
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): June 20, 2018

CLS HOLDINGS USA, INC.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation)

333-174705
(Commission File Number)

45-1352286
(I.R.S. Employer Identification No.)

11767 South Dixie Highway, Suite 115
Miami, Florida
(Address of principal executive offices)

33156
(Zip Code)

Registrant's telephone number, including area code: (888) 438-9132

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Securities Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (Section 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (Section 240.12b-2 of this chapter).
Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.**Item 3.02. Unregistered Sale of Equity Securities.**

On June 20, 2018, CLS Holdings USA, Inc. (the "Company") executed an Agency Agreement with Canaccord Genuity Corp. and closed on a private offering of its special warrants for aggregate gross proceeds of C\$13,037,859 (USD\$9,988,173). In connection therewith, the Company also entered into a Special Warrant Indenture and a Warrant Indenture with Odyssey Trust Company, as special warrant agent and warrant agent.

Pursuant to the offering, the Company issued 28,973,019 special warrants at a price of C\$0.45 (USA\$0.34) per special warrant. Each special warrant is automatically exercisable, for no additional consideration, into units of the Company on the earlier of: (i) the date that is five business days following the date on which the Company obtains a receipt from the applicable securities regulatory authorities in each of the jurisdictions in Canada in which the special warrants were sold for a final prospectus qualifying the distribution of the units, which is intended to be no later than August 31, 2018, and (ii) the date that is four months and one day after the completion of the Company's acquisition of all of the membership interests in Alternative Solutions, LLC, known as Oasis Cannabis.

Upon exercise of the special warrants, each unit shall consist of one share of the Company's common stock and one warrant to purchase one share of common stock. Each warrant will be exercisable at a price of C\$0.65 for three years after the Company's common stock is listed on a recognized Canadian stock exchange, subject to adjustment in certain events. If the Company has not received a receipt from the applicable Canadian securities authorities for the qualifying prospectus by August 19, 2018, the unexercised special warrant will thereafter generally entitle the holder to receive 1.1 units instead of one unit of the Company.

In connection with the offering, the Company paid a cash commission equal to C\$1,043,028 (USD\$799,053), a corporate finance fee equal to 1,448,651 special warrants, and 2,317,842 compensation warrants. Each compensation warrant entitles the holder thereof to acquire one unit at a price of C\$0.45 per unit for a period of 36 months from the date that the Company's common stock is listed on a recognized Canadian stock exchange, subject to adjustment in certain events.

The net proceeds of the offering will be disbursed to the Company in connection with its purchase of all of the membership interests in Alternative Solutions, LLC, known as Oasis Cannabis.

The special warrants, compensation warrants, units and underlying common stock and warrants are restricted securities. The sale of the units in Canada was exempt from registration under the Securities Act because the units were sold in a private offering in accordance with the requirements of Category 3 of Rule 903 of Regulations S under the Securities Act. The sale of the units in the United States was exempt from registration under the Securities Act because the units were sold in a private offering to verified accredited investors pursuant to Rule 506(c) under the Securities Act.

Item 9.01 Financial Statements and Exhibits

- (d) Exhibits.

| Exhibit No. | Description of Exhibit |
|--------------------|--|
| 4.1 | <u>Special Warrant Indenture dated June 20, 2018 between CLS Holdings USA, Inc. and Odyssey Trust Company.</u> |
| 4.2 | <u>Warrant Indenture dated June 20, 2018 between CLS Holdings USA, Inc. and Odyssey Trust Company.</u> |
| 10.1 | <u>Agency Agreement dated June 20, 2018 by and between CLS Holdings USA, Inc. and Canaccord Genuity Corp.</u> |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CLS HOLDINGS USA, INC.

Date: June 26, 2018

By: /s/ Jeffrey I. Binder

Jeffrey I. Binder

Chairman and Chief Executive Officer

CLS HOLDINGS USA, INC.
SPECIAL WARRANT INDENTURE

June 20, 2018

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SPECIAL WARRANT INDENTURE

THIS SPECIAL WARRANT INDENTURE made as of June 20, 2018.

BETWEEN:

CLS HOLDINGS USA, INC., a corporation existing under the laws of the State of Nevada, and includes any successor corporation

(the “**Corporation**”)

OF THE FIRST PART

AND:

ODYSSEY TRUST COMPANY, a trust company existing under the laws of Alberta

(the “**Special Warrant Agent**”)

OF THE SECOND PART

WHEREAS pursuant to the terms of the Agency Agreement, the Corporation proposes to issue and sell an aggregate of up to 30,421,670 Special Warrants at the purchase price of \$0.45 per Special Warrant;

AND WHEREAS each Special Warrant shall entitle the holder thereof to acquire, upon deemed exercise thereof, one Unit without the payment of additional consideration and subject to adjustment in accordance with Article 4 hereof;

AND WHEREAS the Corporation is authorized to create and issue the Special Warrants;

AND WHEREAS if the Escrow Release Conditions (as defined herein) are satisfied prior to the Escrow Release Deadline (as defined herein), then the Escrowed Funds (as defined herein) will be released to the Corporation and the Agent in accordance with the terms of this Indenture;

AND WHEREAS the Corporation represents to the Special Warrant Agent that all necessary resolutions of the directors of the Corporation have been or will be duly enacted, passed or confirmed and all other proceedings taken and conditions complied with to authorize the execution and delivery of this Indenture and the execution and issue of the Special Warrants and to make the same legal, valid and binding on the Corporation in accordance with the laws relating to the Corporation;

AND WHEREAS if a Termination Event (as defined herein) occurs, then the Special Warrants will be cancelled and each Special Warrantholder’s Escrowed Funds (as defined herein) will be refunded to each Special Warrantholder (as defined herein) and the Corporation shall fund any shortfall;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Corporation and not by the Special Warrant Agent;

AND WHEREAS the Special Warrant Agent has been appointed by the Corporation and has agreed to act as agent on behalf of the Special Warrantholders and to hold in escrow the Escrowed Funds

for an on behalf of the Corporation, the Agent and the Special Warrantholders, on the terms and conditions set forth herein.

NOW THEREFORE THIS INDENTURE WITNESSETH THAT, in consideration of the premises and in further consideration of the mutual covenants herein set forth, the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Indenture, unless there is something in the subject matter or context inconsistent therewith, the following words have the respective meaning indicated below:

- (a) “**1933 Act**” means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;
- (b) “**Acquisition Date**” means the date on which Proposed Acquisition is completed;
- (c) “**Agency Agreement**” means the agency agreement dated as of June 20, 2018 between the Corporation and the Agent;
- (d) “**Agent**” means Canaccord Genuity Corp., the agent with respect to the Private Placement;
- (e) “**Agent’s Commission**” means \$1,043,029, being an amount equal to 8% of the aggregate gross proceeds from the Private Placement;
- (f) “**Applicable Legislation**” means the provisions, if any, for the time being, of any statute of Canada or a province or territory thereof, and of the regulations under such statute, relating to special warrant indentures and to the rights, duties and obligations of special warrant agents under special warrant indentures, and of corporations issuing their securities under special warrant indentures, to the extent that any such provisions are in force and applicable to this Indenture;
- (g) “**Authenticated**” means with respect to the issuance of a Special Warrant Certificate, one which has been duly signed by the Corporation and authenticated by manual signature of an authorized officer of the Special Warrant Agent, and “*Authenticate*”, “*Authenticating*” and “*Authentication*” have the appropriate correlative meanings;
- (h) “**Business Day**” means a day other than a Saturday, Sunday or any other day on which the principal chartered banks located in Toronto, Ontario are not open for business;
- (i) “**Capital Reorganization**” has the meaning ascribed thereto in subsection 5.1(d);
- (j) “**Closing**” means the closing on the applicable Closing Date of the Private Placement;
- (k) “**Closing Date**” means June 20, 2018, or such other date as agreed to by the Corporation and the Agent;

- (l) “**Common Share Reorganization**” has the meaning ascribed thereto in subsection 5.1(a);
- (m) “**Common Shares**” means common shares in the capital of the Corporation;
- (n) “**Completion Notice and Direction**” means the certificate executed by the Corporation and the Agent in the form attached as Schedule “B” hereto and addressed to the Special Warrant Agent confirming that the Escrow Release Conditions have been satisfied;
- (o) “**Convertible Securities**” has the meaning ascribed thereto in subsection 5.1(a);
- (p) “**Corporate Finance Fee**” means \$651,893, being an amount equal to 5% of the aggregate gross proceeds from the Private Placement, payable in Special Warrants;
- (q) “**Corporation**” means CLS Holding USA, Inc., a corporation existing under the laws of the State of Nevada;
- (r) “**Corporation’s auditors**” means the firm of accountants serving as the auditors of the Corporation at the relevant time;
- (s) “**Counsel**” means a barrister or solicitor or a firm of barristers and solicitors retained by the Special Warrant Agent or retained by the Corporation and acceptable to the Special Warrant Agent, which may or may not be counsel for the Corporation;
- (t) “**CSE**” means the Canadian Securities Exchange;
- (u) “**Current Market Price**” of a Common Share at any date means the price per share equal to the weighted average price at which the Common Shares have traded 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 immediately prior to such date on the CSE, or if on such date the Common Shares are not listed on the CSE, on any stock exchange on which such shares are listed as may be selected for such purpose by the directors or, if such shares are not listed on any stock exchange, then on such over-the-counter market in Canada as may be selected for such purpose by the directors, provided further that if the Common Shares are not then listed on any Canadian stock exchange or traded in the over-the-counter market, then the Current Market Price shall be determined by such firm of independent chartered accountants as may be selected by the directors of the Corporation;
- (v) “**Deemed Exercise Date**” means, subject to Section 5.1(f), the earlier of:
 - (i) the date that is the fifth Business Day after the Qualification Date; and
 - (ii) the date that is four months and one day following the Acquisition Date;
- (w) “**Deemed Exercise Time**” means 5:00 p.m. (Toronto time) on the Deemed Exercise Date;
- (x) “**Designated Jurisdictions**” means, collectively, each of the provinces of Canada (which shall not include Québec) where Special Warrants are sold;

- (y) “**director**” means a director of the Corporation for the time being and, unless otherwise specified herein, a reference to an action by the directors means an action by the directors of the Corporation as a board or, whenever duly empowered, action by a committee of such board;
- (z) “**Earnings**” means any income (including interest or gains) derived from investing the Escrowed Proceeds;
- (aa) “**Escrow Release Conditions**” means all of the following conditions:
- (i) completion of the Proposed Acquisition;
 - (ii) receipt of audited financial statements, in a form acceptable to the Agent, for the Oasis Subsidiaries for the preceding 2 years;
 - (iii) the receipt of all regulatory, shareholder and third-party approvals, if any, required in connection with the Proposed Acquisition;
 - (iv) the Corporation shall not be in breach or default of any of its covenants or obligations under this Indenture or the Agency Agreement;
 - (v) the Corporation having delivered a certificate to the Agent that the conditions set forth in (i), (ii) (iii) and (iv) have been satisfied; and
 - (vi) the Corporation and the Agent having delivered the Completion Notice and Direction to the Special Warrant Agent;
- (bb) “**Escrow Release Deadline**” means 5:00 p.m. (Toronto time) on June 30, 2018;
- (cc) “**Escrow Release Event**” means the satisfaction of the Escrow Release Conditions on or prior to the Escrow Release Deadline;
- (dd) “**Escrowed Funds**” at any time means the aggregate of: (i) the Escrowed Proceeds, and (ii) any Earnings derived directly or indirectly from time to time from holding the Escrowed Proceeds;
- (ee) “**Escrowed Proceeds**” means the amount of \$12,181,538, representing the gross proceeds of the Private Placement (being \$13,037,859) less (i) approximately 50% of the Agent’s Commission (being \$496,582); (ii) all of the Agent’s estimated costs and expenses with respect to the Private Placement to date (being \$300,000); and (iii) a portion of the fees (including disbursements and applicable taxes) incurred to date by Cassels Brock & Blackwell LLP;
- (ff) “**Exercise Notice**” has the meaning ascribed thereto in subsection 3.6(a);
- (gg) “**Indenture**”, “**herein**”, “**hereto**”, “**hereunder**”, “**hereof**”, “**hereby**” and similar expressions mean or refer to this special warrant indenture and not to any particular Article, Section, paragraph, clause, subdivision or portion hereof and include any indenture, deed or instrument supplemental or ancillary hereto, in each case, as may be amended from time to time; and the expressions “**Article**”, “**Section**” and “**paragraph**” followed by a number mean and refer to the specified Article, Section or paragraph of this Indenture;

- (hh) “**Listing Date**” means the date the Common Shares are listed for trading on the CSE;
- (ii) “**Oasis Subsidiaries**” means (i) Serenity Wellness Center, LLC dba Oasis Cannabis Dispensary/Retail Store; (ii) Serenity Wellness Products, LLC dba City Trees Fresh Cannabis Production, Wholesale; and (iii) Serenity Wellness Growers, LLC dba City Trees Fresh Cannabis Cultivation, Wholesale.
- (jj) “**Officer’s Certificate**” means a certificate signed by a senior officer of the Corporation;
- (kk) “**Passport System**” means the passport system procedures provided for under Multilateral Instrument 11-102 - *Passport System* and National Policy 11-202 - *Process for Prospectus Reviews in Multiple Jurisdictions*;
- (ll) “**person**” means an individual, body corporate, partnership, trust, warrant agent, executor, administrator, legal representative or any unincorporated organization;
- (mm) “**Preliminary Prospectus**” means a preliminary prospectus of the Corporation (in the English language), including documents incorporated or deemed to be incorporated by reference therein (if any), filed with the Securities Regulators by the Corporation in connection with qualifying the distribution of the Underlying Securities underlying the Special Warrants in the Designated Jurisdictions;
- (nn) “**Private Placement**” means the private placement of 28,973,019 Special Warrants pursuant to the Agency Agreement and the subscription agreements entered into on the Initial Closing Date between the Corporation and the purchasers of Special Warrants;
- (oo) “**Proposed Acquisition**” means the transaction between the Corporation and Alternative Solutions, LLC whereby the Corporation will acquire the outstanding equity interests in the Oasis Subsidiaries from Alternative Solutions, LLC for total remaining consideration of approximately USD\$16,200,000 in accordance with the terms of a definitive agreement that has been entered into between the Corporation and Alternative Solutions, LLC;
- (pp) “**Prospectus**” means a final prospectus of the Corporation (in the English language) including documents incorporated or deemed to be incorporated by reference therein (if any), filed with the Securities Regulators by the Corporation which qualifies the distribution of the Underlying Shares underlying the Special Warrants in the Designated Jurisdictions;
- (qq) “**Qualification Deadline**” means 5:00 p.m. (Toronto time) on August 20, 2018;
- (rr) “**Qualification Date**” means the date on which the Ontario Securities Commission, as the principal regulator under the Passport System, issues the Receipt evidencing that each Securities Regulator has issued a receipt for the Prospectus;
- (ss) “**Receipt**” means the receipt issued by the Ontario Securities Commission, which is deemed to also be a receipt of the Securities Regulators of the other Designated Jurisdictions pursuant to the Passport System;

- (tt) “**Rights Offering**” has the meaning ascribed thereto in subsection 5.1(b);
- (uu) “**Rights Period**” has the meaning ascribed thereto in subsection 5.1(b);
- (vv) “**Securities Regulators**” means, collectively, the securities commissions or other applicable securities regulatory authorities of each of the Designated Jurisdictions;
- (ww) “**SEC**” means the United States Securities and Exchange Commission;
- (xx) “**Special Distribution**” has the meaning ascribed thereto in subsection 5.1(c);
- (yy) “**Special Warrant**” means a special warrant of the Corporation created by the Corporation, issued and Authenticated hereunder and entitling the holder thereof to acquire one Unit (provided that if a Receipt for the Prospectus is not issued prior to the Qualification Deadline then each holder of a Special Warrant will be entitled to 1.1 Units per Special Warrant instead of one Unit) upon deemed exercise thereof, in accordance with this Indenture, without payment of additional consideration or further action on the part of the holder of Special Warrants, subject to adjustment as set out herein; provided, however, that any fractional entitlement to Units will be rounded down to the nearest whole Unit;
- (zz) “**Special Warrant Agent**” means the special warrant agent under this Indenture, initially being Odyssey Trust Company, in its capacity as special warrant agent hereunder, having an office in Calgary, Alberta or such other address as it shall inform the Corporation and Special Warrantholders from time to time;
- (aaa) “**Special Warrant Certificate**” means a certificate evidencing one or more Special Warrants issuable hereunder, substantially in the form attached hereto as Schedule “A”;
- (bbb) “**Special Warrantholder**” means the registered holder from time to time of an outstanding Special Warrant;
- (ccc) “**Subscription Price**” means the price paid per Special Warrant by each subscriber in the Private Placement;
- (ddd) “**Subsidiary of the Corporation**” means a corporation of which voting securities carrying a majority of the votes attached to all outstanding voting securities of such corporation are owned, directly or indirectly, by the Corporation or by one or more subsidiaries of the Corporation, or by the Corporation and one or more subsidiaries of the Corporation and, as used in this definition, voting securities means securities, other than debt securities, carrying a voting right to elect directors either under all circumstances or under some circumstances that may have occurred and are continuing;
- (eee) “**Termination Date**” means the date on which the Termination Event occurs;
- (fff) “**Termination Event**” means any one of:
 - (i) the failure of the Corporation to satisfy the Escrow Release Conditions on or prior to the Escrow Release Deadline; or

- (ii) a public announcement by the Corporation, or notice from the Corporation to the Agent, prior to the Escrow Release Deadline that it does not intend to satisfy any of the Escrow Release Conditions;
- (ggg) “**Termination Notice**” means the notice to be provided to the Special Warrant Agent, the Agent and each Special Warrantholder by the Corporation in the form attached as Schedule “C” hereto forthwith following a Termination Event pursuant to Section 4.4 confirming that a Termination Event has occurred;
- (hhh) “**Trading Day**” means any day on which the facilities of the CSE, or, if the Common Shares are not listed thereon, the facilities of any stock exchange on which the Common Shares are listed, or, if the Common Shares are not listed thereon, an over-the-counter market in Canada as may be selected by the directors on which the Common Shares are traded, is open for trading;
- (iii) “**Underlying Security**” means any of an Underlying Share and an Underlying Warrant;
- (jjj) “**Underlying Share**” means one Common Share, subject to adjustment in accordance with Article 5 ;
- (kkk) “**Underlying Warrant**” means one common share purchase warrant, each being exercisable to acquire one Common Share for a period of 36 months following the Listing Date at a price of \$0.65 per Common Share, subject to adjustment in accordance with Article 5;
- (lll) “**Unit**” means a unit of the Corporation, consisting of one Underlying Share and one-half of one Underlying Warrant, subject to adjustment in accordance with Article 5;
- (mmm) “**U.S. Person**” and “**United States**” have the meanings ascribed thereto in Regulation S under the 1933 Act;
- (nnn) “**Warrant Indenture**” means the warrant indenture governing the terms of the Underlying Warrants between the Corporation and Odyssey Trust Company in its capacity as warrant agent, dated June 20, 2018, and
- (ooo) “**written order of the Corporation**”, “**written direction of the Corporation**”, “**written request of the Corporation**”, “**written consent of the Corporation**” and “**certificate of the Corporation**” and “**any other document required to be signed by the Corporation**”, means, respectively, a written order, direction, request, consent, certificate or other document signed in the name of the Corporation by any officer or director and may consist of one or more instruments so executed.

1.2 Headings

The division of this Indenture into Articles, Sections or other subdivisions, 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 Indenture or the Special Warrants.

1.3 Gender

Words importing the singular number also include the plural and vice versa and words importing a particular gender or neuter include both genders and neuters.

1.4 Weekends and Holidays

If the date for the taking of any action under this Indenture expires on a day which is not a Business Day, such action may be taken on the next succeeding Business Day with the same force and effect as if taken within the period for the taking of such action.

1.5 Meaning of “Outstanding”

Every Special Warrant represented by a Special Warrant Certificate countersigned by the Special Warrant Agent that has been Authenticated and delivered to the holder thereof is deemed to be outstanding until it is cancelled or delivered to the Special Warrant Agent for cancellation or until the Deemed Exercise Time. Where a new Special Warrant Certificate has been issued pursuant to Section 2.8 to replace one which has been mutilated, lost, stolen or destroyed, the Special Warrants represented by only one of such Special Warrant Certificates are counted for the purpose of determining the aggregate number of Special Warrants outstanding. A Special Warrant Certificate representing a number of Special Warrants which has been partially exercised will be deemed to be outstanding only to the extent of the unexercised portion of the Special Warrants.

1.6 Time

Time is of the essence hereof and of each Special Warrant Certificate.

1.7 Applicable Law

This Indenture and each Special Warrant Certificate are subject to and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

1.8 Severability

Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under Applicable Legislation. In the event that any provision hereof shall be determined to be invalid, illegal or unenforceable in any respect under Applicable Legislation the validity, legality and enforceability of the remainder of such provision and any other provision hereof shall not be affected or impaired thereby.

1.9 Currency

All references to currency herein and in the Special Warrant Certificates are to Canadian dollars unless otherwise indicated.

1.10 Conflicts

In the event of any conflict or inconsistency between the provisions of this Indenture and the Special Warrant Certificates, the provisions of this Indenture will govern.

1.11 Schedules

The attached Schedule "A", Schedule "B", Schedule "C", Schedule "D" and Schedule "E" are incorporated into and form part of this Indenture.

