

CREDIT AGREEMENT

BETWEEN

CANNAROYALTY CORP.
as Borrower

- and -

CANNABIS ROYALTIES & HOLDINGS CORP.,
ELECTRIC MEDIALAND INC.
and
CR ADVISORY SERVICES INC.
as Guarantors

- and -

SPROTT CANNA HOLDCO CORP.
as Lender

DATED AS OF August 23, 2017

TABLE OF CONTENTS

ARTICLE 1 INTERPRETATION.....	- 2 -
DEFINITIONS.....	- 2 -
INTERPRETATION NOT AFFECTED BY HEADINGS.....	- 12 -
STATUTE REFERENCES.....	- 13 -
PERMITTED ENCUMBRANCE.....	- 13 -
CURRENCY.....	- 13 -
USE OF THE WORDS “BEST KNOWLEDGE”.....	- 13 -
NON-BUSINESS DAYS.....	- 13 -
GOVERNING LAW.....	- 13 -
PARAMOUNTCY.....	- 14 -
ENUREMENT.....	- 14 -
INTERPRETATION.....	- 14 -
TIME OF ESSENCE.....	- 14 -
ARTICLE 2 THE FACILITY.....	- 14 -
THE FACILITY.....	- 14 -
REVOLVING NATURE.....	- 14 -
NOTICE OF BORROWING.....	- 14 -
TERM.....	- 14 -
USE OF PROCEEDS.....	- 15 -
INTEREST.....	- 15 -
COMPUTATIONS.....	- 15 -
NO SET-OFF.....	- 16 -
MAXIMUM RETURN.....	- 16 -
TIME AND PLACE OF PAYMENTS.....	- 16 -
RECORD OF PAYMENTS.....	- 16 -
ARTICLE 3 PREPAYMENT.....	- 16 -
VOLUNTARY PREPAYMENT.....	- 16 -
ARTICLE 4 SECURITY.....	- 17 -
SECURITY DOCUMENTS.....	- 17 -
REGISTRATION OF THE SECURITY.....	- 18 -
AFTER ACQUIRED PROPERTY AND FURTHER ASSURANCES.....	- 18 -
RELEASE OF COLLATERAL.....	- 18 -
ARTICLE 5 CONDITIONS PRECEDENT.....	- 18 -
CONDITIONS PRECEDENT TO INITIAL ADVANCE.....	- 18 -
CONDITIONS PRECEDENT TO SUBSEQUENT ADVANCE.....	- 20 -
WAIVER.....	- 21 -
ARTICLE 6 REPRESENTATIONS AND WARRANTIES.....	- 21 -
REPRESENTATIONS AND WARRANTIES OF THE CREDIT PARTIES.....	- 21 -
ACKNOWLEDGEMENT.....	- 28 -
SURVIVAL AND INCLUSION.....	- 28 -
ARTICLE 7 COVENANTS OF THE CREDIT PARTIES.....	- 28 -
GENERAL COVENANTS.....	- 28 -
NEGATIVE COVENANTS OF THE CREDIT PARTIES.....	- 32 -
CONTINUED LISTING.....	- 33 -
TO PAY LENDER’S FEES AND EXPENSES.....	- 33 -
COMPLY WITH CONTINUOUS DISCLOSURE OBLIGATIONS.....	- 34 -
TO PAY ADDITIONAL AMOUNTS.....	- 34 -
FURTHER ASSURANCES.....	- 34 -

LENDER MAY PERFORM COVENANTS.....	- 34 -
ANTI-TERRORISM LAWS.....	- 35 -
ARTICLE 8 DEFAULT AND ENFORCEMENT.....	- 35 -
EVENTS OF DEFAULT.....	- 35 -
ACCELERATION ON DEFAULT.....	- 37 -
WAIVER OF DEFAULT.....	- 37 -
ENFORCEMENT BY THE LENDER.....	- 37 -
APPLICATION OF MONEYS.....	- 38 -
PERSONS DEALING WITH LENDER.....	- 38 -
LENDER APPOINTED ATTORNEY.....	- 38 -
REMEDIES CUMULATIVE.....	- 39 -
ARTICLE 9 NOTICES.....	- 39 -
NOTICE TO THE BORROWER.....	- 39 -
NOTICE TO THE LENDER.....	- 39 -
WAIVER OF NOTICE.....	- 39 -
ARTICLE 10 INDEMNITIES.....	- 39 -
GENERAL INDEMNITY.....	- 39 -
ENVIRONMENTAL INDEMNITY.....	- 40 -
ACTION BY LENDER TO PROTECT INTERESTS.....	- 41 -
ARTICLE 11 MISCELLANEOUS.....	- 41 -
AMENDMENTS AND WAIVERS.....	- 41 -
NO WAIVER; REMEDIES CUMULATIVE.....	- 41 -
SURVIVAL.....	- 41 -
BENEFITS OF AGREEMENT.....	- 41 -
BINDING EFFECT; ASSIGNMENT; SYNDICATION.....	- 41 -
ENTIRE AGREEMENT.....	- 42 -
PAYMENTS SET ASIDE.....	- 42 -
SEVERABILITY.....	- 43 -
COUNTERPARTS AND FACSIMILE.....	- 43 -
LIMITATIONS ACT.....	- 43 -
TERMINATION.....	- 43 -

CREDIT AGREEMENT

THIS AGREEMENT made as of the 23rd day of August, 2017

BETWEEN:

CANNAROYALTY CORP., a corporation organized and existing under the laws of the Province of Ontario

(hereinafter referred to as the “**Borrower**”)

AND:

CANNABIS ROYALTIES & HOLDINGS CORP., a corporation organized and existing under the laws of Canada

(hereinafter referred to as “**CRHC**”)

AND:

ELECTRIC MEDIALAND INC., a corporation organized and existing under the laws of Canada

(hereinafter referred to as “**EMI**”)

AND:

CR ADVISORY SERVICES INC., a corporation organized and existing under the laws of Canada

(hereinafter referred to as “**CRAS**”)

AND:

SPROTT CANNA HOLDCO CORP. a corporation organized and existing under the laws of the Province of Ontario

(hereinafter referred to as the “**Lender**”)

WHEREAS the Borrower has requested, and the Lender has agreed, to establish a \$12,000,000 senior secured revolving credit facility on and subject to the terms and conditions herein set forth.

NOW THEREFORE THIS CREDIT AGREEMENT WITNESSES that for good and valuable consideration, the receipt and sufficiency of which are acknowledged by each of the parties, the parties agree as follows:

ARTICLE 1 INTERPRETATION

Definitions

1.1 In this Agreement, unless there is something in the subject matter or context inconsistent therewith:

“**Advance**” means any advance of proceeds pursuant to the Facility;

“**Affiliate**” has the meaning given thereto in the Securities Act;

“**Agreement**”, “**this Agreement**”, “**hereto**”, “**hereby**”, “**hereunder**”, “**hereof**”, “**herein**” and similar expressions refer to this credit agreement and not to any particular Article, section, subsection, paragraph, clause, subdivision or other portion hereof, and include any and every supplemental Agreement; and the expressions “**Article**”, “**Section**”, “**subsection**” and “**paragraph**” followed by a number mean and refer to the specified Article, section, subsection or paragraph of this Agreement;

“**Amount**” or “**Amount Payable**” includes the principal amount advanced hereunder and any other amount payable hereunder or under any of the Facility Documents;

“**Anti-Terrorism Laws**” means any law, judgment, order, executive order, decree, ordinance, rule or regulation related to terrorism financing or money laundering including Part II.1 of the Criminal Code, R.S.C. 1985, c.C-46, the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, S.C. 2000, c. 17, and regulations promulgated pursuant to the Special Economic Measures Act, S.C. 1992, c. 17 and the United Nations Act, R.S.C. 1985, c. U-2.

“**Aphria Subordination Agreement**” means a subordination and postponement agreement, in form and substance satisfactory to the Lender, entered into among Aphria Inc., the Lender and CRCH in respect of any and all indebtedness owing to Aphria Inc. and liens and security interests in relation thereto;

“**Applicable Law**” means, at any time, with respect to any Person, property, transaction, event or other matter, as applicable, all laws, rules, statutes, regulations, treaties, orders, judgments and decrees, and all official requests, directives, rules, guidelines, orders, policies, practices and other requirements of any Governmental Authority relating or applicable at such time to such Person, property, transaction, event or other matter, and also includes any interpretation thereof by any Person having jurisdiction over it or charged with its administration or interpretation;

“**Applicable Securities Legislation**” means all applicable securities laws of each of the Reporting Jurisdictions and the respective rules and regulations under such laws together with applicable published fee schedules, prescribed forms, policy statements, national or multilateral instruments, orders, blanket rulings and other applicable regulatory instruments of the securities regulatory authorities in any of the Reporting Jurisdictions and such other jurisdictions as may be agreed to between the Borrower and the Lender in writing;

“**Auditors**” means, at any time, a firm of chartered accountants duly appointed as auditors of the Borrower;

“**Authorization**” means any authorization, consent, approval, resolution, licence, permit, concession, exemption, filing, notarization or registration;

“**Borrower**” means CannaRoyalty Corp., a corporation organized and existing under the laws of the Province of Ontario, and its successors and permitted assigns;

“**Borrower Group Members**” means, collectively, the Borrower, its Subsidiaries, including, without limitation, CannRoy Delaware Inc. and the Guarantors;

“**Business Day**” means any day other than Saturday, Sunday or a statutory holiday when banks are not open in Toronto, Ontario;

“**Canadian Account**” means Canadian dollar account #0004-1815601 CAD established by the Borrower at Bank of Montreal;

“**Capital Lease**” means, with respect to a Person, a lease or other arrangement in respect of real or personal property that is required to be classified and accounted for as a capital lease obligation on a balance sheet of the Person in accordance with IFRS;

“**Capital Lease Obligation**” means, with respect to a Person, the obligation of the Person to pay rent or other amounts under a Capital Lease and for the purposes of this definition, the amount of such obligation at any date shall be the capitalized amount of such obligation at such date, as determined in accordance with IFRS;

“**Certificate of the Borrower**” means an instrument signed in the name of the Borrower and without personal liability by any Director or senior officer of the Borrower, certifying the matters specified therein;

“**Change of Control**” means the occurrence of any of the following events:

- (a) there is a report filed with any securities commission or securities regulatory authority in Canada, disclosing that any offeror (as such term is defined in Section 1.1 of Multilateral Instrument 62-104), has acquired beneficial ownership (within the meaning of the Securities Act) of, or the power to exercise control or direction over, or securities convertible into, any Voting Shares of the Borrower, that together with the offeror’s securities (as such term is defined in Section 1.1 of Multilateral Instrument 62-104) in relation to the Voting Shares of the Borrower, would constitute Voting Shares of the Borrower representing more than 50% of the total voting power attached to all Voting Shares of the Borrower then outstanding;
- (b) there is consummated any amalgamation, consolidation, statutory arrangement (involving a business combination) or merger of the Borrower (1) in which the Borrower is not the continuing or surviving corporation or (2) pursuant to which any Voting Shares of the Borrower would be reclassified, changed or converted into or exchanged for cash, securities or other property, other than (in each case) an amalgamation, consolidation, statutory arrangement or merger of the Borrower in which the holders of the Voting Shares of the Borrower immediately prior to the amalgamation, consolidation, statutory arrangement or merger have, directly or indirectly, more than 50% of the Voting Shares of the continuing or surviving corporation immediately after such transaction; or
- (c) from and after the execution date hereof, any Person or group of Persons shall succeed in having a sufficient number of its nominees elected as Directors of the Borrower such that such nominees, when added to any existing Directors after such election who were nominees of, or an Affiliate or related Person of, such Person or group of Persons, will constitute a majority of such Directors;

“**Commitment**” means the agreement of the Lender to make Advances to be made by the Lender to the Borrower in an aggregate maximum principal amount of \$12,000,000 in accordance with this Agreement;

“**Common Shares**” means common shares in the capital of the Borrower;

“**Constating Documents**” means (i) with respect to a corporation, its articles of incorporation, amalgamation or continuance, or constitution, or other similar documents by which it is established under its governing corporate legislation as a corporation, and its by-laws, if any, and (ii) with respect to any other Person which is a legal entity other than a corporation, the organization and governance documents of such Person; in each case as amended and supplemented from time to time;

“**Contingent Liabilities**” means, with respect to a Person, any agreement, undertaking or arrangement by which the Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or other, to provide funds for payment, to supply funds to, or otherwise to invest in a debtor, or otherwise to assure a creditor against loss) the obligation, debt or other liability of any other Person or guarantees the payment of dividends or other distributions upon the shares of any Person; and the amount of any contingent liability will, subject to any limitation contained therein, be deemed to be the outstanding principal amount (or maximum principal amount, if larger) of the obligation, debt or other liability to which the contingent liability is related;

“**Corporations Act**” means the *Business Corporations Act* (Ontario);

“**CRA**” means CR Advisory Services Inc., a corporation organized and existing under the laws of the Canada, and its successors and permitted assigns;

“**CRHC**” means Cannabis Royalties & Holdings Corp., a corporation organized and existing under the laws of the Canada, and its successors and permitted assigns;

“**Credit Parties**” means collectively, the Borrower and each Guarantor;

“**Current Assets**” means, at any time, (i) all current assets on the consolidated balance sheet of the Borrower, determined as of such time in accordance with IFRS; and (ii) all current assets on the consolidated balance sheet of the Borrower (excluding Subsidiaries that are not incorporated or existing under the federal laws of Canada or a province or territory thereof), determined as of such time in accordance with IFRS;

“**Current Liabilities**” means, at any time, (i) all current liabilities on the consolidated balance sheet of the Borrower, determined as of such time in accordance with IFRS; and (ii) all current liabilities on the consolidated balance sheet of the Borrower (excluding Subsidiaries that are not incorporated or existing under the federal laws of Canada or a province or territory thereof), determined as of such time in accordance with IFRS;

“**Default**” means an Event of Default or any event or circumstance specified in Section 8.1 hereof which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) be an Event of Default;

“**Director**” means, with respect to any particular corporate Person at any particular time of determination, a director of such corporate Person at such time, and “**Directors**” means the board of directors of such corporate Person or, whenever duly empowered, a committee of the board of

directors of such corporate Person, and reference to action by the Directors means action by the directors as a board or action by a committee of the board as such committee;

“Disclosure Record” means all information circulars, prospectuses (including preliminary prospectuses), annual information forms, offering memoranda, financial statements, material change reports, news releases, technical reports, and all other items publicly filed on a non-confidential basis by the Borrower with all securities regulatory authorities in each Reporting Jurisdiction during the 24 months preceding the date hereof;

“Discounted VWAP” means, in respect of any particular Interest Payment Date, a price per Common Share equal to 90% of the volume-weighted average trading price of the Common Shares on the Exchange for the five consecutive trading days ending on the Business Day immediately preceding the date that is two Business Days prior to the applicable Interest Payment Date;

“Drawdown” means any drawdown by the Borrower under the Facility;

“Drawdown Date” means the date of any particular Drawdown;

“EMI” means Electric Medialand Inc., a corporation organized and existing under the laws of the Canada, and its successors and permitted assigns;

“Environmental Laws” means all federal, provincial, state, municipal, county, local and other laws, statutes, codes, ordinances, by-laws, rules, regulations, policies, guidelines, certificates, approvals, permits, consents, directions, standards, judgments, orders and other Authorizations, as well as common law, civil law and other jurisprudence or authority, in each case, domestic or foreign, having the force of law at any time relating in whole or in part to any Environmental Matters and any permit, order, direction, certificate, approval, consent, registration, licence or other Authorization of any kind held or required to be held in connection with any Environmental Matters;

“Environmental Matters” means any condition or substance, heat, energy, sound, vibration, radiation or odour that may affect any component of the earth and its surrounding atmosphere or affect human health or any plant, animal or other living organism, and any waste, toxic substance, contaminant or dangerous good or the deposit, release or discharge of any thereof into any component of the earth and its surrounding atmosphere;

“Event of Default” has the meaning attributed to such term in Section 8.1 hereof;

“Exchange” means the Canadian Securities Exchange, and each successor thereto;

“Exchange Rate Equivalent” means, on any particular date of determination, the amount of Canadian Dollars that could be purchased with the relevant amount of a currency, using the applicable Bank of Canada exchange rate published on the immediately preceding Business Day for the purchase of Canadian Dollars with such currency;

“Facility” has the meaning attributed to such term in Section 2.1 hereof;

“Facility Documents” means this Agreement, the Security Documents, the Warrant Certificate, Aphria Subordination Agreement, and all other certificates, instruments, notices and documents delivered or to be delivered by the Credit Parties hereunder or thereunder, each as amended, modified, supplemented, restated or replaced from time to time;

“Facility Indebtedness” means all present and future debts, liabilities and obligations of the Credit Parties to the Lender under and in connection with this Agreement and all other Facility Documents, including the Amount Payable and all fees and other money payable or owing from time to time pursuant to the terms of this Agreement or any other Facility Document;

“Financial Instrument Obligations” means, with respect to any Person, obligations arising under:

- (d) interest rate swap agreements, forward rate agreements, floor, cap or collar agreements, futures or options, insurance or other similar agreements or arrangements, or any combination thereof, entered into or guaranteed by the Person where the subject matter thereof is interest rates or the price, value or amount payable thereunder is dependent or based upon interest rates or fluctuations in interest rates in effect from time to time (but excluding non-speculative conventional floating rate indebtedness);
- (e) currency swap agreements, cross-currency agreements, forward agreements, floor, cap or collar agreements, futures or options, insurance or other similar agreements or arrangements, or any combination thereof, entered into or guaranteed by the Person where the subject matter thereof is currency exchange rates or the price, value or amount payable thereunder is dependent or based upon currency exchange rates or fluctuations in currency exchange rates in effect from time to time; and
- (f) any agreement for the making or taking of any commodity (including cannabis, gold, coal, natural gas, oil and electricity), swap agreement, floor, cap or collar agreement or commodity future or option or other similar agreement or arrangement, or any combination thereof, entered into or guaranteed by the Person where the subject matter thereof is any commodity or the price, value or amount payable thereunder is dependent or based upon the price or fluctuations in the price of any commodity, but, for greater certainty, excluding any agreement for the sales of cannabis, gold, silver or other minerals in the ordinary course;

or any other similar transaction, including any option to enter into any of the foregoing, or any combination of the foregoing, in each case to the extent of the net amount due or accruing due by the Person under the obligations determined by marking the obligations to market in accordance with their terms;

“Governmental Authority” means each national, state, provincial, county, municipal or other such governmental or public authority, including their authorized administrative bodies, courts, tribunals, commissions and agents, which have legal jurisdiction over a Person or a matter relevant to this Agreement;

“Guarantors” means, collectively, CRHC, EMI and CRAS, and each other Person that becomes a party hereto, as a Guarantor, pursuant to Section 7.1(q), and their respective successors and permitted assigns; and **“Guarantor”** means any one of them;

