



## SCHEDULE A

The Articles of the Corporation be and they are hereby amended by:

- I. increasing the authorized capital of the Corporation by creating an unlimited number of Class A Compressed Shares;
- II. providing that the rights, privileges, restrictions and conditions attaching to such Class A Compressed Shares be set out as follows:
  1. **Number and Designation.**
    - (a) The Corporation shall have authority to issue up to an unlimited number of Class A Compressed Shares, which are hereby designated "**Class A Compressed Shares**".
    - (b) Rank:
      - (i) All Class A Compressed Shares shall be identical with each other in all respects.
      - (ii) The Class A Compressed Shares shall rank *pari passu* to the Common Shares as to dividends and upon liquidation, as described below. The Class A Compressed Shares shall rank junior to the special preference shares of the Corporation as to dividends and upon liquidation. Any amounts herein shall be subject to appropriate adjustments in the event of any stock splits, consolidations or the like.
  2. **Dividend Rights**

The holders of Class A Compressed Shares (the "**Class A Shareholders**"), shall have the right to receive dividends, out of any cash or other assets legally available therefor, *pari passu* (on an as converted basis, assuming conversion of all Class A Compressed Shares into Common Shares at the applicable Conversion Ratio) as to dividends and any declaration or payment of any dividend on the Common Shares.
  3. **Liquidation Rights.**
    - (a) In the event of any Liquidation Event, either voluntary or involuntary, the Class A Shareholders and Common Shares shall be entitled to receive the assets of the Corporation, or other consideration payable or distributable as a result of the Liquidation Event, available for distribution to shareholders, distributed among the holders of Class A Compressed Shares and Common Shares on a pro rata basis, based on (i) the number of Common Shares and (ii) the number of Class A Compressed Shares (on an as converted basis, assuming conversion of all Class A Compressed Shares into Common Shares at the applicable Conversion Ratio) issued and outstanding on the record date.
    - (b) For purposes of this Section 3, a "**Liquidation Event**" shall mean (i) any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, including any event determined by the Board of Directors of the Corporation to constitute a Liquidity Event requiring the liquidation, dissolution or winding up of the Corporation; (ii) the acquisition of the Corporation by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation but, excluding any transaction effected exclusively for the purpose of changing the domicile of the Corporation or determined by the Board of Directors of the Corporation not to constitute a Liquidation Event); (iii) a sale of all or substantially all of the assets of the Corporation; unless, in the case of (ii) or (iii), the Corporation's shareholders of record as constituted immediately prior to such acquisition or sale will, immediately after such

acquisition or sale (by virtue of securities issued as consideration for the Corporation's acquisition or sale or otherwise) held at least 50% of the voting power of the surviving or acquiring entity or the Board of Directors of the Corporation otherwise determines that such transaction does not constitute a Liquidation Event.

4. **Voting Rights.**

- (a) The holders of Class A Compressed Shares shall have the right to one vote for each Common Share into which such Class A Compressed Shares could then be converted, and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Common Shares, and shall be entitled, notwithstanding any provision hereof, to notice of any shareholders' meeting and shall be entitled to vote, together with holders of Common Shares, with respect to any question upon which holders of Common Shares have the right to vote. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as converted basis (after aggregating all Common Shares into which Class A Compressed Shares could be converted) shall be rounded to the nearest whole number (with one-half being rounded upward). Except as provided by law, by the provisions of paragraph (b) below, Class A Shareholders shall vote the Class A Compressed Shares together with the holders of Common Shares as a single class.
- (b) In addition to any other rights provided by law, the Corporation shall not amend, alter or repeal the preferences, special rights or other powers of the Class A Compressed Shares or any other provision of the Corporation's constating documents that would adversely affect the rights of the Class A Shareholders without the written consent or affirmative vote of the holders of at least 66-2/3% of the then outstanding aggregate number of Class A Compressed Shares, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class of the holders of Class A Compressed Shares (a "**Class A Super Majority Vote**").

