclosed in the Financial Statements, the Corporation is not party to any Debt Instrument or any agreement, contract or commitment to create, assume or issue any Debt Instrument and does not have any loans or other indebtedness outstanding which has been made to any of its shareholders, officers, directors or employees, past or present, or any person not dealing at arm's length with the Corporation (as such term is defined in the Tax Act). The Corporation has not guaranteed the obligations of any person;
- (hh) during the previous 12 months, the Corporation has not, directly or indirectly, declared or paid any dividend or declared or made any other distribution on any of its shares or securities of any class, or, directly or indirectly, redeemed, purchased or otherwise acquired any of its Common Shares or securities or agreed to do any of the foregoing;
- (ii) no legal or governmental proceedings or inquiries are pending to which the Corporation or any of the Subsidiaries is a party or to which their property or assets are subject that would result in the revocation or modification of any certificate, authority, permit or license necessary to conduct the business now owned or operated by the Corporation or any of the Subsidiaries which, if the subject of an unfavourable decision, ruling or finding could reasonably be expected to have a Material

Adverse Effect and, to the knowledge of the Corporation, no such legal or governmental proceedings or inquiries have been threatened against or are contemplated with respect to the Corporation, the Subsidiaries or their property or assets;

- (jj) the assets of each of the Corporation and the Subsidiaries and their businesses and operations are insured against loss or damage with responsible insurers on a basis consistent with insurance obtained by reasonably prudent participants in comparable businesses, and such coverage is in full force and effect, and none of the Corporation or the Subsidiaries has breached the terms of any policies in respect thereof or failed to promptly give any notice or present any material claim thereunder;
- (kk) each of the Corporation, its Subsidiaries either owns or has a license to use all proprietary rights provided in law and at equity to all patents, trademarks, copyrights, industrial designs, software, trade secrets, know-how, concepts, information and other intellectual and industrial property (collectively, “**Intellectual Property**”) necessary to permit the Corporation, the Subsidiaries to conduct their respective businesses as currently conducted. None of the Corporation or the Subsidiaries has received any notice nor does the Corporation or any Subsidiary have knowledge of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances that would render any Intellectual Property invalid or inadequate to protect the interests of the Corporation or the Subsidiaries therein and which infringement or conflict (if subject to an unfavourable decision, ruling or finding) or invalidity or inadequacy would have a Material Adverse Effect;
- (ll) the Corporation and each of the Subsidiaries has taken all reasonable steps to protect its owned Intellectual Property in those jurisdictions where, in the reasonable opinion of the Corporation, the Corporation and/or each Subsidiary carries on a sufficient business to justify such filings;
- (mm) to the knowledge of the Corporation, there are no material restrictions on the ability of the Corporation or any of the Subsidiaries to use all rights in the Intellectual Property required in the ordinary course of the business of the Corporation or the Subsidiaries, as applicable. None of the rights of the Corporation or the Subsidiaries in the Intellectual Property will be impaired or affected in any way by the transactions contemplated by this Agreement;
- (nn) neither the Corporation nor any Subsidiary has received any notice or claim (whether written or oral) challenging its ownership or right to use of any Intellectual Property or suggesting that any other person has any claim of legal or beneficial ownership or other claim or interest with respect thereto;
- (oo) none of the rights of the Corporation or any Subsidiary in the Intellectual Property will be impaired or affected in any way by the transactions contemplated by this Agreement;
- (pp) there are no material restriction on the ability of the Corporation or the Subsidiaries to use and exploit all rights in the Intellectual Property required in the ordinary course of business of the Corporation or the Subsidiaries;
- (qq) all registrations of Intellectual Property are in good standing and are recorded in the name of the Corporation or one of the Subsidiaries, or in the name of the parties that have licensed that Intellectual Property to the Corporation or the Subsidiaries, as applicable, in the appropriate offices to preserve the rights thereto. Other than as would not have a Material Adverse Effect, all such registrations have been filed, prosecuted and obtained in accordance with all applicable legal requirements and are currently in effect and in compliance with all applicable legal requirements.

No registration of Intellectual Property has expired, become abandoned, been cancelled or expunged, or has lapsed for failure to be renewed or maintained, except where such expiration, abandonment cancellation, expungement or lapse would not have a Material Adverse Effect;

- (rr) All of the Material Agreements of the Corporation and of the Subsidiaries have been disclosed in the Disclosure Documents and each is valid, subsisting, in good standing in all material respects and in full force and effect, enforceable in accordance with the terms thereof. The Corporation and the Subsidiaries have performed all obligations (including payment obligations) in a timely manner under, and are in material compliance with, all terms, conditions and covenants (including all financial maintenance covenants) contained in each Material Agreement. None of the Corporation or the Subsidiaries is in material violation, breach or default and none has received any notification from any party claiming that the Corporation or the Subsidiaries is in breach, violation or default under any Material Agreement and no other party, to the knowledge of the Company, is in material breach, violation or default of any term under any Material Agreement. None of the properties (or any interest in, or right to earn an interest in, any property) of the Corporation or a Subsidiary is subject to any right of first refusal or purchase or acquisition right;
- (ss) other than disclosed in the Disclosure Documents, none of the directors, officers or employees of the Corporation or the Subsidiaries, any Person who owns, directly or indirectly, more than 10% of any class of securities of the Corporation or any associate or affiliate of any of the foregoing, had or has any material interest, direct or indirect, in any transaction or any proposed transaction (including, without limitation, any loan made to or by any such Person) with the Corporation which, as the case may be, materially affects, is material to or will materially affect the Corporation or the Subsidiaries, except as disclosed in the Financial Statements or related management's discussion and analysis;
- (tt) the Corporation is not party to any agreement, nor is the Corporation aware of any agreement, which in any manner affects the voting control of any of the securities of the Corporation or the Subsidiaries;
- (uu) none of the Corporation or any of the Subsidiaries is a party to, bound by or, to the knowledge of the Corporation, affected by any commitment, agreement or document containing any covenant which expressly and materially limits the freedom of the Corporation or the Subsidiaries to compete in any line of business, transfer or move any of its respective assets or operations or which adversely materially affects the business practices, operations or condition of the Corporation or the Subsidiaries;
- (vv) none of the Corporation or any of the Subsidiaries has ever been in violation of, in connection with the ownership, use, maintenance or operation of the property and assets thereof, any applicable Environmental Laws which could reasonably be expected to have a Material Adverse Effect;
- (ww) the authorized capital of the Corporation consists of an unlimited number of Common Shares, of which, as at the date hereof (prior to the completion of the Offering), 341,502,776 Common Shares are issued and outstanding as fully paid and non-assessable shares in the capital of the Corporation are outstanding. Other than as disclosed in the Financial Statements (and subsequent Disclosure Documents and publicly available filings of the Corporation available on the CSE website) and other than stock options issued under the Corporation's stock option plan, there are no outstanding rights, warrants, options, convertible debt or any other securities or rights capable of being converted into, or exchanged or exercised for, any Common Shares of the Corporation;