ARTICLE 2 ISSUE AND PURCHASE OF SPECIAL WARRANTS

2.1 Creation, Form and Terms of Special Warrants

- (a) The Corporation hereby creates and authorizes for issuance 28,967,294 Special Warrants.
- (b) The Special Warrants shall be executed by the Corporation and Authenticated by, or on behalf of, the Special Warrant Agent upon the written order of the Corporation and delivered by the Special Warrant Agent to the Corporation or to the order of the Corporation in accordance with the written order of the Corporation.
- (c) Each Special Warrant shall entitle the holder thereof to acquire, upon deemed exercise thereof, one Unit without the payment of additional consideration and subject to adjustment in accordance with Article 4 hereof;
- (d) Subject to the provisions hereof, the Special Warrants issued under this Indenture are limited in the aggregate to 30,421,670 Special Warrants, provided that the number and type of securities to be issued upon deemed exercise of the Special Warrants is subject to increase or decrease so as to give effect to the adjustments as required by Article 4.
- (e) No fractional Special Warrants shall be issued or otherwise provided for hereunder.

2.2 Form of Special Warrants, Certificated Special Warrants

The Special Warrants may be issued only in certificated form. All Special Warrants issued in certificated form shall be evidenced by a Special Warrant Certificate (including all replacements issued in accordance with this Indenture), substantially in the form set out in Schedule "A" hereto, which shall be dated as of the applicable Closing Date, shall bear such distinguishing letters and numbers as the Corporation may, with the approval of the Special Warrant Agent, prescribe, and shall be issuable in any denomination excluding fractions.

2.3 [Reserved]

2.4 Special Warrant Certificate

- (a) For Special Warrants issued in certificated form, the form of certificate representing Special Warrants shall be substantially as set out in Schedule "A" hereto or such other form as is authorized from time to time by the Special Warrant Agent. Each Special Warrant Certificate shall be Authenticated manually on behalf of the Special Warrant Agent upon the written order of the Corporation. Each Special Warrant Certificate shall be signed by at least one duly authorized signatory of the Corporation, whose signature shall appear on the Special Warrant Certificate and may be printed, lithographed or otherwise mechanically reproduced thereon and, in such event, certificates so signed are as valid and binding upon the Corporation as if it had been signed manually. Any Special Warrant Certificate which has been signed as hereinbefore provided shall be valid, and

the Special Warrantholder entitled to the benefits, notwithstanding that one or more of the persons whose signature is printed, lithographed or mechanically reproduced no longer holds office at the date of issuance of such certificate. The Special Warrant Certificates may be engraved, printed or lithographed, or partly in one form and partly in another, as the Corporation, with the approval of the Special Warrant Agent, may determine.

- (b) [Reserved].
- (c) No Special Warrant shall be considered issued and shall be valid or obligatory or shall entitle the holder thereof to the benefits of this Indenture until it has been Authenticated by the Special Warrant Agent.
- (d) No Special Warrant Certificate shall be considered issued and Authenticated or, if Authenticated, shall be obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by manual signature by or on behalf of the Special Warrant Agent. Such Authentication on any such Special Warrant Certificate shall be conclusive evidence that such Special Warrant Certificate is duly Authenticated and is valid and a binding obligation of the Corporation and that the holder is entitled to the benefits of this Indenture.
- (e) [Reserved]
- (f) The Authentication by the Special Warrant Agent of any Special Warrants whether by way of entry on the register or otherwise shall not be construed as a representation or warranty by the Special Warrant Agent as to the validity of the Indenture or such Special Warrants (except the due Authentication thereof) or as to the performance by the Corporation of its obligations under this Indenture and the Special Warrant Agent shall in no respect be liable or answerable for the use made of the Special Warrants or any of them or the proceeds thereof. Authentication by the Special Warrant Agent shall be conclusive evidence as against the Corporation that the Special Warrants so Authenticated have been duly issued hereunder and that the holder thereof is entitled to the benefits of this Indenture.

2.5 [Reserved]

2.6 Transferability and Ownership of Special Warrants

- (a) The Corporation hereby appoints the Special Warrant Agent as registrar of the Special Warrants and shall cause the Special Warrant Agent to keep at its Calgary office set forth in Section 10.1(b) a register in which the Special Warrant Agent shall enter the names and addresses of the Special Warrantholders, and the number of Special Warrants, and other particulars, prescribed by law, of the Special Warrants held by them, together with a record of transfers in which particulars of all transfers of Special Warrants will be recorded. The Special Warrant Agent shall cause the register to be open at all reasonable times for inspection by the Corporation, the Agent and any Special Warrantholder and upon payment to the Special Warrant Agent of its reasonable fees. Any Special Warrantholder exercising such right of inspection shall first provide an affidavit in form satisfactory to the Corporation and the Special Warrant Agent stating the name and address of the Special Warrantholder and agreeing not to use the information therein except in connection with (i) an effort to call a meeting of Special Warrantholders or to influence the voting of Special Warrantholders at any meeting of Special Warrantholders;

(ii) an offer to acquire securities of the Corporation or (iii) any other matter relating to the affairs of the Corporation.

- (b) [Reserved]
- (c) The Special Warrant Certificates may only be transferred by the Special Warrantholder (or its legal representatives or its attorney duly appointed), in accordance with Applicable Legislation and upon compliance with the conditions herein, on the register kept at the office of the Special Warrant Agent pursuant to Section 2.6(a) by delivering to the Special Warrant Agent's Calgary office the Special Warrant Certificate, a duly executed Form of Transfer attached as Appendix "1" to the Special Warrant Certificate and complying with such other reasonable requirements as the Corporation and the Special Warrant Agent may prescribe and such transfer shall be duly noted on the register by the Special Warrant Agent.
- (d) Notwithstanding anything contained in this Indenture, in the Special Warrant Certificate or in any subscription agreements under which Special Warrants were issued and sold, the Special Warrant Agent, relying solely on the Form of Transfer attached as Appendix "1" to the Special Warrant Certificate or such other reasonable requirements as the Corporation and Special Warrant Agent may prescribe pursuant to Section 2.5(c) or this Section shall not register any transfer of a Special Warrant unless the transfer is made in compliance with this Section.
- (e) The Special Warrant Agent acknowledges and understands that the Special Warrants have not been registered under the 1933 Act or under the securities or "blue sky" laws of any state of the United States and each Special Warrant is a "restricted security" within the meaning of Rule 144 under the 1933 Act. Any Special Warrantholder may only offer, sell, or otherwise transfer such securities (A) to the Corporation, (B) pursuant to an effective registration statement under the 1933 Act, (C) pursuant to the exemption from the registration requirements of the 1933 Act provided by Rule 144 thereunder, if available, and in accordance with any applicable state securities or "blue sky" laws, or (D) in a transaction that does not require registration under the 1933 Act or any applicable state laws and regulations governing the offer and sale of securities,) and in each case upon delivery to the Corporation and the Special Warrant Agent of such documentation as the Corporation or the Special Warrant Agent may reasonably request, including, but not limited to, an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation and the Special Warrant Agent. If a Special Warrant Certificate is tendered for transfer in violation of the foregoing, the Special Warrant Agent shall not register such transfer.
- (f) The Corporation shall direct the Special Warrant Agent as to matters related to the applicable hold periods and applicable securities legislation. The Special Warrant Agent shall have no obligation to ensure or verify compliance with any Applicable Legislation or regulatory requirements on the issue, exercise or transfer of any Special Warrants or any Underlying Securities issuable upon the deemed exercise of any Special Warrants. The Special Warrant Agent shall be entitled to process all proffered transfers and exercises of Special Warrants upon the presumption that such transfers or exercises are permissible pursuant to all Applicable Legislation and regulatory requirements and the terms of this Indenture. The Special Warrant Agent may assume for the purposes of this Indenture that the address on the register of Special Warrantholders of any Special Warrantholder is the Special Warrantholder's actual address and is also determinative of

the Special Warrantholder's residency and that the address of any transferee to whom any Special Warrants or any Underlying Securities are to be registered, as shown on the transfer document, is the transferee's actual address and is also determinative of the transferee's residency.

- (g) Upon any transfer of Special Warrants in accordance with the provisions of this Indenture, the Corporation shall covenant and agree with the Special Warrant Agent, on behalf of the transferee holder and with the transferee holder, that the transferee holder is a permitted assignee of the transferring holder and is entitled to the benefits of the covenant and agreement of the Corporation set forth in Section 3.15 herein subject to the restrictions and limitations described thereunder. Should a holder of Special Warrants exercise any legal, statutory, contractual or other right of withdrawal or rescission that may be available to it, the Special Warrant Agent shall not be responsible for ensuring the Special Warrants or the exercise of Special Warrants is cancelled and a refund of the holder's funds is paid back to the holder. In such cases, the holder shall seek a refund directly from the Corporation and subsequently, the Corporation shall instruct the Special Warrant Agent in writing, to cancel the Special Warrants or exercise transaction and to cause the cancellation of any Underlying Securities on the appropriate registers, which may have already been issued upon the Special Warrant exercise.
- (h) A person who furnishes evidence that he is, to the reasonable satisfaction of the Special Warrant Agent:
 - (i) the executor, administrator, heir or legal representative of the heirs of the estate of a deceased Special Warrantholder;
 - (ii) a guardian, committee, trustee, curator or tutor representing a Special Warrantholder who is an infant, an incompetent person or a missing person; or
 - (iii) a liquidator or a trustee in bankruptcy for a Special Warrantholder,

may, as hereinafter stated, by surrendering such evidence together with the Special Warrant Certificate in question to the Special Warrant Agent (by delivery or mail as set forth in Section 10.1 hereof), and subject to such reasonable requirements as the Special Warrant Agent may prescribe and all applicable securities legislation and requirements of regulatory authorities, become noted upon the register of Special Warrantholders. Forthwith after the new holder becomes noted on the register, the Special Warrant Agent shall issue a new Special Warrant Certificate to and send such certificate to the new holder.

- (i) The Corporation and the Special Warrant Agent shall deem and treat the registered holder of any Special Warrant as the absolute legal and beneficial owner thereof for all purposes, free from all equities or rights of set off or counterclaim between the Corporation and any previous holder of such Special Warrant, and, save in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction, neither the Corporation nor the Special Warrant Agent is affected by any notice to the contrary.
- (j) Subject to the provisions of this Indenture and Applicable Legislation, each Special Warrantholder is entitled to the rights and privileges attaching to the Special Warrants, and the issue of the Underlying Securities by the Corporation on deemed exercise of the

Special Warrants in accordance with the terms and conditions herein contained discharges all responsibilities of the Corporation and the Special Warrant Agent with respect to such Special Warrants and neither the Corporation nor the Special Warrant Agent is bound to inquire into the title of any such registered holder.

- (k) A reasonable charge will be levied on a presenter of a Special Warrant Certificate pursuant to this Indenture for the transfer of any Special Warrant. Either the Special Warrantholder or the Corporation will assume this charge.
- (l) Notwithstanding any other provision of this Section 2.5, in connection with any transfer of Special Warrants, the transferor and transferee shall comply with all reasonable requirements of the Special Warrant Agent as the Special Warrant Agent may deem necessary to secure the obligations of the transferee of such Special Warrants with respect to such transfer.

2.7 Special Warrantholders Not Shareholders

A Special Warrantholder is not deemed or regarded as a shareholder of the Corporation nor is such Special Warrantholder entitled to any right or interest except as is expressly provided in this Indenture and on the Special Warrant Certificates.

2.8 Loss, Mutilation, Destruction or Theft of Special Warrants

In case any of the Special Warrant Certificates issued and countersigned hereunder is mutilated or lost, destroyed or stolen, the Corporation, in its discretion, may issue and thereupon the Special Warrant Agent will countersign and deliver a new Special Warrant Certificate of like date and tenor in exchange for and in place of the one mutilated, lost, destroyed or stolen and upon surrender and cancellation of such mutilated Special Warrant Certificate or in lieu of and in substitution for such lost, destroyed or stolen Special Warrant Certificate and the substituted Special Warrant Certificate shall entitle the holder thereof to the benefits hereof and rank equally in accordance with its terms with all other Special Warrants issued hereunder.

The Special Warrantholder applying for the issue of a new Special Warrant Certificate pursuant to this Section shall bear the 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 and the Special Warrant Agent such evidence of ownership and of the loss, destruction or theft of the Special Warrant Certificate so lost, destroyed or stolen as is satisfactory to the Corporation and the Special Warrant Agent in their discretion. The Corporation and the Special Warrant Agent may also, as a condition precedent to issuing a new Special Warrant Certificate, require such applicant to furnish an indemnity and surety bond in amount and form satisfactory to the Corporation and the Special Warrant Agent in their discretion, and the applicant shall pay the reasonable charges of the Corporation and the Special Warrant Agent in connection therewith.

2.9 Exchange of Special Warrants

A Special Warrantholder may at any time prior to the Deemed Exercise Time, by written instruction delivered to the Special Warrant Agent at the office of the Special Warrant Agent set forth in Section 10.1, exchange his Special Warrant Certificates for Special Warrant Certificates evidencing Special Warrants in other denominations representing the same number of Special Warrants as under the Special Warrant Certificates so surrendered, in which case the Special Warrant Agent may make a charge sufficient to reimburse it for any government fees or charges required to be paid and such reasonable fees

as the Special Warrant Agent may determine for every Special Warrant Certificate issued upon exchange. The Special Warrantholder surrendering such Special Warrant Certificate shall bear such fee and charge. Payment of the charges is a condition precedent to the exchange of the Special Warrant Certificate. The Corporation shall sign and the Special Warrant Agent shall countersign all Special Warrant Certificates necessary to carry out exchanges as aforesaid.

2.10 Ranking

All Special Warrants will have the same attributes and rank *pari passu* regardless of the date of actual issue.

2.11 Purchase of Special Warrants for Cancellation

Subject to Applicable Legislation, the Corporation may, at any time or from time to time, purchase all or any of the Special Warrants in the market, by private contract or otherwise, on such terms as the Corporation may determine. Any such purchase shall be made at the lowest price or prices at which, in the opinion of the directors, such Special Warrants are then obtainable plus reasonable costs of purchase. The Special Warrants (and if applicable, the Special Warrant Certificates representing the Special Warrants) purchased hereunder by the Corporation shall, immediately following purchase, be delivered to and cancelled by the Special Warrant Agent and no Special Warrants shall be issued in substitution therefor.

2.12 Cancellation of Surrendered Special Warrants

All Special Warrants Certificates surrendered pursuant to Section 2.5, 2.8, 2.9 and 2.11 and Article 6 shall be cancelled by the Special Warrant Agent and upon such circumstances all such Uncertificated Special Warrants shall be deemed cancelled and so noted on the register by the Special Warrant Agent.

ARTICLE 3 REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE CORPORATION

Until the termination of this Indenture, the Corporation represents, warrants, covenants and agrees with the Special Warrant Agent for the benefit of the Special Warrant Agent and Special Warrantholders as follows:

3.1 To Issue Special Warrants and Reserve Common Shares

- (a) That it is duly authorized to create, issue and sell the Special Warrants and that the Special Warrant Certificates, when issued and countersigned by the Special Warrant Agent, will be valid and enforceable against the Corporation in accordance with their terms and the terms of this Indenture and that the Corporation has reserved, allotted and set aside for issuance up to 33,463,837 Underlying Warrants and up to 66,927,674 Common Shares, being the number of Underlying Shares and Common Shares underlying the Underlying Warrants issuable upon the deemed exercise of Special Warrants in accordance with the terms of this Indenture (including Underlying Shares and Underlying Warrants issuable pursuant to Section 5.1) and such Common Shares, when issued upon the deemed exercise of Special Warrants pursuant to and in accordance with the terms of this Indenture or pursuant to the terms of the Underlying Warrants (as the case may be), are authorized to be issued as fully paid and non-assessable common shares of the Corporation.

- (b) Vstock Transfer, LLC is the registrar and transfer agent of the Common Shares, and is duly authorized to countersign, register and issue certificates representing, or otherwise document or evidence of ownership of, such Common Shares, in each case in accordance with and pursuant to the terms of this Indenture.
- (c) That Odyssey Trust Company is the warrant agent of the Underlying Warrants, and is duly authorized to countersign, register and issue certificates representing, or document such other evidence of ownership of, such Underlying Warrants, in each case in accordance with and pursuant to the terms of this Indenture and the Warrant Indenture.

3.2 To Execute Further Assurances

That it shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all other acts, deeds and assurances in law as may reasonably be required for the better accomplishing and effecting of the intentions and provisions of this Indenture.

3.3 To Carry On Business

That subject to the express provisions hereof, it shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, provided, however, that (subject to Article 4 hereof) nothing herein contained shall prevent any winding-up or liquidation of the Corporation or any Subsidiary of the Corporation or the abandonment of any rights and franchises of the Corporation or any Subsidiary of the Corporation or any corporate reorganization, amalgamation, consolidation, merger, sale, or take-over bid or other business combination from being completed by the Corporation or any Subsidiary of the Corporation in accordance with applicable corporate and securities laws (and none of which are presently contemplated by the Corporation or any Subsidiary of the Corporation at the date hereof) if, in the opinion of the directors or officers of the Corporation or any Subsidiary of the Corporation, as the case may be, it is advisable and in the best interest of the Corporation or of such Subsidiary of the Corporation to do so.

3.4 No Breach of Constatting Documents

That the issue of the Special Warrants and the issue of the Underlying Securities do not or will not conflict with any of the terms, conditions or provisions of the constating documents of the Corporation or a Subsidiary of the Corporation or the resolutions of the board of directors, committees of the board of directors or shareholders of the Corporation or a Subsidiary of the Corporation or any trust indenture, loan agreement or any other agreement or instrument to which the Corporation or any Subsidiary of the Corporation is contractually bound.

3.5 Filing Prospectus and Related Matters

That following the Initial Closing Date, the Corporation shall, in accordance with the terms of the Agency Agreement, use its best efforts to:

- (a) prepare and file the Preliminary Prospectus with the Ontario Securities Commission (in its capacity as the principal regulator under the Passport System) and with the applicable Securities Regulator in each of the other Designated Jurisdictions;
- (b) obtain a receipt or deemed receipt, as applicable, for the Preliminary Prospectus in each of the Designated Jurisdictions;

- (c) satisfy all comments received or deficiencies raised by the applicable Securities Regulators in respect of the Preliminary Prospectus after receipt of such comments or after such deficiencies are raised; and
- (d) prepare and file the Prospectus and obtain the Receipt therefor in each of the Designated Jurisdictions after resolution of such comments and deficiencies by the Qualification Deadline.

3.6 Notices to Special Warrant Agent and Agent

That upon obtaining the Receipt for the Prospectus as contemplated in Section 3.5, the Corporation shall forthwith, and in any event not later than the Business Day thereafter:

- (a) give written notice to the Special Warrant Agent and the Agent of the issuance of the Receipt for the Prospectus and the date which constitutes the Deemed Exercise Date (the “**Exercise Notice**”) in the form of Schedule “D” hereto; and
- (b) provide written confirmation to the Special Warrant Agent and the Agent of any adjustment that has been made pursuant to Article 4.

3.7 Securities Qualification Requirements

That, if any instrument is required to be filed with or any permission, order or ruling is required to be obtained from the Securities Regulators or any other step is required under any applicable law of the Designated Jurisdictions or any other applicable jurisdiction before any securities or property which a Special Warrant holder is entitled to receive pursuant to the deemed exercise of a Special Warrant may properly and legally be delivered upon the deemed exercise of a Special Warrant, the Corporation covenants that it shall use its best efforts to make such filing, obtain such permission, order or ruling and take all such action, at its expense, as is required or appropriate in the circumstances.

3.8 Obtain Listing

That the Corporation will use its best efforts to ensure that the Underlying Shares underlying the Special Warrants and the Common Shares underlying the Underlying Warrants will be approved for listing and trading on the CSE.

3.9 Satisfy Covenants

That the Corporation will comply with all covenants and satisfy all terms and conditions on its part to be performed and satisfied under this Indenture and advise the Special Warrant Agent and the Special Warrant holders promptly in writing of any default under the terms of this Indenture.

3.10 Performance of Covenants by Special Warrant Agent

That if the Corporation shall fail to perform any of its covenants contained in this Indenture and the Corporation has not rectified such failure within 10 Business Days after receiving notice of such failure by the Special Warrant Agent, the Special Warrant Agent may notify the Special Warrant holders of such failure on the part of the Corporation or may itself perform any of the covenants capable of being performed by it, but shall be under no obligation to perform said covenants or to notify the Special Warrant holders of such performance by it. No such performance, expenditure or advance by the Special

Warrant Agent shall relieve the Corporation of any default hereunder or of its continuing obligations under the covenants herein contained.

3.11 Special Warrant Agent's Remuneration and Expenses

That the Corporation will pay the Special Warrant Agent from time to time such reasonable remuneration for its services hereunder as may be agreed upon between the Corporation and the Special Warrant Agent and will pay or reimburse the Special Warrant Agent upon its request for all reasonable expenses and disbursements and advances properly incurred or made by the Special Warrant Agent in the administration or execution of its duties hereunder (including the reasonable compensation and disbursements of its Counsel and all other advisers and assistants not regularly in its employ), both before any default hereunder and thereafter until all duties of the Special Warrant Agent hereunder shall be finally and fully performed, except any such expense, disbursement, or advance as may arise from the gross negligence, willful misconduct or fraud of the Special Warrant Agent. Any amount owing hereunder and remaining unpaid after 30 Business Days from the invoice date will bear interest at the then current rate charged by the Special Warrant Agent against unpaid invoices and shall be payable upon demand. This Section shall survive the resignation or removal of the Special Warrant Agent and/or the termination of this Indenture.