5. **Conversion.**

Subject to the Conversion Restrictions set forth in Section 6, Class A Shareholders shall have conversion rights as follows (the "**Conversion Rights**"):

- (a) **Right to Convert.** Each Class A Compressed Share shall be convertible, at the option of the Class A Shareholder thereof, at any time after the date of issuance of such share at the office of the Corporation or any transfer agent for such shares, into such number of fully paid and nonassessable Common Shares as is determined by multiplying the number of Class A Compressed Share by the Conversion Ratio applicable to such share, determined as hereafter provided, in effect on the date the Class A Share is surrendered for conversion. The initial "**Conversion Ratio**" for each Class A Share shall be as follows: each Class A Compressed Share shall be convertible into one hundred (100) Common Shares; provided, however, that the applicable Conversion Ratio shall be subject to adjustment as set forth in subsections 5(d) and 5(e).
- (b) **Automatic Conversion.** Each Class A Compressed Share shall automatically be converted without further action by the Class A Shareholder into Common Shares at the applicable Conversion Ratio immediately upon the earlier of:
- (i) a Liquidation Event;
  - (ii) the date specified by (A) the written consent or affirmative Class A Super Majority Vote of the then outstanding aggregate number of Class A Compressed Shares; or
  - (iii) a Mandatory Conversion pursuant to Section 7.

- (c) Mechanics of Conversion. Before any Class A Shareholder shall be entitled to convert Class A Compressed Shares into Common Shares, the Class A Shareholder shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for Common Shares, and shall give written notice to the Corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for Common Shares are to be issued (each, a "**Conversion Notice**"). The Corporation shall (or shall cause its transfer agent to), as soon as practicable thereafter, issue and deliver at such office to such Class A Shareholder, or to the nominee or nominees of such holder, a certificate or certificates for the number of Common Shares to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the Class A Compressed Shares to be converted, and the person or persons entitled to receive the Common Shares issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Shares as of such date.
- (d) Adjustments for Distributions. In the event the Corporation shall declare a distribution to holders of Common Shares payable in securities of other persons, evidences of indebtedness issued by the Corporation or other persons, assets (excluding cash dividends) or options or rights not otherwise causing adjustment to the Conversion Ratio (a "**Distribution**"), then, in each such case for the purpose of this subsection 5(d), the Class A Shareholders shall be entitled to a proportionate share of any such Distribution as though they were the holders of the number of Common Shares into which their Class A Compressed Shares are convertible as of the record date fixed for the determination of the holders of Common Shares entitled to receive such Distribution.
- (e) Recapitalizations; Stock Splits. If at any time or from time-to-time, Corporation shall (i) effect a recapitalization of the Common Shares; (ii) issue Common Shares as a dividend or other distribution on outstanding Common Shares; (iii) subdivide the outstanding Common Shares into a greater number of Common Shares; (iv) consolidate the outstanding Common Shares into a smaller number of Common Shares; or (v) effect any similar transaction or action not otherwise causing adjustment to the Conversion Ratio (each, a "**Recapitalization**"), provision shall be made so that the Class A Shareholders shall thereafter be entitled to receive, upon conversion of Class A Compressed Shares, the number of Common Shares or other securities or property of the Corporation or otherwise, to which a holder of Common Shares deliverable upon conversion would have been entitled on such Recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 5 with respect to the rights of the Class A Shareholders after the Recapitalization to the end that the provisions of this Section 5 (including adjustment of the Conversion Ratio then in effect and the number of Common Shares acquirable upon conversion of Class A Compressed Shares) shall be applicable after that event as nearly equivalent as may be practicable.
- (f) No Impairment. The Corporation will not, by amendment of its Articles of Incorporation or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by this corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 5 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the Class A Shareholders against impairment.
- (g) No Fractional Shares and Certificate as to Adjustments. No fractional Common Shares shall be issued upon the conversion of any Class A Compressed Shares and the number of Common Shares to be issued shall be rounded up to the nearest whole Common Share. Whether or not fractional Common Shares are issuable upon such conversion shall be determined on the basis of the total number of Class A Compressed Shares the

Class A Shareholder is at the time converting into Common Shares and the number of Common Shares issuable upon such aggregate conversion.