- (xx) Computershare Investor Services Inc. at its principal offices in Vancouver, British Columbia, has been duly appointed as registrar and transfer agent for the Common Shares and will be, as of the Closing Date, duly appointed as Special Warrant Agent under the Special Warrant Indenture and as Warrant Agent under the Warrant Indenture, respectively;
- (yy) the issue of the Special Warrants and the Broker Special Warrants and issuance and delivery of the Broker Warrants, Common Shares, Warrants and Warrant Shares issuable thereunder, as applicable, will not be subject to any pre-emptive right or other contractual right to purchase securities granted by the Corporation or to which the Corporation is subject that has not been waived, subject to the rights of first refusal and other rights contained in the copies engagement letters to which the Corporation is a party provided to the Agents' counsel, certain of which rights have been waived by the parties thereto. No holder of outstanding shares in the capital of the Corporation is at the Closing Time or will be following the Closing Time entitled to any pre-emptive or any similar rights to subscribe for any Common Shares or other securities of the Corporation;
- (zz) with respect to each of the Leased Premises, the Corporation and the Subsidiaries, as applicable, occupies the Leased Premises and has the exclusive right to occupy and use the Leased Premises and each of the leases pursuant to which the Corporation or any Subsidiary, as applicable, occupies the Leased Premises is in good standing and in full force and effect. The performance of obligations pursuant to and in compliance with the terms of this Agreement and the completion of the transactions described herein by the Corporation, will not afford any of the parties to such leases or any other person the right to terminate such leases or result in any additional or more onerous obligations under such leases;
- (aaa) none of the Corporation or the Subsidiaries is and has ever been in violation of, in connection with the ownership, use, maintenance or operation of the property (including the Owned Real Property) and assets thereof, any Environmental Laws which could reasonably be expected to have a Material Adverse Effect;
- (bbb) each of the Corporation and the Subsidiaries has all Environmental Permits and is in compliance with any material requirements thereof;
- (ccc) there are no pending or, to the knowledge of the Corporation, threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, Liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against the Corporation or any Subsidiary, which if determined adversely, would reasonably be expected to have a Material Adverse Effect;
- (ddd) none of the Corporation or the Subsidiaries has used the Owned Real Property, the Leased Premises or any facility which it previously owned or leased, to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any Hazardous Materials except in accordance with applicable Environmental Laws;
- (eee) none of the mineral properties in which the Corporation has an interest is a property material to the Corporation within the meaning of National Instrument 44-101 – *Standards of Disclosure for Mineral Projects*;
- (fff) as of the date hereof, there are no past unresolved, pending or (to the knowledge of the Corporation) threatened claims, complaints, notices or requests for information with respect to any alleged violation of any Law and no conditions exist at, on or under the Owned Real Property or

- any Leased Premises which, with the passage of time, or the giving of notice or both, would give rise to liability under any Law that, individually or in the aggregate, has or may reasonably be expected to have a Material Adverse Effect with respect to the Corporation or the Subsidiaries;
- (ggg) there are no environmental audits, evaluations, assessments, studies or tests relating to the Owned Real Property;
 - (hhh) PhyeinMed has good registered and marketable title to the Owned Real Property free of all Liens, and property rights (including access rights) as are necessary for the conduct of the business of the Corporation as currently conducted or contemplated to be conducted, and there are no outstanding options or rights of first refusal to purchase the Owned Real Property or any portion thereof or interest therein;
 - (iii) the Corporation does not have knowledge of any claim or basis for any claim that might or could adversely affect the right of the Corporation to use, transfer or otherwise exploit the Owned Real Property in accordance with the ACMPR Licences;
 - (jjj) other than as publicly disclosed or publicly available, the Corporation is not aware of any licensing or legislation, regulation, by-law or other lawful requirement of any Governmental Authority having lawful jurisdiction over the Corporation presently in force or, to its knowledge, proposed to be brought into force, or any pending or contemplated change to any licensing or legislation, regulation, by-law or other lawful requirement of any Governmental Authority having lawful jurisdiction over the Corporation or any Subsidiary presently in force, that the Corporation anticipates the Corporation or any Subsidiary will be unable to comply with or which could reasonably be expected to materially adversely affect the business of the Corporation or any Subsidiary or the business environment or legal environment under which such entity operates;
 - (kkk) each of the Corporation and the Subsidiaries is in compliance with all laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages, except where non-compliance with such laws could not reasonably be expected to have a Material Adverse Effect;
 - (lll) all information which has been prepared by the Corporation relating to the Corporation, the Subsidiaries and their respective business, properties and liabilities and made available to the Agents was, as of the date of such information and is as of the date hereof, true and correct in all material respects, taken as a whole, does not contain a misrepresentation and no fact or facts have been omitted therefrom which would make such information materially misleading;
 - (mmm) the Corporation has not withheld from the Agents any material fact relating to the Corporation, any Subsidiary or to the Offering;
 - (nnn) the minute books and corporate records of the Corporation and the Subsidiaries for the period from incorporation to the date hereof made available to the Agents contain copies of all proceedings (or certified copies thereof or drafts thereof pending approval) of the shareholders and the directors (or any committee thereof) thereof and there have been no other meetings, resolutions or proceedings of the shareholders or directors of the Corporation or the Subsidiaries to the date hereof not reflected in such corporate records, other than those which are not material to the Corporation or the Subsidiaries (or related to the board meeting for the approval of the Offering, which minutes have not been formalized), as the case may be;

- (ooo) there is no person acting or purporting to act at the request or on behalf of the Corporation that is entitled to any brokerage or finder's fee or other compensation in connection with the transactions contemplated by this Agreement;
- (ppp) the representations and warranties of the Corporation contained in the CannaCure Agreement are true and correct in all material respects as of the date hereof;
- (qqq) to the knowledge of the Corporation, the representations and warranties of CannaCure Corporation contained in the CannaCure Agreement are true and correct in all material respects as of the date hereof;
- (rrr) other than the Corporation, there is no person that is or will be entitled to demand the proceeds of this Offering under the terms of any agreement or instrument to which the Corporation is party (including any Debt Instrument or Material Agreement) or otherwise;
- (sss) the Corporation has provided the Agents with copies of Licence No. 10-MM0613/2018 and all material documents and correspondence in its possession relating to the Corporation's and/or the Subsidiaries' other licences pursuant to the ACMPR or otherwise (collectively, the "**ACMPR Licences**");
- (ttt) the Corporation and PhyeinMed, as applicable, are each in compliance with the terms and conditions of the ACMPR Licences and all other licences required in connection with their respective businesses and the Corporation does not anticipate any variations or difficulties in renewing the ACMPR Licences or any other required licence or permit. The Offering (including the proposed use of proceeds) will not have any adverse impact on the ACMPR Licences or require the Corporation or PhyeinMed, as applicable, to obtain any new licence;
- (uuu) there are no outstanding notices or communications from any customer or Health Canada or any other applicable regulatory authority alleging a defect or claim in respect of any products supplied or sold by the Corporation or any Subsidiary to a customer that is material to the Corporation and, to the Corporation's knowledge, there are no circumstances that would give rise to any reports, recalls, public disclosure, announcements or customer communications that are required to be made by the Corporation or any Subsidiary in respect of any products supplied or sold by the Corporation or the Subsidiaries that is material to the Corporation;
- (vvv) neither the Corporation nor any Subsidiary is required to obtain any permits or licenses other than the ACMPR Licenses pursuant to the ACMPR or any other permits from Health Canada or any similar federal, provincial, state or municipal regulatory body or self-regulatory body in connection with the conduct of their respective businesses as currently conducted;
- (www) all product research and development activities, including quality assurance, quality control, testing, and research and analysis activities, conducted by the Corporation and the Subsidiaries in connection with their business is being conducted in compliance, in all material respects, with all industry, laboratory safety, management and training standards applicable to its current and proposed business, and all such processes, procedures and practices, required in connection with such activities are in place as necessary and are being complied with, in all material respects;
- (xxx) each of the Corporation and the Subsidiaries has security measures and safeguards in place to protect personal information it collects from registered patients and customers and other parties from illegal or unauthorized access or use by its personnel or third parties or access or use by its personnel or third parties in a manner that violates the privacy rights of third parties. The