“Hazardous Materials” has the meaning attributed to such term in Section 6.1(ff) hereof;

“IFRS” means international financial reporting standards, approved by the International Accounting Standards Board or any successor thereto (**“IASB”**), as at the date on which any calculation or determination is required to be made, provided that, in accordance with such international financial reporting standards, where the IASB includes a recommendation

concerning the treatment of any accounting matter, such recommendation shall be regarded as the only international financing reporting standard;

“Immaterial Subsidiary” means, at any particular time of determination, any Subsidiary that satisfies each of the following criteria as of such date of determination: (i) such Subsidiary has assets as of the last day of the calendar month immediately preceding such date of determination that are less than \$100,000, and (ii) the gross revenues of such Subsidiary for the 12 month period ending on the last day of the calendar month immediately preceding such date of determination are less than \$100,000; and (iii) the assets or revenues of such Subsidiary determined as set out above, together with the assets or revenues, as applicable, of each other Subsidiary that has been previously determined to be an “Immaterial Subsidiary” pursuant to this definition, do not exceed \$250,000, in aggregate;

“Indebtedness” means, with respect to a Person, without duplication:

- (g) all obligations of such Person for borrowed money, including debentures, notes or similar instruments and other financial instruments and obligations with respect to bankers’ acceptances and contingent reimbursement obligations relating to letters of credit;
- (h) all Financial Instrument Obligations of such Person;
- (i) all Capital Lease Obligations and Purchase Money Obligations of such Person;
- (j) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, which purchase price is due and payable more than six months after the date of placing such property or service or taking delivery at the completion of such services;
- (k) all Indebtedness of any other Person secured by a Security Interest on any asset of such Person;
- (l) all obligations of such Person to repurchase, redeem or repay any Common Shares or any other shares of the Borrower that fall due prior to the Maturity Date; and
- (m) all Contingent Liabilities of such Person with respect to obligations of another Person if such obligations are of the type referred to in paragraphs (a) to (f) above;

“Indemnified Parties” has the meaning attributed to such term in Section 10.1 hereof;

“Initial Advance” means the initial Advance made by the Lender to the Borrower in an amount to be agreed between the Borrower and the Lender;

“Initial Drawdown Date” means the date on which the Initial Advance is advanced to the Borrower hereunder;

“Interest Payment Date” means the date on which interest is due and payable pursuant to Section 2.6 hereof, which shall be the last Business Day of each fiscal quarter of the Borrower;

“Interest Shares” means, collectively, all Common Shares issued to the Lender from time to time pursuant to Section 2.6(b)

“Investee Entity” means any Person in which any Borrower Group Member has a beneficial or legal ownership interest or other participation that is not a Borrower Group Member;

“**Lender**” means Sprott Canna Holdco Corp., a corporation organized and existing under the laws of the Province of Ontario, and each successor Person or permitted assignee of the foregoing;

“**Lender’s Counsel**” means Stikeman Elliott LLP and, at any time, any other legal counsel retained by the Lender in any relevant jurisdiction to the matter in question;

“**Material Adverse Effect**” means, when used with reference to any event or circumstance, any event or circumstance which has had, or could reasonably be expected to have, a material adverse effect on:

- (n) the business, operations, prospects, results of operations, assets, liabilities (contingent or otherwise), capitalization, condition (financial or otherwise) or cash flows of the Borrower Group Members, taken as a whole, including but not limited to any event or circumstance relating to or resulting from conditions affecting the cannabis industry or any other industry in which any Borrower Group Member has a significant investment, in each case as a whole, and general economic, financial, currency exchange, securities, credit or commodity market conditions;
- (o) the ability of the Borrower Group Members, taken as a whole, to perform their obligations when due under this Agreement or any of the Security Documents; or
- (p) any of the material rights or remedies of the Lender under this Agreement, any of the Security Documents;

“**Major Contract**” means any right, interest, agreement, arrangement, lease, license, commitment or understanding entered into by any Borrower Group Member or Investee Entity, whether written or oral, which relates to and materially affects the business, property, operations, assets or condition (financial or otherwise) of the Borrower (on a consolidated basis), including without limitation, any shareholders agreement entered into by some or all of the shareholders of any Borrower Group Member or Investee Entity;

“**Maturity Date**” means the earlier of: (a) August 23, 2020; and (b) the date on which the Lender demands repayment in full of the Facility Indebtedness pursuant to Article 8 hereof;

“**Notice of Borrowing**” has the meaning attributed to such term in Section 2.3 hereof;

“**Obligations**” means, without duplication, with respect to a Person, all items which, in accordance with IFRS, would be included as liabilities on the liability side of the balance sheet of the Person and all Contingent Liabilities of the Person;

“**Parties**” means the Credit Parties and the Lender, collectively;

“**Permitted Acquisition**” has the meaning attributed to such term in Section 7.2(h) hereof;

“**Permitted Disposition**” means:

- (q) any sale, lease, license, transfer, assignment or other disposition made within the ordinary course of business, including without limitation, with respect to cannabis, provided that no Default or Event of Default has occurred and is continuing or would occur as a result of such sale, lease, licence, transfer, assignment or other disposition; or
- (r) any sale, lease, licence, assignment, transfer or other disposition;

- (i) made by a Credit Party to another Credit Party, provided that if the disposing Credit Party had granted a Security Interest in favour of the Lender over the asset or property subject to such disposal and the acquiring Credit Party has not, equivalent security over such asset or property shall be granted in favour of the Lender by the acquiring Credit Party;
 - (ii) of obsolete or redundant vehicles, plant and equipment or other assets for cash;
 - (iii) of assets (other than Major Contracts or any Secured Assets), if proceeds of disposal are used to purchase replacement assets comparable or superior as to type, value and quality; or
 - (iv) of assets (other than shares) for cash where the net consideration receivable (when aggregated with the net consideration receivable for all other sales, leases, licenses, transfers and disposals not allowed under paragraphs (i), (ii) and (iii) above) does not exceed \$1,000,000; or
- (s) any sale, lease, licence, assignment, transfer or other disposition made with the prior written consent of the Lender;

“Permitted Encumbrances” means with respect to any Credit Party:

- (t) any Security Interest granted pursuant to the Security Documents;
- (u) any Security Interest or deposit under workers’ compensation, social security or similar legislation or in connection with bids, tenders, leases or contracts or to secure related public or statutory obligations, surety and appeal bonds where required by law;
- (v) any Security Interest imposed pursuant to statute (such as builders’, mechanics’, materialman’s, carriers’, warehousemen’s or landlords’ liens and privileges), in each case, which relate to obligations not yet due or delinquent or, if due or delinquent, which the Credit Party is contesting in good faith if such contest will involve no material risk of loss of any material part of the property of any Credit Party;
- (w) any Security Interest for Taxes, assessments, unpaid wages or governmental charges or levies for the then current year, or not at the time due and delinquent or the validity of which is being contested at the time in good faith;
- (x) any right reserved to or vested in any Governmental Authority by the terms of any lease, licence, franchise, grant, claim or permit held or acquired by any Credit Party, or by any statutory provision, to terminate the lease, licence, franchise, grant, claim or permit or to purchase assets used in connection therewith or to require annual or other periodic payments as a condition of the continuance thereof;
- (y) any Security Interest created or assumed by any Credit Party arising in the ordinary course of business for amounts not overdue;
- (z) any Security Interest created or assumed by any Credit Party arising in the ordinary course of business for amounts contested in good faith and in appropriate proceedings and for which the relevant Credit Party has established adequate reserves (including Security Interests granted for Purchase Money Obligations and retention of title arrangements in favour of suppliers), up to a maximum of \$500,000 in the aggregate;

- (aa) any Security Interest created or assumed by any Credit Party in favour of a public utility or Governmental Authority (whether directly or indirectly) when required by the utility or Governmental Authority in connection with the operations of such Credit Party that do not in the aggregate materially detract from the value of any of the Secured Assets or materially impair their use in the operation of the business of such Credit Party;
- (bb) any reservations, limitations, provisos and conditions expressed in original grants from any Governmental Authority;
- (cc) any applicable municipal and other Governmental Authority restrictions affecting the use of land or the nature of any structures which may be erected thereon, any minor encumbrance, such as easements, rights-of-way, servitudes or other similar rights in land granted to or reserved by other Persons, rights-of-way for sewers, electric lines, telegraph and telephone lines, oil and natural gas pipelines and other similar purposes, or zoning or other restrictions applicable to the use of real property by any Credit Party, or title defects, encroachments or irregularities, that do not in the aggregate materially detract from the value of the property or materially impair its use in the operation of the business of any Credit Party;
- (dd) customary Security Interests in respect of service charges and related obligations in respect of bank, custodian, investment, customs and other accounts opened in the ordinary course of business, up to a maximum of \$100,000 in the aggregate;
- (ee) any Security Interest that secures Permitted Indebtedness referred to under paragraphs (c) or (j) of that definition; and
- (ff) any judgment or attachment encumbrance created by or existing from any litigation or legal proceedings that are being contested in good faith by appropriate proceedings, diligently conducted and with respect to which adequate reserves are being maintained, other than any judgment or attachment encumbrance described in Section 8.1(o).

“**Permitted Indebtedness**” means:

- (gg) Indebtedness under this Agreement;
- (hh) Indebtedness comprised of amounts owed to trade creditors and accruals in the ordinary course of business, which are either not overdue or, if disputed and in that case whether or not overdue, are being contested in good faith by such Credit Party by appropriate proceedings diligently conducted, and provided always that the failure to pay such disputed Indebtedness would not reasonably be expected to result in a Material Adverse Effect;
- (ii) any inter-company Indebtedness between any Credit Parties;
- (jj) any guarantee or indemnity in respect of Permitted Indebtedness;
- (kk) any performance or similar bond guaranteeing performance by a Credit Party or a Subsidiary of a Credit Party, which Indebtedness does not exceed \$500,000 in the aggregate for the Credit Parties at any time;
- (ll) any Indebtedness arising under a foreign exchange transaction for spot or forward deliveries entered into in connection with protection against fluctuation in currency rates where that foreign exchange exposure (and not a foreign exchange transaction for

investment or speculative purposes), which Indebtedness does not exceed \$200,000 in the aggregate for the Credit Parties at any time;

- (mm) any Indebtedness under finance or capital leases of vehicles, plant, equipment or computers, provided that the aggregate capital value of all such items so leased under outstanding leases by the Credit Parties, which Indebtedness does not exceed \$500,000 in the aggregate for the Credit Parties at any time;
- (nn) any Indebtedness relating to employee benefit plans or compensation entered into in the ordinary course of business and provided always that such Indebtedness is not overdue;
- (oo) any Indebtedness under any corporate or employee credit card programs of a Credit Party, which Indebtedness does not exceed \$100,000 in the aggregate for the Credit Parties at any time;
- (pp) any Indebtedness not permitted by the preceding paragraphs (a) to (i) to the extent that the aggregate outstanding amount of all such Indebtedness does not exceed \$1,000,000 in aggregate for the Credit Parties at any time; and
- (qq) any other Indebtedness which the Lender agrees in writing is Permitted Indebtedness for the purposes of this Agreement.

“**Person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, or corporation with or without share capital, body corporate, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, government or Governmental Authority or entity, however designated or constituted;

“**PPSA**” means the *Personal Property Security Act* (Ontario);

“**Purchase Money Obligation**” means, with respect to a Person, indebtedness of the Person issued, incurred or assumed to finance all or part of the cost of acquiring any asset for the Person;

“**Relevant Jurisdiction**” means, from time to time, any jurisdiction in which any Credit Party has any material properties or assets, or in which it carries on any material business and, for the purposes of this Agreement, includes the Province of Ontario and the State of California;

“**Reporting Jurisdictions**” means all of the jurisdictions in Canada in which the Borrower is a “reporting issuer”, including as of the date hereof, the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Labrador and Newfoundland;

“**Royalty Obligations**” means those royalty obligations described on Schedule E hereto;

“**Sanctions**” means an international economic sanction administered or enforced by the Canadian Government (including The Department of Foreign Affairs and International Trade Canada and The Department of Public Safety Canada) or other relevant sanctions authority based upon the obligations or authorities set forth in Anti-Terrorism Laws.

“**Secured Assets**” means the undertaking, properties and assets now owned, leased or hereafter acquired or leased by the Credit Parties or any of them secured by the Security Documents;

“**Securities**” means with respect to any particular Person all voting and/or equity shares and any other voting and/or equity interests in such Person;

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

“**Security Documents**” means, collectively, the agreements, instruments and documents listed on Schedule A hereto and delivered pursuant to Article 4 of this Agreement;

“**Security Interest**” means any security interest, assignment by way of security, mortgage, charge (whether fixed or floating), hypothec, deposit arrangement, pledge, trust, lien, encumbrance, preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever, and includes any other “Security Interest” as defined in section 1 of the PPSA;

“**Subsidiary**” has the meaning attributed to such term in the Corporations Act;

“**Taxes**” means all present or future taxes, assessments, rates, levies, imposts, deductions, withholdings, dues, duties, fees and other charges of any nature, including any interest, fines, penalties or other liabilities with respect thereto, imposed, levied, collected, withheld or assessed by any Governmental Authority (of any jurisdiction), and whether disputed or not;

“**Term Sheet**” means the term sheet dated June 19, 2017 relating to the Sprott/CannaRoyalty cannabis Joint Venture and Debenture Financing, issued by the Lender to the Borrower;

“**US Person**” means a Person that is existing or domiciled, or that carries on a business that is primarily conducted, in the United States;

“**Voting Shares**” means shares of capital stock of any class of any corporation carrying voting rights under all circumstances, provided that for the purposes of such definition, shares which only carry the right to vote conditionally on the happening of any event shall not be considered Voting Shares, whether or not such event shall have occurred, nor shall any shares be deemed to cease to be Voting Shares solely by reason of a right to vote accruing to shares of another class or classes by reason of the happening of such event;

“**Warrants**” means the warrants issued by the Borrower pursuant to the Warrant Certificate;

“**Warrant Certificate**” means Warrant Certificate 2017-06-W-001 dated the 19th day of June, 2017, issued by the Borrower in favour of the Lender, entitling the Lender to acquire up to 1,800,000 Common Shares of the Borrower upon due exercise in accordance with the terms thereof;

“**Warrant Shares**” means the Common Shares issuable by the Borrower upon exercise of the Warrants; and

“**Working Capital**” means Current Assets less Current Liabilities.

Interpretation Not Affected by Headings

- 1.2 The division of this Agreement into articles, sections, subsections and paragraphs, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

Statute References

- 1.3 Any reference in this Agreement to a statute shall be deemed to be a reference to such statute in effect at such time, as amended, re-enacted or replaced at such time.

Permitted Encumbrance

- 1.4 Any reference in any of the Facility Documents to a Permitted Encumbrance is not intended to and shall not be interpreted as subordinating or postponing, or as any agreement to subordinate or postpone, any obligation of any Credit Party to the Lender under any of the Facility Documents to any Permitted Encumbrance.

Currency

- 1.5 Unless indicated otherwise, any reference in this Agreement to “**Dollars**”, “**dollars**” or “**\$**” shall be deemed to be a reference to lawful money of Canada and any reference to any payments to be made by any Credit Party shall be deemed to be a reference to payments made in lawful money of Canada. To the extent that any amount is owing or payable in a currency other than the lawful money of Canada, such amount shall be converted to lawful currency of Canada at the Exchange Equivalent.

Use of the Words “Best Knowledge”

- 1.6 The words “**best knowledge**”, “**to the best of the Borrower’s knowledge**”, “**to the knowledge of**”, “**of which they are aware**”, “**any knowledge of**” or other similar expressions limiting the scope of any representation, warranty, acknowledgement, covenant or statement by the Borrower or any Credit Party will be understood to be made on the basis of the actual knowledge of any senior officer or director of the Borrower or such Credit Party, as applicable, in each case, after due inquiry.

Non-Business Days

- 1.7 Whenever any payment to be made hereunder shall be due, any period of time that would begin or end, and any calculation that is to be made or any other action that is to be taken, on or as of a day other than a Business Day, such payment shall be made, such period of time shall begin or end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day, and the Lender shall not be entitled to any further interest or other payment in respect of such delay.

Governing Law

- 1.8 This Agreement shall be governed by, construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract. Each of the Parties hereby irrevocably attorns to the exclusive jurisdiction of the Courts of the Province of Ontario in the City of Toronto. Each Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any Court of the Province of Ontario, and any forum non conveniens defence to the maintenance of such action or proceeding in any such court. Each Party irrevocably consents to service of process in Ontario.

Paramountcy

- 1.9 If there is any inconsistency between the provisions of this Agreement and the provisions of any other Facility Document, the provisions of this Agreement shall prevail.

Enurement

- 1.10 The Facility Documents shall be binding upon and shall enure to the benefit of each party thereto, and their respective successors and permitted assigns.

Interpretation

- 1.11 In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders. In this Agreement the words “including” and “includes” mean “including without limitation” and “includes without limitation”, respectively.

Time of Essence

- 1.12 Time shall be of the essence in all respects in this Agreement.

Schedules and Exhibits

- 1.13 Each of the Schedules and Exhibits attached hereto forms an integral part of this Agreement.

ARTICLE 2 THE FACILITY

The Facility

- 2.1 Subject to the terms and conditions hereof, the Lender hereby establishes in favour of the Borrower a senior secured revolving credit facility (the “**Facility**”) in an aggregate maximum principal amount equal to the Commitment, which shall be made available to the Borrower in one or more Advances drawn by the Borrower in accordance with this Agreement.

Revolving Nature

- 2.2 The Facility is a revolving credit facility, and may be repaid and redrawn from time to time in accordance with the terms hereof, provided that the aggregate principal amount outstanding at any time shall not exceed the Commitment.

Notice of Borrowing

- 2.3 The Borrower shall provide a notice to the Lender in the form attached hereto as Exhibit B (a “**Notice of Borrowing**”) in respect of each Drawdown no later than 12:00 p.m. (Toronto time) not less than five (5) Business Days prior to the requested Drawdown Date, unless otherwise agreed to by the Lender in writing. Each Notice of Borrowing shall be irrevocable.

Term

- 2.4 Except as otherwise provided herein, the outstanding principal amount of the Facility, together with all accrued unpaid interest, and all other costs, fees and charges payable hereunder from

time to time, will be immediately due and payable by the Borrower to the Lender on the Maturity Date.

Use of Proceeds

2.5

- (a) Except with the prior written consent of the Lender, the Borrower shall only use the proceeds of the Initial Advance in connection with the completion by the Borrower of a transaction, or series of transactions, involving a cannabis extraction and/or processing business, acceptable to the Lender, acting reasonably, and for general corporate and working capital purposes of the Borrower Group Members (including in respect of any costs and expenses incurred in the negotiation of the Facility and the Facility Documents, up to a maximum of \$100,000).
- (b) The Borrower shall only use the proceeds of any Advance subsequent to the Initial Advance in the manner approved in writing by the Lender prior to the Drawdown by the Borrower of such subsequent Advance.