3.12 Notice to Special Warrantholders of Certain Events

That the Corporation covenants with the Special Warrant Agent for the benefit of the Special Warrant Agent and the Special Warrantholders that, so long as any of the Special Warrants are outstanding, it will not:

- (a) pay any dividend payable in shares of any class to the holders of its Common Shares or make any other distribution to the holders of its Common Shares;
- (b) offer to the holders of its Common Shares rights to subscribe for or to purchase any Common Shares or shares of any class or any other securities, rights, warrants or options;
- (c) make any repayment of capital on, or distribution of evidences of indebtedness on, any of its assets to the holders of Common Shares;
- (d) amalgamate, consolidate or merge with any other person or sell or lease the whole or substantially the whole of its assets or undertaking;
- (e) effect any subdivision, consolidation or reclassification of its Common Shares; or
- (f) liquidate, dissolve or wind-up,

unless, in each such case, the Corporation will have given notice, in the manner specified in Section 10.1 and Section 10.2, to the Special Warrant Agent, the Agent and each Special Warrantholder, of the action proposed to be taken and the date on which (a) the books of the Corporation will close or a record will be taken for such dividend, repayment, distribution, subscription rights or other securities, rights, warrants or options, or (b) such subdivision, consolidation, reclassification, amalgamation, merger, sale or lease, dissolution, liquidation or winding-up will take place, as the case may be, provided that the Corporation will only be required to specify in the notice those particulars of the action as will have been fixed and determined at the date on which the notice is given. The notice will also specify the date as of which the holders of Common Shares of record will participate in the dividend, repayment, distribution, subscription of rights or other securities, rights, warrants or options, or will be entitled to exchange their

Common Shares for securities or other property deliverable upon such subdivision, consolidation, reclassification, amalgamation, merger, sale or lease, other disposition, dissolution, liquidation or winding-up, as the case may be. The notice will be given, with respect to the actions described in Sections (a), (b), (c), (d), (e) and (f) above not less than 14 days prior to the earliest of the record date, the date on which the Corporation's transfer books are to be closed, or the effective date with respect thereto.

3.13 Closure of Share Transfer Books

That the Corporation further covenants and agrees that it will not during the period of any notice given under Section 10.1 close its share transfer books or take any other corporate action which might deprive the Special Warrantholders of the opportunity of the deemed exercise of their Special Warrants; provided that nothing contained in this Section 3.13 will be deemed to affect the right of the Corporation to do or take part in any of the things referred to in Section 3.12.

3.14 Payment of Commissions

That the Corporation will not pay or give any commission or other remuneration within the meaning of Section 3(a)(9) of the 1933 Act to any person, directly or indirectly, for soliciting the deemed exercise of the Special Warrants.

3.15 Contractual Right of Rescission

The Corporation covenants and agrees with the Special Warrant Agent to provide and hereby provides a right of rescission to each Special Warrantholder as hereinafter set forth, which right shall be exercisable by a Special Warrantholder directly.

The Corporation hereby agrees that in the event that a holder of a Special Warrant who acquires Underlying Shares upon deemed exercise of the Special Warrants is or becomes entitled under applicable securities laws in the Designated Jurisdictions to the remedy of rescission by reason of a misrepresentation in the Prospectus filed by the Corporation in connection herewith or any amendment thereto, qualifying the distribution of the Underlying Shares to be issued on deemed exercise of the Special Warrants in the Designated Jurisdictions, such holder shall be entitled, subject to available defences and any limitation period under applicable securities laws in the Designated Jurisdictions, to rescission not only of the holder's deemed exercise of its Special Warrants but also of the private placement transaction pursuant to which the Special Warrants were initially acquired, and shall be entitled in connection with such rescission to a full refund from the Corporation of all consideration paid to the Corporation on the acquisition of the Special Warrants. In the event that such holder is a permitted assignee of the interest of the original purchaser of the corresponding Special Warrants, or the Special Warrants, as applicable, such permitted assignee shall be permitted to exercise the rights of rescission and refund granted hereunder as if such permitted assignee was such original purchaser. The foregoing right, which is extended by the Corporation in respect of the Special Warrants issued by the Corporation, is in addition to any other right or remedy available to a holder of Special Warrants under applicable securities laws in the Designated Jurisdictions, or otherwise at law, and is subject to the defences and limitations described under such applicable laws.

Should a holder of Special Warrants exercise any legal, statutory, contractual or other right of withdrawal or rescission that may be available to it, the Special Warrant Agent shall not be responsible for ensuring the exercise is cancelled and a refund is paid back to the holder. In such cases, the holder shall seek a refund directly from the Corporation and subsequently, the Corporation, upon surrender to the Corporation or the transfer agent for the Corporation of any Underlying Shares that may have been issued, or such other procedure as agreed to by the parties hereto, shall instruct the Special Warrant Agent

in writing, to cancel the exercise transaction and to cause the cancellation of any such Underlying Shares on the appropriate registers, which may have already been issued upon the Special Warrant exercise. The Special Warrant Agent shall not be under any duty or obligation to take any steps to ensure or enforce that the funds are returned pursuant to this Section, nor shall the Special Warrant Agent be in any other way responsible in the event that any payment is not delivered or received pursuant to this Section. Notwithstanding the foregoing, in the event that the Corporation provides the refund to the Special Warrant Agent for distribution to the holder, the Special Warrant Agent shall return such funds to the holder as soon as reasonably practicable, and in so doing, the Special Warrant Agent shall incur no liability with respect to the delivery or non-delivery of any such funds.

ARTICLE 4
RELEASE OF ESCROWED FUNDS

4.1 Escrowed Proceeds and Distribution Amounts

On the Closing Date, the Corporation shall direct the Agent to provide in aggregate the Escrowed Proceeds to the Special Warrant Agent by way of certified cheque, bank draft, or electronic wire, and the Special Warrant Agent shall accept and hold the Escrowed Funds in escrow for and on behalf of the persons who have an interest therein pursuant hereto, shall disburse and deal with the Escrowed Funds in the manner contemplated by this Article 4 and at all times shall keep the Escrowed Funds in a segregated interest-bearing account, all on the terms and subject to the conditions hereof. The Corporation acknowledges and agrees that it is a condition of the payment by the holders of Special Warrants of the Subscription Price that the Escrowed Funds are held in escrow by the Special Warrant Agent in accordance with the provisions of this Article 4. The Corporation further acknowledges and confirms that it has no interest in the Escrowed Funds or in the Earnings thereon unless and until the Completion Notice and Direction is delivered to the Special Warrant Agent.

4.2 Satisfaction of Escrow Release Conditions

- (a) Upon the satisfaction of the Escrow Release Conditions on or before the Escrow Release Deadline: (a) the Corporation shall forthwith deliver to the Agent a certificate addressed to the Agent and executed by an officer of the Corporation confirming that Escrow Release Conditions have been satisfied; and (b) thereafter, the Corporation and the Agent shall forthwith deliver to the Special Warrant Agent by facsimile, email or courier to the address of the Special Warrant Agent set out in Section 10.1(b), the Completion Notice and Direction substantially in the form attached hereto as Schedule “B”.
- (b) Upon receipt of a duly executed Completion Notice and Direction, the Special Warrant Agent shall take the actions and comply with the requirements set forth in Section 4.3 hereof. The Special Warrants will continue to be outstanding and will not be automatically exercised until the Deemed Exercise Time.

4.3 Release of Escrowed Funds

Upon receipt of the Completion Notice and Direction on or before the Escrow Release Deadline, the Escrowed Funds shall be released from escrow and paid by the Special Warrant Agent as follows: (a) an amount equal to 50% of the Agent’s Commission as specified in such notice in Subsection 4.2(a), above, together with any remaining expenses of the Agent, shall be paid to the Agent, and (b) the balance of the Escrowed Funds less any amounts payable to the Special Warrant Agent equal to its fees for services rendered and disbursements incurred shall be paid to the Corporation, or as otherwise directed by the Agent and the Corporation in the Completion Notice and Direction, upon receipt by the Special

Warrant Agent of the Completion Notice and Direction and any requisite instructions in connection therewith. Provided that the Completion Notice and Direction and any requisite instructions in connection therewith are provided to the Special Warrant Agent by 8:30 a.m. (Toronto time), with wire instructions to be provided the Business Day prior, the wire transfer(s) of Escrowed Funds in accordance with the Completion Notice and Direction shall be initiated on the same Business Day.

4.4 Failure to Satisfy Escrow Release Conditions by the Escrow Release Deadline

In the event that a Termination Event occurs, the Corporation shall forthwith deliver a Termination Notice to each of the Special Warranholders, the Special Warrant Agent and the Agent stating the Termination Date and that a Termination Event has occurred. The Special Warrant Agent and the Corporation shall return to each such holder the Special Warranholder's Escrowed Funds. Each Special Warranholder's Escrowed Funds shall be paid to such holder within five (5) Business Days following the Termination Date. In the event that the Escrowed Funds are not sufficient to fund the Special Warranholder's Escrowed Funds payable to all Special Warranholders, at least one (1) Business Day prior to the Business Day on which the Special Warrant Agent is to pay each Special Warranholder's Escrowed Funds, the Corporation shall fund the Special Warrant Agent in a sufficient amount to pay any such shortfall and any available funds will be paid to Special Warranholders on a pro rata basis. For greater certainty, the Special Warrant Agent shall not be responsible for any such shortfall. Payment made in accordance with this Article 4 shall be made in accordance with Section 4.6 hereof and the Special Warrant Agent shall mail such payment to such Special Warranholders at their address last appearing on the register of the Special Warrants maintained by the Special Warrant Agent. All Special Warrants in respect of which the Special Warranholder's Escrowed Funds have been paid to the Special Warranholders shall be deemed to have been cancelled on the Termination Date and the Special Warrant Agent shall record the deemed cancellation of such Special Warrants on the register of the Special Warrants. Upon request the Special Warrant Agent shall furnish the Corporation with a certificate identifying the Special Warrants deemed to have been cancelled. All Special Warrants represented by Special Warrant Certificates which have been deemed to have been cancelled pursuant to this Section 4.4 shall be without further force and effect whatsoever.

4.5 Direction

In order to permit the Special Warrant Agent to carry out its obligations under this Article 4, the Corporation hereby specifically authorizes and directs the Special Warrant Agent to make any stipulated payment or to take any stipulated action in accordance with the provisions of this Agreement.

4.6 Method of Disbursement and Delivery

- (a) All disbursements of money made in accordance with the provisions of this Article 4 shall be made by cheque or wire transfer of immediately available funds drawn upon a Canadian Schedule I chartered bank or by official cheque or wire transfer of immediately available funds drawn upon the account of the Special Warrant Agent made payable to or to the order of the persons entitled to disbursement and in the correct amount (less all amounts required to be withheld by the Special Warrant Agent by law, including without limitation, under the *Income Tax Act* (Canada)).
- (b) If the Special Warrant Agent delivers any such cheque or wire transfer of immediately available funds as required under Subsection 4.6(a), the Special Warrant Agent shall have no further obligation or liability for the amount represented thereby, unless any such cheque or wire transfer of immediately available funds is not paid on due presentation; provided that in the event of the non-receipt of such cheque or wire transfer of

immediately available funds by the payee, or the loss or destruction thereof, the Special Warrant Agent, upon being furnished with reasonable evidence of such non-receipt, loss or destruction and funding and indemnity reasonably satisfactory to it, shall issue to such payee a replacement cheque or wire transfer of immediately available funds for the amount of such cheque or wire transfer of immediately available funds.

4.7 Acknowledgements of Escrowed Funds

- (a) The Special Warrant Agent shall acknowledge receipt from the Agent of certified cheque(s) and/or wire transfer(s), as applicable, in the aggregate amount of \$12,181,538 as caused to be deposited by the Corporation and confirms that, once received, such funds will be deposited in a segregated account in the name of the Corporation and, pending the satisfaction of the Escrow Release Conditions, will be held in accordance with Section 4.1 hereof.
- (b) The Corporation hereby:
 - (i) acknowledges that the amounts received by the Special Warrant Agent pursuant to Section 4.7(a) in accordance with the Corporation's direction to the Agent represents the gross proceeds from the sale of the Special Warrants less 50% of the Agent's Commission and all of the Agent's costs and expenses with respect to the Offering to date; and
 - (ii) irrevocably directs the Special Warrant Agent to retain such amounts in accordance with the terms of this Agreement pending payment of such amounts in accordance with the terms of this Agreement.

4.8 Miscellaneous

- (a) The Special Warrant Agent will disburse monies according to this Agreement only to the extent that monies have been deposited with it. The Special Warrant Agent shall be protected in acting and relying upon any written notice, request, waiver, consent, certificates, receipts, statutory declaration or other paper or document furnished to it, not only as to its due execution and the validity and effectiveness of its provisions but also as to the truth and acceptability of any information therein contained which it in good faith believes to be genuine and what it purports to be. The Special Warrant Agent shall have no duties except those which are expressly set forth herein, and it shall not be bound by any notice of a claim or demand with respect to, or any waiver, modification, amendment, termination or rescission of this Agreement, unless received by it in writing, and signed by the parties hereto and if its duties herein are affected, unless it shall have given its prior written consent thereto. The duties and obligations of the Special Warrant Agent shall be determined solely by the provisions hereof and, accordingly, the Special Warrant Agent shall not be responsible except for the performance of such duties and obligations as it has undertaken herein. The Special Warrant Agent shall retain the right not to act and shall not be held liable for refusing to act unless it has received clear and reasonable instructions which comply with the terms of this Agreement. Such documentation must not require the exercise of any discretion or independent judgment. The Special Warrant Agent is acting hereunder as escrow agent at the request of the Corporation and the Special Warrant holders and shall not be responsible as escrow agent except for its duties of receiving, holding and disbursing the Escrowed Funds pursuant to the terms and conditions of this Agreement. Any certificate of a party referred to herein,

unless otherwise specified, shall, in the case of the Corporation, refer to a certificate of any officer or director of the Corporation, and, in the case of any other party, refer to a certificate of an authorized officer of such party. The Special Warrant Agent shall not be liable for any error in judgment or for any act done or step taken or omitted by it in good faith or for any mistake, in fact or law, or for anything which it may do or refrain from doing in connection therewith, except arising out of its own gross negligence, wilful misconduct or fraud. None of the provisions of this Agreement shall require the Special Warrant Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The Special Warrant Agent shall not be responsible for any losses which may occur as a result of the investment of the Escrowed Funds where the Escrowed Funds have been invested in accordance with the terms of this Agreement.

- (b) In the event that the Special Warrant Agent shall hold any amount of interest or other distributable amount which is unclaimed or which cannot be paid for any reason other than the gross negligence, wilful misconduct or fraud of the Special Warrant Agent, the Special Warrant Agent shall be under no obligation to invest or reinvest the same but shall only be obligated to hold the same on behalf of the person or persons entitled thereto in a current or other non-interest bearing account pending payment to the person or persons entitled thereto. The Special Warrant Agent shall, as and when required by law, and may at any time prior to such required time, pay all or part of such interest or other distributable amount so held to the Public Trustee of Ontario (or other appropriate official or agency), whose receipt shall be good discharge and release of the Special Warrant Agent for such amounts.
- (c) The Special Warrant Agent shall be entitled to act and rely absolutely on the Completion Notice and Direction or the Termination Notice and shall be entitled to release the Escrowed Funds upon the receipt of the Completion Notice and Direction or the Termination Notice as provided for in this Agreement.
- (d) The parties agree that the Special Warrant Agent does not have any interest in the Escrowed Funds but is serving only as escrow agent hereunder. All taxes in respect of Earnings on the Escrowed Proceeds will be the obligation of and will be paid when due by the recipient of such Earnings, who shall indemnify and hold the Special Warrant Agent harmless from and against any liability arising from such taxes, including the failure to pay such taxes. To the extent required by law, the Special Warrant Agent will perform its withholding, remittance and reporting obligations under the *Income Tax Act* (Canada), as amended, and the regulations promulgated thereunder and any relevant provincial legislation.

ARTICLE 5

ADJUSTMENT OF NUMBER OF UNDERLYING SECURITIES

5.1 Adjustment of Number of Underlying Securities

If the Receipt for the Prospectus is not issued prior to the Qualification Deadline then each holder of a Special Warrant will be entitled to receive upon deemed exercise of each Special Warrant, without payment of any additional consideration, 1.1 Units per Special Warrant, on the Deemed Exercise Date; provided, however, that any fractional entitlement to Units will be rounded down to the nearest whole Unit.

In addition, the rights to acquire Underlying Securities in effect at any date attaching to the Special Warrants are subject to adjustment from time to time as follows:

- (a) if and whenever at any time from the date hereof and prior to the Deemed Exercise Time, the Corporation:
 - (i) subdivides, re-divides or changes its outstanding Common Shares into a greater number of shares;
 - (ii) consolidates, reduces or combines its outstanding Common Shares into a smaller number of shares; or
 - (iii) issues Common Shares or securities exchangeable for or convertible to Common Shares (“**Convertible Securities**”) to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend;

(any of the above being an “**Common Share Reorganization**”), the number of Underlying Shares issuable upon the exercise of each Special Warrant is adjusted immediately after the effective date of the Common Share Reorganization or on the record date for the issue of Common Shares or Convertible Securities by way of stock dividend, by multiplying the number of Underlying Shares previously obtainable on the exercise of a Special Warrant by the fraction of which:

- (A) the numerator is the total number of Common Shares outstanding immediately after the effective or record date of the Common Share Reorganization, or, in the case of the issuance of exchangeable or Convertible Securities, the total number of Common Shares outstanding immediately after the effective or record date of the Common Share Reorganization plus the total number of Common Shares issuable upon conversion or exchange of such Convertible Securities; and
- (B) the denominator is the total number of Common Shares outstanding immediately prior to the applicable effective or record date of such Common Share Reorganization;

and the Corporation and Special Warrant Agent, upon receipt of notice pursuant to Section 5.3, shall make such adjustment successively whenever any event referred to in this Section 5.1(a) occurs and any such issue of Common Shares or Convertible Securities by way of a stock dividend is deemed to have occurred on the record date for the stock dividend for the purpose of calculating the number of outstanding Common Shares under this Section 5.1(a). Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any computation. To the extent that any Convertible Securities are not converted into or exchanged for Common Shares, prior to the expiration thereof, the number of Underlying Shares obtainable under each Special Warrant shall be readjusted to the number of Underlying Shares that is then obtainable based upon the number of Common Shares actually issued on conversion or exchange of such Convertible Securities;

- (b) if and whenever at any time from the date hereof and prior to the Deemed Exercise Time 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 under which such holders are entitled,

during a period expiring not more than 45 calendar days after the record date for such issue (“**Rights Period**”), to subscribe for or acquire Common Shares (or securities convertible or exchangeable into Common Shares) at a price per share (or having a conversion or exchange price per share) to the holder of less than 95% of the Current Market Price for the Common Shares on such record date (any such issuance being herein called a “**Rights Offering**”), then the number of Underlying Shares obtainable upon the exercise of each Special Warrant shall be adjusted effective immediately after the end of the Rights Period to a number determined by multiplying the number of Underlying Shares obtainable upon the exercise thereof immediately prior to the end of the Rights Period by a fraction:

- (i) the numerator of which shall be the number of Common Shares outstanding after giving effect to the Rights Offering and including the number of Common Shares actually issued or subscribed for during the Rights Period (or into which the convertible or exchangeable securities so offered are convertible or exchangeable) upon exercise of the rights, warrants or options under the Rights Offering; and
- (ii) the denominator of which shall be the aggregate of:
 - (A) the number of Common Shares outstanding as of the record date for the Rights Offering, and
 - (B) a number determined by dividing (1) the product of the number of Common Shares issued or subscribed during the Rights Period (or into which the convertible or exchangeable securities so offered are convertible or exchangeable) upon the exercise of the rights, warrants, or options under the Rights Offering and the price at which such Common Shares are offered (or the conversion or exchange price of the convertible or exchangeable securities so offered) by (2) the Current Market Price of the Common Shares as of the record date for the Rights Offering;

Any offered securities owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any computation. If all the rights, options or warrants are not so issued or if all rights, options or warrants are not exercised prior to the expiration thereof, the number of Underlying Shares obtainable shall be readjusted to the number of Underlying Shares obtainable in effect immediately prior to the record date and such number shall be further adjusted based upon the number of Common Shares (or securities convertible or exchangeable into Common Shares) actually delivered upon the exercise of the rights, options or warrants, as the case may be, but subject to any other adjustment required hereunder by reason of any event arising after that record date;

- (c) if and whenever at any time from the date hereof and prior to the Deemed Exercise Time the Corporation shall issue or distribute to all or to substantially all of the holders of the Common Shares:
 - (iii) securities of the Corporation including rights, options or warrants to acquire shares of any class or securities exchangeable for or convertible into or exchangeable into any such shares or property or assets and including evidence of its indebtedness; or

- (ii) any property or other assets,

and if such issuance or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a “**Special Distribution**”), the number of Underlying Shares obtainable upon the exercise of each Special Warrant shall be adjusted effective immediately after the record date at which the holders of affected Common Shares are determined for purposes of the Special Distribution to a number determined by multiplying the number of Underlying Shares obtainable upon the exercise thereof in effect on such record date by a fraction:

- (A) the numerator of which shall be the number of Common Shares outstanding on such record date multiplied by the Current Market Price of the Common Shares on such record date; and
- (B) the denominator of which shall be:
- (1) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, less
 - (2) the aggregate fair market value on such record date, as determined by action by the directors (whose determination shall be conclusive), subject to approval by any stock exchange upon which the Common Shares are then listed and posted for trading, to the holders of the Common Shares of such securities or property or other assets so issued or distributed in the Special Distribution;

Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any computation. If the distribution of shares, rights, options, warrants, evidences of indebtedness, property or other assets is not so made or to the extent that any rights, options or warrants so distributed are not exercised, the number of Underlying Shares obtainable shall be readjusted to the number of Underlying Shares obtainable in effect immediately prior to the record date and such number shall be further adjusted based upon the number of shares, rights, options, warrants, evidences of indebtedness, property or other assets actually distributed or based upon the number of securities actually delivered upon the exercise of the rights, options or warrants, as the case may be, but subject to any other adjustment required hereunder by reason of any event arising after that record date;