Corporation and the Subsidiaries have complied, in all material respects, with all applicable privacy and consumer protection legislation and none has collected, received, stored, disclosed, transferred, used, misused or permitted unauthorized access to any information protected by privacy laws, whether collected directly or from third parties, in an unlawful manner. The Corporation and the Subsidiaries have taken all reasonable steps to protect personal information against loss or theft and against unauthorized access, copying, use, modification, disclosure or other misuse; and

- (yyy) neither the Corporation nor any Subsidiary nor, to the Corporation's knowledge, any of their affiliates, directors or officers or any agents, employee or affiliate of the Corporation or any Subsidiary, is aware of or has taken any action, directly or indirectly, that could result in a violation by such Persons of applicable laws relating to terrorism, money laundering and proceeds of crime, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Corruption of Foreign Public Officials Act* (Canada), the *Foreign Corrupt Practices Act of 1977* (United States), as amended, and the rules and regulations thereunder or any other similar anticorruption law to which the Corporation or any Subsidiary may be subject (collectively, the "Acts"), including, without limitation, making any bribe, rebate, payoff, influence payment, kickback or other unlawful payment or making use of the mails or any means or instrumentality of interstate commerce in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value or benefit to any "foreign official" or "public official" (as such terms are defined in the applicable Acts) or any foreign political party or official thereof or any candidate for foreign political office, or any third party or any other Person to the benefit of the foregoing, in contravention of the Acts, and the Corporation, each Subsidiary, and their affiliates have conducted their businesses in compliance with the Acts and will implement and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

Section 7. Covenants of the Corporation

The Corporation covenants with the Agents that the Corporation shall during the period from the date of this Agreement until the first to occur of (i) the Qualification Date, and (ii) the day that is four months and one day after the Closing Date:

- (a) promptly provide to the Agents copies of any filings made by the Corporation or the Subsidiaries of information relating to the Offering with any Securities Commissions or any regulatory body in Canada or any other jurisdiction;
- (b) promptly provide to the Agents drafts of any press releases and other public documents of the Corporation relating to the Offering for review by the Lead Agent prior to issuance, and give the Lead Agent a reasonable opportunity to provide comments on any such press release or other public document, subject to the Corporation's timely disclosure obligations under applicable Canadian Securities Laws;
- (c) from the time it has filed a Preliminary Prospectus, promptly inform the Agents in writing of the particulars of:
 - (i) 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 Corporation and its Subsidiaries, taken as a whole;

- (ii) any material fact which has arisen or has been discovered or any new material fact 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
 - (iii) 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 or incorporated by reference 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 Canadian Securities Laws or which would reasonably be expected to have an effect on the market price or value of the Common Shares;
- (d) advise the Agents, promptly after receiving notice or obtaining knowledge thereof, of (i) the Qualification Date, and (ii) the day that is four months and one day after the Closing Date: (i) the issuance by any Securities Commission or similar regulatory authority of any order suspending or preventing the use of any Offering Document; (ii) the suspension of the qualification of the Units issuable upon exercise of the Special Warrants in any of the Qualifying Jurisdictions; (iii) the institution, threatening or contemplation of any proceeding for any such purposes; (iv) any requests made by any Securities Commission or similar regulatory authority for information amending or supplementing any of the Offering Documents or for additional information; (v) the receipt by the Corporation of any material communication, whether written or oral, from any Securities Commission or similar regulatory authority or any stock exchange, relating to the distribution of the Units issuable upon exercise of the Special Warrants; (vi) the receipt by the Corporation of any material communication, whether written or oral, from any Securities Commission, the CSE or any other competent authority, relating to the Offering or any Offering Document; (vii) any notice for other correspondence received by the Corporation from any Governmental Authority and any requests from such bodies for information, a meeting or a hearing relating to the Corporation, the Offering, the issue and sale of the Special Warrants, the issue of the Units issuable upon exercise of the Special Warrants or any other event or state of affairs that could, individually, or in the aggregate, have a Material Adverse Effect; or (viii) the issuance by any Securities Commission, the CSE or any other competent authority, including any other Governmental Authority, of any order to cease or suspend trading or distribution of any securities of the Corporation or of the institution, threat of institution of any proceedings for that purpose or any notice of investigation that could potentially result in an order to cease or suspect trading or distribution of any securities of the Corporation, and will use its commercially reasonable efforts to prevent the issuance of any order referred to in (i) and (viii) above and, if any such order is issued, to obtain the withdrawal thereof as quickly as possible;
- (e) comply with Sections 6.5 and 6.6 of NI 41-101 and with the comparable provisions of the other relevant Canadian Securities Laws. The Corporation will promptly prepare and file with the Securities Commissions any Supplementary Material which in the opinion of the Agents and the Corporation, each acting reasonably, may be necessary or advisable, and will otherwise comply with all legal requirements necessary to continue to qualify the Units issuable upon exercise of the Special Warrants for distribution. If the Corporation and the Agents in good faith disagree as to whether a change, fact or event requires the filing of any Supplementary Material in compliance

with Sections 6.5 or Section 6.6 of NI 41-101, the Corporation will prepare and file promptly at the request of the Agents any Supplementary Material which, in the opinion of the Agents, acting reasonably, may be necessary or advisable. Upon receipt of any Supplementary Material the Agents shall, as soon as possible, send such Supplementary Material to Purchasers;

- (f) in addition to the provisions of Section 7(a) to (e) hereof, the Corporation shall, in good faith discuss with the Agents any circumstance, change, event or fact contemplated in Section 7(a) to (e) hereof which is of such a nature that there is or could be reasonable doubt as to whether notice should be given to the Agents under Section 7(a) to (e) hereof and shall consult with the Agents with respect to the form and content of any Supplementary Material proposed to be filed by the Corporation, it being understood and agreed that no such Supplementary Material shall be filed with any Securities Commission prior to the review and approval thereof by the Agents, acting reasonably;
- (g) deliver to the Agents prior to the filing of the Preliminary Prospectus and Final Prospectus, a copy thereof signed and certified as required by the applicable Canadian Securities Laws;
- (h) advise the Agents, promptly after receiving notice thereof, of the time when the Preliminary Prospectus, the Final Prospectus, any Marketing Materials and any Supplementary Material has been filed and receipts therefor (if any) have been obtained pursuant to the Canadian Securities Laws and will provide evidence reasonably satisfactory to the Agents of each such filing and copies of such receipts;
- (i) use the net proceeds of the Offering in the manner specified in the Disclosure Documents;
- (j) file or cause to be filed with the CSE all necessary documents and shall take or cause to be taken all necessary steps to ensure that the Corporation has obtained all necessary approvals for the Common Shares and Warrant Shares issuable upon exercise of the Special Warrants and Broker Warrants to be listed on the CSE;
- (k) make all necessary arrangements that are within the control of the Corporation for the electronic deposit of the Special Warrants pursuant to the non-certificated issue system of CDS on the Closing Date. All fees and expenses payable to CDS and/or the Special Warrant Agent in connection with the electronic deposit and the fees and expenses payable to CDS and/or the Special Warrant Agent in connection with the initial or additional transfers as may be required in the course of the distribution of the Special Warrants shall be borne by the Corporation;
- (l) until the date that is three years following the Closing Date, use its commercially reasonable efforts to remain, and to ensure each Subsidiary remains, a corporation validly subsisting under the laws under which it is currently subsisting, licensed, registered or qualified as an extra-provincial or foreign corporation in all jurisdictions where the character of its properties owned or leased or the nature of the activities conducted by it make such licensing, registration or qualification necessary and shall carry on its business in the ordinary course and in compliance in all material respects with all applicable Laws of each such jurisdiction, provided that the Corporation shall not be required to comply with the terms of this Section 7(l) following the completion of a merger, amalgamation, arrangement, business combination or take-over bid pursuant to which the Corporation ceases to be a “public company” (within the meaning of the *Business Corporations Act* (British Columbia));
- (m) other than in the event of an acquisition of all of the issued and outstanding Common Shares by way of take-over bid merger, amalgamation, plan of arrangement or similar transaction, until the

date that is three years following the Closing Date, use commercially reasonable efforts to maintain its status as a “reporting issuer” under the Canadian Securities Laws of a jurisdiction of Canada, not in default of any requirement of such Canadian Securities Laws;