Interest

2.6

- (a) Interest shall accrue on the aggregate outstanding principal amount of the Facility from and after the date of advance thereof, as well as on all overdue interest, costs or other fees and expenses payable hereunder, at a rate equal to ten percent (10%) per annum, both before and after maturity, default and judgement.
- (b) All accrued and unpaid interest shall be paid in full by the Borrower to the Lender on each Interest Payment Date and on the Maturity Date. At the option of the Borrower, interest owing on any particular Interest Payment Date may be paid (i) in cash, by wire transfer, or (ii) in lieu of such cash payment, by the delivery to the Lender of that number of Common Shares that is equal to the quotient obtained by dividing (A) the aggregate amount of such accrued and unpaid interest due and payable on such Interest Payment Date by (B) the Discounted VWAP.

- 2.7 The issuance of any Interest Shares shall be subject to receipt of Exchange approval, if required, for such issuance.

Computations

- 2.8 The rates of interest under this Agreement are nominal rates, and not effective rates or yields. Unless otherwise stated, wherever in this Agreement reference is made to a rate of interest (or standby fee) “per annum” or a similar expression is used, such interest (or standby fee) shall be calculated on the basis of a year of 360 days for the actual number of days occurring in the period for which any such interest (or standby fee) is payable. For the purposes of the *Interest Act* (Canada) and disclosure thereunder, whenever any interest to be paid hereunder or in connection herewith is to be calculated on the basis of a 360-day year, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 360.

No Set-off

- 2.9 All payments required to be made by the Borrower or any other Credit Party pursuant to the provisions hereof or any other Facility Document shall be made in immediately available funds in currency of Canada (such amount to be determined using the Exchange Rate Equivalent, if necessary), and without any set-off, deduction, withholding or counter-claim or cross-claim.

Maximum Return

- 2.10 The Lender and the Borrower agree that all Amounts Payable hereunder and any further consideration payable to the Lender is a fair payment based on the business terms of this transaction. The Lender and the Borrower agree that it is their express intention and desire that in no event shall the total payment to the Lender under the Facility Documents or otherwise in connection herewith, whether for any Amount Payable or otherwise, exceed the maximum payment permitted under Applicable Law, and in the event that any payment should exceed the maximum amount permitted under Applicable Law, then notwithstanding any other provision of this Agreement, such payment will be reduced to the maximum amount that would not be prohibited pursuant to Applicable Law.

Time and Place of Payments

- 2.11 All payments made by the Borrower pursuant to this Agreement or pursuant to any other Facility Document shall be made before 4:00 p.m. (Toronto, Ontario time) on the day specified for payment. Any payment received after 4:00 p.m. (Toronto, Ontario time) on the day specified for such payment shall be deemed to have been received on the immediately following Business Day. All payments shall be made to the Lender to the office of the Lender, as specified by the Lender in Section 9.2 hereto, or such other office as the Lender may designate in writing. If the date for payment of any Amount Payable is not a Business Day at the place of payment, then payment shall be made on the next Business Day at such place.

Record of Payments

- 2.12 The Lender shall maintain accounts and records evidencing all payments hereunder, which accounts and records shall constitute, in the absence of manifest error, prima facie evidence thereof.

ARTICLE 3 PREPAYMENT

Voluntary Prepayment

- 3.1 The Borrower may prepay the outstanding balance of the Facility, in whole or in part, at any time before the Maturity Date, without penalty, provided that (i) such prepayment of the Facility is made on the last Business Day of a calendar month and (ii) the Borrower has delivered to the Lender not less than three (3) Business Days prior written notice of its intention to prepay all or part of the outstanding balance of the Facility under this Section 3.1.

Mandatory Repayment

- 3.2 If the Credit Parties sell or otherwise dispose of any assets in one or more transactions outside of the ordinary course of business or if such assets include Major Contracts or Secured Assets, to the extent that the proceeds of such transactions are in the form of cash and have a value in

excess of \$1,000,000 in the aggregate, the Credit Parties will pay or cause to be paid to the Lender the proceeds of each such sale, net of reasonable out-of-pocket selling costs required to be paid by any Credit Party in connection with such sales, to be applied on account of the outstanding balance of the Facility.

- 3.3 If any of the Credit Parties sells or otherwise disposes of any assets in one or more transactions outside of the ordinary course of business or if such assets include Major Contracts or Secured Assets, to the extent that the proceeds of such transactions are not in the form of cash (or to the extent there are non-cash proceeds) and have a value in excess of \$500,000 in the aggregate, the applicable Credit Party will, upon the written request of the Lender, grant to the Lender a first ranking Security Interest over such proceeds and provide the Lender with all such security documents, opinions and other documents as the Lender or the Lender's Counsel may reasonably require.
- 3.4 If the Credit Parties close one or more equity or debt (including convertible debt) financings, excluding intercompany financings between Credit Parties, the Credit Parties will pay or cause to be paid to the Lender the proceeds of each such financing(s), net of reasonable out-of-pocket financing costs required to be paid by any Credit Party in connection with such financing(s), to be applied on account of the outstanding balance of the Facility.
- 3.5 Upon receipt of the exercise price payable by any holder of Warrants as a result of the exercise of any Warrants, the Borrower will, forthwith pay to the Lender the cash proceeds thereof, to be applied on account of the outstanding balance of the Facility.
- 3.6 Upon the occurrence of a Change of Control of the Borrower, the Facility will become immediately due and payable in full and the Borrower shall forthwith pay to the Lender an amount equal to the outstanding balance of the Facility, together with all accrued and unpaid interest thereon and all other costs and charges payable hereunder.
- 3.7 If Marc Lustig sells, in aggregate, more than 2,143,231 common shares of the Borrower at any time after the date hereof, the Facility will become immediately due and payable in full and the Borrower shall forthwith pay to the Lender an amount equal to all Indebtedness owing under the Facility, including the principal amount outstanding, all accrued and unpaid interest thereon and all other costs and charges payable hereunder.

Repayments and Prepayments

3.8

Any prepayment or repayment of the Facility shall be made from the Canadian Account.

ARTICLE 4 SECURITY

Security Documents

- 4.1 To secure the due payment of all Indebtedness of the Credit Parties to the Lender in respect of the Facility and the payment and performance of all other obligations, indebtedness and liabilities of the Credit Parties to the Lender hereunder and under the other Facility Documents, the Credit Parties shall execute and deliver the Security Documents to the Lender.

Registration of the Security

- 4.2 The Lender shall at the Borrower's expense, register, file, record and give notice of (or cause to be registered, filed, recorded and given notice of) the Security Documents in all offices and registries where such registration, filing, recording or giving notice is necessary or desirable for the perfection of the Security Interest constituted thereby and to ensure that such Security Interest is first ranking, subject only to the Permitted Encumbrances.

After Acquired Property and Further Assurances

- 4.3 The Credit Parties shall from time to time, execute and deliver all such further deeds or other instruments of conveyance, assignment, transfer, mortgage, pledge or charge as may be reasonably necessary or desirable in the opinion of the Lender or its counsel to ensure that any additional interests in assets acquired by them after the date hereof, are subject to the Security Interests created pursuant to the Security Documents.

Release of Collateral

- 4.4 Promptly upon the repayment of all Facility Indebtedness, the Lender will, at the Borrower's sole expense, execute and deliver any termination statements, lien releases, mortgage or pledge releases, discharges of security interests, and other similar discharge or release documents (if applicable, in recordable and registrable form) as are reasonably necessary to release, as of record, any Security Interests, liens or encumbrances created pursuant to this Agreement or the Security Documents, and all notices of Security Interests, liens or encumbrances previously filed by the Lender with respect hereto, including, but not limited to, a return of all pledged share certificates, instruments of transfer, powers of attorney and other original documents delivered by any Credit Party hereunder (the "**Security Release Procedure**").

ARTICLE 5 CONDITIONS PRECEDENT

Conditions Precedent to Initial Advance

- 5.1 The obligation of the Lender to make the Initial Advance on the Initial Drawdown Date is subject to and conditional upon the following conditions precedent being satisfied, fulfilled or otherwise met to the satisfaction of the Lender and the Lender's Counsel, on or before such Initial Drawdown Date:
- (a) receipt by the Lender of the following documents, each in full force and effect, and in form and substance satisfactory to the Lender and the Lender's Counsel:
 - (i) executed copies of the Facility Documents, including, without limitation, this Agreement, the Security Documents described on Schedule A hereto, the Aphria Subordination Agreement, a promissory grid note recording the principal amount of the Initial Advance, executed by the Borrower in favour of the Lender; and the Warrant Certificate;
 - (ii) certificates of status or other similar type of evidence of existence for each of the Credit Parties issued by applicable governmental authorities in each applicable jurisdiction;
 - (iii) certified copies of the Constating Documents of each of the Credit Parties;

- (iv) certified copies of all Major Contracts, including all agreements and documents evidencing any rights of the Credit Parties relating to any Investee Entity;
 - (v) all necessary consents and approvals from third parties required in connection with the matters contemplated herein, including (A) all consents required to assign to the Lender each Credit Party's rights under Major Contracts primarily relating to Persons that are not US Persons and businesses that are not owned primarily by US Persons; and (B) all consents required in connection with the granting of each Security Interest to the Lender in accordance with the Security Documents, including the consents of all other shareholders to each pledge of shares of Investee Entities held by any Borrower Group Member and to any subsequent change of control of any Borrower Group Member or Investee Entity arising in connection with any enforcement by the Lender of its Security Interest and subsequent transfer of such shares to a third party, (C) all requisite regulatory approvals, and (D) all other approvals required to complete the transactions contemplated herein, other than the issuance of the Interest Shares, in each case, on terms and conditions satisfactory to the Lender;
 - (vi) certified copies of directors' resolutions for each of the Credit Parties with respect to its authorization, execution and delivery of the Facility Documents to which it is a party being delivered in connection herewith and the performance of all obligations thereunder;
 - (vii) a certificate of a director, or authorized officer, as applicable, of each Credit Party, certifying the names and the true signatures of the officers authorized to sign the Facility Documents to which it is a party;
 - (viii) share certificates, executed blank share transfer forms and authorizing resolutions in respect of all shares pledged as at the Initial Drawdown Date and the subject of any Security Document;
 - (ix) releases, discharges and postponements (in registrable form where appropriate) in respect of all existing Security Interests affecting the Secured Assets secured by the Security Documents, other than Permitted Encumbrances; and
 - (x) legal opinions of counsel to the Credit Parties in all of the Relevant Jurisdictions.
- (b) evidence that all Security Interests pursuant to the Security Documents have been duly perfected and registered in all Relevant Jurisdictions and any other jurisdiction required by the Lender and the Lender's Counsel;
 - (c) there shall be no Security Interests attaching to the Secured Assets, other than Permitted Encumbrances;
 - (d) all of the representations and warranties of the Credit Parties contained herein or in any other Facility Document shall be true and complete on and as of the Initial Drawdown Date as if made on and as of such date, and the Lender shall have received a Certificate of the Borrower so certifying to the Lender;
 - (e) all of the covenants and agreements of each of the Credit Parties contained herein or in any other Facility Document required to be fulfilled or satisfied on or before the Initial

Drawdown Date shall have been fulfilled or satisfied, as applicable, and the Lender shall have received a Certificate of the Borrower so certifying to the Lender;

- (f) no Default or Event of Default shall have occurred and be continuing, and the Lender shall have received a Certificate of the Borrower so certifying to the Lender;
- (g) the Lender shall have received payment of all fees and all reimbursable expenses owing by the Borrower to the Lender on or prior to the Initial Drawdown Date (except as otherwise provided herein), in accordance with Section 7.4; and
- (h) such other conditions precedent (including the delivery of such documents, certificates, opinions and agreements) as the Lender may reasonably require in connection with such Advance based upon its due diligence review and any other information that comes to its attention.

Notwithstanding Section 5.1(g), if the Drawdown Date for the Initial Advance has not occurred on or prior to October 23, 2017, the Borrower hereby covenants, undertakes and agrees to pay on or prior to October 23, 2017 all fees and reimbursable expenses owing to the Lender that would otherwise be payable by the Borrower to the Lender on the Drawdown Date of the Initial Advance pursuant to Section 5.1(g) of the Credit Agreement.

If any of the foregoing conditions is not met to the reasonable satisfaction of the Lender and the Lender's Counsel at or prior to the time of closing on the Initial Drawdown Date, the Lender shall have no further obligation to any Credit Party hereunder and the Credit Parties shall promptly thereafter pay to the Lender all outstanding fees and expenses, including all out-of-pocket costs, reasonably incurred by the Lender in connection with this Agreement.

Conditions Precedent to Subsequent Advance

5.2 The obligation of the Lender to make any Advance after the Initial Advance is subject to and conditional upon the following conditions precedent being satisfied, fulfilled or otherwise met to the satisfaction of the Lender and the Lender's Counsel:

- (a) The Lender's written consent to the use of proceeds of such Advance;
- (b) no material adverse change in the business operations, assets or ownership of the Credit Parties (including any pending or threatened litigation proceedings or investigations) shall have occurred which has resulted in, or could reasonably be expected to result in, a Material Adverse Effect;
- (c) all representations and warranties of the Credit Parties shall be true and complete as of the date of such Advance as if made as of such date (unless made as of a specific date), and the Lender has received a Certificate of the Borrower so certifying to the Lender;
- (d) all of the covenants and agreements of each of the Credit Parties contained herein or in any other Facility Document required to be fulfilled or satisfied on or before the date of such Advance shall have been so fulfilled or satisfied, and the Lender has received a Certificate of the Borrower so certifying to the Lender;
- (e) the Lender shall have completed and be satisfied with its financial, business, environmental, tax and other due diligence review of the Credit Parties and their respective properties and assets (including the value of Secured Assets), including without limitation,

its review of each Credit Party's budgets, pro-forma financial forecasts and the availability of additional financing (if required) associated with the proposed use of proceeds of the subsequent Advance;

- (f) all necessary consents and approvals from third parties required in connection with the matters contemplated herein, that have not been previously delivered to the Lender, in each case, on terms and conditions satisfactory to the Lender, including all consents required to assign each Credit Party's rights under the Major Contracts to the Lender, and the Lender has received a Certificate of the Borrower so certifying to the Lender;
- (g) no Default or Event of Default shall have occurred and be continuing, and the Lender has received a Certificate of the Borrower so certifying to the Lender;
- (h) all fees and all reimbursable expenses owing by the Borrower to the Lender on or prior to the date of such Advance shall have been paid in full, or shall be deducted from such Advance; and
- (i) such other conditions precedent (including the delivery of such documents, certificates, opinions and agreements) as the Lender may reasonably require in connection with such Advance based upon its due diligence review and any other information that comes to its attention.

If any of the foregoing conditions precedent are not satisfied or waived by the Lender in writing on or before the proposed date of such Advance, the Lender shall have no further obligation to make such Advance, but this Agreement shall not be terminated solely as a result of such failure and additional requests for Advances may be made pursuant to the terms hereof.

Waiver

- 5.3 The conditions in Section 5.1, and Section 5.2 are inserted for the sole benefit of the Lender and may be waived by the Lender, in whole or in part, with or without conditions, in its sole and absolute discretion.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES

Representations and Warranties of the Credit Parties

- 6.1 Each Credit Party hereby jointly and severally represents and warrants to the Lender as of the date hereof that:
- (a) each Borrower Group Member and each Credit Party has been duly incorporated and organized under the laws of its jurisdiction of incorporation and is validly existing and is current and up-to-date with all material filings required to be made under the laws of its jurisdiction of incorporation to maintain its corporate existence and in each Reporting Jurisdiction, and has all requisite corporate power to carry on its business as now conducted and to own, lease or operate its property, and no steps or proceedings have been taken by any Person, voluntary or otherwise, requiring or authorizing its dissolution or winding up;
 - (b) each Credit Party and any representative signing on its behalf has full power and capacity to enter into each of the Facility Documents to which it is a party and to do all acts and things and execute and deliver all documents as are required hereunder or thereunder to be

done, observed, performed or executed and delivered by it in accordance with the terms hereof and thereof, and each Credit Party has taken all necessary corporate action to duly authorize the creation, execution, delivery and performance of each of the Facility Documents to which it is a party and to observe and perform the provisions of such Facility Documents in accordance with the provisions thereof;

- (c) the Facility Documents will create valid and legally binding obligations of each Credit Party that is party to them enforceable against each such Credit Party in accordance with their respective terms;
- (d) each Credit Party's entry into, and the performance of its obligations under, each Facility Document to which it is a party is in its best interests and for a proper purpose;
- (e) none of the execution and delivery of the Facility Documents, the compliance by the Credit Parties with the provisions of the Facility Documents or the consummation of the transactions contemplated herein, does or will: (i) require the Authorization, order or agreement of, or registration or qualification with, any Governmental Authority, court, stock exchange, securities regulatory authority or other Person, except (A) such as have been obtained and disclosed in writing to the Lender, (B) Exchange approval which will be obtained in respect of each issuance of Interest Shares prior to the issuance thereof, and will be subject only to customary conditions; (ii) conflict with or result in any breach or violation of any of the provisions of, or constitute a default under, any Major Contract, indenture, mortgage, deed of trust, lease or other agreement or instrument to which any Borrower Group Member is a party or by which it or any of the properties or assets thereof is bound; (iii) conflict with or result in any breach or violation of any provisions of, or constitute a default under, the articles or by-laws of any Borrower Group Member or any resolution passed by the directors (or any committee thereof) or shareholders of any Borrower Group Member, or any statute or any judgment, decree, order, rule, policy or regulation of any court, Governmental Authority, any arbitrator, stock exchange or securities regulatory authority applicable to any Borrower Group Member or any of the properties or assets thereof; or (iv) result in, require or permit any third party to terminate, accelerate, exercise or acquire rights under any Major Contract or the loss of any rights or interests held by a Borrower Group Member;
- (f) the Borrower is authorized to issue an unlimited number of Common Shares, of which 42,026,260 Common Shares are issued and outstanding as fully paid and non-assessable Common Shares as at the date hereof;
- (g) the outstanding Common Shares of the Borrower are listed and posted for trading on the Exchange;
- (h) no Borrower Group Member owns, beneficially or of record, or exercises control or direction over, any Securities (or other ownership interests) of any Person, except as set forth in the Security Documents executed and delivered by such Borrower Group Member;
- (i) except as disclosed on Schedule C, no Person has any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement, for the purchase, acquisition, subscription for or issue of any unissued Common Shares or other Securities of the Borrower or any other Borrower Group Member or Credit Party;