- (d) if and whenever at any time from the date hereof and prior to the Deemed Exercise Time there is a reclassification of the Common Shares, a change in the Common Shares into other shares or securities, or a capital reorganization of the Corporation other than as described in Section 5.1(a), including for certainty a liquidation, dissolution or winding up of the Corporation, a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate, trust, partnership or other entity, or a transfer, sale or conveyance of the property and assets of the Corporation as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, any of such events being referred to as a “**Capital Reorganization**”, every Special Warrantholder, as at the effective date of such Capital Reorganization, shall be entitled to receive upon deemed exercise in accordance with the terms and conditions hereof and

shall accept, in lieu of the number of Underlying Securities obtainable under the Special Warrants to which it was previously entitled, the kind and number of shares or other securities or property of the Corporation or of the body corporate, trust, partnership or other entity resulting from such Capital Reorganization, that the Special Warrantholder would have been entitled to receive on such Capital Reorganization if, on the record date or the effective date thereof, as the case may be, the Special Warrantholder had been the registered holder of the number of Underlying Securities obtainable upon the exercise of Special Warrants then held, subject to adjustment thereafter in accordance with provisions of the same, as nearly as may be possible, as those contained in this Article 4. The Corporation shall not carry into effect any action requiring an adjustment pursuant to this Section 5.1(d) unless all necessary steps have been taken so that the Special Warrantholders are thereafter entitled to receive such kind and number of shares, other securities or property. The Corporation will not enter into a Capital Reorganization unless its successor, or the purchasing body corporate, partnership, trust or other entity, as the case may be, prior to or contemporaneously with any such Capital Reorganization, enters into an indenture which provides, to the extent possible, for the application of the provisions set forth in this Indenture with respect to the rights and interests thereafter of the Special Warrantholders to the end that the provisions set forth in this Indenture are correspondingly made applicable, as nearly as may reasonably be possible, with respect to any shares, other securities or property to which a Special Warrantholder is entitled on the exercise of his acquisition rights thereafter. An indenture entered into by the Corporation pursuant to the provisions of this Section 5.1(d) is deemed a supplemental indenture entered into pursuant to the provisions of Article 8. An indenture entered into between the Corporation, any successor to the Corporation or any purchasing body corporate, partnership, trust or other entity and the Special Warrant Agent must provide for adjustments which are as nearly equivalent as may be practicable to the adjustments provided in this Article 4 and which apply to successive Capital Reorganizations;

- (e) where this Section 5.1 requires that an adjustment becomes effective immediately after a record date or effective date, as the case may be, for an event referred to herein, the Corporation may defer, until the occurrence of that event, issuing to the Special Warrantholder exercising his acquisition rights after the record date or effective date, as the case may be and before the occurrence of that event the adjusted number of Underlying Securities, other securities or property issuable upon the exercise of the Special Warrants by reason of the adjustment required by that event. If the Corporation relies on this Section 5.1(e) to defer issuing an adjusted number of Underlying Securities, other securities or property to a Special Warrantholder, the Corporation shall first deliver to the Special Warrantholder an appropriate instrument evidencing the right of such person to receive such securities or other property and the Special Warrantholder has the right to receive any distributions made on the adjusted number of Underlying Securities, other securities or property declared in favour of holders of record on and after the date of exercise or such later date as the Special Warrantholder would but for the provisions of this Section 5.1(e), have become the holder of record of the adjusted number of Underlying Securities, other securities or property;
- (f) notwithstanding any other provision of this Indenture, if an event which would cause an adjustment under Section 5.1(c) or Section 5.1(d) shall become contemplated and the terms and conditions of such event are such that the rights of the Special Warrantholders to the applicable shares or other securities or property that the Special Warrantholders would be entitled to upon such adjustment are adversely affected, considering all relevant facts, by reason of them not holding prior to the Deemed Exercise Time the Underlying

Securities to which they are entitled upon exercise of the Special Warrants, then (A) the Corporation shall forthwith deliver notice of such event to the Special Warrant Agent and (B) on the date that is five (5) Business Days prior to the earliest of the record date, the date on which the Corporation's transfer books are to be closed, or the effective date with respect to such event, the Special Warrants will be deemed to be exercised and the provisions of this Indenture shall apply *mutatis mutandis* to such accelerated exercise of the Special Warrants;

- (g) the adjustments provided for in this Section 5.1 are cumulative. After any adjustment pursuant to this Section 5.1, the term "**Underlying Securities**" where used in this Indenture is interpreted to mean securities of any class or classes which, as a result of such adjustment and all prior adjustments pursuant to this Section, the Special Warrantholder is entitled to receive upon the exercise of his Special Warrant, and the number of Underlying Securities obtainable in any exercise made pursuant to a Special Warrant is interpreted to mean the number of Underlying Securities or other property or securities a Special Warrantholder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 5.1, upon the full exercise of a Special Warrant;
- (h) notwithstanding anything in this Article 4, no adjustment shall be made in the acquisition rights attached to the Special Warrants if the issue of Common Shares is being made pursuant to or in connection with (a) any stock option plan, share incentive plan or restricted share plan or share purchase plan in force from time to time for directors, officers, employees, consultants or other service providers of the Corporation, which plan has been approved by the Board of Directors of the Corporation; or (b) the exchange, retraction or redemption or satisfaction of existing securities and instruments issued at the date hereof;
- (i) in the event of a question arising with respect to the adjustments provided for in this Section 5.1, that question shall be conclusively determined by the Corporation's auditors or if they are unwilling or unable to act, such independent nationally recognized chartered accountants as may be selected by the directors of the Corporation, acting reasonably, who shall have access to all necessary records of the Corporation, and a determination by the Corporation's auditors, absent manifest error, is binding upon the Corporation, the Special Warrant Agent, all Special Warrantholders and all other persons interested therein; and
- (j) no adjustment in the number of Underlying Securities obtainable upon exercise of Special Warrants shall be made in respect of any event described in this Section 5.1 if the Special Warrantholders are entitled to participate in such event on the same terms, *mutatis mutandis*, as if the Special Warrantholders had exercised their Special Warrants prior to or on the effective date or record date of such event.

5.2 Proceedings Prior to any Action Requiring Adjustment

As a condition precedent to the taking of any action which requires an adjustment in any of the acquisition rights pursuant to the Special Warrants, including the number of Underlying Securities obtainable upon the exercise thereof, the Corporation shall take any corporate action which may in its opinion be necessary in order that the Corporation or any successor to the Corporation has reserved, allotted and set aside for issuance Common Shares in its authorized capital and may validly and legally issue as fully paid and non-assessable all the Underlying Securities and may validly and legally deliver all

other securities or property which the Special Warrantheolders are entitled to receive on the full exercise of the Special Warrants in accordance with the provisions hereof.

5.3 Notice of Adjustment

As soon as practicable and in any event not more than three business days following the occurrence of any event which requires an adjustment as provided in Section 5.1, the Corporation shall forthwith deliver a written notice to the Special Warrantheolders, the Special Warrant Agent and the Agent specifying the nature of the event requiring the adjustment, the amount of the adjustment necessitated thereby, and setting forth in reasonable detail the method of calculation and the facts upon which the calculation is based.

5.4 No Action After Notice

The Corporation covenants with the Special Warrant Agent that it will not close its transfer books or take any other corporate action which might deprive the holder of a Special Warrant of the opportunity of exercising their Special Warrants during the period of 14 calendar days after giving of the notice set forth in Section 5.3 hereof and 5.6 hereof.

5.5 Protection of Special Warrant Agent

The Special Warrant Agent:

- (a) is entitled to act and rely, and shall be protected in so doing, on any adjustment calculation of the Corporation or the Corporation's auditors and any other documents filed by the Corporation pursuant to this Article 4 for all purposes;
- (b) is not at any time under any duty or responsibility to a Special Warrantheolder to determine whether any facts exist which require any adjustment contemplated by Section 5.1, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;
- (c) is not accountable with respect to the validity or value (or the kind or amount) of any shares or other securities or property which may at any time be issued or delivered upon the exercise of the rights attaching to any Special Warrant;
- (d) is not responsible for any failure of the Corporation to make any cash payment or to issue, transfer or deliver certificates for the Underlying Securities upon the surrender of any Special Warrants for the purpose of the exercise of such rights or to comply with any of the covenants contained in Article 4; and
- (e) shall not incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of the representations, warranties or covenants herein contained or of any acts of the agents or servants of the Corporation.

5.6 Notice of Special Matters

The Corporation covenants with the Special Warrant Agent that so long as any Special Warrants remain outstanding it will give not less than 14 calendar days' prior written notice in the manner provided for in Article 9 to the Special Warrant Agent, each Special Warrantheolder and to the Agent of any event

which requires an adjustment pursuant to this Article 4. The Corporation covenants and agrees that such notice shall contain the particulars of such event in reasonable detail and, if determinable, the required adjustment. The Corporation further covenants and agrees that it shall promptly, as soon as the adjustment calculations are reasonably determinable, file a certificate of the Corporation with the Special Warrant Agent, on which the Special Warrant Agent may act and rely, showing how such adjustment shall be computed and give notice to the Special Warrantholders and the Agent of such adjustment computation.

5.7 Underlying Warrants and Warrant Shares Treated Separately

Other than an adjustment to the Underlying Warrants issuable upon exercise of the Special Warrants pursuant to Section 5.1(d), the parties hereto agree the rights of Special Warrantholders to acquire Underlying Warrants (including the exercise price thereof) and/or Common Shares underlying the Underlying Warrants in effect at any date attaching to the Special Warrants shall be subject to adjustment from time to time in accordance with the provisions of the warrant indenture governing the Underlying Warrants.

ARTICLE 6 **EXERCISE AND CANCELLATION OF SPECIAL WARRANTS**

6.1 Notice of Deemed Exercise to Special Warrantholders

Upon receipt of the Exercise Notice from the Corporation in accordance with Section 3.6, the Special Warrant Agent shall give written notice, in the form to be provided by the Corporation to the Special Warrant Agent, to each holder of a Special Warrant concurrently with delivery of the certificates or other evidence of ownership representing the Underlying Securities in accordance with Section 6.3.

6.2 No Voluntary Exercise of Special Warrants

No Special Warrants may be voluntarily exercised by the holders thereof at any time after their issuance, unless agreed to by the Corporation pursuant to a Supplemental Indenture entered into with the Special Warrant Agent providing for such exercise and subject to any certificates issued prior to the Deemed Exercise Date bearing the legends set out in Section 6.8.

6.3 Deemed Exercise of Special Warrants

All Special Warrants will be deemed to have been exercised immediately prior to the Deemed Exercise Time and surrendered by the Special Warrantholders without any further action on the part of the Special Warrantholders. Upon the occurrence of that event, the Special Warrant Agent shall in respect of the Special Warrant Certificates, mail within one Business Day, one or more certificates representing the Underlying Securities issued upon deemed exercise of the Special Warrants, registered in the name of the Special Warrantholders, to the addresses of the Special Warrantholders as specified in the register for the Special Warrants or to such address as the Corporation may specify in writing to the Special Warrant Agent prior to the Deemed Exercise Time.

6.4 Effect of Exercise of Special Warrants

- (a) Subject to subsection (b), upon deemed exercise of a Special Warrant, the Corporation shall cause to be issued to the person or persons in whose name or names the Underlying Securities so subscribed for are to be issued as specified in the Special Warrant register, the number of Underlying Securities to be issued to such person or persons and such person or persons shall become a holder or holders of the Underlying Securities with

effect from the date on which the Special Warrant is deemed exercised and shall be entitled to delivery of certificates evidencing the Underlying Securities. The Corporation shall cause the certificates any other appropriate evidence of the issuance of Underlying Securities to be mailed by insured mail or delivered as specified to such person or persons (or, if applicable, the trustee under the registered retirement savings plan or other similar plans which holds the Underlying Securities) at the address or addresses specified in the Special Warrants register, within three Business Days of the date on which the Special Warrant is deemed to be exercised.

- (b) Notwithstanding any provision herein contained to the contrary, the Corporation shall not be required to deliver certificates for Underlying Securities in any period while the transfer registers of the Corporation for the Underlying Securities are closed and, in the event of the deemed exercise of any Special Warrant during any such period, the Underlying Securities subscribed for shall be issued and such person shall be deemed to have become the holder of record of such Underlying Securities on the date on which such transfer registers are next reopened.
- (c) Upon any deemed exercise of the Special Warrants and issuance of Underlying Securities, the registered holders of the Underlying Securities so issued are deemed to have received the notice provided in Schedule "D" hereto.

6.5 Special Warrants Void After Exercise

After the deemed exercise of a Special Warrant as provided in this Article 5, the holder of a Special Warrant no longer has any rights either under this Indenture or the Special Warrant Certificate, other than the right to receive certificates or other evidence of ownership as provided herein representing an Underlying Security and the Special Warrant is void and of no value or effect.

6.6 Fractions of Underlying Securities

Where a Special Warrantholder is entitled to receive, as a result of the adjustments provided for in Section 5.1 or otherwise, on the deemed exercise of its Special Warrants a fraction of an Underlying Security, such right may only be exercised in respect of such fraction in combination with another Special Warrant or other Special Warrants which in the aggregate entitle the Special Warrantholder to receive a whole number of Underlying Securities. If a Special Warrantholder is not able to, or elects not to, combine Special Warrants so as to be entitled to acquire a whole number of Underlying Securities, the Special Warrantholder may not acquire a fractional Underlying Security on the deemed exercise of such Special Warrants, and, as a result, has the right to acquire only that number of Underlying Securities equal to the nearest whole number of Underlying Securities and no cash will be paid in lieu of any fractional Underlying Security.

6.7 Accounting and Recording

The Special Warrant Agent shall record the particulars of the deemed exercise of the Special Warrants, which include the name or names and addresses of the persons who become holders of Underlying Securities on exercise of the Special Warrants pursuant to this Article 6 and the number of Underlying Securities issued. If requested by the Corporation, upon the deemed exercise of the Special Warrants pursuant to this Article 6, the Special Warrant Agent shall provide those particulars in writing to the Corporation.

6.8 Legending of Special Warrants and Underlying Securities

- (a) All Special Warrant Certificates and all certificates issued in exchange therefor or in substitution thereof will have the following legends endorsed thereon:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) [CLOSING DATE], AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.”

- (b) All Special Warrant Certificates and all certificates issued in exchange therefor or in substitution thereof and any certificates representing the Underlying Securities issued upon deemed exercise thereof will have the following legend endorsed thereon in addition to the legend set forth in 6.8(a):

“THE SECURITIES REPRESENTED HEREBY [IN THE CASE OF WARRANTS: AND THE SECURITIES ISSUABLE UPON THE EXERCISE HEREOF] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY, (B) IF THE SECURITIES HAVE BEEN REGISTERED IN COMPLIANCE WITH THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT IN ACCORDANCE WITH RULE 144 THEREUNDER, IF APPLICABLE, AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES, AND THE HOLDER HAS, PRIOR TO SUCH SALE, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OF RECOGNIZED STANDING, OR OTHER EVIDENCE OF EXEMPTION, REASONABLY SATISFACTORY TO THE COMPANY. THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS SECURITY, EXCEPT AS PERMITTED BY THE SECURITIES ACT.”

[IN THE CASE OF WARRANTS ONLY: “THE SECURITIES EVIDENCED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE 1933 ACT OR U.S. STATE SECURITIES LAWS. THIS SPECIAL WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A PERSON IN THE UNITED STATES OR A U.S. PERSON UNLESS THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS SPECIAL WARRANT HAVE BEEN REGISTERED UNDER THE 1933 ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE.”]

6.9 (c) Securities Restrictions

Notwithstanding anything herein contained, the certificates representing the Underlying Securities thereby issued will bear such legends as set forth in Section 6.8(b) above and as may, in the opinion of counsel to the Corporation, acting reasonably, be necessary in order to avoid a violation of any applicable securities laws or to comply with the requirements of any stock exchange on which the Underlying Securities are listed, provided that if, at any time, in the opinion of counsel to the Corporation, such legends are no longer necessary or advisable in order to avoid violation of such laws, or the holder of any such legended certificates representing the Underlying Securities, at the holder's expense, provides the Corporation and the Special Warrant Agent with evidence satisfactory in form and substance to the Corporation (which may include an opinion of counsel satisfactory to the Corporation) to the effect that such holder is entitled to sell or otherwise transfer such Underlying Securities in a transaction in which such legends are not required, such legended certificates representing Underlying Securities may thereafter be surrendered to the transfer agent in exchange for certificates which do not bear such legend.

ARTICLE 7 MEETINGS OF SPECIAL WARRANTHOLDERS

7.1 Definitions

In this Article 7 or otherwise in this Indenture:

- (a) “**Adjourned Meeting**” means a meeting adjourned in accordance with Section 7.8;
- (b) “**Extraordinary Resolution**” means a resolution proposed to be passed as an extraordinary resolution at a Meeting duly convened for that purpose and held in accordance with the provisions of this Article 7, and carried by not less than 66 2/3% of the votes cast on such resolution; and
- (c) “**Meeting**” means a meeting of the Special Warrantholders in respect of any resolution including an Extraordinary Resolution.

7.2 Convening Meetings

The Special Warrant Agent or the Corporation may convene a Meeting at any time at the expense of the Corporation. Upon receipt of a written requisition signed in one or more counterparts by Special Warrantholders holding not less than 10% of the aggregate number of the then outstanding Special Warrants or upon a written request of the Corporation, the Special Warrant Agent shall convene a Meeting, provided that, it has been indemnified and funded to its reasonable satisfaction by the Corporation or the Special Warrantholders for the costs of convening and holding a Meeting. If the Special Warrant Agent fails to convene the Meeting within 5 Business Days after being duly requisitioned to do so and indemnified and funded as aforesaid, the Special Warrantholders may themselves convene a Meeting, the notice for which must be signed by a person that those Special Warrantholders specify, provided that the Special Warrant Agent and Corporation receive notice of the Meeting in accordance with Section 7.4. A written requisition must state, generally, the reason for the Meeting and business to be transacted at the Meeting.

7.3 Place of Meeting

Every Meeting must be held in Toronto, Ontario or at such other place that the Special Warrant Agent and Corporation approve.

7.4 Notice

The Special Warrant Agent or the Corporation, as the case may be, shall give written notice of each Meeting to each Special Warrantholder, the Special Warrant Agent (unless the Meeting has been called by the Special Warrant Agent) and the Corporation (unless the Meeting has been called by the Corporation) in the manner specified in Article 10 at least 10 Business Days before the date of the Meeting. The Special Warrant Agent shall give written notice of each Adjourned Meeting to each Special Warrantholder in the manner specified in Article 10 at least five calendar days before the date of the Adjourned Meeting. The notice for a Meeting must state the time and place of the Meeting and, generally, the reason for the Meeting and the business to be transacted at the Meeting, together with such additional information as may be required to sufficiently inform the Special Warrantholders regarding the business to be transacted at the Meeting. The notice for an Adjourned Meeting must state the time and place of the Adjourned Meeting but need not specify the business to be transacted at an Adjourned Meeting. The accidental omission by the Special Warrant Agent or the Corporation, as the case may be, to give notice of a Meeting or an Adjourned Meeting to a Special Warrantholder does not invalidate a resolution passed at a Meeting or Adjourned Meeting.

7.5 Persons Entitled to Attend

The Corporation and the Agent may and the Special Warrant Agent shall, each by its authorized representatives including directors, officers, employees, and agents, attend every Meeting and Adjourned Meeting but neither the Corporation, the Agent nor the Special Warrant Agent have the right to vote unless they are acting in their capacity as a Special Warrantholder or a proxy for a Special Warrantholder. The legal advisors of the Corporation, the Agent, the Special Warrant Agent, and any Special Warrantholders, respectively, may also attend a Meeting or Adjourned Meeting but do not have the right to vote, unless they have the right to vote as a Special Warrantholder or as a proxy for a Special Warrantholder.

7.6 Quorum

Subject to the provisions of Section 7.18, a quorum for a Meeting shall consist of two or more persons present in person and owning or representing by proxy, not less than 25% of the aggregate number of the then outstanding Special Warrants.

7.7 Chairman

The Special Warrant Agent shall nominate a natural person as the chairman of a Meeting or Adjourned Meeting. If the person so nominated is not present within 15 minutes after the time set for holding the Meeting or Adjourned Meeting, the Special Warrantholders present in person or represented by proxy shall choose one of their number to be chairman. The chairman may vote any Special Warrants for which he or she is the registered holder.

7.8 Power to Adjourn

The chairman of any Meeting at which a quorum of the Special Warrantholders is present may, with the consent of the Meeting, adjourn any such meeting. Notice of such adjournment will be given in accordance with Section 7.4 with such other requirements, if any, as the Meeting may prescribe.

7.9 Adjourned Meeting

If a quorum of the Special Warrantheolders shall not be present within 30 minutes from the time fixed for holding any Meeting, the Meeting, if summoned by the Special Warrantheolders or on the written direction of any Special Warrantheolders holding not less than 10% of the aggregate number of the then outstanding Special Warrants, shall be dissolved; but in any other case the Meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day, in which case it shall be adjourned to the next following Business Day) at the same place and time. Any business may be brought before or dealt with at an Adjourned Meeting which might have been dealt with at the original Meeting in accordance with the notice calling the same. No business shall be transacted at any Meeting unless a quorum is present at the commencement of the Meeting. At the Adjourned Meeting the Special Warrantheolders present in person or represented by proxy shall form a quorum and may transact the business for which the Meeting was originally convened, notwithstanding that they may not hold at least 10% of the aggregate number of the then outstanding Special Warrants.

7.10 Show of Hands

Every question submitted to a meeting, other than an Extraordinary Resolution, will be decided in the first place by a majority of the votes given on a show of hands and, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority will be conclusive evidence of the fact. On a show of hands, every person who is present and entitled to vote, whether as a Special Warrantheolder or as proxy for one or more absent Special Warrantheolders, or both, shall have one vote.