- (h) Adjustment Notice. Upon the occurrence of each adjustment or readjustment of the Conversion Ratio pursuant to this Section 5, the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each Class A Shareholder a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any Class A Shareholder, furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment and readjustment, (B) the Conversion Ratio for Class A Compressed Shares at the time in effect, and (C) the number of Common Shares and the amount, if any, of other property which at the time would be received upon the conversion of a Class A Compressed Share.
- (i) Effect of Conversion. All Class A Compressed Shares that shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the time of conversion (the "*Conversion Time*"), except only the right of the holders thereof to receive Common Shares in exchange therefor and to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion.
- (j) Notices of Record Date. Except as otherwise provided under applicable law, in the event of any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of any class or any other securities or property, or to receive any other right, the Corporation shall mail to each Class A Shareholder, at least 20 days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

6. **Conversion Limitations.**

Before any Class A Shareholder shall be entitled to convert Class A Compressed Shares into Common Shares, the Board of Directors (or a committee thereof) shall designate an officer of the Corporation to determine if any Conversion Limitation set forth in this Section 6 shall apply to the conversion of Class A Compressed Shares. For the purposes of this Section 6, each of the following is a "*Conversion Limitation*":

- (a) Foreign Private Issuer Protection Limitation: The Corporation will use commercially reasonable efforts to maintain its status as a "*foreign private issuer*" (as determined in accordance with Rule 3b-4 under the Securities Exchange Act of 1934, as amended (the "*U.S. Exchange Act*"). Accordingly:
  - (i) 40% Threshold. Except as provided in Section 7, the Corporation shall not effect any conversion of Class A Compressed Shares, and the Class A Shareholders shall not have the right to convert any portion of the Class A Compressed Shares pursuant to Section 5 or otherwise, to the extent that after giving effect to such issuance after conversions, the aggregate number of Common Shares, Class A Compressed Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rule 3b-4 under the U.S. Exchange Act) would exceed forty percent (40%) (the "*40% Threshold*") of the aggregate number of Common Shares, Class A Compressed Shares issued and outstanding (the "*FPI Protective Restriction*").
  - (ii) Conversion Limitations. In order to effect the FPI Protective Restriction, each Class A Shareholder will be subject to the 40% Threshold based on the number

of Class A Compressed Shares held by such Class A Shareholder as of the date of the initial issuance of any Class A Compressed Shares and, thereafter, at the end of each of the Corporation's subsequent fiscal quarters (each, a "**Determination Date**") for the current fiscal quarter (the "**Relevant Fiscal Quarter**"), calculated as follows:

$$X = [(A \times 0.4) - B] \times (C/D)$$

Where on the Determination Date:

X = Maximum Number of Common Shares Available For issuance upon Conversion of Class A Compressed Shares by the Class A Shareholder during the Relevant Fiscal Quarter.

A = The number of Common Shares and Class A Compressed Shares issued and outstanding on the Determination Date.

B = Aggregate number of Common Shares and Class A Compressed Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rule 3b-4 under the U.S. Exchange Act) on the Determination Date.

C = Aggregate number of Common Shares issuable upon conversion of Class A Compressed Shares held by the Class A Shareholder on the Determination Date.

D = Aggregate number of all Common Shares issuable upon conversion of Class A Compressed Shares on the Determination Date.

- (iii) Determination of FPI Protective Restriction. For purposes of subsections 6(a)(i) and 6(a)(ii), the Board of Directors (or a committee thereof) shall designate an officer of the Corporation to determine as of each Determination Date: (A) the 40% Threshold and (B) the FPI Protective Restriction. To the extent that the FPI Protective Restriction contained in this Section 6(a) applies, the determination of whether Class A Compressed Shares are convertible shall be in the sole discretion of the Corporation.
- (iv) Notice of Conversion Limitation. Upon a determination of the 40% Threshold and the FPI Protective Restriction, the Corporation will provide each Class A Shareholder of record notice of the FPI Protective Restriction applicable to holders of Class A Compressed Shares for the Relevant Fiscal Quarter within ten (10) business days of the end of each Determination Date (a "**Notice of Conversion Limitation**"). The FPI Protective Restriction shall be stated as a percentage of the Class A Compressed Shares issued and outstanding on the Determination Date by holders of Class A Compressed Shares.