- (n) other than in the event of an acquisition of all of the issued and outstanding Common Shares by way of take-over bid merger, amalgamation, plan of arrangement or similar transaction, until the date that is three years following the Closing Date, use commercially reasonable efforts to maintain the listing of the Common Shares on the CSE or another recognized stock exchange or quotation system in Canada;
- (o) duly execute and deliver the Transaction Documents (other than the Broker Warrant certificates, the Warrant Certificates, the Common Share certificates and the Warrant Share certificates) at the Closing Time and comply with and satisfy all terms, conditions and covenants therein contained to be complied with or satisfied by the Corporation;
- (p) in the event that a Purchaser who acquires Common Shares and Warrants upon exercise or deemed exercise of the Special Warrants is or becomes entitled under Canadian Securities Laws to the remedy of rescission by reason of a misrepresentation in the Final Prospectus, or any Supplementary Material, the Corporation hereby agrees that such holder shall, subject to available defences and any limitation period under Canadian Securities Laws, be entitled to rescission not only of the holder’s exercise or deemed exercise of its Special Warrants, but also of the private placement transaction under this Agreement pursuant to which the Special Warrants were initially acquired (i.e. the Offering), and shall be entitled in connection with such rescission to a full refund of all consideration paid to the Corporation on the acquisition of the Special Warrants. The Corporation agrees that the foregoing rights shall be described in the Preliminary Prospectus, the Final Prospectus and any Supplementary Material, and the Corporation agrees to and shall comply with such contractual right of rescission;
- (q) for the period of 120 days following the Closing Date, not, directly or indirectly, 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 Common Shares or securities convertible into, exchangeable for, or otherwise exercisable to acquire Common Shares or other equity securities of the Corporation, without the prior written consent of the Lead Agent (such consent not to be unreasonably withheld or delayed), other than:
 - (i) the issuance of Common Shares in connection with the exercise of any currently outstanding options of the Corporation, (ii) the issuance of options to acquire Common Shares pursuant to the Corporation’s stock option plan, and the issuance of Common Shares in connection with the exercise of any such options, (iii) the issuance of awards pursuant to the Corporation’s incentive award plan; (iv) the issuance of Common Shares pursuant to the dividend reinvestment plan of the Corporation, and (v) to satisfy any other currently outstanding instruments or other contractual commitments in relation to any transaction that has been disclosed to the Agents or in the Disclosure Documents; and
- (r) promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, such further acts, documents and things for the purpose of giving effect to this Agreement and the transactions contemplated herein.

Section 8. Closing

The purchase and sale of the Special Warrants shall be completed at the Closing Time at the offices of McMillan LLP in Vancouver, British Columbia or at such other place as the Lead Agent and the Corporation may agree. At the Closing Time, the Corporation shall cause the Transfer Agent to electronically deposit, and to issue such certificates representing, as requested, the Special Warrants to CDS or its nominee on behalf of the Agents registered in the name of "CDS & Co." or in such other name or names as the Lead Agent may notify the Corporation in writing not less than 24 hours prior to the Closing Time a portion of which are to be held by CDS as a non-certificated inventory in accordance with the rules and procedures of CDS, against payment by the Agents to the Corporation, at the direction of the Corporation, as applicable, of the aggregate purchase price for the Special Warrants less an amount equal to the Agents' Commission and a reasonable estimate of the out-of-pocket fees and expenses of the Agents and their counsel payable pursuant to Section 14, by wire transfer, or if permitted by applicable Law, certified cheque or bank draft, in Canadian currency payable at par in Toronto, Ontario, together with a receipt signed by the Lead Agent for such securities and for receipt of the Commission and such estimated expenses. It is understood that Special Warrants sold to Accredited Investors that are not Qualified Institutional Buyers shall be represented by physical certificates endorsed with U.S. restrictive legends in customary form. As soon as practicable following the Closing Time, the Agents shall submit an invoice with respect to the actual reasonable out-of-pocket fees and expenses of the Agents and their counsel payable by the Corporation pursuant to Section 14. In the event that the actual reasonable out-of-pocket fees and expenses of the Agents and their counsel payable by the Corporation is less than the estimated amount thereof paid to the Agents on Closing, the Agents shall reimburse the Corporation for the amount of such difference. In the event that the actual reasonable out-of-pocket fees and expenses of the Agents and their counsel payable by the Corporation is greater than the estimated amount thereof paid to the Agents on Closing, the Corporation shall promptly pay the amount of such difference to the Agents.

Section 9. Termination Rights

- (a) The Agents (or any one of them) shall be entitled to terminate their obligations hereunder by written notice to that effect given to the Corporation at or prior to the Closing Time if:
- (i) **Restrictions on Distribution.** Any inquiry, action, suit, investigation or other proceeding (whether formal or informal), including matters of regulatory transgression or unlawful conduct, is commenced, announced or threatened or any order is made or issued under or pursuant to any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality (including without limitation the CSE or any securities regulatory authority) or there is any enactment or change in any law, rule or regulation, or the interpretation or administration thereof, which, in the reasonable opinion of the Agents, could operate to prevent, restrict or otherwise seriously adversely affect in any manner the distribution or trading of the Special Warrants or the market price or value of the Common Shares;
 - (ii) **Material Change.** There shall occur or come into effect any material change in the business, affairs, financial condition, prospects, capital or control of the Corporation and its subsidiaries, taken as a whole, or any change in any material fact or new material fact, or there should be discovered any previously undisclosed fact which, in each case, in the reasonable opinion of the Agents, has or could reasonably be expected to have a significant effect on the market price or value or marketability of the Special Warrants;
 - (iii) **Disaster Out.** There should develop, occur or come into effect or existence any event, action, state, or condition or any action, law or regulation, inquiry, including, without

limitation, terrorism, accident or major financial, political or economic occurrence of national or international consequence, or any action, government, law, regulation, inquiry or other occurrence of any nature, which in the reasonable opinion of the Agents, seriously adversely affects or involves, or may seriously adversely affect or involve, the financial markets in Canada or the United States or the business, operations or affairs of the Corporation or the marketability of the Special Warrants;

- (iv) **Market Out.** The state of the financial markets in Canada or the United States is such that in the reasonable opinion of the Agents, the Special Warrants cannot be marketed profitably;
 - (v) **Breach.** The Corporation is in breach of any material term, condition or covenant of this Agreement or any representation or warranty given by Corporation becomes or is false in any material respect; or
 - (vi) **Due Diligence.** The due diligence investigations performed by the Agents or their representatives reveal any material information or fact, which, in the sole opinion of the Agents, acting reasonably, is materially adverse to the Corporation or its business, or materially adversely affects the price or value of the Special Warrants.
- (b) The rights of termination contained in this Section 9 as may be exercised by the Agents (or any of them) and are in addition to any other rights or remedies the Agents may have in respect of any default, act or failure to act or non-compliance by the Corporation in respect of any of the matters contemplated by this Agreement or otherwise. Any such termination shall not discharge or otherwise affect any obligations or liability of the Corporation provided herein or prejudice any other rights or remedies any party may have as a result of any breach, default or non-compliance by any other party. Notwithstanding the foregoing sentence, in the event of any such termination, there shall be no further liability on the part of the Agents to the Corporation or on the part of the Corporation to the Agents except in respect of any liability which may have arisen prior to or which may arise after such termination under Section 10, Section 12 and Section 14. A notice of termination given by one Agent under this Section 9 shall not be binding upon the other Agents.