7.11 Poll

When requested by one or more Special Warrantheolders acting in person or by proxy and holding in the aggregate at least 5% of the aggregate number of the then outstanding Special Warrants, on every Extraordinary Resolution, or as directed by the chairman of a Meeting or Adjourned Meeting, the chairman of a Meeting or Adjourned Meeting shall request a poll on a question submitted to the Meeting. Except as otherwise required herein, if a question has been put to a poll, that question shall be decided by the affirmative vote of not less than a majority of the votes given on the poll. If the vote is tied, the motion shall not be carried. On a poll, each Special Warrantheolder or person representing a Special Warrantheolder by proxy shall be entitled to one vote for every Special Warrant of which he is the registered holder or of which the person being represented by proxy is the registered holder, as the case may be. A declaration made by the chairman that a resolution has been carried or lost is conclusive evidence thereof. In the case of joint registered Special Warrantheolders, any one of them present in person or represented by proxy may vote in the absence of the other or others but when more than one of them is present in person or by proxy, they may only vote together in respect of the Special Warrants of which they are joint registered holders.

7.12 Regulations

Subject to the provisions of this Indenture, the Special Warrant Agent, or the Corporation with the approval of the Special Warrant Agent, may from time to time make and, thereafter, vary regulations not contrary to the provisions of this Indenture as it deems fit providing for and governing the following:

- (a) setting a record date for a Meeting for determining Special Warrantheolders entitled to receive notice of and vote at a Meeting;

- (b) voting by proxy, the manner in which a proxy instrument must be executed, and the production of the authority of any person signing an instrument of a proxy on behalf of a Special Warrantholder;
- (c) lodging and the means of forwarding the instruments appointing proxies, and the time before a Meeting or Adjourned Meeting by which an instrument appointing a proxy must be deposited;
- (d) the form of the instrument of proxy; and
- (e) any other matter relating to the conduct of a Meeting.

A regulation so made is binding and effective and votes given in accordance with such a regulation shall be valid and counted. The Special Warrant Agent may permit Special Warrantholders to make proof of ownership in the manner the Special Warrant Agent approves.

7.13 Powers of Special Warrantholders

By Extraordinary Resolution passed pursuant to this Article 7, the Special Warrantholders may:

- (a) agree to any modification, abrogation, alteration, compromise, or arrangement of the rights of the Special Warrantholders whether arising under this Indenture, or otherwise at law, including the rights of the Special Warrant Agent in its capacity as special warrant agent hereunder, subject to the consent of the Special Warrant Agent (such consent not to be unreasonably withheld), or on behalf of the Special Warrantholders against the Corporation, which has been agreed to by the Corporation;
- (b) direct and authorize the Special Warrant Agent to exercise any power, right, remedy or authority given to it by or under this Indenture in the manner specified in such resolution or to refrain from exercising any such power, right, remedy, or authority;
- (c) assent to any change in or omission from the provisions contained in this Indenture or the Special Warrant Certificates or any ancillary or supplemental instrument which is agreed to by the Corporation, or, with the consent of the Special Warrant Agent (such consent not to be unreasonably withheld), concerning any right of the Special Warrant Agent, and to authorize the Special Warrant Agent to concur in and execute any ancillary or supplemental indenture embodying the change or omission;
- (d) without limiting the generality of Sections 7.13(a) and (f), assent to an extension of time thereunder;
- (e) remove the Special Warrant Agent or its successor in office and to appoint a new registrar and agent to take the place of the Special Warrant Agent so removed;
- (f) upon the Special Warrant Agent being furnished with funding and an indemnity that is, in its discretion, sufficient, require the Special Warrant Agent to enforce any covenant or obligation of the Corporation contained in this Indenture or the Special Warrant Certificates, or to enforce any right of the Special Warrantholders in any manner specified in such Extraordinary Resolution, or to refrain from enforcing any such covenant, obligation or right;

- (g) restrain any Special Warrantholder from instituting or continuing any suit or proceeding against the Corporation for the enforcement of a covenant on the part of the Corporation contained in this Indenture or any of the rights conferred upon the Special Warrantholders as set out in this Indenture or the Special Warrant Certificates;
- (h) direct a Special Warrantholder who, as such, has brought a suit, action or proceeding to stay or discontinue or otherwise deal with the same upon payment of the costs, charges, and expenses reasonably and properly incurred by such Special Warrantholder in connection therewith;
- (i) subject to subsection 12.4 of this Indenture, waive and direct the Special Warrant Agent to waive a default by the Corporation in complying with any of the provisions of this Indenture or the Special Warrant Certificate either unconditionally or upon any conditions specified in such Extraordinary Resolution;
- (j) assent to a compromise or arrangement with a creditor or creditors or a class or classes of creditors, whether secured or otherwise, and with holders of any shares or other securities of the Corporation;
- (k) appoint a committee with power and authority to exercise, and to direct the Special Warrant Agent to exercise, on behalf of the Special Warrantholders, such of the powers of the Special Warrantholders as are exercisable by Extraordinary Resolution;
- (l) amend, alter, or repeal any Extraordinary Resolution previously passed pursuant to this Section 7.13; or
- (m) in the event that the Escrow Release Conditions are not satisfied on or prior to the Escrow Release Deadline, to extend the Escrow Release Deadline.

7.14 Powers Cumulative

Any one or more of the powers or any combination of the powers in this Indenture stated to be exercised by the Special Warrantholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the right of the Special Warrantholders to exercise such power or combination of powers then or thereafter from time to time.

7.15 Minutes of Meetings

The Special Warrant Agent shall make and maintain minutes and records of all resolutions and proceedings at a Meeting or Adjourned Meeting at the expense of the Corporation and shall make available those minutes and records at the office of the Special Warrant Agent for inspection by a Special Warrantholder or his authorized representative and the Agent at reasonable times. If signed by the chairman of the Meeting or by the chairman of the next succeeding Meeting, such minutes shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every such Meeting in respect of which minutes shall have been made shall be deemed to have been duly convened and held, and all the resolutions passed thereat or proceedings taken shall be deemed to have been duly passed and taken.

7.16 Written Resolutions

Notwithstanding the foregoing, a written resolution or instrument signed in one or more counterparts by the Special Warrantheolders holding not less than a majority of the Special Warrants outstanding in the case of an ordinary resolution, or not less than 66⅔% of the Special Warrants outstanding in the case of an Extraordinary Resolution, is deemed to be the same as, and to have the same force and effect as, an ordinary resolution or Extraordinary Resolution, as the case may be, duly passed at a Meeting or Adjourned Meeting.

7.17 Binding Effect

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article 7 at a meeting of Special Warrantheolders shall be binding upon all the Special Warrantheolders, whether present at or absent from such meeting, and every instrument in writing signed by Special Warrantheolders in accordance with Section 7.16 shall be binding upon all the Special Warrantheolders, whether signatories thereto or not, and each and every Special Warrantheolder, the Corporation and the Special Warrant Agent (subject to the provisions for indemnity herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing.

7.18 Holdings by the Corporation or Subsidiaries of the Corporation Disregarded

In determining whether Special Warrantheolders are present at a Meeting for the purpose of determining a quorum or have concurred in any consent, waiver, resolution, Extraordinary Resolution or other action under this Indenture, Special Warrants owned legally or beneficially by the Corporation or any Subsidiary of the Corporation shall be disregarded. The Corporation will provide the Special Warrant Agent with, upon request, a certificate of the Corporation detailing its holdings and those of its subsidiaries and the various registrations.

ARTICLE 8

SUPPLEMENTAL INDENTURES, MERGER, SUCCESSORS

8.1 Provision for Supplemental Indentures for Certain Purposes

From time to time, the Corporation (when authorized by action of the directors) and the Special Warrant Agent may, subject to the provisions hereof and shall, when so directed in accordance with the provisions hereof, execute and deliver by their proper officers, indentures or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

- (a) adding to the provisions hereof such additional covenants, enforcement provisions, and release provisions (if any) as in the opinion of counsel acceptable to the Corporation and the Special Warrant Agent are necessary or advisable, provided the same are not, in the opinion of the Special Warrant Agent, relying on the opinion of Counsel, prejudicial to the interests of the Special Warrantheolders;
- (b) adding to the covenants of the Corporation in this Indenture for the protection of the Special Warrantheolders;
- (c) evidencing any succession (or successive successions) of other companies to the Corporation and the covenants of, and obligations assumed by, such successor (or successors) in accordance with the provisions of this Indenture;

- (d) setting forth any adjustments resulting from the application of the provisions of Article 4;
- (e) making such provisions not inconsistent with this Indenture as may be deemed necessary or desirable with respect to matters or questions arising hereunder, provided that such provisions are not, in the opinion of the Special Warrant Agent, relying on the opinion of Counsel, prejudicial to the interests of the Special Warrantholders;
- (f) giving effect to an Extraordinary Resolution;
- (g) rectifying any ambiguity, defective provision, clerical omission or mistake or manifest or other error contained herein or in any amendment or deed or indenture supplemental or ancillary hereto provided that, in the opinion of the Special Warrant Agent, relying on the opinion of Counsel, the rights of the Special Warrantholders are not prejudiced thereby and provided that the Special Warrant Agent may in its discretion decline to enter into any such supplemental indenture which in its opinion, relying on the opinion of Counsel, may not afford adequate protection to the Special Warrant Agent when the same will become operative;
- (h) adding to or altering the provisions hereof in respect of the transfer of Special Warrants, making provision for the exchange of Special Warrant Certificates of different denominations, and making any modification in the form of the Special Warrant Certificate which does not affect the substance thereof;
- (i) for any other purpose not inconsistent with the provisions of this Indenture, provided that, in the opinion of the Special Warrant Agent, relying on the opinion of Counsel, the rights of the Special Warrant Agent and the Special Warrantholders are in no way prejudiced thereby;
- (j) to allow for the voluntary exercise of Special Warrants if agreed to by the Corporation in accordance with Section 5.2; or
- (k) providing for the issuance of additional Special Warrants hereunder and any consequential amendments hereto as may be required by the Special Warrant Agent, provided the same are not prejudicial to the interests of the Special Warrantholders, based on the opinion of Counsel.

8.2 Corporation May Consolidate, etc. on Certain Terms

Subject to Sections 3.12 and 5.1(d), nothing in this Indenture prevents any consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate or bodies corporate, or a conveyance or transfer of all or substantially all the properties and assets of the Corporation as an entirety to another body corporate lawfully entitled to acquire and operate the same, provided, however, that the body corporate formed by such consolidation, amalgamation, arrangement or into which such merger has been made, or which has acquired by conveyance or transfer all or substantially all the properties and assets of the Corporation as an entirety in circumstances resulting in the Special Warrantholders being entitled to receive property from or securities of such body corporate, shall execute prior to or contemporaneously with such consolidation, amalgamation, arrangement, merger, conveyance or transfer, an indenture supplemental hereto wherein the due and punctual performance and observance of all the covenants, obligations and conditions of this Indenture to be performed or observed by the Corporation are assumed by the successor body corporate. The Special Warrant Agent is entitled to receive and is fully protected in relying upon an opinion of Counsel that any

such consolidation, amalgamation, arrangement, merger, conveyance or transfer, and a supplemental indenture executed in connection therewith, complies with the provisions of this Section.

8.3 Successor Body Corporate Substituted

Where the Corporation, pursuant to Section 8.2 hereof, is consolidated, amalgamated, arranged or merged with or into any other body corporate or bodies corporate or conveys or transfers all or substantially all of the properties and assets of the Corporation as an entirety to another body corporate, the successor body corporate formed by such consolidation, amalgamation, arrangement or into which the Corporation has been merged or which has received a conveyance or transfer as aforesaid succeeds to and is substituted for the Corporation hereunder with the same effect as nearly as may be possible as if it had been named herein. Such changes may be made in the Special Warrants as may be appropriate in view of such consolidation, amalgamation, arrangement, merger, conveyance or transfer.

ARTICLE 9 CONCERNING THE SPECIAL WARRANT AGENT

9.1 Duties of Special Warrant Agent

By way of supplement to the provisions of any statute for the time being relating to special warrant agents, and notwithstanding any other provision of this Indenture, in the exercise of the rights, duties and obligations prescribed or conferred by the terms of this Indenture, the Special Warrant Agent shall act honestly and in good faith and shall exercise that degree of care, diligence and skill that a reasonably prudent special warrant agent would exercise in comparable circumstances. No provision of this Indenture shall be construed to relieve the Special Warrant Agent from, or require any other person to indemnify the Special Warrant Agent against, any liability for its own gross negligence, wilful misconduct or fraud.

9.2 Action by Special Warrant Agent

The Special Warrant Agent is not obligated to do any act or thing except where required to do so by this Indenture and, in the case of a default, only when it has actual notice thereof.

9.3 Certificate of the Corporation

If, in the administration of its duties hereunder, the Special Warrant Agent deems it necessary or desirable that any matter be proved or established by the Corporation, prior to taking or suffering any action hereunder, the Special Warrant Agent may accept, act, and rely upon, and shall be protected in accepting, acting, and relying upon, a certificate of the Corporation as conclusive evidence of the truth of any fact relating to the Corporation or its assets therein stated and proof of the regularity of any proceedings or actions associated therewith, but the Special Warrant Agent may in its discretion require further evidence or information before acting or relying on any such certificate. In addition to the reports, certificates, opinions, and other evidence required by this Indenture, the Corporation shall furnish to the Special Warrant Agent such additional evidence of compliance with any provision hereof, and in such form as may be prescribed by Applicable Legislation, under Section 9.6, or as the Special Warrant Agent may reasonably require by written notice to the Corporation. Whenever Applicable Legislation requires that evidence referred to in this Section 9.3 be in the form of a statutory declaration, the Special Warrant Agent may accept such statutory declaration in lieu of a certificate of the Corporation required by any provision hereof. Any such statutory declaration may be made by any one or more of the Chairman of the Board and Chief Executive Officer, President or Chief Financial Officer of the Corporation or by any

other officer or director of the Corporation to whom such authority is delegated by the directors from time to time.

9.4 Special Warrant Agent May Employ Experts

The Special Warrant Agent may, at the Corporation's expense, employ or retain such lawyers, accountants, engineers, appraisers or other experts, advisers or agents as it may reasonably require for the purpose of determining and discharging its duties hereunder and may pay reasonable remuneration for such services rendered to it but it is not responsible for any misconduct, mistake or error of judgment on the part of any of them and the Corporation shall pay or reimburse the Special Warrant Agent for any reasonable fees, expenses and disbursements of such experts or advisors. The Corporation shall reimburse the Special Warrant Agent for all disbursements, costs and expenses made or incurred by the Special Warrant Agent in the discharge of its duties and in the management of its duties hereunder. The Special Warrant Agent may rely upon and act upon, and shall be protected from relying and acting upon, the opinion or advice of, or information obtained from, any such lawyer, accountant, engineer, appraiser or other expert, adviser or agent in relation to any matter arising in the administration of its duties hereunder. The Special Warrant Agent shall not incur any liability for the acts or omissions of such lawyers, accountants, engineers, appraisers or other experts, advisers or agents employed by the Special Warrant Agent in good faith.

9.5 Resignation and Replacement of Special Warrant Agent

- (a) The Special Warrant Agent may resign and be discharged from all further obligations hereunder by giving to the Corporation written notice of at least 60 calendar days, or such shorter time period if acceptable to the Corporation, before the effective date of the resignation. If the Special Warrant Agent resigns, or becomes incapable of acting hereunder, the Corporation shall forthwith appoint in writing a new special warrant agent, unless a new Special Warrant Agent has already been appointed by the Special Warrantholders.
- (b) Failing such appointment by the Corporation or by the Special Warrantholders by Extraordinary Resolution, the retiring Special Warrant Agent, at the expense of the Corporation, or any Special Warrantholder may apply to a Judge of the Ontario Superior Court of Justice on such notice as such Judge may direct, for the appointment of a new special warrant agent. The Special Warrantholders may, by Extraordinary Resolution, remove the Special Warrant Agent (including a special warrant agent appointed by the Corporation or by a Judge as aforesaid) and appoint a new special warrant agent.
- (c) Any new Special Warrant Agent appointed under the provisions of this Section 9.5 shall be a corporation authorized to carry on the business of a trust company in one or more provinces of Canada and, if required by Applicable Legislation of any province, in such province.
- (d) On any new appointment, the new Special Warrant Agent is vested with the same powers, rights, duties and obligations as if it had been originally named as Special Warrant Agent without any further assurance, conveyance, act or deed; but there will be immediately executed, at the expense of the Corporation, all such conveyances or other instruments as may, in the opinion of Counsel, be necessary or advisable for the purpose of assuring such powers, rights, duties, and responsibilities of the new Special Warrant Agent, provided that, any successor Special Warrant Agent shall have executed an appropriate instrument accepting such appointment and, at the request of the Corporation,

the predecessor Special Warrant Agent, upon payment of its outstanding remuneration and expenses, shall execute and deliver to the successor Special Warrant Agent an appropriate instrument transferring to such successor Special Warrant Agent all rights and powers of the Special Warrant Agent hereunder.

- (e) On the appointment of a new Special Warrant Agent, the Corporation will promptly give notice thereof to the Special Warrantholders.
- (f) Any Special Warrant Certificates certified but not delivered by a predecessor Special Warrant Agent may be delivered by the successor Special Warrant Agent in the name of the predecessor or successor Special Warrant Agent.
- (g) Any corporation into which the Special Warrant Agent may be merged or consolidated or amalgamated, or to which all or substantially all of its corporate trust business is sold or otherwise transferred or any corporation resulting therefrom to which the Special Warrant Agent shall be a party, or any corporation succeeding to substantially the corporate trust business of the Special Warrant Agent shall be the successor to the Special Warrant Agent hereunder without any further act on its part or any of the parties hereto, provided that such corporation is eligible for appointment as successor Special Warrant Agent pursuant to Section 9.5(c).

9.6 Indenture Legislation

The Corporation and the Special Warrant Agent agree that each shall at all times in relation to this Indenture and to any action to be taken hereunder, observe and comply with and be entitled to the benefits of all Applicable Legislation. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with any mandatory requirement of Applicable Legislation, such mandatory requirement prevails.

9.7 Notice

The Special Warrant Agent shall not be bound to give any notice or do or take any act, action, or proceeding by virtue of the powers conferred on it hereby unless and until it is required to do so under the terms hereof; nor shall the Special Warrant Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall distinctly specify the default desired to be brought to the attention of the Special Warrant Agent and in the absence of any such notice the Special Warrant Agent may for all purposes of this Indenture conclusively assume that no default has been made in the observance or performance of any of the representations, warranties, covenants, agreements, or conditions contained herein. Any such notice will in no way limit any discretion herein given the Special Warrant Agent to determine whether or not the Special Warrant Agent will take action with respect to any default. The Special Warrant Agent shall not be bound to give notice to any person of execution hereof.

9.8 Use of Proceeds

The Special Warrant Agent is in no way responsible for the use by the Corporation of the proceeds of the issue hereunder.

9.9 No Inquiries

In the exercise of any right or duty hereunder the Special Warrant Agent, if it is acting in good faith, may act and rely, as to the truth of any statement or the accuracy of any opinion expressed therein, on any statutory declaration, opinion, report, certificate or other evidence furnished to the Special Warrant Agent pursuant to a provision hereof or of Applicable Legislation or pursuant to a request of the Special Warrant Agent, if the Special Warrant Agent examines such evidence and determines that it complies with the applicable requirements of this Indenture. The Special Warrant Agent may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. Proof of execution of any document or instrument in writing by a holder may be made by the certificate of a notary public, or other officer with similar powers, that the person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution, or in any other manner the Special Warrant Agent considers adequate and in respect of a corporate Special Warrantholder, shall include a certificate of incumbency of such Special Warrantholder together with a certified resolution authorizing the person who signs such instrument to sign such instrument. The Special Warrant Agent is not bound to make any inquiry or investigation as to the performance by the Corporation of the Corporation's covenants hereunder.

9.10 Actions by Special Warrant Agent to Protect Interest

The Special Warrant Agent shall have the power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Special Warrantholders.

9.11 Special Warrant Agent Not Required to Give Security

The Special Warrant Agent is not required to give any bond or security with respect to the execution or administration of its duties and powers of this Indenture.

9.12 No Conflict of Interest

The Special Warrant Agent represents to the Corporation that, to the best of its knowledge, at the time of the execution and delivery by it of this Indenture, there exists no material conflict of interest in the role of the Special Warrant Agent hereunder but if, notwithstanding the provisions of this Section 9.12, such a material conflict of interest exists or arises, the validity and enforceability of this Indenture and the instruments issued hereunder are not affected in any manner whatsoever by reason only that such material conflict of interest exists or arises. The Special Warrant Agent shall, within 30 calendar days after ascertaining that it has a material conflict of interest, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Section 9.5.

9.13 Special Warrant Agent Not Ordinarily Bound

No provision of this Indenture shall require the Special Warrant Agent (and its officers, directors, employees and agents) to expend or risk its (or their) own funds or otherwise incur financial liability in the performance of any of its (or their) duties or in the exercise of any of its (or their) rights or powers unless it is (or they are) so indemnified and funded. The obligation of the Special Warrant Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Special Warrantholders hereunder, is conditional upon Special Warrantholders furnishing, when required in writing so to do by the Special Warrant Agent, funds sufficient for commencing or continuing the act, action or proceeding and an indemnity reasonably satisfactory to the Special Warrant Agent to protect and hold harmless the Special Warrant Agent against any costs, charges, expenses, loss, damage or liability by

reason thereof. The Special Warrant Agent may, before commencing or at any time during the continuance of any such act, action, or proceeding, require the Special Warrant holders at whose instance it is acting to deposit with the Special Warrant Agent the Special Warrant Certificates held by them, for which Special Warrant Certificates the Special Warrant Agent shall issue receipts.

9.14 Special Warrant Agent May Deal in Instruments

Subject to Section 9.12, the Special Warrant Agent may in its personal or other capacity, buy, sell, lend upon and deal in and hold securities of the Corporation, including the Special Warrants and generally contract and enter into financial transactions with the Corporation or otherwise, without being liable to account for any profits made thereby.