- (j) no Borrower Group Member or Credit Party carries on business, has an office or owns any properties or assets located, in any jurisdiction other than the jurisdictions disclosed for such Borrower Group Member or Credit Party on Schedule D;
- (k) each Borrower Group Member and each Credit Party is licensed, registered or qualified as an extra-provincial or foreign corporation in all jurisdictions where the character of the property or assets thereof owned or leased or the nature of the activities conducted by it make licensing, registration or qualification necessary and is carrying on the business thereof in compliance with all Applicable Laws, rules and regulations of each such jurisdiction;
- (l) each Borrower Group Member and each Credit Party has conducted and is conducting its business in compliance in all material respects with all Applicable Laws and possesses all Authorizations issued by the appropriate Governmental Authority necessary to carry on the business currently carried on by it, is in compliance in all material respects with the terms and conditions of all such Authorizations, and no Borrower Group Member or Credit Party has received any notice of the modification, revocation or cancellation of, any intention to modify, revoke or cancel or any proceeding relating to the modification, revocation or cancellation of any such Authorization (save in respect of any such notice, intention or proceeding which the relevant Borrower Group Member or Credit Party is disputing in good faith and pursuant to appropriate proceedings diligently conducted, that has been disclosed in writing to the Lender);
- (m) the Borrower is a reporting issuer or the equivalent in each Reporting Jurisdiction and is in compliance in all material respects with its obligations under the Applicable Securities Legislation of each Reporting Jurisdiction and of the Exchange and is not included in any list of defaulting reporting issuers maintained by the securities commission of any Reporting Jurisdiction;
- (n) no order or ruling suspending the sale or ceasing the trading in any Securities of the Borrower nor prohibiting the sale of such Securities has been issued by any Securities regulatory authority to and is outstanding against the Borrower or its directors, officers or promoters and no investigations or proceedings for such purposes are pending or, to the knowledge of the Credit Parties, are contemplated or have been threatened;
- (o) there is no “material change”, as defined in the Applicable Securities Legislation, relating to any Borrower Group Member that has not been fully disclosed in accordance with the requirements of the Applicable Securities Legislation and the policies of the Exchange;
- (p) no Borrower Group Member has incurred any Indebtedness or guaranteed the obligations of any Person except in relation to Permitted Indebtedness;
- (q) the Borrower has the corporate power and authority to create, issue and deliver the Interest Shares and the Warrant Shares;
- (r) upon the issuance thereof, the Warrant Shares and the Interest Shares will be validly issued as fully paid and non-assessable Common Shares in the capital of the Borrower and will not be issued in violation of or subject to any pre-emptive rights or contractual rights to purchase Securities issued by the Borrower;
- (s) the Borrower will comply with all Applicable Securities Legislation in connection with the issuance of the Warrant Shares and the Interest Shares, as applicable, including application

for, and compliance with, the approval of the Exchange in respect of the listing of the such Warrant Shares and Interest Shares on the Exchange;

- (t) the issuance of the Warrant Shares and Interest Shares, as applicable, will be exempt from the prospectus requirements of Applicable Securities Legislation and no document will be required to be filed and no proceeding taken or approval, permit, consent, order or Authorization obtained under any such Applicable Securities Legislation in connection with the first trade of the Warrant Shares or Interest Shares, as applicable (assuming that: (i) at the time of such trade, at least four months have elapsed from the “distribution date” (as such term is defined in NI 45-102)); (ii) such trade is not a “control distribution” as defined in NI 45-102; (iii) no unusual effort is made to prepare the market or create a demand for the security that is the subject of the trade; (iv) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and, (v) if the Lender is an insider of the Borrower, it has no reasonable grounds to believe that the Borrower is in default of “securities legislation” (as defined in National Instrument 14-101 *Definitions*));
- (u) all Major Contracts, the parties thereto and their respective jurisdictions in which they are existing, are listed on Schedule E, and true and complete copies of all Major Contracts;
- (v) all agreements and other documents and instruments relating to the property and assets of each Borrower Group Member (including any interest in, or right to earn an interest in, any property) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with the terms thereof, and to its knowledge no Borrower Group Member is in default in any respect of any of the provisions of any such agreements, documents or instruments nor, to the knowledge of the Credit Parties, has any such default been alleged, and such properties and assets are in good standing under all Applicable Laws, and all leases, licenses and claims pursuant to which any Borrower Group Member derives the interests thereof in such property and assets are in good standing and there has been no default under any such lease, licence or claim, except, in each case, as would not reasonably be expected to have a Material Adverse Effect; none of the properties (or any interest in, or right to earn an interest in, any property) owned or leased by any Borrower Group Member is subject to any right of first refusal or purchase or acquisition right of any other Person;
- (w) except as qualified in the Disclosure Record and except as otherwise permitted herein (including with respect to Permitted Encumbrances), the Credit Parties are the legal and beneficial owners of the respective properties, business and assets (including all investments in Investee Entities) referred to as being owned by them in the Disclosure Record;
- (x) each Credit Party owns or has the right to use under license, sub-license or otherwise all material intellectual property used in its business including copyrights, industrial designs, trademarks, trade secrets, know how and proprietary rights, free and clear of any and all encumbrances;
- (y) no Borrower Group Member has approved the execution of, or otherwise intends to enter into, any agreement relating to (i) the sale of any property material to any Borrower Group Member, or assets or any interest therein or the sale, transfer or other disposition of any property material to any Borrower Group Member, or assets or any interest therein currently owned, directly or indirectly, by any Borrower Group Member whether by asset sale, transfer of shares or otherwise, in each case outside of the ordinary course of its business; or (ii) any Change of Control;

- (z) no portion of the Disclosure Record contains an untrue statement of a material fact as of the date thereof nor does it omit to state a material fact which, at the date thereof, was required to have been stated or was necessary to prevent a statement that was made from being false or misleading in the circumstances in which it was made;
- (aa) the consolidated financial statements of the Borrower disclosed in the Disclosure Record provide a true and fair view of the financial position of the Borrower Group Members on a consolidated basis as at the date thereof in compliance with IFRS, and no material adverse change in the financial position of any Borrower Group Member has taken place since the date thereof;
- (bb) no Borrower Group Member has any material liabilities, fixed or contingent, that are not reflected in the consolidated financial statements of the Borrower disclosed in the Disclosure Record, in the notes thereto or otherwise disclosed in writing to the Lender;
- (cc) the Auditors are independent chartered professional accountants and have participant status with the Canadian Public Accountability Board as required under Applicable Securities Legislation and there has never been a reportable disagreement (within the meaning of National Instrument 51-102) between the Borrower and its current Auditors or any prior Auditors;
- (dd) the Borrower has in all material respects complied with all continuous disclosure obligations under Applicable Securities Legislation and the rules and regulations of the Exchange and, without limiting the generality of the foregoing, there has not occurred any Material Adverse Effect which has not been publicly disclosed on a non-confidential basis; the information and statements in the Disclosure Record were true and correct at the time such documents were filed on SEDAR, and contained no misrepresentation as of the respective dates of such information and statements; the Disclosure Record conformed in all material respects to Applicable Securities Legislation at the time such documents were filed on SEDAR; and the Borrower has not filed any confidential material change reports which remain confidential as at the date hereof;
- (ee) all taxes, duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto due and payable by any Borrower Group Member have been paid, except any non-payment that would not reasonably be expected to result in a Material Adverse Effect; all tax returns, declarations, remittances and filings required to be filed by any Borrower Group Member have been filed with all appropriate governmental authorities and all such returns, declarations, remittances and filings were, at the time of filing, complete and accurate in all material respects and no material fact or facts have been omitted therefrom which would make any of them misleading, and there are no issues or disputes outstanding with any Governmental Authority respecting any taxes that have been paid, or may be payable, by any Borrower Group Member and, to the knowledge of the Credit Parties, no examination of any tax return of any Borrower Group Member is currently in progress by any Governmental Authority (save in respect of any issue, dispute or examination which any Borrower Group Member is disputing in good faith and pursuant to appropriate proceedings diligently conducted and has disclosed in writing to the Lender);
- (ff) (i) no Borrower Group Member is in violation of any Environmental Laws including laws relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum by-products (collectively, “**Hazardous Materials**”) or the manufacture, processing, distribution, use, treatment,

storage, disposal, transport or handling of Hazardous Materials (ii) each Borrower Group Member has all material Authorizations required under any applicable Environmental Laws and, each Borrower Group Member is in material compliance with such Authorizations; (iii) there are no pending or, to any Borrower Group Member's knowledge, threatened administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against any Borrower Group Member; and (iv) there are no events or circumstances that could reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting any Borrower Group Member relating to any Environmental Laws, which, in each case in respect of any matter referred to in (i) to (iv), could reasonably be expected to have a Material Adverse Effect;

- (gg) (i) each Borrower Group Member has been and is continuing to operate its business in compliance with all applicable employment and, if applicable, social security laws, and there are no legal proceedings nor any threatened legal proceedings, against any Borrower Group Member pursuant to any applicable employment and, if applicable, social security laws, which could reasonably be expected to have a Material Adverse Effect, and (ii) there are no outstanding decisions, orders or settlements or pending settlements under any applicable employment and, if applicable, social security laws, which place any obligation upon any Borrower Group Member to do or refrain from doing any act and which could reasonably be expected to have a Material Adverse Effect, and (iii) each Borrower Group Member is up to date in the payment of all material premiums or assessments under applicable workers compensation and profit sharing or other worker safety legislation applicable in the Relevant Jurisdictions, and if applicable, social security quotas, and no Borrower Group Member is subject to any special assessment or penalty under any such legislation which could reasonably be expected to have a Material Adverse Effect;
- (hh) none of the directors, officers or employees of any Borrower Group Member or any affiliate of a Borrower Group Member had or has any material interest, direct or indirect, in any transaction or any proposed transaction with any Borrower Group Member which, as the case may be, materially affects, is material to or will materially affect any Borrower Group Member;
- (ii) the assets of each Borrower Group Member and its businesses and operations are insured against loss or damage with insurers on a basis consistent with insurance obtained by reasonably prudent participants in comparable businesses, such coverage is in full force and effect, and no Borrower Group Member has failed to promptly give any notice of any material claim thereunder; and there are no claims by any Borrower Group Member under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause;
- (jj) (i) no Borrower Group Member is in violation of any material term of its Constatting Documents, (ii) no Borrower Group Member is in violation of any term or provision of any Major Contract applicable to it which could reasonably be expected to result in any Material Adverse Effect, and (iii) there is no action, suit, proceeding or investigation commenced, pending or, to the knowledge of the Credit Parties, threatened against any Borrower Group Member which, either individually or in the aggregate, could reasonably be expected to result in any Material Adverse Effect or which places, or could place, in question the validity or enforceability of this Agreement, or any document or instrument delivered, or to be delivered, by any Borrower Group Member pursuant hereto;

- (kk) no Borrower Group Member is in default of any material term, covenant or condition under or in respect of any judgment, order, agreement or instrument to which it is a party or to which it or any of the property or assets thereof are subject that could reasonably be expected to have a Material Adverse Effect, and no event has occurred and is continuing, and no circumstance exists which has not been waived, which constitutes a default in respect of any commitment, agreement, document or other instrument to which any Borrower Group Member is a party or by which it is otherwise bound entitling any other party thereto to accelerate the maturity of any amount owing thereunder or which could reasonably be expected to have a Material Adverse Effect;
- (ll) no Borrower Group Member has committed any act of bankruptcy or is insolvent, and no Borrower Group Member has proposed a compromise or arrangement to its respective creditors generally, has had a petition or receiving order in bankruptcy filed against it, has made a voluntary assignment in bankruptcy, has taken any proceedings with respect to a compromise or arrangement, has taken any proceedings to have a receiver appointed for any of its property or has had any execution or distress become enforceable or become levied upon any of its property;
- (mm) there are no actions, suits, proceedings, inquiries or investigations existing, pending, adversely affecting or, to any Credit Party's knowledge, threatened against, any Borrower Group Member or to which any of their property or assets is subject, at law or equity, or before or by any Governmental Authority and no Borrower Group Member 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, have resulted in, or could reasonably be expected to result in, a Material Adverse Effect;
- (nn) no Borrower Group Member and no director or officer, and to the best of the knowledge of the Credit Parties after all due inquiry, no agent, employee or other Person acting on behalf of any Borrower Group Member has, in the course of its actions for, or on behalf of, any Borrower Group Member (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the Corruption of Foreign Public Officials Act (Canada), the US Foreign Corrupt Practices Act of 1977, or any other similar laws; or (iv) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official, employee or other Person; and
- (oo) no Borrower Group Member enjoys immunity from suit or execution in relation to its obligations under any Facility Document to which it is a party;
- (pp) each Investee Entity and Borrower Group Member, and a description of the applicable Borrower Group Member's interest therein, is listed on Schedule B;
- (qq) attached to the most recently delivered Compliance Certificate is a complete and accurate organizational chart for each Borrower Group Member and its ownership in any other Person, including any Investee Entity, as applicable, in which it owns Securities; and
- (rr) no Borrower Group Member (i) is in violation of any applicable Anti-Terrorism Law or Sanction, (ii) deals in, or otherwise engages in any transaction related to, any property or interests in property blocked pursuant to any Anti-Terrorism Law or Sanction, or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the

purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law or Sanction; and none of the Advances and none of the other services and products, if any, to be provided by the Lender under or in connection with this Agreement (A) will be used by, on behalf of, or for the benefit of, any Person other than the Borrower, or (B) will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, official of any public international organization, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the Corruption of Foreign Public Officials Act (Canada), as amended, or any similar laws, rules or regulations issued, administered or enforced by any Governmental Authority having jurisdiction over any Borrower Group Member; and each Borrower Group Member has taken reasonable measures appropriate to the circumstances (in any event as required by Applicable Law) to provide reasonable assurance that each of them is and will continue to be in compliance with such applicable anti-corruption laws, rules and regulations

Acknowledgement

- 6.2 The Credit Parties acknowledge that the Lender is relying upon the representations and warranties in this Article 6 in discharging its obligations under this Agreement and that such representations and warranties shall be deemed to be restated in every respect effective on the date each Advance is made.

Survival and Inclusion

- 6.3 All representations and warranties in this Article 6 will survive the termination of this Agreement, and all representations and warranties contained in any Security Document or the Warrant are deemed to constitute representations and warranties made by the Credit Parties to the Lender under this Article 6.

ARTICLE 7 COVENANTS OF THE CREDIT PARTIES

General Covenants

- 7.1 While any Facility Indebtedness is outstanding or the Facility remains available to the Borrower each Credit Party hereby covenants that:
- (a) the Borrower will duly and punctually pay or cause to be paid to the Lender each Amount Payable, on the dates, at the places, in the currency and in the manner mentioned herein, including, without limitation, upon the occurrence of any Event of Default which is continuing, the Facility Indebtedness;
 - (b) each Credit Party will at all times maintain its corporate existence, obtain and maintain all Authorizations required or necessary in connection with its business and/or any of the Secured Assets and to carry on and conduct its business in accordance with prudent industry standards;
 - (c) each Credit Party will keep or cause to be kept proper books of account and make or cause to be made therein true and complete entries of all of its dealings and transactions in relation to their business in accordance with IFRS, and, subject to the confidentiality requirements set out in Section 7.1(t) below, at all reasonable times it will furnish or cause

to be furnished to the Lender or its duly authorized agent or attorney such information relating to its operations as the Lender may reasonably request and such books of account shall be open for inspection by the Lender or such agent or attorney, upon reasonable prior notice and during regular business hours in the location of the requested information;

- (d) each Credit Party will, subject to the confidentiality requirements set out in Section 7.1(t) below, provide the Lender and its representatives or such agent or attorney access to all properties, assets and books and records, upon reasonable prior notice and during regular business hours;
- (e) each Credit Party will ensure that each of the Security Documents will at all times constitute valid and perfected first ranking security on all of the Secured Assets, subject only to Permitted Encumbrances, and at all times take all actions necessary or reasonably requested to create, perfect and maintain the Security Interests granted pursuant to the Security Documents as perfected first ranking security over the Secured Assets, subject only to Permitted Encumbrances;
- (f) each Credit Party will duly and punctually perform and carry out all of the covenants and acts or things to be done by it as provided in this Agreement and each of the Security Documents;
- (g) each Credit Party will comply in all material respects with all Applicable Laws, including all Applicable Securities Legislation;
- (h) each Credit Party will: (i) maintain policies of insurance with carriers and in such amounts and covering such risks as are usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which it operates, and add and maintain the Lender as first loss payee and a named insured under all such policies to the extent of its interest; and (ii) on an annual basis and/or at any other time, promptly at the request of the Lender, deliver to the Lender all certificates and reports prepared in connection with such insurance;
- (i) each Credit Party will immediately notify the Lender in writing upon becoming aware of: (i) any Default, or (ii) any suit, proceeding or governmental investigation pending or, to any Credit Party's knowledge, threatened or any notification of any challenge to the validity of any Authorization, relating to the Credit Parties, which could reasonably be expected to have a Material Adverse Effect, or relating to any of the Secured Assets;
- (j) each Credit Party will maintain or cause to be maintained the Secured Assets in good condition in accordance with prudent industry standards (subject to normal wear and tear);
- (k) provide to the Lender copies of all financial statements, reports and other information that is delivered or otherwise communicated to the board of directors of the Borrower, concurrently with such delivery or communication to the board of directors, and forthwith provide such other information with respect to the Credit Parties and their respective businesses as the Lender may reasonably request;
- (l) on or prior to the last day of each fiscal quarter of the Borrower, provide the Lender with a Compliance Certificate substantially in the form of Exhibit 7.1(l);
- (m) on a consolidated basis and as determined by reference to the financial statements of the Borrower for the most recently completed calendar quarter, the Borrower will at all times

maintain Working Capital in excess of \$2,000,000, determined as of the last day of each calendar quarter;

- (n) each Credit Party will pay and discharge, or cause to be paid and discharged, promptly when due, all taxes, assessments and governmental charges or levies imposed upon it or in respect of any of the Secured Assets or upon the income or profits therefrom except for Permitted Encumbrances as well as all claims of any kind (including claims for labour, materials, supplies and rent) which, if unpaid, might become a lien thereupon; provided however, that they shall not be required to pay or cause to be paid any such tax, assessment, charge, levy or claim if the amount, applicability or validity thereof shall concurrently be contested in good faith by appropriate proceedings diligently conducted;
- (o) each Credit Party will cause all necessary and proper steps to be taken diligently to protect and defend the Secured Assets and the proceeds thereof against any material adverse claim or demand, including without limitation, the employment or use of counsel for the prosecution or defence of litigation and the contest, settlement, release or discharge of any such claim or demand;
- (p) if and to the extent that any Credit Party holds or is granted any Security Interests, it will take all steps necessary to ensure that all such Security Interests which it holds are attached, enforceable and continuously perfected under the PPSA (or such similar legislation pursuant to which such Security Interest is granted) until the obligations they secure are satisfied or they are released for value;
- (q) if at any particular time of determination, any Subsidiary is not a Credit Party and is not an Immaterial Subsidiary at such time of determination, each Credit Party shall ensure that, upon the written request of the Lender, such Subsidiary shall:
 - (i) promptly accede to this Agreement as a Guarantor pursuant to an accession agreement to be agreed between the Lender and the Borrower, and
 - (ii) concurrently with the execution and delivery of such accession agreement, such new Guarantor, deliver such documentation as the Lender may require, substantially in the same in form and content as the documentation delivered by other Guarantors on the Initial Drawdown Date, including without limitation,
 - A. a certificate of status (or similar document);
 - B. an officer's certificate (with appropriate attachments);
 - C. a guarantee of all Indebtedness hereunder in favour of the Lender;
 - D. a security agreement, debenture, mortgage and/or other charge granting a Security Interest in favour of the Lender in all of the assets of such new Guarantor, subject only to Permitted Encumbrances and such other exceptions and exclusions as are agreed upon in writing by the Lender in its sole discretion, together with any necessary or desired registration, perfection, filing and further assurance steps as the Lender may determine, and together with any other documents reasonably requested by the Lender in order to evidence the validity and enforceability of such Security Interest;