Section 10. All Terms to be Conditions

The Corporation agrees that the conditions contained in Section 5 will be complied with insofar as the same relate to acts to be performed or caused to be performed by the Corporation and that it will use its best efforts to cause all such conditions to be complied with. Any breach or failure to comply with any of the conditions set out in Section 5 shall entitle the Agents (or any of them) to terminate this Agreement by written notice to that effect given to the Corporation at or prior to the Closing Time. It is understood that the Agents may waive, in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to the rights of the Agents in respect of any such terms and conditions or any other or subsequent breach or non-compliance, provided that to be binding on the Agents any such waiver or extension must be in writing.

Section 11. Indemnification

- (a) The Corporation agrees to indemnify and hold harmless each of the Agents and Selling Firms (if any) and each of their respective affiliates and subsidiaries and the respective directors, officers, partners, agents and employees and the Agent's subsidiaries or affiliates (each an "**Indemnified Party**") and collectively, the "**Indemnified Parties**") to the full extent lawful, from and against any and all losses, fees, expenses, claims (including shareholder actions, derivative or otherwise),

actions, damages and liabilities, joint or several, including without limitation the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims (but not including any amount for lost profits) and the reasonable fees and expenses of their counsel that may be incurred (collectively, the “**Losses**”) that may be suffered by, imposed upon or asserted against an Indemnified Party as a result of, in respect of, connected with or arising out of any third party action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party or in enforcing this indemnity (collectively the “**Claims**”) insofar as the Claims relate to, are caused by, result from, arise out of or are based upon, directly or indirectly, from or in consequence of the performance of professional services rendered to the Corporation by the Indemnified Parties hereunder or otherwise in connection with the Offering, whether performed before or after the date hereof, or otherwise in connection with the matters referred to in this Agreement, including, without limitation:

- (i) any breach of or default under any representation, warranty, covenant or agreement of the Corporation in this Agreement or the failure of the Corporation to comply with any of its obligations hereunder;
- (ii) any information or statement (except any information or statement relating solely to an Indemnified Party and provided in writing by the Indemnified Party for inclusion in such document) contained in any of the Offering Documents or any other document or material filed or delivered by or on behalf of the Corporation pursuant to this Agreement being or being alleged to be a misrepresentation or untrue or any omission or alleged omission to state in those documents any material fact required to be stated in those documents or necessary to make any of the statements therein not misleading in light of the circumstances in which they were made;
- (iii) any order made or any inquiry, investigation or proceeding instituted, threatened or announced by any court, securities regulatory authority, stock exchange or by any other competent authority, based upon any untrue statement, omission or misrepresentation or alleged untrue statement, omission or misrepresentation (except a statement, omission or misrepresentation relating solely to an Indemnified Party provided in writing by the Indemnified Party) contained in any of the Offering Documents or any other document or material filed or delivered by or on behalf of the Corporation pursuant to this Agreement, preventing or restricting the trading in or the sale or distribution of the Common Shares;
- (iv) the Corporation not complying with any requirement of the Canadian Securities Laws or U.S. Securities Laws, including the Corporation’s non-compliance with any statutory requirement to make any document available for inspection; or
- (v) any failure or alleged failure to make timely disclosure of a material change by the Corporation, where such failure or alleged failure occurs during the Offering or during the period of distribution or where such failure relates to the Offering or the Special Warrants and may give or gives rise to any liability under any Law in any jurisdiction which is in force on the date of this Agreement,

provided, however, that this indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that: (i) the Indemnified Party has been grossly negligent or has committed any wilful misconduct or fraudulent act in the course of such performance; or (ii) the Losses as to which indemnification is claimed were directly caused by the gross negligence, wilful misconduct or fraud referred to in (i).

- (b) The Corporation agrees to waive any right it may have of first requiring an Indemnified Party to proceed against or enforce any other right, power, remedy or security or claim payment from any other person before claiming under this indemnity.
- (c) The Corporation will not, without the Indemnified Party's prior written consent, 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 (whether or not any Indemnified Party is a party thereto) unless the Corporation has acknowledged in writing that the Indemnified Parties are entitled to be indemnified in respect of such Claim and such settlement, compromise, consent or termination includes an unconditional release of each Indemnified Party from any liabilities arising out of such Claim without any admission of negligence, misconduct, liability or responsibility by or on behalf of any Indemnified Party.
- (d) Promptly after receiving notice of a Claim against an Indemnified Party 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 Corporation, the Indemnified Party will notify the Corporation in writing of the particulars thereof, provided that the omission so to notify the Corporation shall not relieve the Corporation of any liability which the Corporation may have to any Indemnified Party except and only to the extent that any such delay in or failure to give notice as herein required prejudices the defense of such Claim or results in any material increase in the liability which the Corporation has under this indemnity. The Corporation shall have 14 days after receipt of the notice to undertake, conduct and control, through counsel of its own choosing and at its own expense, the settlement or defense of the Claim. If the Corporation undertakes, conducts and controls the settlement or defense of the Claim, the relevant Indemnified Parties shall have the right to participate in the settlement or defense of the Claim.
- (e) The Corporation also agrees to reimburse the Indemnified Parties for the time spent by its personnel in connection with any Claim at their normal per diem rates. Each Indemnified Party may retain separate legal counsel to act on such Indemnified Party's behalf to separately represent it in the defense of a Claim, which shall be at the Corporation's expense if (i) the Corporation does not promptly assume the defense of the Claim no later than 14 days after receiving actual notice of the Claim (as set forth above), (ii) the Corporation agrees to separate representation, or (iii) the Indemnified Party is advised by counsel that there is an actual or potential conflict in the Corporation's and the Indemnified Party's respective interests or additional defenses are available to the Indemnified Party, which makes representation by the same counsel inappropriate.
- (f) The Corporation agrees that in case any legal proceeding shall be brought against the Corporation and/or the Agents by any governmental commission or regulatory authority or any stock exchange or other entity having regulatory authority, either domestic or foreign, shall investigate the Corporation and/or the Indemnified Parties shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with, or by reason of the performance of professional services rendered to the Corporation by the Agents, the Indemnified Parties shall have the right to employ their 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 Agents for time spent by the Indemnified Parties in connection therewith) and out-of-pocket expenses incurred by Indemnified Parties in connection therewith shall be paid by the Corporation as they occur.
- (g) To the extent that any Indemnified Party is not a party to this Agreement, the Agents shall obtain and hold the right and benefit of the above-noted indemnity in trust for and on behalf of such Indemnified Party.

- (h) The Corporation agrees to reimburse the Agents for the time spent by their personnel in connection with any Claim at their normal per diem rates.
- (i) The indemnity and the contribution obligations of the Corporation pursuant to Section 12 shall be in addition to any liability which the Corporation may otherwise have, shall extend upon the same terms and conditions to the personnel of the Agent and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Corporation and any of the Indemnified Parties. The foregoing provisions shall survive the completion of professional services rendered under this Agreement or any termination of the authorization given by this Agreement.

Section 12. Contribution

In order to provide for a just and equitable contribution in circumstances in which the indemnity provided in Section 11 (other than in accordance with the terms hereof) would otherwise be available in accordance with its terms but is unavailable to the Agents or the Indemnified Parties or insufficient to hold them harmless in respect of a Claim for any reason, the Corporation shall contribute to the amount paid or payable by the Agents or the other Indemnified Party as a result of such Claim in such proportion as is appropriate to reflect not only the relative benefits received by the Corporation on the one hand and the Agents or any other Indemnified Party on the other hand but also the relative fault of the Corporation, the Agents or any other Indemnified Party as well as any relevant equitable considerations; provided that the Corporation shall in any event contribute to the amount paid or payable by the Agents or any other Indemnified Party as a result of such Claim any excess of such amount over the amount of the fees received by the Agent under this Agreement.