For example, if on a Determination Date (March 31, 2020) the maximum number of Common Shares available for issuance upon conversion of Class A Compressed Shares by the Class A Shareholder holding 1,000 Class A Compressed Shares is 30,000 Common Shares, the FPI Protective Restriction will apply to 700 Class A Compressed Share (70%) and an aggregate of 300 Class A Compressed Shares (30%) may be converted during the Relevant Fiscal Quarter. The Notice of Conversion Limitation would, in this case, state that "Pursuant to Section 6 of the Special Rights and Restrictions for Class A Compressed Shares of the Corporation, the FPI Protective Restriction applies to 70% of the issued and outstanding Class A Compressed Shares as of the Determination Date (March 31, 2020 and up to 30% of your Class A Compressed

Shares may be converted into Common Shares during the fiscal Quarter ending June 30, 2020."

- (v) Disputes. In the event of a dispute as to the number of Common Shares issuable to a Holder in connection with a conversion of Class A Compressed Shares, the Corporation shall issue to the Holder the number of Common Shares not in dispute and resolve such dispute in accordance with Section 11.

(b) Beneficial Ownership Restriction:

- (i) Beneficial Ownership. The Corporation shall not effect any conversion of Class A Compressed Shares, and a Class A Shareholder shall not have the right to convert any portion of its Class A Compressed Shares, pursuant to Section 5 or otherwise, to the extent that after giving effect to such issuance after conversion as set forth on the applicable Conversion Notice, the Holder (together with the Holder's Affiliates (each, an "**Affiliate**" as defined in Rule 12b-2 under the U.S. Exchange Act), and any other persons acting as a group together with the Holder or any of the Holder's Affiliates), would beneficially own in excess of 9.99% of the number of the Common Shares outstanding immediately after giving effect to the issuance of Common Shares issuable upon conversion of the Class A Compressed Shares subject to the Conversion Notice (the "**Beneficial Ownership Limitation**").
- (ii) Calculation. For purposes of the foregoing sentence, the number of Common Shares beneficially owned by the Class A Shareholder and its Affiliates shall include the number of Common Shares issuable upon conversion of Class A Compressed Shares with respect to which such determination is being made, but shall exclude the number of Common Shares which would be issuable upon (i) convert of the remaining, non-converted portion of Class A Compressed Shares beneficially owned by the Class A Shareholder or any of its Affiliates and (ii) exercise or conversion of the unexercised or non-converted portion of any other securities of the Corporation subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Class A Shareholder or any of its Affiliates. In any case, the number of outstanding Common Shares shall be determined after giving effect to the conversion or exercise of securities of the Corporation, including Class A Compressed Shares subject to the Conversion Notice, by the Class A Shareholder or its Affiliates since the date as of which such number of outstanding Common Shares was reported. Except as set forth in the preceding sentence, for purposes of this Section 6(b), beneficial ownership shall be calculated in accordance with Section 13(d) of the U.S. Exchange Act and the rules and regulations promulgated thereunder based on information provided by the Class A Shareholder to the Corporation in the Conversion Notice.
- (iii) Conversion Limitation. To the extent that the limitation contained in this Section 6(b) applies and the Corporation can convert some, but not all, of such Class A Compressed Shares submitted for conversion, the Corporation shall convert Class A Compressed Shares up to the Beneficial Ownership Limitation in effect, based on the number of Class A Compressed Shares submitted for conversion on such date. The determination of whether Class A Compressed Shares are convertible (in relation to other securities owned by the Class A Shareholder together with any Affiliates) and of which Class A Compressed Shares are convertible shall be in the sole discretion of the Corporation, and the submission of a Conversion Notice shall be deemed to be the Holder's certification as to the Class A Shareholder's beneficial ownership of Common Shares of the Corporation, and the Corporation shall have the right, but not the obligation, to verify or confirm the accuracy of such beneficial ownership.

- (iv) **Increase of Beneficial Ownership Limitation.** The Class A Shareholder, upon notice to the Corporation, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 6(b), provided that the Beneficial Ownership Limitation in no event exceeds 19.99% of the number of the Common Shares outstanding immediately after giving effect to the issuance of Common Shares upon conversion of Class A Compressed Shares subject to the Conversion Notice and the provisions of this Section 6 shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Corporation. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 6 to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor Class A Shareholder.