- E. a share pledge granting a first priority security interest over all of the issued and outstanding shares in its capital to and in favour of the Lender to be delivered by the holders of such shares, together with any necessary or desired registration, perfection, filing and further assurance steps as the Lender may determine, and together with any other documents reasonably requested by the Lender in order to evidence the validity and enforceability of such share pledge; and
 - F. an opinion of outside legal counsel to such new Guarantor, substantially in the same form and content as delivered on the Initial Drawdown Date for the then existing Guarantors.
- (r) each Credit Party shall, upon advance notice of at least one Business Day, permit the Lender and its duly authorized representatives and agents to visit and inspect the property, assets, corporate books and financial records of such Credit Party, during business hours of the applicable Credit Party, to examine and make copies of its books of accounts and other financial records, and to discuss its affairs, finances and accounts with, and to be advised as to the same by, its officers, directors, employees and independent auditors and accountants (and hereby authorizes such auditors and accountants to discuss with the Lender its finances and affairs) at such times as the Lender may designate. The Lender shall, and shall cause all of its duly authorized representatives, including its directors, officers, employees, agents, advisors and lenders (including any potential assignee or participant in respect of the Facility), to keep all information obtained about a Credit Party pursuant to this provision to be held on a strictly confidential basis (except for such information or documents that are: (i) generally available to the public; (ii) available to the Lender as owner of, or where otherwise entitled to, such information without any restriction on disclosure; (iii) available to the Lender on a non-confidential basis from a source other than a Credit Party; (iv) indicated in writing by the Credit party as not being confidential; or (v) required by applicable law to be disclosed to a Government Authority;
- (s) the Borrower shall maintain the Canadian Account at all times during the term of this Agreement. The Borrower shall ensure that: (i) the proceeds of all Advances shall be deposited in the Canadian Account; and (ii) the Canadian Account shall be used solely for deposits and withdrawals of funds received by the Borrower from Persons that are not US Persons and that have not otherwise been transferred to such Canadian Account from the United States, and (iii) all prepayments and repayments of Indebtedness under the Facility shall be made from the Canadian Account; and (iv) no proceeds in the Canadian Account shall at any time be (A) transferred to the United States or a US Person, or (B) commingled with funds primarily relating to, arising in, or transferred from, the United States or primarily relating to a US Person or a business or other purpose in the United States or a US Person, or (C) otherwise used for business or any other purpose primarily in, or relating to, the United States or primarily relating to a US Person. If at any time the Borrower is in breach of any of the foregoing covenants, the Borrower will forthwith take all necessary steps to cure such breach and satisfy any liability arising as a result thereof; and
- (t) if requested by the Lender at any time, provide to the Lender: (i) with respect only to Major Contracts to which a Credit Party is a party, the consents of all parties thereto to the assignment of such Major Contract to the Lender, in form and content substantially similar to the consents delivered on the Initial Drawdown Date in respect of Major Contracts, and (ii) the waiver by each party to each Major Contract of its rights that arise pursuant to such Major Contract as a result of a change of control of the applicable Borrower Group

Member or Investee Entity, in form and content substantially similar to the waivers delivered on the Initial Drawdown Date in respect of Major Contracts.

Negative Covenants of the Credit Parties

- 7.2 Each Credit Party hereby covenants and agrees that, except with prior written consent of Lender, it will ensure that no Credit Party or Borrower Group Member:
- (a) directly or indirectly issues, incurs, assumes or otherwise becomes liable for or in respect of any Indebtedness other than Permitted Indebtedness;
 - (b) directly or indirectly creates, incurs, assumes, permits or suffers to exist, as applicable, all Security Interests against any of its properties or assets, including, without limitation, any of the Secured Assets or the Major Contracts to which a Credit Party is a party, other than Permitted Encumbrances;
 - (c) conveys, sells, leases, assigns, transfers or otherwise disposes of any of its properties or assets other than pursuant to a Permitted Disposition;
 - (d) materially amends, modifies, waives, varies or terminates, or provides any consent in connection with any of the foregoing, or pursuant to, any Major Contract, license, permit or other Authorization held by any Borrower Group Member;
 - (e) enters into any scheme or agreement for any reconstruction or reorganization involving any Credit Party or any Borrower Group Member or for any consolidation, amalgamation, merger, arrangement or similar transaction involving any Credit Party, or any Borrower Group Member, and any other Person;
 - (f) makes any prepayment on, purchases, redeems, or otherwise acquires or retires for value, any Indebtedness (including interest) other than the Facility Indebtedness, or sets aside funds to do any or all of the foregoing;
 - (g) purchases, buybacks, redeems, retires, repurchases, cancels or otherwise acquires for cash any Securities (including without limitation, options, warrants, conversion or exchange privileges and similar rights in respect of the Borrower's shares), other than (y) purchases of Securities of another Credit Party in connection with inter-company financing among the Credit Parties, and (z) as specifically permitted under Section 7.2(h) hereof;
 - (h) directly or indirectly acquires a company or any shares or securities of any Person or a business or undertaking of any Person or incorporates a company except for acquisitions in the same business as the Borrower or a business related or complimentary (a "**Permitted Acquisition**") thereto provided that:
 - (a) no Default or Event of Default has occurred and is continuing at the time of making such Permitted Acquisition or would arise as a result of making such Permitted Acquisition;
 - (b) the working capital financial covenant set out in Section 7.1(m) would be met on a pro forma basis after giving effect to such Permitted Acquisition; and
 - (c) contemporaneously with any such Permitted Acquisition, the Credit Parties shall cause Section 4.3 hereof to be complied with;

- (i) declares, pays or sets aside for payment, any dividend or other distribution on or in respect of any Securities issued by such Credit Party;
- (j) makes any change to its Constatng Documents;
- (k) changes its name without providing the Lender with at least 30 days' prior written notice;
- (l) transfers or issues, or permits the transfer or issuance of, any Securities of any Borrower Group Member to any party other than another Credit Party or Borrower Group Member or allows any Borrower Group Member to cease to be a direct or indirect, as applicable, Subsidiary of the Borrower;
- (m) pays out any shareholders loans or other Indebtedness to non-arm's length parties, or enters into any transactions with any non-arm's-length parties other than on commercially reasonable terms;
- (n) except as otherwise expressly permitted hereunder, makes any payments to its shareholders, affiliates or executives (other than commercially reasonable or existing contracted salaries and bonuses in the ordinary course);
- (o) guarantees the obligations of any other Person, directly or indirectly, other than obligations permitted by this Agreement, including any Permitted Indebtedness;
- (p) enters into or becomes party or subject to any dissolution, winding-up, reorganization, arrangement or similar transaction or proceeding; or
- (q) engages in the conduct of any business other than its business as existing on the date of this Agreement or in businesses reasonably related thereto on a basis consistent with the conduct of such business as conducted on the date of this Agreement.

Continued Listing

- 7.3 The Borrower shall maintain the listing and posting for trading of the Common Shares on the Exchange, to maintain its status as a "reporting issuer", or the equivalent thereof not in default of the requirements of the Applicable Securities Legislation in the Reporting Jurisdictions, and to obtain the approval of the Exchange for the listing and posting of the Interest Shares and Warrant Shares, as applicable.

To Pay Lender's Fees and Expenses

- 7.4 The Borrower will pay the Lender's reasonable legal fees (on a solicitor and own client basis) and all costs, charges and expenses (including all due diligence expenses) of and incidental to the preparation, execution and completion of this Agreement and the other Facility Documents (including reasonable notaries' and translator's fees where such notarial and translation services are customarily required) up to a maximum of \$100,000 (exclusive of taxes and disbursements), and all amendments thereto, as may be required by the Lender or the Lender's Counsel to complete or facilitate the transactions contemplated herein. The Borrower further covenants and agrees to pay all of the Lender's legal fees (on a solicitor and own-client basis) and all other costs, charges and expenses of and incidental to the recovery of all amounts owing hereunder, including but not limited to those incurred in connection with the enforcement of this Agreement and the other Facility Documents and the realization of the Security, upon demand. If not paid within 30 days of demand, all such Amounts will be added to and form part of the

principal amount of the Facility and shall accrue interest from the date of demand as if such Amounts had been advanced by the Lender to the Borrower hereunder on such date.

Comply with Continuous Disclosure Obligations

- 7.5 The Borrower shall file on a timely basis all documents that must be publicly filed or sent to its shareholders pursuant to Applicable Securities Legislation within the time prescribed therefor and make such documents available on the System for Electronic Document Analysis and Retrieval within such prescribed time period. If the Borrower is not at any time subject to Applicable Securities Legislation, the Borrower shall continue to provide to the Lender: (i) within 120 days after the end of each fiscal year, copies of its audited annual financial statements, and (ii) within 60 days after the end of each of the first three fiscal quarters of each fiscal year, interim financial statements which shall, at a minimum, contain such information required to be provided in quarterly financial statements and reports by a “reporting issuer” (as such term is defined in such Applicable Securities Legislation) under the Applicable Securities Legislation, and each of such financial statements and reports will be prepared in accordance with the disclosure requirements of Applicable Securities Legislation.

To Pay Additional Amounts

- 7.6 Each Credit Party will, from time to time, promptly pay or make provisions satisfactory to the Lender for the payment of any additional amounts, including taxes and charges which may be imposed on such Credit Party by any Applicable Laws (except income tax or security transfer tax, if any) which shall be payable with respect to the Facility.
- 7.7 Each payment by or on account of any obligation of the Credit Parties hereunder or under any other Facility Document shall be made free and clear of and without deduction or withholding for any Taxes except as required by Applicable Law. If any Credit Party is required by Applicable Law to deduct or withhold any Taxes from such payments, then:
- (a) the amount payable by the applicable Credit Party shall be increased so that after all such required deductions or withholdings are made (including deductions or withholdings applicable to additional amounts payable under this Section 7.7), the Lender receives an amount equal to the amount it would have received if no such deduction or withholding had been made, and
 - (b) the applicable Credit Party shall make such deductions or withholdings and pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law.

Further Assurances

- 7.8 Each of the Credit Parties shall, from time to time, as may be reasonably required by the Lender, execute and deliver such further and other documents and do all such matters and things as are necessary or desirable, in the opinion of the Lender, to carry out the intention and provisions of this Agreement.

Lender May Perform Covenants

- 7.9 If the Borrower or any other Credit Party fails to perform any of its obligations, or breaches any of its covenants, in the Facility Documents, the Lender may, upon becoming aware of such failure, in its discretion, but need not, itself perform any of such covenants capable of being

performed by it, but is under no obligation to do so. All reasonable sums so required to be paid in connection with the Lender's performance of any covenant will be paid by the Borrower in accordance with the provisions of Section 7.4 hereof. No such performance by the Lender of any such covenant, or payment or expenditure by the Borrower of any sums advanced or borrowed by the Lender, pursuant to the foregoing provisions shall be deemed to relieve any of the Credit Parties from any default under the Facility Documents or its continuing obligations hereunder or thereunder.

Temporary Suspension of Covenants

- 7.10 The Lender agrees that the Credit Parties shall not be required to comply with the covenants set forth in Section 7.1 and Section 7.2 at any time at which there is no Indebtedness owing hereunder by any Credit Party.

Anti-Terrorism Laws

- 7.11 Each Credit Party shall promptly provide all information with respect to the Borrower Group Members, their respective directors, authorized signing officers (other than direct or indirect shareholders of the Borrower or other persons in control of the Borrower), including supporting documentation and other evidence, as may be reasonably requested by the Lender, or any prospective assignee or participant of the Lender, in order to comply with any applicable Anti-Terrorism Laws or such other applicable "know your client" laws and requirements, whether now or hereafter existence.

ARTICLE 8 DEFAULT AND ENFORCEMENT

Events of Default

- 8.1 The occurrence of any one or more of the following events shall constitute an "**Event of Default**" hereunder:
- (a) if the Borrower fails to pay the principal amount of the Facility or interest hereunder, when due;
 - (b) if the Borrower fails to pay any fees, costs or other amounts or charges payable hereunder when due and such failure is not remedied within three (3) Business Days after the Borrower receives written notice from the Lender;
 - (c) except as otherwise provided in Section 8.1(a) and Section 8.1(b), if any Credit Party defaults in observing or performing any covenant or condition of any Facility Document and, with respect to such covenants or conditions which are capable of being cured, if such default continues for a period of ten (10) Business Days, after the earlier of knowledge thereof by the relevant Credit Party or notice thereof from the Lender;
 - (d) any one or more of the Security Documents ceases to be in full force and effect or to constitute a valid and perfected first priority Security Interest (subject only to Permitted Encumbrances) upon all the Secured Assets it purports to charge or encumber, in favour of the Lender;
 - (e) the institution by any Credit Party or Borrower Group Member of proceedings to be adjudicated a bankrupt or insolvent or any similar proceedings or the seeking by it of

liquidation, reorganization or relief under any applicable federal, provincial, state or other law relating to bankruptcy, insolvency, reorganization or relief of debtors, or the filing by it of any such petition or to the appointment under any such law of a receiver, receiver-manager, liquidator, assignee, trustee or other similar official of such Credit Party or Borrower Group Member of all or substantially all of its property, or the making by it of a general assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due;

- (f) any proceedings are commenced by a Person other than a Credit Party or Borrower Group Member for the bankruptcy, insolvency, reorganization, winding-up, liquidation or dissolution or any similar proceedings of such Credit Party or Borrower Group Member, and such proceedings are not dismissed or stayed within sixty (60) days after such proceedings were commenced;
- (g) the entry of a decree or order by a court having jurisdiction adjudging any Credit Party or Borrower Group Member a bankrupt or insolvent or approving as properly filed an application or a petition seeking liquidation, reorganization, arrangement or adjustment of or in respect of such Credit Party or Borrower Group Member under any Applicable Law relating to bankruptcy, insolvency, reorganization or relief of debtors, or appointing under any such law a receiver, receiver-manager, liquidator, assignee, trustee or other similar official of such Credit Party or Borrower Group Member or of all or substantially all of its property, or ordering pursuant to any such law the winding-up or liquidation of its affairs;
- (h) any Facility Document is claimed by any Credit Party to, cease in whole or in any part to be a legal, valid, binding and enforceable obligation of such Credit Party;
- (i) any Facility Document shall for any reason cease in whole or in any part to be a legal, valid, binding and enforceable obligation of each Credit Party;
- (j) any Credit Party or Borrower Group Member fails to pay the principal of, premium, if any, interest on, or any other amount owing in respect of any of its Indebtedness or obligation which is outstanding in an aggregate principal amount exceeding \$100,000 when such amount becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure continues after the applicable grace or cure period, if any, specified in the agreement or instrument relating to such Indebtedness or obligation; or any other event occurs or condition exists and continues after the applicable grace or cure period, if any, specified in any agreement or instrument relating to any such Indebtedness or obligation, if its effect is to accelerate or permit the acceleration of, such Indebtedness or obligation; or any such Indebtedness or obligation shall be, or may be, declared to be due and payable prior to its stated maturity, in each case in respect of any of its Indebtedness or obligation which is outstanding in an aggregate principal amount exceeding \$100,000, unless, in each case, the applicable Credit Party or Borrower Group Member is taking reasonable steps to contest in good faith the amount, validity or applicability of such Indebtedness by appropriate proceedings, diligently conducted, and has maintained adequate reserves for the payment thereof;
- (k) any representation or warranty given or deemed to be given by any Credit Party in any Facility Document (including any representation and warranty pursuant to any Security Document) shall prove to be incorrect;
- (l) the occurrence or existence of any event or circumstance, including pending or threatened litigation or other proceedings or investigations, that has resulted in, or could reasonably be

expected to result in, a Material Adverse Effect, in the opinion of the Lender, in its sole discretion;

- (m) if the Chief Executive Officer of the Borrower is replaced, unless the Lender consents to such replacement, such consent not to be unreasonably withheld; and, as of the date hereof, the Chief Executive Officer of the Borrower is Marc Lustig;
- (n) if any Credit Party or Borrower Group Member ceases, or threatens to cease, to carry on its business as presently conducted;
- (o) any one or more final non-appealable judgments or decrees for the payment of money in excess of \$1,000,000 in the aggregate, are rendered against any Credit Party or Borrower Group Member by courts having jurisdiction, and such judgments or decrees have not been paid in full by the applicable Credit Party or Borrower Group Member within 30 days after such judgments or decrees have become final non-appealable judgments or decrees; or
- (p) there is a Change of Control of the Borrower.

Acceleration on Default

- 8.2 If any Event of Default shall occur and be continuing, the Lender may (i) by notice to the Borrower, (A) declare its commitment to advance the Facility or any portion thereof to be terminated, whereupon the same shall forthwith terminate and (B) declare the entire unpaid principal amount of the Facility, all interest accrued and unpaid thereon and all other fees, charges and costs hereunder to be forthwith due and payable, whereupon the principal amount of the Facility, all such accrued interest and all other fees, charges and costs hereunder shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower, provided that upon the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower or the Credit Parties under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors Arrangement Act* (Canada), the *Winding-up and Restructuring Act* (Canada) or any other similar such legislation in other jurisdictions including the result which would otherwise occur only upon giving of notice by the Lender to the Borrower under this Section 8.2, shall occur automatically without the giving of any such notice; and (ii) whether or not the actions referred to in clause (i) have been taken, (X) exercise any or all of the Lender's rights and remedies under the Security Documents, and (Y) proceed to enforce all other rights and remedies available to the Lender under the Facility Documents and Applicable Law.

Waiver of Default

- 8.3 If an Event of Default has occurred and is continuing, the Lender shall have the power to waive such Event of Default if, in the Lender's opinion, the same shall have been cured or adequate provision made therefor, upon such terms and conditions as the Lender may consider advisable, provided that no delay or omission of the Lender to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein and provided further that no act or omission of the Lender shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default hereunder or the rights resulting therefrom.