Section 13. Advertisements

The Corporation shall, at the Agents' request, issue a press release announcing the Offering, include a reference to the Agents and their role in any such release or communication, and ensure that any press release concerning the Offering complies with applicable law, including U.S. Securities Law restrictions in respect of general solicitation, general advertising and directed selling efforts. If the Offering is successfully completed, the Corporation acknowledges and agrees that the Agents will be permitted to publish, at their own expense, public announcements or other communications relating to its services in connection with the Offering as it considers appropriate.

Section 14. Expenses

The Corporation will be responsible for all expenses related to the Offering, whether or not the Offering is completed, including, but not limited to, the fees and disbursements of the Corporation's legal counsel, the fees and disbursements of the Agents' legal counsel (to a maximum of \$100,000, exclusive of disbursements and taxes), the fees and disbursements of accountants and auditors, the fees and disbursements of translators, the fees and disbursements of technical consultants and other applicable experts, all other costs and expenses (excluding legal expenses) of the Agents, printing costs, filing fees, distribution fees, stock exchange fees, fees for other regulatory compliance, and all taxes payable in respect of any of the foregoing. All such fees, disbursements and expenses shall be payable by the Corporation immediately upon receiving an invoice therefor from the Agent, or, at the option of the Agent, may be deducted from the gross proceeds of the Offering otherwise payable by the Agents to the Corporation at the Closing of the Offering.

Section 15. Agents' Obligations

The Agents' obligations, representations, warranties and covenants under this Agreement shall be several (and not joint nor joint and several), and the Agents' respective obligations and rights and benefits hereunder shall be as to the following percentages:

Cormark Securities Inc.	80%
Canaccord Genuity Corp.	<u>20%</u>
	100%

Section 16. Action by the Agents

All steps which must or may be taken by the Agents in connection with this Agreement, with the exception of the matters relating to termination contemplated by Section 9 or matters relating to indemnity and contribution contemplated by Section 11 and Section 12, may be taken by the Lead Agent on behalf of itself and the Agents and the execution and delivery of this Agreement by the Corporation and the Agents shall constitute the Corporation's authority for accepting any notice, request, direction, certificate, consent or other communication from the Lead Agent and for delivering the Special Warrants by electronic deposit or otherwise to, or to the order of, the Lead Agent. The Lead Agent agrees to use its best efforts consult with the other Agent with respect to all material matters. The rights and obligations of the Agents under this Agreement shall be several and not joint nor joint and several.

Section 17. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The parties irrevocably attorn to the jurisdiction of the courts of the Province of British Columbia, which will have non-exclusive jurisdiction over any matter arising out of this Agreement.

Section 18. Survival of Warranties, Representations, Covenants and Agreements

Except as expressly set out herein, all warranties, representations, covenants and agreements of the Corporation and the Agents herein contained or contained in documents submitted or required to be submitted pursuant to this Agreement shall survive the closing of the Offering and shall continue in full force and effect for the benefit of the Agents, the Purchasers or the Corporation, as the case may be, regardless of the Closing of the sale of the Special Warrants, any subsequent disposition of the Special Warrants, the Common Shares, Warrants or Warrant Shares by the Purchasers or the termination of the Agents' obligations under this Agreement for a period ending on the date that is two years following the Closing Date and shall not be limited or prejudiced by any investigation made by or on behalf of the Agents or the distribution of the Special Warrants or otherwise, and the Corporation agrees that the Agents shall not be presumed to know of the existence of a claim against the Corporation under this Agreement or any certificate delivered pursuant to this Agreement or in connection with the purchase and sale of the Special Warrants as a result of any investigation made by or on behalf of the Agents in accordance with the distribution of the Special Warrants or otherwise. Notwithstanding the foregoing, the provisions contained in this Agreement in any way related to indemnification or contribution obligations shall survive and continue in full force and effect, indefinitely. In this regard, the Agents shall act as trustees for the Purchasers and accept these trusts and shall hold and enforce such rights on behalf of the Purchasers.

Section 19. Notices

All notices or other communications by the terms hereof required or permitted to be given by one party to another shall be given in writing by personal delivery or by facsimile delivered or electronic delivery to such other party as follows:

- (i) to the Corporation at:

Heritage Cannabis Holdings Corp.
929 Mainland Street
Vancouver, British Columbia V6B 1S3

Attention: Clint Sharples
Email: csharples@firstgrowth.ca

with a copy (which shall not constitute notice hereunder) to:

McMillan LLP
Royal Centre, 1055 West Georgia Street, Suite 1500
Vancouver, British Columbia V6E 4N7

Attention: Desmond Balakrishnan
Email: desmond.balakrishnan@memillan.ca

- (ii) to the Agents, to:

Cormark Securities Inc.
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2800
Toronto, Ontario M5J 2J2

Attention: Alfred Avanesy
Email: aavanessy@cormark.com

Canaccord Genuity Corp.
2100-609 Granville Street
Vancouver, British Columbia V7Y 1H2

Attention: Jamie Brown
Email: jbrown@canaccordgenuity.com

with a copy (which shall not constitute notice hereunder) to:

Baker & McKenzie LLP
181 Bay Street, Suite 2100
Toronto, Ontario M5J 2T3

Attention: Kevin Rooney
E-Mail: kevin.rooney@bakermckenzie.com

or at such other address or e-mail address as may be given by either of them to the other in writing from time to time. Each notice shall be personally delivered to the addressee or sent by electronic transmission to the addressee and: (i) a notice which is personally delivered shall, if delivered 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 electronic transmission shall be deemed to be given and received on the first Business Day following the day on which it is confirmed to have been sent.

Section 20. Enforceability

To the extent permitted by applicable law, the invalidity or unenforceability of any particular provision of this Agreement will not affect or limit the validity or enforceability of the remaining provisions of this Agreement.

Section 21. Successors and Assigns

The terms and provisions of this Agreement will be binding upon and enure to the benefit of the Corporation and the Agents and their respective successors and assigns; provided that, except as otherwise provided in this Agreement, this Agreement will not be assignable by any party without the written consent of the others and any purported assignment without that consent will be invalid and of no force and effect.

Section 22. Entire Agreement; Time of the Essence

This Agreement constitutes the entire agreement between the Agent and the Corporation relating to the subject matter hereof and supersedes all prior agreements between the Agents and the Corporation (including, for greater certainty, the Engagement Letter, except that the confidentiality provision with respect to the confidentiality obligations owed to the Corporation in the Engagement Letter shall survive and be deemed incorporated by reference herein and will apply to each of the Agents *mutatis mutandis*, in addition to Eight Capital) and time shall be of the essence hereof.

Section 23. 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.

Section 24. No Fiduciary Duty

The Corporation acknowledges and agrees that: (a) the Agents have not assumed or will assume a fiduciary responsibility in favour of the Corporation with respect to the Offering contemplated hereby or the process leading thereto and none of the Agents has any obligation to the Corporation with respect to the Offering contemplated hereby except the obligations expressly set forth in this Agreement; (b) any Agent and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Corporation; and (c) none of the Agents has provided any legal, accounting, regulatory or tax advice with respect to the Offering contemplated hereby and the Corporation has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

Section 25. 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.