7. **Mandatory Conversion.**

- (a) Notwithstanding subsection 6(a), the Corporation may require each Class A Shareholder to convert all, and not less than all, the Class A Compressed Shares at the applicable Conversion Ratio (a "**Mandatory Conversion**") if at any time all the following conditions are satisfied (or otherwise waived by the Class A Super Majority Vote):
- (i) the Common Shares issuable upon conversion of all the Class A Compressed Shares are registered for resale and may be sold by the Class A Shareholder pursuant to an effective registration statement and/or prospectus covering the Common Shares under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**");
  - (ii) the Corporation is subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act; and
  - (iii) the Common Shares are listed or quoted (and are not suspended from trading) on a recognized North American stock exchange or by way of reverse takeover transaction on the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange or Aequitas NEO Exchange (or any other stock exchange recognized as such by the Ontario Securities Commission).
- (b) The Corporation will issue or cause its transfer agent to issue each Class A Shareholder of record a Mandatory Conversion Notice at least 20 days prior to the record date of the Mandatory Conversion, which shall specify therein, (i) the number of Common Shares into which the Class A Compressed Shares are convertible and (ii) the address of record for such Class A Shareholder. On the record date of a Mandatory Conversion, the Corporation will issue or cause its transfer agent to issue each Class A Shareholder of record on the Mandatory Conversion Date certificates representing the number of Common Shares into which the Class A Compressed Shares are so converted and each certificate representing the Class A Compressed Shares shall be null and void.

8. **Pre-emptive Rights.** The holders of Class A Compressed Shares shall have no preemptive rights.
9. **Notices.** Any notice required by the provisions of these Special Rights and Restrictions to be given to the Class A Shareholders shall be deemed given if deposited in the Canadian mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation.



10. **Status of Converted Class A Compressed Shares.** Any Class A Compressed Shares converted shall be retired and cancelled and may not be reissued as shares of such series or any other class or series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of Class A Compressed Shares accordingly.
11. **Disputes.** Any Class A Shareholder that beneficially owns more than 5% of the issued and outstanding Class A Compressed Shares may submit a written dispute as to the determination of the Conversion Ratio or the arithmetic calculation of the Conversion Ratio, 40% Threshold, FPI Protective Restriction or the Beneficial Ownership Limitation by the Corporation to the Board of Directors with the basis for the disputed determinations or arithmetic calculations. The Corporation shall respond to the Class A Shareholder within five (5) Business Days of receipt, or deemed receipt, of the dispute notice with a written calculation of the Conversion Ratio, 40% Threshold, FPI Protective Restriction or the Beneficial Ownership Limitation, as applicable. If the Class A Shareholder and the Corporation are unable to agree upon such determination or calculation of the Conversion Ratio, FPI Protective Restriction or the Beneficial Ownership Limitation, as applicable, within five (5) Business Days of such response, then the Corporation and the Class A Shareholder shall, within one (1) Business Day thereafter submit the disputed arithmetic calculation of the Conversion Ratio, FPI Protective Restriction or the Beneficial Ownership Limitation to the Corporation's independent, outside accountant. The Corporation, at the Corporation's expense, shall cause the accountant to perform the determinations or calculations and notify the Corporation and the Class A Shareholder of the results no later than five (5) Business Days from the time it receives the disputed determinations or calculations. Such accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.
- III. declaring that the authorized capital of the Corporation, after giving effect to the foregoing, shall consist of an unlimited number of Common Shares, 2,000,000 Preference Shares and an unlimited number of Class A Compressed Shares.

6. The amendment has been duly authorized as required by sections 168 and 170 (as applicable) of the *Business Corporations Act*.  
La modification a été dûment autorisée conformément aux articles 168 et 170 (selon le cas) de la *Loi sur les sociétés par actions*.
7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on  
Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

2018/06/13

---

(Year, Month, Day)  
(année, mois, jour)

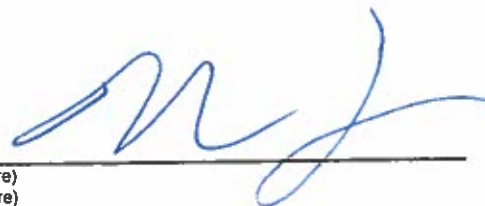
These articles are signed in duplicate.  
Les présents statuts sont signés en double exemplaire.

CANNAROYALTY CORP.

---

(Print name of corporation from Article 1 on page 1)  
(Veuillez écrire le nom de la société de l'article un à la page une)

By/  
Par :



---

(Signature)  
(Signature)

CHIEF EXECUTIVE OFFICER

---

(Description of Office)  
(Fonction)