Enforcement by the Lender

- 8.4 If an Event of Default has occurred and is continuing:

- (a) the Lender may in its sole discretion proceed to enforce, and to instruct any other Person to enforce, the rights of the Lender by any action, suit, remedy or proceeding authorized or permitted by any Facility Document or by law or equity; and may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Lender in any bankruptcy, insolvency, winding-up or other judicial proceedings relating to any Credit Party or Borrower Group Member; and
- (b) no such remedy for the enforcement of the rights of the Lender shall be exclusive of or dependent on any other such remedy but any one or more of such remedies may from time to time be exercised independently or in combination.

Application of Moneys

- 8.5 Except as otherwise provided herein, any moneys arising from any enforcement of any Facility Document or other proceedings against any Credit Party or Borrower Group Member pursuant to any Facility Document or from any trustee in bankruptcy or liquidation of any Credit Party or Borrower Group Member, shall be held by the Lender and applied by it, together with any moneys then or thereafter in the hands of the Lender available for the purpose, as follows:
- (a) first, in payment or reimbursement to the Lender of the reasonable remuneration, expenses, disbursements, and advances (including payment of taxes, operating expenses and other expenses for protection or preservation of the collateral consistent with the terms of the Facility Documents) of the Lender earned, properly incurred or made in the administration or enforcement of any Facility Document or otherwise in relation to any Facility Document, with interest thereon as herein provided;
 - (b) second (but subject to Section 7.4 hereof and this Section 8.5), in or towards payment of all Amounts Payable and other Facility Indebtedness; and
 - (c) third, the surplus (if any) of such moneys shall be paid to the Borrower or as it may direct.

Persons Dealing with Lender

- 8.6 No Person dealing with the Lender or any of its agents shall be required to enquire whether an Event of Default has occurred, or whether the powers which the Lender is purporting to exercise have become exercisable, or whether any moneys remain due under this Agreement, or to see to the application of any moneys paid to the Lender, and in the absence of fraud on the part of such Person, such dealing shall be deemed to be within the powers hereby conferred and to be valid and effective accordingly.

Lender Appointed Attorney

- 8.7 While an Event of Default is continuing, each Credit Party irrevocably appoints the Lender to be the attorney of such Credit Party in the name and on behalf of such Credit Party to execute any instruments and do any things which such Credit Party ought to execute and do, and has not executed or done, under the covenants and provisions contained in this Agreement and generally to use the name of such Credit Party in the exercise of all or any of the powers hereby conferred on the Lender with full powers of substitution and revocation. Such power of attorney, being coupled with an interest, is irrevocable.

Remedies Cumulative

- 8.8 No remedy herein conferred upon or reserved to the Lender is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under any Facility Document or now or hereafter existing by law or by statute.

ARTICLE 9 NOTICES

Notice to the Borrower

- 9.1 Any notice to the Credit Parties under the provisions of this Agreement or any other Facility Document shall be valid and effective if delivered personally or by courier to the relevant Credit Party c/o CannaRoyalty Corp., 333 Preston Street, Preston Square Tower 1, Suite 610, Ottawa, ON, K1S 5N4, Attention: Afzal Hasan, and shall be deemed to have been given on the date of personal delivery, when sent by email transmission if so delivered or sent prior to 5:00 pm (Toronto time) on a Business Day and otherwise on the next Business Day. Any Credit Party may from time to time notify the Lender of a change in address which thereafter, until changed by further notice, shall be the address of the Credit Party for all purposes of this Agreement. A copy of any notice sent in accordance herewith shall also be sent to Cassels Brock & Blackwell LLP, Attention: Cameron Mingay, provided that failure to do so shall not constitute failure to provide notice in accordance with this Section 9.1.

Notice to the Lender

- 9.2 Any notice to the Lender under the provisions of this Agreement shall be valid and effective if delivered personally or by courier, addressed to the Lender at its principal office at Suite 2750, 200 Bay Street, Toronto, ON M5J 2J2, Attention: Andrew Stronach, and shall be deemed to have been given on the date of delivery personally or by electronic transmission if so delivered prior to 5:00 p.m. (Toronto time) on a Business Day and otherwise on the next Business Day. The Lender may from time to time notify the Borrower of a change in address which thereafter, until changed by further notice, shall be the address of the Lender for all purposes of this Agreement. A copy of any notice sent in accordance herewith shall also be sent to Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street West, Toronto, Ontario, M5L 1B9, Attention: Elizabeth Breen, provided that failure to do so shall not constitute failure to provide notice in accordance with this Section 9.2.

Waiver of Notice

- 9.3 Any notice provided for in this Agreement may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice.

ARTICLE 10 INDEMNITIES

General Indemnity

- 10.1 Each of the Credit Parties expressly declares and agrees that the Lender, its partners and its and their directors, officers, employees, and agents, and all of their respective representatives, heirs, successors and assigns (collectively the “**Indemnified Parties**”) will at all times be indemnified

and saved harmless by the Credit Party from and against all claims, demands, losses, actions, causes of action, costs, charges, expenses, damages and liabilities whatsoever arising in connection with this Agreement and the other Facility Documents, including, without limitation, those arising out of or related to actions taken or omitted to be taken by the Lender contemplated hereby, reasonable legal fees and disbursements on a solicitor and own client basis and all reasonable costs and expenses incurred in connection with the enforcement of this indemnity, which the Lender may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Lender and including any act, deed, matter or thing in relation to the registration, perfection, release or discharge of security; provided that the foregoing indemnity shall not apply in any circumstances where any Indemnified Party was grossly negligent or acted with wilful misconduct in relation to its obligations hereunder or otherwise in connection with or under this Agreement and the Facility Documents. This indemnity shall survive the termination of this Agreement or the resignation or termination of the Lender; and the Lender may act and rely and shall be protected in acting and relying upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter, telegram, cable, facsimile or other paper or electronic document reasonably believed by it to be genuine and to have been signed, sent or presented by or on behalf of the proper party or parties.

Environmental Indemnity

10.2 Each of the Credit Parties hereby indemnifies and holds harmless the Indemnified Parties against any loss, expenses, claim, proceedings, judgment or liability (including strict liability and including costs and expenses of abatement and remediation of spills or releases of contaminants and including liabilities of the Indemnified Parties to third parties (including governmental agencies) in respect of bodily injuries, property damage, damage to or impairment of the environment or any other injury or damage and including liabilities of the Indemnified Parties to third parties for the third parties' foreseeable and unforeseeable consequential damages) incurred as a result of or in connection with this Agreement (including the administration or enforcement of this Agreement or any other Facility Document and the exercise by the Lender of any rights hereunder or under the Security Documents), which result from or relate, directly or indirectly, to:

- (a) the presence or release of any contaminants, by any means or for any reason, on the Secured Assets, whether or not release or presence of the contaminants was under the control, care or management of the Credit Party or of a previous owner, or of a tenant; or
- (b) the breach or alleged breach of any Environmental Laws by the Credit Party; provided that

the foregoing provisions of this Section do not apply in any circumstances where any Indemnified Party was grossly negligent or acted with wilful misconduct in relation to their obligations hereunder or otherwise in connection with or under this Agreement and the Facility Documents. For purposes of this Section, “**liability**” shall include (a) liability of an Indemnified Party for costs and expenses of abatement and remediation of spills and releases of contaminants, (b) liability of an Indemnified Party to a third party to reimburse the third party for bodily injuries, property damages and other injuries or damages which the third party suffers, including (to the extent, if any, that the Indemnified Party is liable therefor) foreseeable and unforeseeable consequential damages suffered by the third party, (c) liability of the Indemnified Party for damage suffered by the third party, (d) liability of an Indemnified Party for damage to or impairment of the environment and (e) liability of an Indemnified Party for court costs, expenses

of alternative dispute resolution proceedings, and fees and disbursements of expert consultants and legal counsel on a solicitor and client basis.

Action by Lender to Protect Interests

- 10.3 The Lender shall have the power to institute and maintain all and any such actions, suits or proceedings and to take any other action as it may consider necessary or expedient to preserve, protect or enforce its interests.

ARTICLE 11 MISCELLANEOUS

Amendments and Waivers

- 11.1 No amendment to any provision of the Facility Documents shall be effective unless it is in writing and has been signed by the Lender and the Credit Parties who are party to that Facility Document, and no waiver of any provision of any Facility Document, or consent to any departure by the relevant Credit Party therefrom, shall be effective unless it is in writing and has been signed by the Lender. Any such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

No Waiver; Remedies Cumulative

- 11.2 No failure on the part of the Lender to exercise, and no delay in exercising, any right, remedy, power or privilege under any Facility Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies under the Facility Documents are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to the Lender.

Survival

- 11.3 All covenants, agreements, representations and warranties made in any Facility Documents shall, except to the extent otherwise provided therein (including as expressly provided in Section 10.1, survive the execution and delivery of this Agreement and each Advance of the Facility, and shall continue in full force and effect so long as any principal amount of the Facility remains outstanding or any other Facility Indebtedness remains unpaid or any obligation to perform any other act hereunder or under any Security Document remains unsatisfied.

Benefits of Agreement

- 11.4 The Facility Documents are entered into for the sole protection and benefit of the parties hereto and their successors and assigns, and no other Person (other than the Indemnified Persons) shall be a direct or indirect beneficiary of, or shall have any direct or indirect cause of action or claim in connection with, any Facility Document.

Binding Effect; Assignment; Syndication

- 11.5 This Agreement shall become effective when it shall have been executed by the parties hereto and thereafter shall be binding upon, enure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns. The Credit Parties shall not have the right to assign their rights and obligations hereunder or under the other Facility Documents or any

interest herein or therein without the prior written consent of the Lender. The Lender reserves the right to sell, assign, transfer or grant participations in all or any portion of the Lender's interests, rights and obligations hereunder and under the other Facility Documents to any other Person, upon notice to, but without the consent of, the Credit Parties. In the event of any sale, assignment or transfer by the Lender of all of its interests, rights and obligations hereunder and under the other Facility Documents, upon notice thereof to the Credit Parties, the assignee shall be deemed the "Lender" for all purposes of the Facility Documents with respect to the rights and obligations assigned to it, the obligations of the Lender so assigned shall thereupon terminate and the assigning Lender shall be released from all obligations to the Credit Parties in respect thereof. The Credit Parties shall, from time to time upon request of the Lender and at the Lender's expense, enter into such amendments to the Facility Documents and execute and deliver such other documents as shall be necessary to effect any such grant or assignment and maintain the perfected security interest created by the Security Documents. The Credit Parties agree that in connection with any such grant or assignment, the Lender may deliver to the prospective participant or assignee financial statements and other relevant information provided by the Credit Parties relating to the Credit Parties and their Subsidiaries on a strictly confidential basis (except for such information or documents that are (i) generally available to the public, (ii) available to the Lender as owner of, or where otherwise entitled to, such information without any restriction on disclosure or (iii) available to the Lender on a non-confidential basis from a source other than a Credit Party.

Judgment Currency

- 11.6 If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder in Dollars into another currency, the parties hereto agree, to the fullest extent permitted by law, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Lender could purchase Dollars with such other currency at the buying spot rate of exchange in the foreign exchange markets on the Business Day immediately preceding that on which any such judgment, or any relevant part thereof, is given.
- 11.7 The obligations of the Credit Parties in respect of any sum due to the Lender hereunder and under the other Facility Documents shall, notwithstanding any judgment in a currency other than Dollars, be discharged only to the extent that on the Business Day following receipt by the Lender of any sum adjudged to be so due in such other currency the Lender may, in accordance with normal banking procedures, purchase Dollars with such other currency. If the amount of Dollars so purchased is less than the sum originally due to the Lender in Dollars, each of the Credit Parties agrees, to the fullest extent that it may effectively do so, as a separate obligation and notwithstanding any such judgment, to indemnify the Lender against such loss. If the amount of Dollars so purchased exceeds the sum originally due to the Lender in Dollars, the Lender shall remit such excess to the relevant Credit Parties.

Entire Agreement

- 11.8 The Facility Documents reflect the entire agreement between the parties hereto with respect to the matters set forth herein and therein and supersede any prior agreements, commitments, drafts, communication, discussions and understandings, oral or written, with respect thereto, including but not limited to the Term Sheet.

Payments Set Aside

- 11.9 To the extent that any payment by or on behalf of the Borrower is made to the Lender, or the Lender exercises its right of set-off, and such payment or the proceeds of such set-off or any part

thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors Arrangement Act* (Canada) and the *Winding-up and Restructuring Act* (Canada) or other Canadian federal, provincial or foreign liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws, or otherwise, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred.

Severability

- 11.10 Whenever possible, each provision of the Facility Documents shall be interpreted in such manner as to be effective and valid under all Applicable Laws and regulations. If, however, any provision of any of the Facility Documents shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of such Facility Document, or the validity or effectiveness of such provision in any other jurisdiction.

Counterparts and facsimile

- 11.11 This Agreement may be executed in counterparts and by electronic transmission of an authorized signature and each such counterpart shall be deemed to form part of one and the same document.

Limitations Act

- 11.12 Notwithstanding the provisions of the Limitations Act (Ontario), a claim may be brought pursuant to this Agreement at any time within 6 years from the date on which payment of the relevant Facility Indebtedness is due pursuant hereto or, in the case of Facility Indebtedness that is a demand obligation, demand for payment of the relevant Facility Indebtedness is made to the relevant Borrower Group Member in accordance with the terms of this Agreement or any other Facility Document.

Termination

- 11.13 Notwithstanding any termination of this Agreement in accordance with its terms, Section 7.4, Article 10, Section 11.8, Section 11.9, Section 11.10 and Section 11.12 shall survive termination of this Agreement or the resignation or termination of the Lender.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF the parties hereto have executed this Agreement under the hands of their proper officers duly authorized in that behalf.

CANNAROYALTY CORP.

Per: 

Authorized Signatory

CANNABIS ROYALTIES & HOLDINGS CORP.

Per: 

Authorized Signatory

ELECTRIC MEDIALAND INC.

Per: 

Authorized Signatory

CR ADVISORY SERVICES INC.

Per: 

Authorized Signatory

[signature page to the Credit Agreement]

SPROTT CANNA HOLDCO CORP.

Per:



Authorized Signatory

Per:

Authorized Signatory

SCHEDULE A
SECURITY DOCUMENTS

- (a) a general security agreement executed by each Credit Party in favour of the Lender, pursuant to which the applicable Credit Party grants to and in favour of the Lender a first priority security interest over all of its present and after-acquired personal property, subject only to Permitted Encumbrances;
- (b) an unlimited guarantee in favour of the Lender executed by each Guarantor;
- (c) with respect to those Credit Parties that own or lease real property, fixtures and equipment, a debenture or mortgage, as applicable, executed by such Credit Party, granting a Security Interest in favour of the Lender in all real property, fixtures, equipment, claims, leases and any other properties owned or leased by such Credit Party.

**SCHEDULE B
SHARES AND OWNERSHIP INTEREST**

Record and Beneficial Owner	Issuer	Certificate No.	Number and Class of Shares	% of Shares Owned
CannaRoyalty Corp.	Cannabis Royalties and Holding Corp.	1	33,963,378 common shares	100%
Cannabis Royalties and Holdings Corp.	Cannroy Delaware Inc.	1	100 common shares	100%
Cannabis Royalties and Holdings Corp.	CR Advisory Services Inc.	2	100 common shares	100%
Cannroy Delaware Inc.	Dreamcatcher, Labs Inc.	Uncertificated	N/A	100%
N/A (Mutual Benefit Corporation, controlled by way of contract)	GreenRock Botanicals Inc.	N/A	N/A	N/A
Cannabis Royalties and Holdings Corp.	Electric Medialand Inc.	C-2	1 common share	100%
Cannroy Delaware Inc.	Achelois LLC – (DermaLeaf Skin Care brand)	Uncertificated	N/A	70%
CannaRoyalty Corp.	Anandia Laboratories Inc.	C-12	5,079,441 common shares	20%
Cannabis Royalties and Holdings Corp.	Bodhi Research Inc.	Uncertificated	10 Class 1 Common Shares	10%
Cannabis Royalties and Holdings Corp.	Wagner Dimas, Inc.	6A	2,000,000 common stock	20%
Cannabis Royalties and Holdings Corp.	Resolve Digital Health Inc.	CA-8 and CA-21	14,160,738 Class A shares	27.2%
Cannroy Delaware Inc.	Alternative Medical Enterprises, LLC	Uncertificated	1,500,000 Class A shares	8.2%
Cannroy Delaware Inc.	Eureka Management Services, Inc.	Uncertificated	350,000 common shares	6%
Cannabis Royalties and Holdings Corp.	CannaCraft Inc. (Mobile Medicine)	N/A (contractual JV)	N/A	50% JV
Cannroy Delaware Inc.	Cannroy Distribution LLC	Uncertificated	N/A	100%

SCHEDULE C
OPTIONS AND OTHER CONDITIONAL RIGHTS TO SECURITIES

Type of Right	Entity that Granted the Right	Who was Granted the Right	Number	Exercise Price
Warrants	Cannabis Royalties & Holdings Corp.	Investors (please see warrant register for additional information)	868,993	Exercisable at \$1.50/share
	Cannabis Royalties & Holdings Corp.		81,219	Exercisable at \$2.00/share
	Cannabis Royalties & Holdings Corp.		1,800,000	Exercisable at \$2.05/share
	Cannabis Royalties & Holdings Corp.		300,000	Exercisable at \$3.00/share
	CannaRoyalty Corp.		2,500,000	Exercisable at \$4.50/share
Performance shares	Cannabis Royalties & Holdings Corp.	Dreamcatcher, Labs Inc.	1,000,000	Contingent on Dreamcatcher Labs Inc. performance Apr-Oct 2017
Restricted Share Units	CannaRoyalty Corp.	Directors, officers, employees, and consultants of CannaRoyalty Corp..	3,053,028 incentive shares issued and outstanding, including 1,210,465 that have currently vested	N/A
Convertible Debt	Cannabis Royalties & Holdings Corp.	Aphria Inc.	Convertible into 750,000 shares	\$1.5mm convertible debt with Aphria Inc., convertible at \$2/share
Shares to be issued to Zenabis Limited Partnership	CannaRoyalty Corp.	Zenabis Limited Partnership	333,402 shares	N/A. To be issued August 24, 2017.