Section 26. 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 expressment demandées que la présente convention ainsi que tout avis, tout état de compte et tout autre document a être ou pouvant être donné ou conclu en vertu des dispositions des présentes, soient rédigés en langue anglaise seulement.*

Section 27. Counterparts and Electronic or Facsimile Copies

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

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If this offer accurately reflects the terms of the transaction which we are to enter into and if such terms are agreed to by the Corporation please communicate your acceptance by executing where indicated below and returning one executed copy to the Agents.

CORMARK SECURITIES INC.

Per: (signed) "Jeff Kennedy"
Authorized Signing Officer

CANACCORD GENUITY CORP.

Per: (signed) "Jamie Brown"
Authorized Signing Officer

The foregoing is hereby accepted and agreed to by the undersigned as of the date first written above.

HERITAGE CANNABIS HOLDINGS CORP.

Per: (signed) "Clint Sharples"
Authorized Signing Officer

SCHEDULE “A”

TERMS AND CONDITIONS FOR UNITED STATES OFFERS AND SALES

As used in this Schedule “A” and related exhibits, the following terms shall have the meanings indicated:

“**Directed Selling Efforts**” means “directed selling efforts” as that term is defined in Rule 902(c) of Regulation S, which, without limiting the foregoing, but for greater clarity in this Schedule, includes, 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 Special Warrants and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the Offering;

“**Foreign Issuer**” means “foreign issuer” as that term is defined in Rule 902(e) of Regulation S;

“**General Solicitation**” and “**General Advertising**” means “general solicitation” and “general advertising”, respectively, as used under Rule 502(c) of Regulation D, including, without limitation, 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 or in any manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act;

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

“**Regulation S**” means Regulation S adopted by the SEC under the U.S. Securities Act;

“**SEC**” means the United States Securities and Exchange Commission;

“**Securities**” means the Special Warrants, the Common Shares and Warrants issuable upon exercise of the Special Warrants and the Warrant Shares issuable upon exercise of the Warrants;

“**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 Agency Agreement to which this Schedule “A” is attached and of which this Schedule “A” forms a part.

Representations, Warranties and Covenants of the Corporation

The Corporation represents, warrants, acknowledges, covenants and agrees with the Agents that:

1. The Corporation is a Foreign Issuer and reasonably believes that there is no Substantial U.S. Market Interest with respect to the Securities of the Corporation.

2. The Corporation is not, and after giving effect to the Offering and the application of the net proceeds thereof, will not be, registered or required to be registered as an “investment company” pursuant to the United States Investment Company Act of 1940, as amended.
3. The Corporation acknowledges that the Securities have not been and will not be registered under the U.S. Securities Act or any state securities laws and may be offered and sold only in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and applicable state securities laws. Except with respect to sales of the Special Warrants solicited by the Agents through a U.S. Affiliate to either Qualified Institutional Buyers and/or Accredited Investors in reliance upon available exemptions from registration under the U.S. Securities Act and applicable state securities laws, neither the Corporation nor any of its affiliates, nor any person acting on any of their behalf (other than the Agents, the U.S. Affiliates, or any Selling Firm, as to whom the Corporation makes no representation, warranty, acknowledgement, covenant or agreement), has made or will make: (A) any offer to sell, or any solicitation of an offer to buy, any Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons; or (B) any sale of Special Warrants unless, at the time the buy order was or will have been originated, the Purchaser is (i) outside the United States and not a U.S. Person, or (ii) the Corporation, its affiliates, and any person acting on any of their behalf (other than the Agents, the U.S. Affiliates, or any Selling Firm, as to whom the Corporation makes no representation, warranty, acknowledgement, covenant or agreement) reasonably believe that the Purchaser is outside the United States and not a U.S. Person.
4. Neither the Corporation nor any of its affiliates, nor any person acting on any of their behalf (other than the Agents, the U.S. Affiliate, or any Selling Firm, as to whom the Corporation makes no representation, warranty, acknowledgement, covenant or agreement), has engaged or will engage in any Directed Selling Efforts, or has taken or will take any action that would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act, Rule 506(b) of Regulation D, or the exclusion afforded by Rule 903 of Regulation S, to be unavailable for offers and sales of the Special Warrants.
5. None of the Corporation, any of its affiliates or any person acting on any of their behalf (other than the Agents, the U.S. Affiliate, or any Selling Firm, as to whom the Corporation makes no representation, warranty, acknowledgement, covenant or agreement) has offered or will offer to sell, or has solicited or will solicit offers to buy, any of the Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons, by means of any form of General Solicitation or General Advertising in connection with the offer and sale of the Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons.
6. Neither the Corporation nor any person acting on behalf of the Corporation has, within six months prior to the commencement of the Offering, sold, offered for sale or solicited any offer to buy any of the Corporation’s securities, and will not do so for a period of six months following the completion of this Offering, in a manner that would be integrated with the offer and sale of the Special Warrants and would cause the exemption from registration provided by Rule 506(b) of Regulation D to become unavailable with respect to the offer and sale of the Shares.
7. As of the Closing Date, with respect to the Special Warrants to be offered and sold hereunder in reliance on Rule 506(b) of Regulation D, none of the Corporation, any of its predecessors, any “affiliated” issuer (as determined in accordance in Rule 501(b) of Regulation D), any director, executive officer or other officer of the Corporation participating in the Offering, any beneficial owner of 20% or more of the Corporation's outstanding voting equity securities, calculated on the basis of voting power, or any promoter (as that term is defined in Rule 405 under the U.S. Securities

Act) connected with the Corporation in any capacity at the time of sale of the Special Warrants (other than any Dealer Covered Person (as defined below), as to whom no representation, warranty, acknowledgement, covenant or agreement is made) is subject to any of the “Bad Actor” disqualifications described in Rule 506(d)(1) under Regulation D (a “**Disqualification Event**”).

8. As of the Closing Date, the Corporation is not aware of any person (other than any Dealer Covered Person) that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of any Special Warrants pursuant to the Offering.
9. Neither the Corporation nor any of its predecessors or affiliates has been subject to any order, judgment or decree of any court of competent jurisdiction temporarily, preliminarily or permanently enjoining such person for failure to comply with Rule 503 of Regulation D.
10. The Corporation 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 in the United States.

Representations, Warranties and Covenants of the Agents

Each Agent represents, warrants and covenants to and with the Corporation on a several basis (and not joint nor joint and several) that:

1. It acknowledges that the Securities have not been and will not be registered under the U.S. Securities Act or any state securities laws and may be offered and sold only in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and applicable state securities laws. It has not offered for sale by the Corporation, and will not offer for sale by the Corporation, any Special Warrants except: (a) Special Warrants in an Offshore Transaction in accordance with Rule 903 of Regulation S; or (b) Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons, that are either Qualified Institutional Buyers and/or Accredited Investors, in transactions that are exempt from the registration requirements of the U.S. Securities Act in compliance with available exemptions thereunder and in compliance with state securities laws, as provided in this Schedule “A” and the Agreement to which it is annexed. Accordingly, neither the Agent, its U.S. Affiliate nor any of their affiliates nor any persons acting on behalf of any of them, has made or will make (except as permitted hereby) any: (x) offer to sell or any solicitation of an offer to buy, any Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons; (y) arrangement for any sale of Special Warrants to any Purchaser unless, at the time the buy order was or will have been originated, the Purchaser was outside the United States and not a U.S. Person, or such Agent, U.S. Affiliate, affiliate or person acting on any of their behalf reasonably believed that such Purchaser was outside the United States and not a U.S. Person; or (z) Directed Selling Efforts.
2. Neither the Agent, its U.S. Affiliate nor any of their affiliates either directly or through a person acting on its or their behalf has taken or will take any action that would constitute a violation of Regulation M under the U.S. Exchange Act in connection with the offer and sale of the Special Warrants.
3. It has not entered and will not enter into any contractual arrangement with respect to the distribution of the Special Warrants, except with its U.S. Affiliate, any Selling Firm or with the prior written consent of the Corporation. It shall require its U.S. Affiliate and each Selling Firm to agree, for the benefit of the Corporation, to comply with, and shall use its reasonable best efforts to ensure that its U.S. Affiliate and each Selling Firm complies with, the provisions of this

Schedule applicable to the Agent as if such provisions applied directly to its U.S. Affiliate and such Selling Firm.