9.15 Recitals or Statements of Fact Made by Corporation

Except for the representations contained in Sections 9.12 and in the certification or Authentication of the Special Warrant Agent of the Special Warrants Certificates and the Uncertificated Special Warrants, subject to the provisions hereof, the Special Warrant Agent is not liable for or by reason of any of the statements of fact or recitals contained in this Indenture or in the Special Warrant Certificates and is not required to verify the same, but all such statements and recitals are and are deemed to have been made by the Corporation only.

9.16 Special Warrant Agent's Discretion Absolute

The Special Warrant Agent, except as herein otherwise provided, has, as regards to all the powers, authorities and discretions vested in it, absolute discretion as to the exercise thereof, whether in relation to the manner or as to the mode and time for the exercise thereof.

9.17 No Representations as to Validity

The Special Warrant Agent is not:

- (a) under any responsibility in respect of the validity of this Indenture or the execution and delivery thereof or (subject to Section 2.4(a) hereof) in respect of the validity or the execution of any Special Warrant Certificate;
- (b) under any obligation to see to, or to require evidence of, the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto;
- (c) bound to give notice to any person or persons of the execution hereof;
- (d) responsible for any breach by the Corporation of any covenant or condition contained in this Indenture or in any Special Warrant Certificate and will not incur any liability or responsibility whatever or be in any way responsible for the consequences of any breach by the Corporation of any obligation herein contained or of any act of any director, officer, employee, or agent of the Corporation; or
- (e) by any act hereunder, deemed to make any representation or warranty as to the authorization or reservation of any securities to be issued as provided in this Indenture or in any Special Warrant Certificate or as to whether any shares will when issued be duly authorized or be validly issued and fully paid and non-assessable. The duty and responsibility as to all the matters and things referred to in this Section 9.17 rests upon

the Corporation and not upon the Special Warrant Agent and the failure of the Corporation to discharge any such duty and responsibility does not in any way render the Special Warrant Agent liable or place upon it any duty or responsibility for breach of which it would be liable.

9.18 Special Warrant Agent's Authority to Carry on Business

The Special Warrant Agent represents to the Corporation that at the date hereof it is authorized to carry on the business of a trust company in Alberta. If, notwithstanding the provisions of this Section 9.18, it ceases to be authorized to carry on such business in Alberta, the validity and enforceability of this Indenture and of the Special Warrants issued hereunder are not affected in any manner whatsoever by reason only of such event, provided that the Special Warrant Agent shall, within 30 calendar days after ceasing to be authorized to carry on such business in Alberta, either become so authorized or resign in the manner and with the effect specified in Section 9.5.

9.19 Indemnification of Special Warrant Agent

Without limiting any protection or indemnity of the Special Warrant Agent under any other provision hereof, or otherwise at law, the Corporation hereby agrees to indemnify and hold harmless the Special Warrant Agent and its affiliates, their successors, assigns, and each of their directors, officers, employees and agents (the "**Indemnified Parties**") and save them harmless from and against any and all liabilities, losses, damages, penalties, claims, actions, suits, costs, charges, payments, expenses and disbursements, including reasonable legal or advisor fees and disbursements, of whatever kind and nature which may at any time be imposed on, incurred by or asserted against the Indemnified Parties in connection with the performance of its duties and obligations hereunder, other than such liabilities, losses, damages, penalties, claims, actions, suits, costs, charges, payments, expenses and other disbursements arising by reason of the gross negligence, wilful misconduct or fraud of the Special Warrant Agent. This provision shall survive the resignation or removal of the Special Warrant Agent, or the termination of this Indenture. In the absence of gross negligence, wilful misconduct, or fraud on its part, the Special Warrant Agent will not be liable for any action taken, suffered, or omitted by it or for any error of judgment made by it in performance of its duties under this Agreement. In no event will the Special Warrant Agent be liable for special, indirect, consequential, or punitive loss or damages of any kind whatsoever (including but not limited to lost profits), even if the Special Warrant Agent has been advised of the possibility of such damages. The Special Warrant Agent shall not be under any obligation to prosecute or to defend any action or suit in respect of the relationship which, in the opinion of its Counsel, may involve it in expense or liability, unless the Corporation shall, so often as required, furnish the Special Warrant Agent with satisfactory indemnity and funding against such expense or liability.

9.20 Third Party Interests

The Corporation hereby represents to the Special Warrant Agent that any account to be opened by, or interest to be held by the Special Warrant Agent in connection with this Indenture, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case the Corporation agrees to complete and execute forthwith a declaration in the Special Warrant Agent's prescribed form as to the particulars of such third party.

9.21 Compliance with Anti-Money Laundering Legislation

The Special Warrant Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Special Warrant Agent, in its

sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorist legislation, or economic sanctions legislation, regulation or guideline. Further, should the Special Warrant Agent, in its sole judgment, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering, anti-terrorist legislation, or economic sanctions legislation, regulation or guideline, then it shall have the right to resign on 10 calendar days' written notice to the Corporation, provided (i) that the Special Warrant Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Special Warrant Agent's satisfaction within such 10-day period, then such resignation shall not be effective.

9.22 Not Appointed Receiver

The Special Warrant Agent and any person related to the Special Warrant Agent will not be appointed a receiver or receiver and manager or liquidator of all or any part of the assets or undertaking of the Corporation.

9.23 Compliance with Privacy Policy

The Corporation acknowledges that the Special Warrant Agent may, in the course of providing services hereunder, collect or receive financial and other personal information about such party and/or its representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

- (a) to provide the services required under this Indenture and other services that may be requested from time to time;
- (b) to help the Special Warrant Agent manage its servicing relationships with such individuals;
- (c) to meet the Special Warrant Agent's legal and regulatory requirements; and
- (d) if Social Insurance Numbers are collected by the Special Warrant Agent, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

The Corporation acknowledges and agrees that the Special Warrant Agent may receive, collect, use and disclose personal information provided to it or acquired by it in the course of its acting as agent hereunder for the purposes described above and, generally, in the manner and on the terms described in its privacy policy, which the Special Warrant Agent shall make available on its website or upon request, including revisions thereto. Further, the Corporation agrees that it shall not provide or cause to be provided to the Special Warrant Agent any personal information relating to an individual who is not a party to this Indenture unless the Corporation has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

9.24 Tax Reporting

- (a) The Corporation agrees that during the term of this Agreement and until the Escrowed Funds are released and distributed, for tax reporting purposes, all interest or other taxable income earned from the Escrowed Funds in any tax year shall be taxable, and the requisite tax reporting forms shall be issued to the Corporation in the taxation year that it was earned, notwithstanding if no such amount has been distributed.

- (b) In the event the Escrowed Funds are released and distributed to the Special Warrantholders pursuant to Section 4.4, the Agent and the Corporation agree that for tax reporting purposes, all Earnings in that tax year shall be taxable, and the requisite tax reporting forms shall be issued to the Special Warrantholders, as applicable, in the taxation year that it was earned and the Special Warrant Agent shall be entitled to withhold or deduct from the Escrowed Funds to be released and distributed as applicable, on a pro rata basis to the Special Warrantholders, the amount of any such taxes or other charges payable on the Earnings.

ARTICLE 10
NOTICES

10.1 Notice to Corporation, Special Warrant Agent and Agent

Any notice, direction or other instrument addressed to the Corporation, Special Warrant Agent or Agent under the provisions of this Indenture is valid and effective if in writing delivered personally, sent by registered letter, postage prepaid or sent by facsimile or pdf via email:

- (a) If to the Corporation:

CLS HOLDINGS USA, INC.
11767 South Dixie Highway, Suite 115
Miami, Florida
33156

Attention: Jeff Binder, Chairman & CEO
Email: jb@power3net.com

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

Cassels Brock & Blackwell LLP
40 King Street West, Suite 2100
Toronto, Ontario M5H 3C2

Attention: Cam Mingay
Email: cmingay@casselsbrock.com

- (b) If to the Special Warrant Agent:

Odyssey Trust Company
Stock Exchange Tower
350-300 5th Avenue SW
Calgary, Alberta T2P 3C4

Attention: Dan Sander
Email: dsander@odysseytrust.com

(c) If to the Agent:

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

Attention: Michael Graham
Email: MJGraham@canaccordgenuity.com

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

Bennett Jones LLP
3400 One First Canadian Place, P.O. Box 130,
Toronto, Ontario M5X 1A4

Attention: Aaron Sonshine
Email: sonshinea@bennettjones.com

Any notice, direction or other instrument aforesaid will, if delivered personally, be deemed to have been given and received on the day it was delivered and, if mailed, be deemed to have been received on the third Business Day following the date of the postmark on such notice, direction or other instrument and, if sent by facsimile or pdf via email, be deemed to have been given and received on the day it was so sent unless it was sent:

- (a) on a day which is not a business day in the place to which it was sent; or
- (b) after 5:00 p.m. in the place to which it was sent,

in which cases it will be deemed to have been given and received on the next day which is a business day in the place to which it was sent.

The Corporation, the Special Warrant Agent or the Agent, as the case may be, may from time to time notify the others in the manner provided in this Section 10.1 of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Corporation, the Special Warrant Agent or the Agent, as the case may be, for all purposes of this Indenture.

If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Special Warrant Agent, to the Corporation or to the Agent hereunder could reasonably be considered unlikely to reach or likely to be delayed in reaching its destination, such notice shall be valid and effective only if it is delivered to the named officer of the party to which it is addressed or, if it is delivered to such party at the appropriate address provided in this Section 10.1, or by facsimile or electronic transmission or other means of prepaid, transmitted and recorded communication.

10.2 Notice to Special Warrantholders

Any notice to the Special Warrantholders under the provisions of this Indenture is valid and effective if delivered, sent by regular mail or sent by courier, to each Special Warrantholder at its address appearing on the register of Special Warrants kept by the Special Warrant Agent or, in the case of joint holders, to the first such address, and, if delivered or couriered, shall be deemed to have been given and received on the day it was delivered and, if mailed, shall be deemed to have been received on the third Business Day following the date of the postmark on such notice. Accidental error or omission in giving notice or accidental failure to mail notice to any Special Warrantholder will not invalidate any action or proceeding founded thereon. All notices may be given to whichever one of the Special Warrantholders (if more than one) is named first in the appropriate register hereinbefore mentioned, and any notice so given

shall be sufficient notice to all Special Warrantheolders of and any other persons (if any) interested in such Special Warrants.

If, by reason of any interruption of mail service, actual or threatened, any notice to be given to the Special Warrantheolders by the Special Warrant Agent or the Corporation would be unlikely to reach or likely to be delayed in reaching its destination in the ordinary course of mail, such notice shall be valid and effective only if published twice (i) in the Report on Business section in the national edition of The Globe & Mail newspaper; and (ii) in such other place or places and manner, if any, as the Corporation may require. Any notice given to Special Warrantheolders by publication shall be deemed to have been given on the last day on which publication shall have been effected.

A copy of any notice provided to the Special Warrantheolders shall be concurrently provided to the Agent in the manner specified in Section 10.1.

ARTICLE 11
POWER OF BOARD OF DIRECTORS

11.1 Board of Directors

In this Indenture, where the Corporation is required or empowered to exercise any acts, all such acts may be exercised by the directors of the Corporation, by any duly appointed committee of the directors of the Corporation or by those officers of the Corporation authorized to exercise such acts.

ARTICLE 12
MISCELLANEOUS PROVISIONS

12.1 Further Assurances

The parties covenant and agree from time to time, as may be reasonably required by any party hereto, to execute and deliver such further and other documents and do all matters and things which are convenient or necessary to carry out the intention of this Indenture more effectively and completely.

12.2 Unenforceable Terms

If any term, covenant or condition of this Indenture or the application thereof to any party or circumstance is invalid or unenforceable to any extent, the remainder of this Indenture or application of such term, covenant or condition to a party or circumstance other than those to which it is held invalid or unenforceable is not affected thereby and each remaining term, covenant or condition of this Indenture is valid and enforceable to the fullest extent permitted by law.

12.3 No Waiver

No consent or waiver, express or implied, by either party to or of any breach or default by the other party in the performance by the other party of its obligations hereunder is deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations hereunder by such party. Failure on the part of either party to complain of any act or failure to act by the other party or to declare the other party in default, irrespective of how long such failure continues, does not constitute a waiver by such party of its rights hereunder.

12.4 Waiver of Default

Notwithstanding Section 12.3 above, upon the happening of any default hereunder:

- (a) the holders of not less than 50% of the Special Warrants plus one Special Warrant then outstanding shall have power (in addition to the powers exercisable by Extraordinary Resolution created under Article 7) by requisition in writing to instruct the Special Warrant Agent to waive any default hereunder and the Special Warrant Agent shall thereupon waive the default upon such terms and conditions as shall be prescribed in such requisition; or
- (b) the Special Warrant Agent shall have power to waive any default hereunder upon such terms and conditions as the Special Warrant Agent may deem advisable, if, in the Special Warrant Agent's opinion, relying on the opinion of Counsel, the same shall have been cured or adequate provision made therefor;

provided that no delay or omission of the Special Warrant Agent or of the Special Warrantholders to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein and provided further that no act or omission either of the Special Warrant Agent or of the Special Warrantholders shall extend to or be taken in any manner whatsoever to affect any subsequent default hereunder of the rights resulting therefrom.

12.5 Immunity of Shareholders

Subject to the contractual right of action given by the Corporation to the Special Warrantholders in the subscription agreements between the Corporation and the purchasers of the Special Warrants, given in Section 3.15 herein and to be contained in the Prospectus, and subject to any other rights or remedies available to the Special Warrantholders under applicable securities legislation or otherwise, the Special Warrant Agent and, by the acceptance of the Special Warrant Certificate and as part of the consideration for the issue of the Special Warrants, the Special Warrantholders hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any incorporator or any past, present or future shareholder, director, officer, employee or agent of the Corporation or of any successor corporation on any covenant, agreement, representation or warranty by the Corporation contained herein or in the Special Warrant Certificates.

12.6 Limitation of Liability

Subject to Section 12.5, the obligations hereunder are not personally binding upon, nor shall resort hereunder be had to, the private property of any of the past, present or future directors or shareholders of the Corporation or of any successor corporation or any of the past, present or future officers, employees or agents of the Corporation or of any successor corporation, but only the property of the Corporation or of any successor corporation shall be bound in respect hereof.

12.7 Suits by Special Warrantholders

- (a) No Special Warrantholder has any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Corporation wound up or to file or prove a claim in any liquidation or bankruptcy proceedings or for any other remedy hereunder unless the Special Warrantholders by Extraordinary Resolution have made a

request to the Special Warrant Agent and the Special Warrant Agent has been afforded reasonable opportunity to proceed or complete any action or suit for any such purpose whether or not in its own name and the Special Warrant holders or any of them have furnished to the Special Warrant Agent, when so requested by the Special Warrant Agent, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby and the Special Warrant Agent has failed to act within a reasonable time or the Special Warrant Agent has failed to actively pursue any such act or proceeding.

- (b) Subject to the provisions of Section 12.7(a) and otherwise in this Indenture, all or any of the rights conferred upon a Special Warrant holder by the terms of a Special Warrant may be enforced by such Special Warrant holder by appropriate legal proceedings without prejudice to the right which is hereby conferred upon the Special Warrant Agent to proceed in its own name to enforce each and all of the provisions herein contained for the benefit of the Special Warrant holders from time to time.

12.8 Force Majeure

Except for the payment obligations of the Corporation contained herein, neither party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.

12.9 Enurement

This Indenture enures to the benefit of and is binding upon the parties hereto and their respective successors and assigns and, subject to Sections 5.1(d), 8.2 and 9.5(g), may not be assigned by either party hereto without the consent in writing of the other party, such consent not to be unreasonably withheld.

12.10 Counterparts and Formal Date

This Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to be dated as of the Initial Closing Date.

12.11 Satisfaction and Discharge of Indenture

Upon the occurrence of the Deemed Exercise Time and if and once all Underlying Securities required to be issued in compliance with the provisions hereof have been issued and delivered hereunder, this Indenture (except for any indemnities given to the Special Warrant Agent) shall cease to be of further effect and the Special Warrant Agent, on demand of and at the cost and expense of the Corporation and upon delivery to the Special Warrant Agent of a certificate of the Corporation stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, and upon payment to the Special Warrant Agent of the fees and other remuneration payable to the Special Warrant Agent, the Special Warrant Agent shall execute proper instruments acknowledging satisfaction of and discharging this Indenture. Notwithstanding the foregoing, the indemnities provided to the Special Warrant Agent by the Corporation hereunder, Section 2.6(g) and Section 3.15 shall remain in full force and effect and survive the termination of this Indenture.

12.12 Provisions of Indenture and Special Warrants for the Sole Benefit of Parties and Special Warrantholders

Nothing in this Indenture or the Special Warrants, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the holders from time to time of the Special Warrants any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Special Warrantholders.

12.13 Formal Date and Effective Date

For the purpose of convenience, this Indenture is referred to as bearing the formal date of June 20, 2018; however, notwithstanding such formal date, this Indenture becomes effective as between the Corporation and any particular Special Warrantholder upon the date of issuance of a Special Warrant to such Special Warrantholder.

[Remainder of page intentionally left blank.]

The parties hereto have executed this Indenture under the hands of their proper officers in that behalf as of the date first written above.

CLS HOLDINGS USA, INC.

Per: /s/ Jeffrey I. Binder
Authorized Signatory

ODYSSEY TRUST COMPANY

Per: /s/ Dan Sander
Authorized Signatory

Per: /s/ Lisa Scotland
Authorized Signatory

SCHEDULE "A"

FORM OF SPECIAL WARRANT CERTIFICATE

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) [CLOSING DATE], AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

[All Special Warrants are required to bear the following legend:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY, (B) IF THE SECURITIES HAVE BEEN REGISTERED IN COMPLIANCE WITH THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT IN ACCORDANCE WITH RULE 144 THEREUNDER, IF APPLICABLE, AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES, AND THE HOLDER HAS, PRIOR TO SUCH SALE, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OF RECOGNIZED STANDING, OR OTHER EVIDENCE OF EXEMPTION, REASONABLY SATISFACTORY TO THE COMPANY. THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS SECURITY, EXCEPT AS PERMITTED BY THE SECURITIES ACT."

SPECIAL WARRANT CERTIFICATE

CLS HOLDINGS USA, INC.

(a corporation existing under the laws of the State of Nevada)

No. [●]

«Number» SPECIAL WARRANTS entitling the holder to acquire one Unit (comprised of one Underlying Share and one-half of one Underlying Warrant) for each Special Warrant, subject to adjustment as set out below

THIS IS TO CERTIFY that, for value received, «Name» (the "**Special Warrantholder**") is the registered holder of the number of special warrants (the "**Special Warrants**") stated above and is entitled to acquire in the manner and at the time, and subject to the restrictions contained in the Indenture (as defined below), one common share and one common share purchase warrant (collectively, the "**Underlying Securities**") of CLS Holdings USA, Inc. (the "**Corporation**") per Special Warrant represented hereby (subject to adjustment as set out below and in the Indenture), all without payment of any additional consideration.

The Special Warrants represented by this certificate are issued under and pursuant to a certain indenture (the “**Indenture**”) made as of June 20, 2018 between the Corporation and Odyssey Trust Company (the “**Special Warrant Agent**”) (which expression includes any successor special warrant agent appointed under the Indenture), to which Indenture and any instruments supplemental thereto reference is hereby made for a full description of the rights of the holders of the Special Warrants and the terms and conditions upon which such Special Warrants are, or are to be, issued and held, all to the same effect as if the provisions of the Indenture and all instruments supplemental thereto were herein set forth, to all of which provisions the holder of these Special Warrants by acceptance hereof assents. All terms defined in the Indenture are used herein as so defined. In the event of any conflict or inconsistency between the provisions of the Indenture and the provisions of this Special Warrant Certificate, except those that are necessary by context, the provisions of the Indenture shall prevail. The Corporation will furnish to the holder of this Special Warrant Certificate, upon request and without charge, a copy of the Indenture.

The Special Warrants represented by this Special Warrant Certificate will be deemed to be automatically exercised at 5:00 p.m. (Toronto time) on the earlier of:

- (i) the date that is the fifth Business Day after the date on which the receipt (the “**Receipt**”) for a (final) prospectus qualifying the distribution of the Underlying Shares issuable upon deemed exercise of the Special Warrants (the “**Prospectus**”) has been issued by the securities commissions or similar regulatory authority (the “**Securities Regulators**”) in each of the provinces of Canada in which Special Warrants are sold (the “**Designated Jurisdictions**”); and
- (ii) the date that is 4 months and one day after the Acquisition Date (as defined in the Indenture) (the “**Deemed Exercise Time**”).

The Special Warrants will be deemed to have been exercised, delivered and surrendered by the holders thereof immediately prior to the Deemed Exercise Time without any further action on the part of the holders.

As provided in the Special Warrant Indenture, if the Escrow Release Conditions are satisfied on or prior to the Escrow Release Deadline, the Escrowed Funds will be released to the Corporation and the Agent in accordance with the terms of the Special Warrant Indenture.

In the event that a Termination Event occurs, the Special Warrants will be cancelled and each Special Warrantholder’s Escrowed Funds will be refunded to each Special Warrantholder and the Corporation shall pay any shortfall. The Corporation shall forthwith deliver a Termination Notice to each of the Special Warrantholders, the Special Warrant Agent and the Agent and the Special Warrant Agent shall return to such holder the Special Warrantholder’s Escrowed Funds. The Special Warrant Agent shall pay to each Special Warrantholder the Special Warrantholder’s Escrowed Funds within five (5) Business Days following the Termination Date.