SCHEDULE D JURISDICTIONS

- 1. CannaRoyalty Corp.**
 - a. Registered Office: Ottawa, Ontario
 - b. Carry on business: (Ottawa/Toronto) Ontario and California
 - c. Owned properties or assets: (Ottawa/Toronto) Ontario and California

- 2. Electric Medialand Inc.**
 - a. Registered Office: Ottawa, Ontario
 - b. Carry on business: (Ottawa) Ontario and California
 - c. Owned properties or assets: Ottawa, Ontario

- 3. CR Advisory Services Inc.**
 - a. Registered Office: Ontario
 - b. Carry on business: Ontario and California
 - c. Owned properties or assets: Ontario and California

- 4. Cannabis Royalties & Holdings Corp.**
 - a. Registered Office: British Columbia
 - b. Carry on business: Ontario
 - c. Owned properties or assets: Ontario

**SCHEDULE E
MAJOR CONTRACTS**

Counterparty	Jurisdiction of Counterparty	CR Entity	Jurisdiction of CR Entity	Contract	Governing Law of the Contract
Aphria Inc.	Canada	Cannabis Royalties & Holdings Corp.	CBCA	Convertible Debenture	Ontario
				Letter Agreement	Ontario
				License and Royalty Agreement	Ontario
Cascadia Holdings LLC	State of Washington, U.S.	Cannroy Delaware Inc.	Delaware	Royalty Agreement	Washington
Rich Extracts LLC	State of Oregon, U.S.	Cannabis Royalties & Holdings Corp.	CBCA	Term Sheet	Oregon
		CannaRoyalty Corp.	OBCA	General Security Agreement	Ontario
		CannaRoyalty Corp.	OBCA	Royalty Agreement	Ontario
River Wellness, Inc. and River Break Distributing, LP	State of California, U.S.	Cannroy Delaware Inc.	Delaware	Consulting Agreement	California
				Framework Agreement	California
Wagner Dimas, Inc.	State of Nevada, U.S.	Cannabis Royalties & Holdings Corp.	CBCA	Joinder to Shareholders' Agreement	Nevada
Eureka Management Services, Inc.	State of California, U.S.	Cannroy Delaware Inc.	Delaware	Joinder to Shareholders' Agreement	California
Resolve Digital Health Inc.	Canada	Cannabis Royalties & Holdings Corp.	CBCA	Shareholders' Agreement	Ontario
Anandia Laboratories Inc.	Province of British Columbia, Canada	CannaRoyalty Corp.	OBCA	Amendment No. 1 to Shareholders' Agreement	British Columbia

EXHIBIT A
WARRANT CERTIFICATE

See attached.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE OCTOBER 19, 2017.

WARRANTS TO PURCHASE COMMON SHARES

OF

CANNAROYALTY CORP.

(A corporation incorporated under the laws of the Province of Ontario)

Number 2017-06-W-001

Number of Warrants represented
by this Certificate: 1,800,000

THIS CERTIFIES THAT, for value received, the holder hereof (the “**Holder**”), being the registered holder of that number of warrants (individually, a “**Warrant**” and collectively, the “**Warrants**”) of CannaRoyalty Corp. (the “**Corporation**”) set forth above is entitled, at any time prior to the Expiry Time (as defined herein) to subscribe for and purchase in whole or in part from time to time the number of common shares (the “**Warrant Shares**”) of the Corporation set forth above, at the Exercise Price (as defined herein), subject to adjustment as set out herein, by surrendering to the Corporation at its principal office located at 333 Preston Street, Preston Square Tower 1, Suite 610, Ottawa, Ontario, K1S 5N4 (or to such other address as the Corporation may notify the Holder), this Warrant Certificate (as defined herein), together with a completed and executed Subscription Form attached hereto, and payment in full of the aggregate Exercise Price for the Warrant Shares being purchased. In the case of partial exercise of the Warrants, the Corporation will issue a new Warrant Certificate, of like kind and tenor, with the necessary adjustments, *mutatis mutandis*, representing the remaining number of Warrants to be represented thereby.

The Corporation shall treat the Holder as the absolute owner of the Warrants evidenced by this Warrant Certificate for all purposes and the Corporation shall not be affected by any notice or knowledge to the contrary. The Holder shall be entitled to the rights evidenced by this Warrant Certificate free from all equities and rights of set-off or counterclaim between the Corporation and the original or any intermediate holder and all persons may act accordingly and the receipt by the Holder of the Warrant Shares issuable upon exercise hereof shall be a good discharge to the Corporation and the Corporation shall not be bound to inquire into the title of any such Holder.

1. **Definitions:** In this Warrant Certificate, unless there is something in the subject matter or context inconsistent therewith, the following expressions shall have the following meanings namely:
 - (a) “**Adjustment Period**” means the period commencing on the date hereof and ending at the Expiry Time;
 - (b) “**Business Day**” means any day other than Saturday, Sunday or a statutory or civic holiday, or any other day on which banks are not open for business in the City of Toronto, Province of Ontario;
 - (c) “**Common Shares**” means the common shares of the Corporation as such shares are constituted on the date hereof, as the same may be reorganized, reclassified or otherwise changed pursuant to any of the events set out in Section 12 hereof;

- (d) **“Corporation”** means CannaRoyalty Corp., a corporation incorporated under the laws of the Province of Ontario, and its successors and assigns;
- (e) **“Credit Agreement”** means the credit agreement to be entered into by, inter alia, the Corporation, and the Holder and such other persons as may from time to time be parties thereto, as lenders, establishing a senior secured revolving credit facility in favour of the Corporation pursuant to which the Corporation will be entitled to receive advances up to a maximum outstanding principal amount of \$12.0 million, subject to the terms thereof;
- (f) **“CSE”** means the Canadian Securities Exchange;
- (g) **“Current Market Price”** means at any date, the weighted average price per share at which the Common Shares have traded:
 - (i) on the CSE;
 - (ii) if the Common Shares are not listed on the CSE, on any stock exchange upon which the Common Shares are listed as may be selected for this purpose by the directors of the Corporation, acting reasonably; or
 - (iii) if the Common Shares are not listed on any stock exchange, on any over-the-counter market on which the Common Shares are trading, as may be selected for this purpose by the directors of the Corporation acting reasonably;during the 20 consecutive Trading Days (on each of which at least 500 Common Shares are traded in board lots) ending on the third Trading Day before such date and the weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold in board lots on the exchange or market, as the case may be, during the 20 consecutive Trading Days by the number of Common Shares sold or, if not traded on any recognized market or exchange, as determined by the directors of the Corporation, acting reasonably;
- (h) **“Exercise Date”** means any date from time to time on which the Holder exercises the Warrants in whole or in part;
- (i) **“Exercise Price”** means \$2.05 per Common Share;
- (j) **“Expert”** means the person appointed pursuant to the provisions of Section 2(c)(iv);
- (k) **“Expiry Time”** means the earlier of: (i) 5:00 p.m. (Toronto time) on June 19, 2020; and (ii) the occurrence of a Holder Expiry Event;
- (l) **“Holder”** means the holder set forth on the first page hereof and its successors and permitted assigns;
- (m) **“Holder Expiry Event”** shall be deemed to occur if the Corporation has satisfied the conditions precedent to the drawdown of the initial advance under the Credit Agreement and the lenders under the Credit Agreement fail to make such initial advance;
- (n) **“Notice of Dispute”** has the meaning set forth in Section 2(c)(i);

- (o) “**Permitted Transferee**” means, at any particular time of determination, any person that is a party, as a lender, to the Credit Agreement at such time;
- (p) “**person**” means an individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative, or any group or combination thereof or any other entity whatsoever;
- (q) “**Sprott**” means collectively Sprott Inc. and its affiliates;
- (r) “**Trading Day**” with respect to a stock exchange or over-the-counter market means a day on which such stock exchange or over-the-counter market is open for business;
- (s) “**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
- (t) “**U.S. Person**” means “U.S. person” as that term is defined in Regulation S under the U.S. Securities Act;
- (u) “**U.S. Securities Act**” means the United States Securities Act of 1933, as amended;
- (v) “**Warrant Shares**” means the Common Shares issuable upon exercise of the Warrants in accordance with this Warrant Certificate, calculated in accordance with Section 3 herein;
- (w) “**Warrant**” means the Common Share purchase warrants of the Corporation issued pursuant to this Warrant Certificate, entitling the holder thereof to purchase Warrant Shares at the Exercise Price prior to the Expiry Time pursuant and subject to the terms set forth in this Warrant Certificate; and
- (x) “**Warrant Certificate**” means this certificate representing the Warrant, together with any duly issued replacement or substitution therefor.

2. **Exercise Date and Expiry Time:**

- (a) Subject to Section Error! Reference source not found., the Holder may only exercise the Warrants after the earlier of: (i) October 20, 2017 and (ii) the date on which the initial advance was made pursuant to the Credit Agreement.
- (b) At the Expiry Time, all rights under the Warrants evidenced hereby, in respect of which the right of subscription and purchase herein provided for shall not theretofore have been exercised, shall expire and be of no further force and effect.
- (c) If the Holder and the Corporation shall be in disagreement as to whether there has occurred a Holder Expiry Event, then the following provisions shall apply:
 - (i) Either the Holder or the Corporation shall have the right to send the other party a notice of dispute (the “**Notice of Dispute**”);
 - (ii) Upon delivery of the Notice of Dispute, the Holder and the Corporation will make all reasonable efforts at all times to resolve the dispute within 5 Business Days by good faith, amicable negotiations before resorting to resolution by mediation or arbitration.

- (iii) If a dispute remains unresolved following negotiations between the Holder and the Corporation for such period of 5 Business Days, then either the Holder or the Corporation may, upon written notice to the other delivered within 5 Business Days following expiry of such negotiation period, refer such dispute to binding mediation.
- (iv) The Holder and the Corporation will work with each other to select an acceptable mediator (the “**Expert**”) and the appropriate rules of mediation, and to work with the mediator to resolve the dispute. The mediation process shall continue until the dispute is resolved, including without limitation, by way of Expert determination.
- (v) The place of mediation shall be Toronto, Ontario.
- (vi) The language of the mediation shall be in English.

3. **Exercise Procedure:**

- (a) The Holder may exercise the right to subscribe for and purchase all or any part of the number of Warrant Shares herein provided for by delivering to the Corporation prior to the Expiry Time at its principal office set forth on the first page hereof (or to such other address in Ontario as the Corporation may notify the Holder), this Warrant Certificate, with the Subscription Form attached hereto duly completed and executed by the Holder or its legal representative or attorney, duly appointed by an instrument in writing in form and manner reasonably satisfactory to the Corporation, together with a certified cheque or bank draft payable to or to the order of the Corporation in an amount equal to the aggregate Exercise Price in respect of the Warrants so exercised. Any Warrant Certificate so surrendered shall be deemed to be surrendered only upon delivery thereof to the Corporation at its principal office set forth on the first page hereof (or to such other address as the Corporation may notify the Holder).
- (b) Upon such delivery as aforesaid, the Corporation shall cause to be issued to the Holder the Warrant Shares subscribed for not exceeding the maximum number of outstanding Warrants and the Holder shall become a shareholder of the Corporation in respect of the Warrant Shares subscribed for with effect from the time of issuance of such securities and shall be entitled to delivery of certificates evidencing the Warrant Shares and the Corporation shall cause such certificates to be delivered to the Holder at the address or addresses specified in such subscription as soon as practicable, and in any event within five (5) Business Days of such delivery.

4. **U.S. Securities Laws:** The Warrants and the Warrants Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States. The Warrants may not be exercised in the United States or by or for the account or benefit of a U.S. Person or a person in the United States and the Warrant Shares may not be delivered within the United States unless such Warrant Shares have been registered under the U.S. Securities Act and the securities laws of all applicable States of the United States or an exemption from such registration requirements is available, and the Holder has delivered to the Corporation an opinion of counsel in form and substance satisfactory to the Corporation to such effect and the certificates representing the Warrant Shares shall bear the appropriate legends as determined by legal counsel for the Corporation, acting reasonably.

5. **Partial Exercise:** The Holder may subscribe for and purchase a number of Warrant Shares less than the maximum number the Holder is entitled to purchase pursuant to the full exercise of this Warrant Certificate. In the event of any such subscription prior to the Expiry Time, the Holder shall in addition be entitled to receive, without charge, a new Warrant Certificate of like kind and tenor, with the necessary adjustments, *mutatis mutandis*, in respect of the balance of the Warrant Shares which the Holder was entitled to subscribe for pursuant to this Warrant Certificate and which were then not purchased (with or without legends as may be appropriate).
6. **No Fractional Shares:** Notwithstanding any adjustments provided for in Section 12 hereof or otherwise, the Corporation shall not be required upon the exercise of the Warrants to issue fractional Common Shares comprising the Warrant Shares in satisfaction of its obligations hereunder and, in any such case, the number of Warrant Shares issuable upon the exercise of the Warrants shall be rounded down to the nearest whole number, without payment or compensation in lieu thereof.
7. **Exchange of Warrant Certificates:** This Warrant Certificate may be exchanged for Warrant Certificates representing in the aggregate the same number of Warrants and entitling the Holder thereof to subscribe for and purchase an equal aggregate number of Warrant Shares at the same Exercise Price and on the same terms as this Warrant Certificate (with or without legends as may be appropriate).
8. **Transfer of Warrants:** The Warrants are not transferable, except as otherwise expressly permitted herein. Subject to applicable securities laws and the rules and policies of the CSE, the Holder may transfer all or any part of the Warrants represented by this Warrant Certificate to a Permitted Transferee or a subsidiary or affiliate of Sprott Inc. The Holder shall provide at least five (5) Business Days' written notice to the Corporation of any such transfer of all or any part of the Warrants together with proof acceptable to the Corporation, acting reasonably that the transferee meets the foregoing criteria. No transfer of Warrants shall be made if in the opinion of counsel to the Corporation such transfer would result in the violation of any applicable securities laws. Subject to the foregoing, the Corporation shall issue and mail as soon as practicable, and in any event within five (5) Business Days of receipt of this Warrant Certificate, together with a duly completed and executed Transfer Form attached hereto, a new Warrant Certificate registered in the name of the transferee or as the transferee may direct and, if applicable, a new Warrant Certificate registered in the name of the transferor or as the transferor may direct, representing the remaining balance of Warrants which were not then transferred, and shall take all other necessary actions to effect the transfer as directed.
9. **Not a Shareholder:** Nothing in this Warrant Certificate or in the holding of a Warrant evidenced hereby shall be construed as conferring upon the Holder any right or interest whatsoever as a shareholder of the Corporation.
10. **No Obligation to Purchase:** Nothing herein contained or done pursuant hereto shall obligate the Holder to subscribe for or the Corporation to issue any shares or warrants except those Warrant Shares in respect of which the Holder shall have exercised its right to purchase hereunder in the manner provided herein.
11. **Covenants:**
 - (a) The Corporation covenants and agrees that so long as the Warrants evidenced hereby remain outstanding, it shall allot and reserve and there shall remain unissued out of its authorized capital a sufficient number of Warrant Shares to satisfy the right to purchase Warrant Shares provided for herein and upon due exercise of the Warrants in

accordance with the terms of the Warrant Certificate, the Corporation will cause the applicable Warrant Shares subscribed for and purchased in the manner herein provided to be issued and delivered as directed and such Warrant Shares shall be issued as fully paid and non-assessable Common Shares and the holder thereof shall not be liable to the Corporation or to its creditors in respect thereof.

- (b) The Corporation covenants and agrees that until the Expiry Time, while any Warrants are outstanding, the Corporation shall (i) maintain its corporate existence, (ii) remain listed on the CSE or other Canadian stock exchange, and (iii) remain a reporting issuer not in default of the requirements of the applicable securities laws in the Canadian jurisdictions in which the Corporation is a reporting issuer; provided that this covenant shall not prevent the Corporation from completing any transaction which would result in the Corporation ceasing to maintain its corporate existence or to be listed on a Canadian stock exchange or cease to be a “reporting issuer”, so long as the holders of the Common Shares receive securities of an entity which is listed on a stock exchange in Canada or cash, or the holders of Common Shares have approved the transaction in accordance with the requirements of applicable corporate and securities laws and stock exchange rules.
- (c) The Corporation covenants and agrees that it shall to ensure the Warrant Shares are listed and posted for trading on the CSE or such other stock exchange or over-the-counter market on which the Common Shares may be listed or quoted (as the case may be) at the time of exercise of the Warrants, subject to the exceptions provided in Section 12(b) hereof.
- (d) If the issuance of the Warrant Shares upon the exercise of the Warrants requires any filing or registration with or approval of any securities regulatory authority or other governmental authority or compliance with any other requirement under any law before such securities may be validly issued (other than the filing of a prospectus or similar disclosure document), the Corporation covenants and agrees to take such actions as may be necessary to secure such filing, registration, approval or compliance, as the case may be.
- (e) The Corporation will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all other acts, documents, deeds and assurances in law as may be reasonably required for the better accomplishing and effecting of the intentions and provisions of this Warrant Certificate.

12. **Adjustments:**

- (a) Adjustment: The rights of the Holder, including the number of Warrant Shares issuable upon the exercise of the Warrants, will be adjusted from time to time in the events and in the manner provided in, and in accordance with the provisions of, this Section. The purpose and intent of the adjustments provided for in this Section is to ensure that the rights and obligations of the Holder are neither diminished nor enhanced as a result of any of the events set forth in paragraphs (b), (c) or (d) of this Section. Accordingly, the provisions of this Section shall be interpreted and applied in accordance with such purpose and intent.

Any and all adjustments in connection with the exercise price of the Warrants or the number or type of securities issuable upon the exercise of the Warrants shall be made in accordance with the terms of this Warrant Certificate whether or not the Warrants have

been issued at the date of such adjusting event, and further provided that such adjustments do not put the Holder in a better position than the Holder would have been in had the Holder been a holder of the Warrant Shares at the time of such adjustment.

(b) The Exercise Price in effect on any date will be subject to adjustment from time to time as follows:

- (i) Share Reorganization: If and whenever at any time during the Adjustment Period, the Corporation shall (A) subdivide, redivide or change the outstanding Common Shares into a greater number of Common Shares, (B) consolidate, combine or reduce the outstanding Common Shares into a lesser number of Common Shares, or (C) fix a record date for the issue of, or issue, Common Shares or securities convertible into or exchangeable for Common Shares to all or substantially all of the holders of Common Shares by way of a stock dividend or other distribution, then, in each such event, the Exercise Price shall, on the record date for such event or, if no record date is fixed, the effective date of such event, be adjusted so that it will equal the rate determined by multiplying the Exercise Price in effect immediately prior to such date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such date before giving effect to such event, and of which the denominator shall be the total number of Common Shares outstanding on such date after giving effect to such event. Such adjustment shall be made successively whenever any such event shall occur. Any such issue of Common Shares by way of a stock dividend shall be deemed to have been made on the record date for such stock dividend for the purpose of calculating the number of outstanding Common Shares under Section 12(b)(i) and Section 12(b)(ii) hereof.
- (ii) Rights Offering: If and whenever at any time during the Adjustment Period, the Corporation shall fix a record date for the issue of rights, options or warrants to all or substantially all of the holders of Common Shares entitling the holders thereof, within a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for Common Shares) at a price per share (or having a conversion or exchange price per share) less than 95% of the Current Market Price on such record date, then the Exercise Price shall be adjusted immediately after such record date so that it will equal the rate determined by multiplying the Exercise Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date plus the number of Common Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Common Shares so offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered) by such Current Market Price, and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares so offered for subscription or purchase (or into or for which the convertible or exchangeable securities so offered are convertible or exchangeable). Any Common Shares owned by or held for the account of the Corporation or any subsidiary of the Corporation shall be deemed not to be outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed, provided that if two or more such record dates referred to

in this Section 12(b)(ii) are fixed within a period of 25 Trading Days, such adjustment will be made successively as if each of such record dates occurred on the earliest of such record dates. To the extent that any such rights, options or warrants are not exercised prior to the expiration thereof, the Exercise Price shall then be readjusted to the Exercise Price which would then be in effect based upon the number of Common Shares (or securities convertible into or exchangeable for Common Shares) actually issued upon the exercise of such rights, options or warrants, as the case may be.