4. All offers to sell and solicitations of offers to purchase Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons, shall be solicited and arranged by the Agent through its U.S. Affiliate, which on the dates of such offers and subsequent sales by the Corporation was and will be duly registered as a broker-dealer under the U.S. Exchange Act and under all applicable state securities laws (unless exempted therefrom) and a member of, and in good standing with, the Financial Industry Regulatory Authority, Inc. in accordance with all applicable United States state and federal securities (including broker-dealer) laws. The U.S. Affiliate will arrange for all offers of Special Warrants for sale by the Corporation in compliance with all applicable United States federal and state broker-dealer requirements and this Schedule "A" and the Agreement to which it is annexed.
5. It and its U.S. Affiliate and their respective affiliates, either directly or through a person acting on behalf of any of them, have not solicited and will not solicit offers for, and have not offered to sell and will not offer to sell, any of the Special Warrants in the United States 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 in connection with the offer and sale of the Securities in the United States or to, or for the account or benefit of, U.S. Persons.
6. Any offer, or solicitation of an offer to buy, Special Warrants that has been made or will be made in the United States or to, or for the account or benefit of, U.S. Persons, was or will be made only to either Qualified Institutional Buyers and/or Accredited Investors.
7. Immediately prior to soliciting any person in the United States or person purchasing for the account or benefit of, a U.S. Person, the Agent, the U.S. Affiliate, their respective affiliates, and any person acting on behalf of any of them, had reasonable grounds to believe and did believe that each such offeree was either a Qualified Institutional Buyer or an Accredited Investor, and at the time of completion of each sale by the Corporation to a person in the United States or a person purchasing for the account or benefit of, a U.S. Person, the Agent, the U.S. Affiliate, their respective affiliates, and any person acting on behalf of any of them will have reasonable grounds to believe and will believe, that each such Purchaser is either a Qualified Institutional Buyer or an Accredited Investor.
8. Prior to arranging for any sale of Special Warrants to a person in the United States or person purchasing for the account or benefit of, a U.S. Person, it shall (A) cause each Purchaser (i) that is a Qualified Institutional Buyer to execute a Subscription Agreement, including Schedule "C" thereto, in a form mutually acceptable to the Corporation and the Lead Agent, (ii) that is an Accredited Investor to execute a Subscription Agreement, including Schedule "B" thereto, in a form mutually acceptable to the Corporation and the Lead Agent, and (B) it will deliver to the Corporation all such completed Subscription Agreements.
9. As of the Closing Date, each Agent represents that none of (i) the Agent or its U.S. Affiliate or any Selling Firm, (ii) the Agent's or the U.S. Affiliate's or Selling Firm's general partners or managing members, (iii) any of the Agent's or the U.S. Affiliate's or Selling Firm's directors, executive officers or other officers participating in the Offering, (iv) any of the Agent's or the U.S. Affiliate's or Selling Firm's general partners' or managing members' directors, executive officers or other officers participating in the Offering, or (v) any other person associated with any of the above persons that has been or will be paid (directly or indirectly) remuneration for solicitation of

purchasers in connection with Offering (each, a “**Dealer Covered Person**” and, collectively, the “**Dealer Covered Persons**”), is subject to Disqualification Event.

10. As of the Closing Date, each Agent represents that it is not aware of any person (other than any Dealer Covered Person) that has been or will be paid (directly or indirectly) remuneration for solicitation of Purchasers in connection with the Offering.:
11. At least one Business Day prior to the applicable Closing Date, the Transfer Agent will be provided with a list of the names and addresses of all Purchasers in the United States or purchasing for the account or benefit of, a U.S. Person.
12. At the Closing, each Agent and its U.S. Affiliate that has offered or solicited offers of Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons, will provide a certificate, substantially in the form of Exhibit I, relating to the manner of the offer and sale of the Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons, or will be deemed to represent and warrant that it did not make any offers or solicitations to purchase Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons.

**EXHIBIT I TO SCHEDULE “A”
(TERMS AND CONDITIONS OF U.S. SALES)**

AGENTS’ CERTIFICATE

In connection with the offer and sale in the United States or to, or for the account or benefit of, U.S. Persons, of Special Warrants (the “**Special Warrants**”) of Heritage Cannabis Holdings Corp. (the “**Corporation**”) pursuant to an agency agreement (the “Agency Agreement”) dated November 7, 2018 between the Corporation and the Agents named in the Agency Agreement, the undersigned each hereby certify as follows:

- (i) on the date hereof and on the date of each offer, solicitation of an offer and sale of Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons, the U.S. Affiliate is and was: (A) a duly registered broker-dealer with the United States Securities and Exchange Commission and under the laws of each state where offers and sales of Special Warrants were made (unless exempted therefrom); and (B) a member of and in good standing with the Financial Industry Regulatory Authority, Inc.;
- (ii) all offers of Special Warrants for sale by the Corporation in the United States or to, or for the account or benefit of, U.S. Persons, have been and will be effected and arranged by the U.S. Affiliate in accordance with all applicable U.S. federal and state laws and regulation (including, without limitation, laws and regulation with respect to the registration and conduct of broker-dealers);
- (iii) immediately prior to offering or soliciting offers for the Special Warrants in the United States or to, or for the account or benefit of U.S. Persons, we had reasonable grounds to believe and did believe that each offeree was either a Qualified Institutional Buyer or an Accredited Investor, and, on the date hereof, we continue to believe that each person purchasing Special Warrants from the Corporation in the United States or to, or for the account or benefit of, U.S. Persons, is either a Qualified Institutional Buyer or an Accredited Investor;
- (iv) no form of “general solicitation” or “general advertising” (as those terms are used in Regulation D under the U.S. Securities Act) was used by us, including, without limitation, 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 or in any manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act, in connection with the offer or sale of the Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons;
- (v) the offers and solicitations of offers of the Special Warrants have been conducted by us in accordance with the terms of the Agency Agreement; and
- (vi) in connection with each sale of Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons, we (A) caused each Purchaser (i) that is a Qualified Institutional Buyer to execute a Subscription Agreement, including Schedule “D” thereto, in a form mutually acceptable to the Corporation and the Lead Agent, (ii) that is an Accredited Investor to execute a Subscription Agreement, including Schedule “D” thereto, in a form mutually acceptable to the Corporation and the Lead Agent, and (B) delivered to the Corporation all such completed Subscription Agreements.

[signature page follows]

Terms used in this certificate have the meanings given to them in the Agency Agreement unless otherwise defined herein.

Dated this _____ day of _____, 2018.

[INSERT NAME OF AGENT]

[INSERT NAME OF U.S. AFFILIATE]

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE "B"

ORGANIZATIONAL CHART

Name	Governing Jurisdiction	Percentage of Issued and Outstanding Shares	Holder of Issued and Outstanding Shares
1005477 B.C. Ltd.	British Columbia	100%	Heritage Cannabis Holdings Corp.
Umbral Energy, LLC	Nevada	100%	Heritage Cannabis Holdings Corp.
PhyeinMed	British Columbia	75% (Class A voting common shares)	1005477 B.C. Ltd.
Mainstrain Market Ltd.	British Columbia	100%	PhyeinMed