The Corporation will use its commercially reasonable efforts to obtain the Receipt for the Prospectus on or before 5:00 p.m. (Toronto time) on August 20, 2018 (the “**Qualification Deadline**”). If the Receipt for the Prospectus is not issued prior to the Qualification Deadline then each holder of a Special Warrant will be entitled to receive upon the deemed exercise of each Special Warrant, without payment of any additional consideration, 1.1 Units per Special Warrant, on the Deemed Exercise Date; provided, however, that any fractional entitlement to Units will be rounded down to the nearest whole Unit;

The Underlying Securities in respect of which the Special Warrants are deemed exercised will be deemed to have been issued on the date of such exercise, at which time each Special Warrantholder will be deemed to have become the holder of record of such Underlying Securities.

After the deemed exercise of Special Warrants, the Special Warrant Agent shall within three Business Days of such deemed exercise cause to be mailed or delivered to each Special Warrantholder at its address specified in the register for the Special Warrants maintained by the Special Warrant Agent or to such address as the Corporation may specify in writing to the Special Warrant Agent prior to the exercise of such Special Warrants, certificates for the appropriate number of Underlying Securities issuable in respect of such Special Warrants, not exceeding those which such Special Warrantholder is entitled to acquire pursuant to the Special Warrants so exercised.

The holder of this Special Warrant Certificate may at any time up to the Deemed Exercise Time, upon written instruction delivered to the Special Warrant Agent and payment of the charges provided for in the Indenture and otherwise in accordance with the provisions of the Indenture, exchange this Special Warrant Certificate for other Special Warrant Certificates evidencing the same number of Special Warrants represented by this Special Warrant Certificate.

The number of Underlying Securities which may be acquired by a Special Warrantholder upon deemed exercise of Special Warrants is also subject to and governed by Article 4 of the Indenture with respect to anti-dilution provisions, including provisions for the appropriate adjustment of the class, number and price of the securities issuable hereunder upon the occurrence of certain events including any subdivision, consolidation, or reclassification of the shares, payment of stock dividends, or amalgamation of the Corporation.

The holding of the Special Warrants evidenced by this Special Warrant Certificate does not constitute the Special Warrantholder a shareholder of the Corporation or entitle such holder to any right or interest in respect thereof except as expressly provided herein and in the Indenture.

The Special Warrants may only be transferred by the Special Warrantholder (or its legal representatives or its attorney duly appointed), on the register kept at the office of the Special Warrant Agent, in accordance with applicable laws and upon compliance with the conditions set out in the Indenture, by delivering to the Special Warrant Agent's Calgary office the Special Warrant Certificate, along with a duly executed Form of Transfer attached as Appendix "1" hereto, and complying with such other reasonable requirements as the Corporation and the Special Warrant Agent may prescribe and such transfer shall be duly noted on the register by the Special Warrant Agent.

The holder understands and acknowledges that the Special Warrants and Underlying Securities issuable hereunder upon deemed exercise of the Special Warrants (together, the "**Securities**") have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**1933 Act**"), or under the securities laws of any state of the United States, and that Special Warrants and any Securities issued upon the deemed exercise of such Special Warrants will be "restricted securities" within the meaning of Rule 144(a)(3) of the 1933 Act and cannot be offered, sold or otherwise transferred, directly or indirectly, except pursuant to registration under the 1933 Act or pursuant to an available exemption from such registration requirements and any transfer of the Special Warrants and any Securities issued upon the deemed exercise of such Special Warrants may only be (A) to the Corporation, (B) pursuant to an effective registration statement under the 1933 Act, (C) pursuant to the exemption from the registration requirements of the 1933 Act provided by Rule 144, if available, and in accordance with any applicable state securities laws or (D) pursuant to a transaction that doesn't require registration under the 1933 Act and in accordance with any applicable state securities laws and in each case, the holder has furnished to the Corporation and the Special Warrant Agent such documentation as the Corporation and

the Special Warrant Agent may reasonably require, including but not limited to, an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation and the Special Warrant Agent.

This Special Warrant Certificate shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract.

After the deemed exercise of any of the Special Warrants represented by this Special Warrant Certificate, the Special Warrantholder shall no longer have any rights under either the Indenture or this Special Warrant Certificate with respect to such Special Warrants, other than the right to receive certificates representing the Underlying Securities issuable on the deemed exercise of those Special Warrants, and those Special Warrants shall be void and of no further value or effect.

The Indenture contains provisions making binding upon all Special Warrantholders resolutions passed at meetings of such holders in accordance with such provisions or by instruments in writing signed by the Special Warrantholders holding a specified percentage of the Special Warrants.

Time shall be of the essence hereof.

The Corporation has caused this Special Warrant Certificate to be executed and the Special Warrant Agent has caused this Special Warrant Certificate to be countersigned by its duly authorized officers as of this ____ day of _____, 2018.

CLS HOLDINGS USA, INC.

Per: _____
Authorized Signatory

COUNTERSIGNED BY:

ODYSSEY TRUST COMPANY

Per: _____
Authorized Signatory

APPENDIX "1"
SPECIAL WARRANT CERTIFICATE - FORM OF TRANSFER

TO: CLS HOLDINGS USA, INC. (the "Corporation")

AND TO: ODYSSEY TRUST COMPANY

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (name) _____ (the "Transferee"), of _____ (residential address) _____ Special Warrants of CLS Holdings USA, Inc. registered in the name of the undersigned on the records of Odyssey Trust Company represented by the attached certificate, and irrevocably appoints _____ as the attorney of the undersigned to transfer the said securities on the books or register of transfer, with full power of substitution.

The undersigned hereby represents, warrants and certifies that (one (only) of the following must be checked):

- (A) the transfer is being made only to the Corporation;
- (B) the transfer is being made pursuant to an effective registration statement under the 1933 Act, and in compliance with any applicable local securities laws and regulations;
- (C) the transfer is being made pursuant to the exemption from the registration requirements of the 1933 Act provided by Rule 144 under the 1933 Act and in accordance with applicable state securities laws; or
- (D) the transfer is being made in another transaction that does not require registration under the 1933 Act or any applicable state securities laws.

in each case, the Corporation and the Special Warrant Agent shall first have received such documentation as the Corporation and the Special Warrant may reasonably require including but not limited to an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation and the Special Warrant Agent, to such effect.

Signature Guaranteed

(Signature of Special Warrantholder)

Name of Special Warrantholder:

Address (**Please print**):

Note to Special Warrantholders:

- (1) In order to transfer the Special Warrants represented by this Special Warrant Certificate, this transfer form must be delivered to the Special Warrant Agent, together with this Special Warrant Certificate at the following address:

Odyssey Trust Company
Stock Exchange Tower
350-300 5th Avenue SW
Calgary, Alberta T2P 3C4

Attention: Dan Sander

- (2) The signature(s) must be guaranteed by a Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed", with the correct prefix covering the face value of the certificate.

SCHEDULE "B"

COMPLETION NOTICE AND DIRECTION

TO: Odyssey Trust Company, as Special Warrant Agent (the "**Special Warrant Agent**")
RE: Special Warrant Indenture (the "**Special Warrant Indenture**") dated June 20, 2018 among CLS Holdings USA, Inc. (the "**Corporation**"), Canaccord Genuity Corp. (the "**Agent**") and the Special Warrant Agent

Capitalized terms used in this Completion Notice and Direction and not otherwise defined shall have the meanings ascribed to them in the Special Warrant Indenture.

Pursuant to Sections 4.2(b) and 4.3 of the Special Warrant Indenture, each of the undersigned hereby certifies that the Escrow Release Conditions have been satisfied and further instructs that payment of the Escrowed Funds be made as follows:

- (a) an amount of \$[●] to the Agent or as directed by the Agent on account of 50% of the Agent's Commission in accordance with the instructions in the attached schedule; and
- (b) the balance to the Corporation or as directed by the Corporation, less any amount payable to the Special Warrant Agent equal to the reasonable fees for service rendered and disbursements incurred pursuant to the Special Warrant Indenture, in accordance with the instructions in the attached schedule.

This Completion Notice and Direction, which may be signed in counterparts and delivered by facsimile or pdf, is irrevocable and shall constitute your good and sufficient authority for taking the actions described herein.

DATED this ____ day of _____, 201__.

CLS HOLDINGS USA, INC.

By: _____
Authorized Signing Officer

CANACCORD GENUITY CORP.

By: _____
Authorized Signing Officer

SCHEDULE "C"

FORM OF TERMINATION NOTICE

TO: Odyssey Trust Company, as Special Warrant Agent (the "Special Warrant Agent")
AND TO: Canaccord Genuity Corp.
AND TO: Special Warranholders
RE: Special Warrant Indenture (the "Special Warrant Indenture") dated June 20, 2018 among CLS Holdings USA, Inc. (the "Corporation"), Canaccord Genuity Corp. (the "Agent") and the Special Warrant Agent

Capitalized terms used in this Termination Notice and not otherwise defined shall have the meanings ascribed to them in the Special Warrant Indenture.

Pursuant to the Special Warrant Indenture, the undersigned hereby confirms that a Termination Event has occurred as of _____, 2018, being the Termination Date and hereby instructs the Special Warrant Agent to return the Escrowed Funds to the Special Warranholders all in accordance with Section 4.4 of the Special Warrant Indenture.

The undersigned further confirms that the amount of \$_____ will be deposited with the Special Warrant Agent for delivery to the Special Warranholders to make up the shortfall in the Escrowed Funds.

This Termination Notice is irrevocable and shall constitute your good and sufficient authority for taking the actions described herein.

DATED this ____ day of _____, 201__.

CLS HOLDINGS USA, INC.

By:

Authorized Signing Officer

C-1

SCHEDULE “D”

NOTICE FOLLOWING DEEMED EXERCISE OF SPECIAL WARRANTS

Reference is made to the Special Warrant Indenture (the “**Indenture**”) dated June 20, 2018 between CLS Holdings USA, Inc. (the “**Corporation**”) and Odyssey Trust Company, as Special Warrant Agent. All capitalized terms used but not defined herein shall have the meaning ascribed thereto in the Indenture. The Corporation, a corporation existing under the laws of the State of Nevada, hereby gives notice to the registered holders of the Underlying Securities issued upon the deemed exercise of the Special Warrants in accordance with the terms of the Indenture of the following:

- (a) the Underlying Securities so issued upon the deemed exercise of the Special Warrants have been issued to the person or persons in whose name or names the Underlying Securities so subscribed for are to be issued as specified in the Special Warrant register;
- (b) the number of Underlying Shares and Underlying Warrants issued is equal to the number of Underlying Shares and Underlying Warrants issuable, in accordance with the terms of the Indenture, per Special Warrant deemed exercised; and
- (c) the Corporation will furnish to the registered holders of the Underlying Securities, on demand and without charge, a full copy of the text of:
 - (1) the rights, privileges, restrictions and conditions attached to the Common Shares; and
 - (2) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series, if applicable.

CLS HOLDINGS USA, INC.

Per:

Authorized Signatory

SCHEDULE "E"

NOTICE OF RECEIPTED PROSPECTUS

TO: Odyssey Trust Company, as Special Warrant Agent (the "Special Warrant Agent")

AND TO: Canaccord Genuity Corp.

Reference is made to the special warrant indenture dated June 20, 2018 (the "Special Warrant Indenture") between CLS Holding USA, Inc. (the "Corporation") and the Special Warrant Agent. Capitalized terms used herein that are not otherwise defined have the meanings ascribed to such terms in the Special Warrant Indenture.

Pursuant to Section 3.7 of the Special Warrant Indenture, the Corporation hereby provides notice to the Special Warrant Agent and the Agents, that a Receipt for the Prospectus has been issued as of [●] and that the Special Warrants will be deemed to be exercised effective as of [●].

The Corporation hereby confirms that no adjustment has occurred pursuant to the terms of the Special Warrant Indenture.

CLS HOLDINGS USA, INC.

Per:

Authorized Signatory

CLS HOLDINGS USA, INC.

as the Corporation

and

ODYSSEY TRUST COMPANY

as the Warrant Agent

WARRANT INDENTURE
Providing for the Issue of Warrants

Dated as of June 20, 2018

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WARRANT INDENTURE

THIS WARRANT INDENTURE is dated as of June 20, 2018.

BETWEEN:

CLS HOLDINGS USA, INC., a corporation existing under the laws of the State of Nevada (the "**Corporation**"),

- and -

ODYSSEY TRUST COMPANY, a trust company existing under the laws of Alberta (the "**Warrant Agent**")

WHEREAS in connection with a private placement of Units (as defined herein) by the Corporation, the Corporation is proposing to issue up to 35,781,678 Warrants (as defined herein), pursuant to this Indenture on the Issue Date (as defined herein);

AND WHEREAS pursuant to this Indenture, each Warrant shall, subject to adjustment, entitle the holder thereof to acquire one Common Share upon payment of the Exercise Price (as defined herein) prior to the Expiry Time (as defined herein) upon the terms and conditions herein set forth;

AND WHEREAS all acts and deeds necessary have been done and performed to make the Warrants, when created and issued as provided in this Indenture, legal, valid and binding upon the Corporation with the benefits and subject to the terms of this Indenture;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Corporation and not by the Warrant Agent;

NOW THEREFORE, in consideration of the premises and mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Corporation hereby appoints the Warrant Agent as warrant agent to hold the rights, interests and benefits contained herein for and on behalf of those persons who from time to time become the holders of Warrants issued pursuant to this Indenture and the parties hereto agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions.

In this Indenture, including the recitals and schedules hereto, and in all indentures supplemental hereto:

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

“**Adjustment Period**” means the period from the Effective Date up to and including the Expiry Time;

“**Applicable Legislation**” means any statute of Canada or the United States, or a province or state thereof, and the regulations under any such named or other statute, relating to warrant indentures or to the rights, duties and obligations of warrant agents under warrant indentures, to the extent that such provisions are at the time in force and applicable to this Indenture;

“**Auditors**” means a firm of chartered accountants duly appointed as auditors of the Corporation;

“**Authenticated**” means (a) with respect to the issuance of a Warrant Certificate, one which has been duly signed by the Corporation and authenticated by manual signature of an authorized signatory of the Warrant Agent, and (b) with respect to the issuance of an Uncertificated Warrant, one in respect of which the Warrant Agent has completed all Internal Procedures such that the particulars of such Uncertificated Warrant as required by Section 2.7 are entered in the register of holders of Warrants, “Authenticate”, “Authenticating” and “Authentication” have the appropriate correlative meanings;

“**beneficial owner**” means a person that has a beneficial interest in a Warrant;

“**Business Day**” means any day other than Saturday, Sunday or a statutory or civic holiday, or any other day on which the banks are open for business in the City of Toronto, Ontario;

“**Certificated Warrant**” means a Warrant evidenced by a writing or writings substantially in the form of Schedule “A”, attached hereto;

“**Common Shares**” means, subject to Article 4, fully paid and non-assessable common shares of the Corporation as presently constituted;

“**Counsel**” means a barrister or solicitor or a firm of barristers and solicitors retained by the Warrant Agent or retained by the Corporation and acceptable to the Warrant Agent, which may or may not be counsel for the Corporation;

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

“**Current Market Price**” of the Common Shares at any date means the weighted average of the trading price per Common Share for such Common Shares for each day there was a closing price for the twenty consecutive Trading Days ending within five days prior to such date on the CSE or if on such date the Common Shares are not listed on the CSE, on such stock exchange upon which such Common Shares are listed and as selected by the Directors, or, if such Common Shares are not listed on any stock exchange then on such over-the-counter market as may be selected for such purpose by the Directors;

“**Directors**” means the board of directors of the Corporation;

“**Dividends**” means any dividends paid by the Corporation;

“**Effective Date**” means the date of this Indenture;

“**Exchange Rate**” means the number of Common Shares subject to the right of purchase under each Warrant which as of the date hereof is one;

“**Exercise Date**” means, in relation to a Warrant, the Business Day on which such Warrant is validly exercised or deemed to be validly exercised in accordance with Article 3 hereof;

“**Exercise Notice**” has the meaning set forth in Section 3.2(1);

“**Exercise Price**” at any time means the price at which a whole Common Share may be purchased by the exercise of a whole Warrant, which is initially \$0.65 per Common Share, payable in immediately available Canadian funds, subject to adjustment in accordance with the provisions of Article 4;

“**Expiry Date**” means the date that is 36 months from the date the Common Shares are listed on a recognized stock exchange;

“**Expiry Time**” means 5:00 p.m. (Toronto time) on the Expiry Date;

“**Extraordinary Resolution**” has the meaning set forth in Section 7.11;

“**Issue Date**” for a particular Warrant means the date on which the Warrant is actually issued by or on behalf of the Corporation;

“**Offering**” means the private placement of Special Warrants completed on June 20, 2018;

“**person**” means an individual, body corporate, partnership, trust, agent, executor, administrator, legal representative or any unincorporated organization;

“**register**” means the one set of records and accounts maintained by the Warrant Agent pursuant to Section 2.10;

“**Registration Statement**” means a registration statement filed and effective with the SEC under the U.S. Securities Act registering the resale by the holders of the Warrants of the Common Shares issuable upon exercise of the Warrants;

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

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

“**Securities Laws**” means, collectively, the applicable securities laws of the United States, including without limitation, the *U.S. Securities Act*, the *U.S. Exchange Act* and the rules and regulations promulgated thereunder, and each of the states of the United States and each of the provinces of Canada and the respective regulations made and

forms prescribed thereunder together with all applicable published rules, policy statements, notices and blanket orders and rulings of the securities commissions or similar regulatory authorities (including the CSE) in each of the provinces of Canada, the United States and in each of the states of the United States;

“**Shareholders**” means holders of Common Shares;

“**Special Warrant**” means the special warrants of the Corporation issued pursuant to the Offering with each special warrant exercisable into one Unit upon the occurrence of certain conditions as set out in the special warrant indenture between the Corporation and Odyssey Trust Company dated June 20, 2018;

“**successor entity**” has the meaning ascribed thereto in Section 8.2;

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

“**this Warrant Indenture**”, “**this Indenture**”, “**this Agreement**”, “**hereto**” “**herein**”, “**hereby**”, “**hereof**” and similar expressions mean and refer to this Indenture and any indenture, deed or instrument supplemental hereto; and the expressions “**Article**”, “**Section**”, “**subsection**” and “**paragraph**” followed by a number, letter or both mean and refer to the specified article, section, subsection or paragraph of this Indenture;

“**Trading Day**” means a day on which the CSE is open for the transaction of business and with respect to another stock exchange or over-the-counter market means, a day on which such exchange or over-the-counter market is open for the transaction of business;

“**Trading Market**” means the CSE or, if the Common Shares are not then traded or quoted on the CSE, any other stock exchange or over-the-counter market on which the Common Shares are principally traded or quoted;

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

“**Units**” means the units of the Corporation underlying the Special Warrants issued pursuant to the Offering with each Unit comprised of one Unit Share and one Warrant;

“**Unit Share**” means the Common Shares partially comprising the Units;

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

“**U.S. Person**” means a “U.S. Person” as set forth in Regulation S and includes, subject to certain exclusions set out therein, the following: (i) any natural person resident in the United States; (ii) any partnership or corporation organized or incorporated under the laws of the United States; (iii) any estate of which any executor or administrator is a U.S. Person; (iv) any trust of which any trustee is a U.S. Person; (v) any agency or branch of a foreign entity located in the United States; (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or

account of a U.S. Person; (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; (viii) any partnership or corporation if (A) organized or incorporated under the laws of any jurisdiction other than the United States and (B) formed by a U.S. Person principally for the purpose of investing in securities not registered under the U.S. Securities Act, unless it is organized or incorporated, and owned, by "accredited investors" (as defined in Rule 501(a) of Regulation D) who are not natural persons, estates or trusts;

"**U.S. Purchaser**" is (a) any U.S. Person that purchased Special Warrants, (b) any person that purchased Special Warrants on behalf of any U.S. Person or any person in the United States, (c) any purchaser of Special Warrants that received an offer of the Special Warrants while in the United States, (d) any person that was in the United States at the time the purchaser's buy order was made or the subscription agreement for Special Warrants was executed or delivered;

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

"**VWAP**" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Shares are then listed or quoted on the Trading Market, the daily volume weighted average price of the Common Shares for such date (or the nearest preceding date) on the principal Trading Market, (b) if the Common Shares are not then listed or quoted for trading on a Trading Market and if prices for the Common Shares are then reported in the "Pink Sheets" published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Shares so reported, or (c) in all other cases, the fair market value of a share of Common Shares as determined by an independent appraiser selected in good faith by the holders of a majority in interest of the Warrants then outstanding and reasonably acceptable to the Corporation, the fees and expenses of which shall be paid by the Corporation;

"**Warrant Agency**" means the principal offices of the Warrant Agent in the City of Calgary, Alberta, or such other place as may be designated in accordance with Section 3.5;

"**Warrant Agent**" means Odyssey Trust Company, in its capacity as warrant agent of the Warrants, or its successors from time to time;

"**Warrant Certificate**" means a certificate, substantially in the form set forth in Schedule "A" hereto or such other form as may be approved by the Corporation, and the Warrant Agent, to evidence those Warrants that will be evidenced by a certificate;

"**Warrantholders**", or "**holders**" without reference to Warrants, means the persons entered in the register hereinafter mentioned as holders of Warrants outstanding at such time;

“**Warrantholders’ Request**” means an instrument signed in one or more counterparts by Warrantholders holding in the aggregate not less than 25% of the aggregate number of all Warrants then unexercised and outstanding, requesting the Warrant Agent to take some action or proceeding specified therein;

“**Warrants**” means the Common Share purchase warrants created by, authorized by and issuable under this Indenture, to be issued and countersigned hereunder as a Certificated Warrant and/or Uncertificated Warrant, entitling the holder thereof to purchase one Common Share (subject to adjustment as herein provided) for each Warrant upon payment of the Exercise Price prior to the Expiry Time;

“**Warrant Shares**” has the meaning ascribed to such term in Section 2.9(1) hereof; and

“**written order of the Corporation**”, “**written request of the Corporation**”, “**written consent of the Corporation**” and “**certificate of the Corporation**” mean, respectively, a written order, request, consent and certificate signed in the name of the Corporation by its Chief Executive Officer or Chief Financial Officer, or a person acting in any such capacity for the Corporation and may consist of one or more instruments so executed.