(iii) Distribution: If and whenever at any time during the Adjustment Period, the Corporation shall fix a record date for the making of a distribution to all or substantially all of the holders of Common Shares of (A) shares of any class other than Common Shares whether of the Corporation or any other corporation, (B) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares or property or other assets of the Corporation (other than a Rights Offering as described in Section 12(b)(ii) hereof), (C) evidences of indebtedness, or (D) cash, securities or other property or assets then, in each such case and if such distribution does not fall under Section 12(b)(i) or Section 12(b)(ii) above, the Exercise Price will be adjusted immediately after such record date so that it will equal the rate determined by multiplying the Exercise Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price on the earlier of such record date and the date on which the Corporation announces its intention to make such distribution, less the aggregate fair market value (as determined by the directors, acting reasonably, at the time such distribution is authorized) of such shares or rights, options or warrants or evidences of indebtedness or cash, securities or other property or assets so distributed, and of which the denominator shall be the total number of Common Shares outstanding on such record date multiplied by such Current Market Price. Any Common Shares owned by or held for the account of the Corporation or any subsidiary of the Corporation shall be deemed not to be outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed, provided that if two or more such record dates referred to in this paragraph 13(b)(iii) are fixed within a period of 25 Trading Days, such adjustment will be made successively as if each of such record dates occurred on the earliest of such record dates. To the extent that any such rights, options or warrants so distributed are not exercised prior to the expiration thereof, the Exercise Price shall then be readjusted to the Exercise Price which would then be in effect based upon such rights, options or warrants or evidences of indebtedness or cash, securities or other property or assets actually distributed or based upon the number or amount of securities or the property or assets actually issued or distributed upon the exercise of such rights, options or warrants, as the case may be.

(c) Reclassifications: If and whenever at any time during the Adjustment Period, there is (A) any reclassification of, or redesignation of or amendment to the outstanding Common Shares, any change or exchange of the Common Shares into other shares or securities or any other reorganization of the Corporation (other than as described in Section 12(b) hereof), (B) any consolidation, amalgamation, arrangement, merger or other form of business combination of the Corporation with or into any other corporation or entity resulting in any reclassification of, or redesignation of or

amendment to the outstanding Common Shares, any change or exchange of the Common Shares into other shares or securities or any other reorganization of the Corporation, or (C) any sale, lease, exchange or transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation or entity, then, in each such event, the Holder of this Warrant Certificate which is thereafter exercised shall be entitled to receive, and shall accept, in lieu of the number of Warrant Shares to which such Holder was theretofore entitled upon such exercise, the kind and number or amount of shares or other securities or property which such Holder would have been entitled to receive as a result of such event as if, on the effective date or record date thereof, such Holder had been the registered holder of the number of Warrant Shares to which such Holder was theretofore entitled upon such exercise. If necessary as a result of any such event, appropriate adjustments will be made in the application of the provisions set forth in this subsection with respect to the rights and interests thereafter of the Holder of this Warrant Certificate to the end that the provisions set forth in this subsection will thereafter correspondingly be made applicable, as nearly as may reasonably be, in relation to any shares or other securities or property thereafter deliverable upon the exercise of this Warrant Certificate. Any such adjustments will be made by and set forth in an instrument supplemental hereto approved by the directors, acting reasonably, and shall for all purposes be conclusively deemed to be an appropriate adjustment.

- (d) If at any time during the Adjustment Period any adjustment or readjustment in the Exercise Price shall occur pursuant to the provisions of Section 12(b) or Section 12(c) hereof, then the number of Warrant Shares purchasable upon the subsequent exercise of the Warrants shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Warrant Shares purchasable upon the exercise of the Warrants immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction used in the adjustment or readjustment of the Exercise Price.

13. **Rules Regarding Calculation of Adjustment of Exercise Price:**

- (a) The adjustments provided for in Section 12 hereof are cumulative and will, in the case of adjustments to the Exercise Price, be computed to the nearest whole Warrant Share and will be made successively whenever an event referred to therein occurs, subject to the following subsections of this Section 13.
- (b) No adjustment in the Exercise Price is required to be made unless such adjustment would result in a change of at least 1% in the prevailing Exercise Price and no adjustment in the Exercise Price is required unless such adjustment would result in a change of at least one one-hundredth of a Warrant Share; provided, however, that any adjustments which, except for the provisions of this subsection, would otherwise have been required to be made, will be carried forward and taken into account in any subsequent adjustments.
- (c) No adjustment in the Exercise Price will be made in respect of any event described in Section 12 hereof, other than the events referred to in Section 12(c) hereof, if the Holder is entitled to participate in such event on the same terms, *mutatis mutandis*, as if the Holder had exercised this Warrant prior to or on the effective date or record date of such event.

- (d) If at any time a question or dispute arises with respect to adjustments provided for in Section 12 hereof, such question or dispute will be conclusively determined by the auditor of the Corporation or, if it is unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by action of the directors of the Corporation and any such determination, subject to regulatory approval and absent manifest error, will be binding upon the Corporation and the Holder. The Corporation will provide such auditor or chartered accountant with access to all necessary records of the Corporation.
- (e) If the Corporation after the date of issuance of this Warrant Certificate takes any action affecting the Common Shares, other than an action described in Section 12 hereof, which in the opinion of the board of directors of the Corporation would materially affect the rights of the Holder, the Exercise Price will be adjusted in such manner, if any, and at such time, by action of the directors of the Corporation in their sole discretion, acting reasonably and in good faith, but subject in all cases to any necessary regulatory approval. Failure of the taking of action by the directors of the Corporation so as to provide for an adjustment on or prior to the effective date of any action by the Corporation affecting the Common Shares will be conclusive evidence that the board of directors of the Corporation has determined that it is equitable to make no adjustment in the circumstances.
- (f) If the Corporation sets a record date to determine the holders of the Common Shares for the purpose of entitling them to receive any dividend or distribution or sets a record date to take any other action and, thereafter and before the distribution to such shareholders of any such dividend or distribution or the taking of any other action, decides not to implement its plan to pay or deliver such dividend or distribution or take such other action, then no adjustment in the Exercise Price will be required by reason of the setting of such record date.
- (g) In the absence of a resolution of the directors of the Corporation fixing a record date for any event which would require any adjustment to this Warrant Certificate, the Corporation will be deemed to have fixed as the record date therefor the date on which the event is effected.
- (h) As a condition precedent to the taking of any action which would require any adjustment to the Warrants, including the Exercise Price, the Corporation shall take any corporate action which may be necessary in order that the Corporation or any successor to the Corporation or successor to the undertaking or assets of the Corporation have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the shares or other securities which the Holder is entitled to receive on the full exercise thereof in accordance with the provisions hereof.
- (i) The Corporation will from time to time, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 12 hereof, forthwith give notice to the Holder specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Exercise Price.
- (j) The Corporation covenants to and in favour of the Holder that so long as this Warrant Certificate remains outstanding, it will give notice to the Holder of the effective date or of its intention to fix a record date for any event referred to in Section 12 hereof whether or not such event would give rise to an adjustment in the Exercise Price or the number and type of securities issuable upon the exercise of the Warrants, and, in each

case, such notice shall specify the particulars of such event and the record date and the effective date for such event; provided that the Corporation shall only be required to specify in such notice such particulars of such event as have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days in each case prior to such applicable record date or effective date.

- (k) If an adjustment pursuant to Section 12 hereof shall become effective immediately after a record date for, or an effective date of, an event referred to herein, the Corporation may defer, until the occurrence and consummation of such event, issuing to the Holder of this Warrant Certificate, if exercised after such record date or effective date and before the occurrence and consummation of such event, the additional Warrant Shares or other securities or property issuable upon such exercise by reason of the adjustment required by such event, provided, however, that the Corporation will deliver to the Holder an appropriate instrument evidencing the Holder's right to receive such additional Warrant Shares or other securities or property upon the occurrence and consummation of such event and the right to receive any dividend or other distribution in respect of such additional Warrant Shares or other securities or property declared in favour of the holders of record of Common Shares or of such other securities or property on or after the date of exercise of the Warrants or such later date as the Holder would, but for the provisions of this subsection, have become the holder of record of such additional Warrant Shares or of such other securities or property.

14. **Consolidation and Amalgamation:**

- (a) The Corporation shall not enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other corporation (herein called a "**successor corporation**") whether by way of reorganization, reconstruction, consolidation, arrangement, amalgamation, merger, transfer, sale, disposition or otherwise, unless prior to or contemporaneously with the consummation of such transaction the Corporation and the successor corporation shall have executed such instruments and done such things as the Corporation, acting reasonably, considers necessary or advisable to establish that upon the consummation of such transaction:
 - (i) the successor corporation will have assumed all the covenants and obligations of the Corporation under this Warrant Certificate, and
 - (ii) the Warrants and the terms set forth in this Warrant Certificate will be valid, legal and binding obligations of the successor corporation entitling the Holder, as against the successor corporation, to all the rights and benefits of the Holder under this Warrant Certificate.
- (b) Whenever the conditions of Section 14(a) hereof shall have been duly observed and performed, the successor corporation shall possess, and from time to time may exercise, each and every right and power of the Corporation under this Warrant Certificate in the name of the Corporation or otherwise and any act or proceeding by any provision hereof required to be done or performed by any director or officer of the Corporation may be done and performed with like force and effect by the like directors or officers of the successor corporation.

15. **Representation and Warranty:** The Corporation hereby represents and warrants with and to the Holder that the Corporation is duly authorized and has all corporate and lawful power and authority to create and issue the Warrants evidenced hereby and the Warrant Shares issuable

upon the exercise hereof and perform its obligations hereunder and that this Warrant Certificate represents a valid, legal and binding obligation of the Corporation enforceable in accordance with its terms.

16. **If Share Transfer Books Closed:** The Corporation shall not be required to deliver certificates for Warrant Shares while the securities transfer books of the Corporation are properly closed, prior to any meeting of shareholders or for the payment of dividends or for any other purpose, and, in the event of the surrender of any Warrant Certificate in accordance with the provisions hereof and the making of any subscription and payment for the Warrant Shares called for thereby during any such period, delivery of certificates for Warrant Shares may be postponed for a period not exceeding five (5) Business Days after the date of the re-opening of said securities transfer books provided that any such postponement of delivery of certificates shall be without prejudice to the right of the Holder, if the Holder has surrendered the same and made subscription and payment during such period, to receive such certificates for the Warrant Shares called for after the securities transfer books shall have been re-opened.
17. **Lost Certificate:** If the Warrant Certificate evidencing the Warrants issued hereby is stolen, lost, mutilated or destroyed the Corporation may, on such terms as it may in its discretion, acting reasonably, impose, issue and countersign a new Warrant Certificate of like denomination, tenor and date as the Warrant Certificate so stolen, lost, mutilated or destroyed, provided that the Holder shall bear the reasonable cost of the issue thereof and in case of loss, destruction or theft, shall, as a condition precedent to the issue thereof, furnish to the Corporation such evidence of ownership and of the theft, loss or destruction of the Warrant Certificate as shall be satisfactory to the Corporation, in its sole discretion acting reasonably, and the Holder may also be required to furnish an indemnity in form satisfactory to the Corporation, in its sole discretion acting reasonably, and shall pay the reasonable charges of the Corporation in connection therewith.
18. **Legends on Certificates:** The Warrants represented by this Warrant Certificate and the Warrant Shares issuable upon exercise of these Warrants are subject to certain resale restrictions under applicable securities laws. If this Warrant is exercised prior to November 20, 2017, the certificates representing the Warrant Shares issued upon such exercise shall bear, in addition to any other legends required by applicable laws, the following legends:

**UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER
OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE
NOVEMBER 20, 2017.**
19. **Governing Law:** This Warrant Certificate shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.
20. **Severability:** If any one or more of the provisions or parts thereof contained in this Warrant Certificate should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom.
21. **Headings:** The headings of the articles, sections, subsections, clauses and subclauses of this Warrant Certificate have been inserted for convenience and reference only and do not define, limit, alter or enlarge the meaning of any provision of this Warrant Certificate.

22. **Numbering of Provisions, etc.:** Unless otherwise stated, a reference herein to a numbered or lettered article, section, subsection, clause, or subclause refers to the article, section, subsection, clause or subclause bearing that number or letter in this Warrant Certificate.
23. **Gender:** Whenever used in this Warrant Certificate, words importing the singular number include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders.
24. **Day not a Business Day:** If any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.
25. **Binding Effect:** This Warrant Certificate and all of its provisions shall enure to the benefit of the Holder and its successors, assigns and legal representatives and shall be binding upon the Corporation and its successors, permitted assigns and legal representatives.
26. **Notice:** Unless herein otherwise expressly provided, a notice to be given hereunder will be deemed to be validly given if the notice is sent by telecopier or prepaid same day courier addressed as follows:
- (a) If to the Holder at the latest address of the Holder as recorded on the books of the Corporation; and
 - (b) If to the Corporation at:

CannaRoyalty Corp.
333 Preston Street, Preston Square Tower 1
Suite 610
Ottawa, Ontario K1S 5N4

Attention: Chief Financial Officer
Fax: (844) 556-5070

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

Cassels Brock & Blackwell LLP
Suite 2100, Scotia Plaza
40 King Street West
Toronto, Ontario M5H 3C2
Attention: Cameron Mingay
Fax : (416) 640-3163
27. **Time of Essence:** Time shall be of the essence hereof.

IN WITNESS WHEREOF the Corporation has caused this Warrant Certificate to be signed by its duly authorized officer as of this 19th day of June, 2017.

CANNAROYALTY CORP.

Per:

Authorized Signing Officer

SUBSCRIPTION FORM

TO: CannaRoyalty Corp.
333 Preston Street, Preston Square Tower 1
Suite 610
Ottawa, Ontario K1S 5N4

The undersigned holder of the within Warrants hereby irrevocably subscribes for _____ Warrant Shares of CannaRoyalty Corp. (the “**Corporation**”) pursuant to the within Warrants and tenders herewith a certified cheque or bank draft payable to or to the order of the Corporation for C\$_____ (C\$_____ per Warrant Share, being the Exercise Price) in full payment therefor.

(Please check the **ONE** box applicable):

- A. The undersigned holder hereby represents and warrants that it (i) at the time of exercise of the Warrants, is not in the United States; (ii) is not a “**U.S. person**”, as defined in Regulation S under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”); (iii) is not exercising the Warrants on behalf of a U.S. person or a person in the United States; and (iv) did not execute or deliver this Subscription Form in the United States.

- B. The undersigned holder has delivered to the Corporation an opinion of counsel (which will not be sufficient unless it is from counsel of recognized standing and in form and substance satisfactory to the Corporation) to the effect that an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available.

The undersigned hereby directs that the Warrant Shares be issued as follows:

NAME(S) IN FULL	ADDRESS(ES)	NUMBER OF WARRANT SHARES

DATED this _____ day of _____, 20____.

NAME: _____

Signature of Authorized Representative: _____

Print Name: _____

_____ Please check if the certificates representing the Warrant Shares are to be delivered at the office where this Warrant Certificate is surrendered, failing which such certificates will be mailed to the address in the registration instructions set out above.

Notes:

If any Warrant represented by this Warrant Certificate are not being exercised in full a new Warrant Certificate representing the unexercised Warrant will be issued and delivered with the certificates representing the Warrant Shares.

Certificates will not be registered or delivered to an address in the United States unless Box B above is checked.

If Box B above is to be checked, the holder is encouraged to consult with the Corporation in advance to determine that the legal opinion tendered in connection with exercise will be satisfactory in form and substance to the Corporation.

TRANSFER FORM

FOR VALUE RECEIVED, the undersigned transferor hereby sells, assigns and transfers unto

(Transferee)

(Address)

(One) 1 Warrant registered in the name of the undersigned transferor represented by the attached Warrant Certificate.

THE UNDERSIGNED TRANSFEROR HEREBY CERTIFIES AND DECLARES that it is an affiliate or client of the Holder, and that the Warrants are not being offered, sold or transferred to, or for the account or benefit of, a “U.S. person” (as defined in Regulation S under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”)) or a person within the United States unless registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration is available.

DATED this _____ day of _____, _____.

Signature of Registered Holder
(Transferor)

Signature Guarantee

Print name of Registered Holder

Address

NOTE: The signature on this Transfer Form must correspond with the name as recorded on the face of the Warrant Certificate in every particular without alteration or enlargement or any change whatsoever or this Transfer Form must be signed by a duly authorized trustee, executor, administrator, or attorney of the Holder or a duly authorized signing officer in the case of a corporation. If this Transfer Form is signed by any of the foregoing, or any person acting in a fiduciary or representative capacity, the Warrant Certificate must be accompanied by evidence of authority to sign.

All endorsements or assignments of these Warrants must be signature guaranteed by a bank or trust company or by a member of a stock exchange in Canada.

EXHIBIT B
NOTICE OF BORROWING

See attached.

NOTICE OF BORROWING

Sprott Canna Holdco Corp.
Suite 2750, 200 Bay Street
Toronto ON M5J 2J2

Attention: Andrew Stronach

Dear Sirs:

Reference is made to a credit agreement dated as of August 23, 2017 (as amended, supplemented, restated or replaced from time to time, the "**Credit Agreement**") between, inter alia, Sprott Canna Holdco Corp. (the "**Lender**") and CannaRoyalty Corp. (the "**Borrower**"). Capitalized terms used herein and not otherwise defined herein shall have the meanings attributed thereto in the Credit Agreement.

The Borrower hereby requests an Advance pursuant to Section 2.3 of the Credit Agreement on ●, in the amount of CDN\$●.

The Lender is irrevocably authorized and directed to deliver the Advance in accordance with the following wire payment instructions set out on Schedule A attached hereto.

The Borrower hereby certifies that as at the date hereof and as of the date of such Advance:

- (a) the representations and warranties contained in the Credit Agreement are true and correct as of the date hereof (except for any such representations and warranties which are specifically expressed to have been given only as at a specific date);
- (b) the Borrower has complied with all terms and conditions precedent to an Advance contained in Section [5.1/5.2] of the Credit Agreement; and
- (c) no event has occurred and is continuing which constitutes a Default or an Event of Default, nor shall the making of the requested Advance result in the occurrence of a Default or Event of Default.

DATED this ● day of ●.

CANNAROYALTY CORP.

By: _____
Name: ●
Title: ●

SCHEDULE A
WIRE TRANSFER INSTRUCTIONS
[insert details]