1.2 Gender and Number.

Words importing the singular number or masculine gender shall include the plural number or the feminine or neuter genders, and vice versa.

1.3 Headings, Etc.

The division of this Indenture into Articles and Sections, 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 Indenture or of the Warrants.

1.4 Day not a Business Day.

If any day on or before which any action or notice is required to be taken or given hereunder is not a Business Day, then such action or notice shall be required to be taken or given on or before the requisite time on the next succeeding day that is a Business Day.

1.5 Time of the Essence.

Time shall be of the essence of this Indenture.

1.6 Monetary References.

Whenever any amounts of money are referred to herein, such amounts shall be deemed to be in lawful money of Canada unless otherwise expressed.

1.7 Applicable Law.

This Indenture, the Warrants, the Warrant Certificates (including all documents relating thereto, which by common accord have been and will be drafted in English) shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each of the parties hereto, which shall include the Warrantheholders, irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Ontario with respect to all matters arising out of this Indenture and the transactions contemplated herein.

**ARTICLE 2
ISSUE OF WARRANTS**

2.1 Creation and Issue of Warrants.

A maximum of up to 35,781,678 Warrants (subject to adjustment as herein provided) are hereby authorized to be created and authorized to be issued in accordance with the terms and conditions hereof. By written order of the Corporation, the Warrant Agent shall deliver Authenticated Warrants to Warrantheholders and record the name of the Warrantheholders on the Warrant register. Registration of interests in Warrants held by the Depository may be evidenced by a position appearing on the register for Warrants of the Warrant Agent for an amount representing the aggregate number of such Warrants outstanding from time to time.

2.2 Terms of Warrants.

- (1) Subject to the applicable conditions for exercise set out in Article 3 having been satisfied and subject to adjustment in accordance with Article 4, each Warrant shall entitle each Warrantheholder thereof, upon exercise at any time after the Issue Date and prior to the Expiry Time, to acquire one Common Share upon payment of the Exercise Price.
- (2) No fractional Warrants shall be issued or otherwise provided for hereunder and Warrants may only be exercised in a sufficient number to acquire whole numbers of Common Shares. Any fractional Common Shares shall be rounded down to the nearest whole number and the holder shall not be entitled to any compensation in respect of any fractional Common Share which is not issued.
- (3) Each Warrant shall entitle the holder thereof to such other rights and privileges as are set forth in this Indenture.
- (4) The number of Common Shares which may be purchased pursuant to the Warrants and the Exercise Price therefor shall be adjusted upon the events and in the manner specified in Article 4.

2.3 Warrantheholder not a Shareholder.

Except as may be specifically provided herein, nothing in this Indenture or in the holding of a Warrant Certificate, entitlement to a Warrant or otherwise, shall, in itself, confer or

be construed as conferring upon a Warranholder any right or interest whatsoever as a Shareholder, including, but not limited to, the right to vote at, to receive notice of, or to attend, meetings of Shareholders or any other proceedings of the Corporation, or the right to Dividends and other allocations.

2.4 Warrants to Rank Pari Passu.

All Warrants shall rank equally and without preference over each other, whatever may be the actual date of issue thereof.

2.5 Form of Warrants.

The Warrants may be issued only in certificated All Warrants issued in certificated form shall be evidenced by a Warrant Certificate (including all replacements issued in accordance with this Indenture), substantially in the form set out in Schedule "A" hereto, which shall be dated as of the Issue Date, shall bear such distinguishing letters and numbers as the Corporation may, with the approval of the Warrant Agent, prescribe, and shall be issuable in any denomination excluding fractions.

2.6 [Reserved]

2.7 Signing of Warrant Certificates.

(1) The form of certificate representing Warrants shall be substantially as set out in Schedule "A" hereto or such other form as is authorized from time to time by the Warrant Agent. Each Warrant Certificate shall be Authenticated manually by or on behalf of the Warrant Agent. Each Warrant Certificate shall be signed by either of the Chief Executive Officer or Chief Financial Officer of the Corporation whose signature shall appear on the Warrant Certificate and may be printed, lithographed or otherwise mechanically reproduced thereon and, in such event, certificates so signed are as valid and binding upon the Corporation as if it had been signed manually. Any Warrant Certificate which has the applicable signatures as hereinbefore provided shall be valid notwithstanding that one or more of the persons whose signature is printed, lithographed or mechanically reproduced no longer holds office at the date of issuance of such certificate. The Warrant Certificates may be engraved, printed or lithographed, or partly in one form and partly in another, as the Warrant Agent may determine.

(2) Any Warrant Certificate validly issued in accordance with the terms of this Indenture in effect at the time of issue of such Warrant Certificate shall, subject to the terms of this Indenture and applicable law, validly entitle the holder to acquire Common Shares, notwithstanding that the form of such Warrant Certificate may not be in the form currently required by this Indenture.

2.8 Authentication by the Warrant Agent.

(1) No Warrant shall be considered issued and shall be valid or obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by the Warrant Agent. Authentication by the Warrant Agent shall not be construed as a

representation or warranty by the Warrant Agent as to the validity of this Indenture or of such Warrant Certificates or Uncertificated Warrants (except the due Authentication thereof) or as to the performance by the Corporation of its obligations under this Indenture and the Warrant Agent shall in no respect be liable or answerable for the use made of the Warrants or any of them or of the consideration therefor. Authentication by the Warrant Agent shall be conclusive evidence as against the Corporation that the Warrants so Authenticated have been duly issued hereunder and that the holder thereof is entitled to the benefits of this Indenture.

(2) [Reserved]

(3) No Certificated Warrant shall be considered issued and Authenticated or, if Authenticated, shall be obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by manual signature by or on behalf of the Warrant Agent. Such Authentication on any such Certificated Warrant shall be conclusive evidence that such Certificated Warrant is duly Authenticated and is valid and a binding obligation of the Corporation and that the holder is entitled to the benefits of this Indenture.

(4) [Reserved].

(5) [Reserved].

2.9 Legends.

(1) Neither the Warrants nor the Common Shares issuable upon exercise thereof (the “**Warrant Shares**”) have been, nor will they be, registered under the U.S. Securities Act or the Securities Laws of any state, and may not be offered, sold or otherwise disposed of unless an exemption from the registration requirements under the U.S. Securities Act and applicable state securities laws is available or the Warrants and Warrant Shares, as applicable, are the subject of an effective registration statement under the U.S. Securities Act. Warrants and, if applicable, Warrant Shares must be issued only in individually certificated form.

Certificates representing Warrants and, if applicable, any Warrant Shares and any certificates issued in replacement thereof or in substitution therefor, shall, until such time as the same is no longer required under applicable requirements of the U.S. Securities Act or applicable state securities laws, bear a legend in substantially the following form:

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON THE EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY, (B) IF THE SECURITIES HAVE BEEN REGISTERED IN COMPLIANCE WITH THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT AND IN

ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT IN ACCORDANCE WITH RULE 144 THEREUNDER, IF APPLICABLE, AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES, AND THE HOLDER HAS, PRIOR TO SUCH SALE, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OF RECOGNIZED STANDING, OR OTHER EVIDENCE OF EXEMPTION, REASONABLY SATISFACTORY TO THE COMPANY. THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS SECURITY, EXCEPT AS PERMITTED BY THE SECURITIES ACT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

[IN THE CASE OF WARRANTS ONLY: "THE SECURITIES EVIDENCED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE 1933 ACT OR U.S. STATE SECURITIES LAWS. THIS SPECIAL WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A PERSON IN THE UNITED STATES OR A U.S. PERSON UNLESS THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS SPECIAL WARRANT HAVE BEEN REGISTERED UNDER THE 1933 ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE."]

- (2) Each Warrant originally issued on the date hereof and issued in exchange therefor or in substitution thereof (if issued prior to the date that a receipt is issued for a (final) prospectus qualifying the resale of the Warrants and Underlying Shares) shall bear or be deemed to bear the following legend or such variations thereof as the Corporation may prescribe from time to time:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) [CLOSING DATE], AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY."

provided that if, at any time, in the opinion of counsel to the Corporation, such legend is no longer necessary or advisable under applicable Securities Laws, or the holder of any such legended certificate, at the holder's expense, provides the Corporation with evidence satisfactory in form and substance to the Company (which may include an opinion of

counsel satisfactory to the Company) to the effect that such legend is not required, such legended certificate may thereafter be surrendered to the Corporation in exchange for a certificate which does not bear such legend.

- (3) Notwithstanding any other provisions of this Indenture, in processing and registering transfers of Warrants, no duty or responsibility whatsoever shall rest upon the Warrant Agent to determine the compliance by any transferor or transferee with the terms of the legend contained in subsections 2.9(1), or 2.9(2), or with the relevant securities laws or regulations, including, without limitation, Regulation S, and the Warrant Agent shall be entitled to assume that all transfers that are processed in accordance with this Indenture are legal and proper.

2.10 Register of Warrants

- (1) The Warrant Agent shall maintain records and accounts concerning the Warrants, whether certificated or uncertificated, which shall contain the information called for below with respect to each Warrant, together with such other information as may be required by law or as the Warrant Agent may elect to record. All such information shall be kept in one set of accounts and records which the Warrant Agent shall designate (in such manner as shall permit it to be so identified as such by an unaffiliated party) as the register of the holders of Warrants. The information to be entered for each account in the register of Warrants at any time shall include (without limitation):
- (a) the name and address of the holder of the Warrants, the date of Authentication thereof and the number Warrants;
 - (b) whether such Warrant is a Certificated Warrant or an Uncertificated Warrant and, if a Certificated Warrant, the unique number or code assigned to and imprinted thereupon and, if an Uncertificated Warrant, the unique number or code assigned thereto if any;
 - (c) whether such Warrant has been cancelled; and
 - (d) a register of transfers in which all transfers of Warrants and the date and other particulars of each transfer shall be entered.
- (2) The register shall be available for inspection by the Corporation and or any Warrantholder during the Warrant Agent's regular business hours on a Business Day and upon payment to the Warrant Agent of its reasonable fees. Any Warrantholder exercising such right of inspection shall first provide an affidavit in form satisfactory to the Corporation and the Warrant Agent stating the name and address of the Warrantholder and agreeing not to use the information therein except in connection with an effort to call a meeting of Warranholders or to influence the voting of Warranholders at any meeting of Warranholders.

2.11 Issue in Substitution for Warrant Certificates Lost, etc.

- (1) If any Warrant Certificate becomes mutilated or is lost, destroyed or stolen, the Corporation, subject to applicable law, and subsection 2.11(2) shall issue and thereupon the Warrant Agent shall certify and deliver, a new Warrant Certificate of like tenor, and bearing the same legend, if applicable, as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Warrant Certificate, and the substituted Warrant Certificate shall be in a form approved by the Warrant Agent and the Warrants evidenced thereby shall be entitled to the benefits hereof and shall rank equally in accordance with its terms with all other Warrants issued or to be issued hereunder.
- (2) The applicant for the issue of a new Warrant Certificate pursuant to this Section 2.11 shall bear the cost of the issue thereof, and in the case of mutilation shall, as a condition precedent to the issue thereof, deliver to the Warrant Agent the mutilated Warrant Certificate, and in case of loss, destruction or theft shall, as a condition precedent to the issuance thereof, furnish to the Corporation and to the Warrant Agent such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation and to the Warrant Agent, in their sole discretion, and such applicant shall also be required to furnish an indemnity and surety bond in amount and form satisfactory to the Corporation and the Warrant Agent, in their sole discretion, and shall pay the reasonable charges of the Corporation and the Warrant Agent in connection therewith.

2.12 Exchange of Warrant Certificates.

- (1) Any one or more Warrant Certificates representing any number of Warrants may, upon compliance with the reasonable requirements of the Warrant Agent (including compliance with applicable Securities Laws), be exchanged for one or more other Warrant Certificates representing the same aggregate number of Warrants, and bearing the same legend, if applicable, as represented by the Warrant Certificate or Warrant Certificates so exchanged.
- (2) Warrant Certificates may be exchanged only at the Warrant Agency or at any other place that is designated by the Corporation with the approval of the Warrant Agent. Any Warrant Certificate tendered for exchange shall be cancelled and surrendered to the Warrant Agent.

2.13 Transfer and Ownership of Warrants.

- (1) The Warrants may only be transferred on the register kept by the Warrant Agent at the Warrant Agency by the holder or its legal representatives or its attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent only upon
 - (a) surrendering to the Warrant Agent at the Warrant Agency the Warrant Certificates representing the Warrants to be transferred together with a duly executed transfer form as set forth in Schedule "A" (together with a opinion of counsel, if required by Sections 2.9(1));

- (b) [reserved]
- (c) upon compliance with:
 - (i) the conditions herein;
 - (ii) such reasonable requirements as the Warrant Agent may prescribe; and
 - (iii) all applicable Securities Laws and requirements of regulatory authorities;

and such transfer shall be duly noted in such register by the Warrant Agent. Upon compliance with such requirements, the Warrant Agent shall issue to the transferee of a Certificated Warrant, a Warrant Certificate, representing the Warrants transferred.

- (2) The Warrant Agent shall not register a transfer unless the transferor has provided the Warrant Agent with the Warrant Certificate and such securities may be transferred only as set forth in such Section 2.9(1).
- (3) Subject to the provisions of this Indenture and applicable law, the Warrantholder shall be entitled to the rights and privileges attaching to the Warrants, and the issue of Common Shares by the Corporation upon the exercise of Warrants in accordance with the terms and conditions herein contained shall discharge all responsibilities of the Corporation and the Warrant Agent with respect to such Warrants and neither the Corporation nor the Warrant Agent shall be bound to inquire into the title of any such holder.
- (4) The Corporation will be entitled, and may direct the Warrant Agent, to refuse to recognize any transfer, or enter the name of any transferee, of any Warrant on the register kept by the Warrant Agent, if such transfer would constitute a violation of Securities Laws or the rules, regulations or policies of any regulatory authority having jurisdiction. The Warrant Agent is entitled to assume compliance with all applicable Securities Laws unless otherwise notified in writing by the Corporation. No duty shall rest with the Warrant Agent to determine compliance of the transferee or transferor of any Warrant with Securities Laws.
- (5) Any Warrant Certificate issued to a transferee upon transfers contemplated by this section 2.13 shall bear the appropriate legends, as required by applicable Securities Laws, as set forth in subsection 2.9.

2.14 Cancellation of Surrendered Warrants.

All Warrant Certificates surrendered pursuant to Article 3 or transferred or exchanged pursuant to Article 2 shall be cancelled by the Warrant Agent and so noted on the register by the Warrant Agent. Upon request by the Corporation, the Warrant Agent shall furnish to the Corporation a cancellation certificate identifying the Warrant Certificates so cancelled, the number of Warrants evidenced thereby, the number of Common Shares, if

any, issued pursuant to such Warrants, as applicable, and the details of any Warrant Certificates issued in substitution or exchange for such Warrant Certificates cancelled.

ARTICLE 3
EXERCISE OF WARRANTS

3.1 Right of Exercise.

Subject to the provisions hereof, each registered Warranholder may exercise the right conferred on such holder to subscribe for and purchase one Common Share for each Warrant after the Issue Date and prior to the Expiry Time and in accordance with the conditions herein; provided, however, that such exercise must be permitted under applicable U.S. Securities Laws.

If no Registration Statement is effective under the U.S. Securities Act, or if the prospectus contained therein is not available for the resale of the Common Shares issuable upon exercise of the Warrants by the holder exercising the Warrant, at any time prior to the Expiry Time, such Warranholder shall be notified forthwith by the Warrant Agent that such Warranholder is entitled to a cashless exercise, in part or in whole, in accordance with Section 3.2(2).

3.2 Warrant Exercise.

- (1) Holders of Certificated Warrants who wish to exercise the Warrants held by them in order to acquire Common Shares must, if permitted pursuant to the terms and conditions hereunder and as set forth in any applicable legend, complete the exercise form (the “**Exercise Notice**”) which form is attached to the Warrant Certificate which may be amended by the Corporation with the consent of the Warrant Agent, if such amendment does not, in the reasonable opinion of the Corporation and the Warrant Agent, materially and adversely affect the rights, entitlements and interests of the Warranholders, and deliver such certificate(s), the executed Exercise Notice and a certified cheque, bank draft or money order payable to or to the order of the Corporation for the aggregate Exercise Price to the Warrant Agent at the Warrant Agency. The Warrants represented by a Warrant Certificate shall be deemed to be surrendered upon personal delivery of such certificate, Exercise Notice and aggregate Exercise Price or, if such documents are sent by mail or other means of transmission, upon actual receipt thereof by the Warrant Agent at the office referred to above.
- (2) If, at the time of exercise of any Warrant in accordance with this Indenture, there is no effective Registration Statement under the U.S. Securities Act covering the resale by the holder of a portion of the Common Shares to be issued upon exercise of the Warrant, or the prospectus contained therein is not available for the resale of the Common Shares to the Warranholder under the U.S Securities Act by reason of a blackout or suspension of use thereof, then the Warrants may be exercised, in part for that portion of the Common Shares not registered for resale by the holder under an effective Registration Statement or in whole in the case of the prospectus not being available for the resale of such Common Shares, at such time by means of a “cashless exercise” in which the Warranholder shall

be entitled to receive a number of Common Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

A = the last VWAP for the Trading Day immediately preceding the time of delivery of the Exercise Form giving rise to the applicable "cashless exercise" (to clarify, the "last VWAP" will be the VWAP as calculated over an entire Trading Day such that, in the event that a Warrant is exercised at a time when the Trading Market is open, the prior Trading Day's VWAP shall be used in this calculation);

B = the Exercise Price of the Warrant, as adjusted hereunder (if any); and

X = the number of Common Shares that would be issuable upon exercise of the Warrant in accordance with the terms of such Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

If Common Shares are issued pursuant to such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the U.S. Securities Act, such Common Shares shall take on the registered characteristics of the Warrants being exercised. The Corporation agrees not to take any position contrary to this Section 3.2(2). Upon receipt of a duly completed Exercise Form that specifies a cashless exercise, the Warrant Agent will notify the Corporation, which will calculate and provide to the Warrant Agent the number of Common Shares to be allotted to the Warrantholder.

For the avoidance of doubt, a Warrantholder may only exercise his or her warrants by means of "cashless exercise" if there is no effective Registration Statement under the U.S. Securities Act registering the resale by such holder of the Common Shares issuable upon exercise of the Warrants, or the prospectus contained therein is not available for, the resale by the holder of the Common Shares acquirable upon the exercise of his or her Warrants. If there is an effective registration statement under the U.S. Securities Act registering the resale by the holder of a portion of the Common Shares issuable upon exercise, or the prospectus contained therein is available for, the the resale by the holder of the Common Shares, such Warrantholder may only exercise his or her Warrants in accordance with Section 3.2 (1) in relation to that portion of the Common Shares registered for resale under the Registration Statement.

(3) [Reserved]

(4) [Reserved].

(5) [Reserved].

(6) The Exercise Notice referred to in this Section 3.2 shall be signed by the Warrantholder, or its executors or administrators or other legal representatives or an attorney of the Warrantholder, duly appointed by an instrument in writing satisfactory to the Warrant Agent.

- (7) Any exercise referred to in this Section 3.2 shall require that the entire Exercise Price for Common Shares subscribed for must be paid at the time of subscription and such Exercise Price and original Exercise Notice executed by the Warrantholder must be received by the Warrant Agent prior to the Expiry Time.
- (8) Notwithstanding the foregoing in this Section 3.2, Warrants may only be exercised pursuant to this Section 3.2 by or on behalf of a Warrantholder, who is permitted to and makes one of the certifications set forth on the Exercise Notice and delivers, if applicable, any opinion or other evidence as required by the Corporation.
- (9) If the form of Exercise Notice set forth in the Warrant Certificate shall have been amended, the Corporation shall cause the amended Exercise Notice to be forwarded to all Warrantholders.
- (10) Exercise Notices and Confirmations must be delivered to the Warrant Agent at any time during the Warrant Agent's actual business hours on any Business Day prior to the Expiry Time. Any Exercise Notice or Confirmations received by the Warrant Agent after business hours on any Business Day will be deemed to have been received by the Warrant Agent on the next following Business Day.
- (11) Any Warrant with respect to which an Exercise Notice or Confirmation is not received by the Warrant Agent before the Expiry Time shall be deemed to have expired and become void and all rights with respect to such Warrants shall terminate and be cancelled.

3.3 U.S. Restrictions; Legended Certificates

- (1) **The Warrants and the Common Shares issuable upon exercise thereof 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, and the Warrants may not be exercised unless an exemption from the registration requirements of the U.S. Securities Act and the Securities Laws of all applicable states is available.** The Warrant Agent shall not issue or register Common Shares or the certificates representing such Common Shares unless the Warrantholder provides:
 - (i) a written certification that the Warrantholder at the time of exercise of the Warrants (a) is not in the United States; (b) is not a U.S. Person and is not exercising the Warrants on behalf of a U.S. Person or a person in the United States; (c) represents and warrants that the exercise of the Warrants and the acquisition of the Common Shares issuable upon exercise thereof occurred in an "offshore transaction" (as defined under Regulation S under the U.S. Securities Act) (d) will not engage in hedging transactions involving the Common Shares except as permitted under the U.S. Securities Act; (e) acknowledges that the Common Shares have not been registered under the U.S. Securities Act, are "restricted securities" under Rule 144 under the U.S. Securities Act and are subject to a one-year distribution compliance period under the U.S. Securities Act during which time they may not be offered or sold into the United States or to, or for the

account or benefit of a U.S. Person, except pursuant to registration under the U.S. Securities Act or pursuant to an available exemption from such registration; (f) agrees to resell such Common Shares only in accordance with the provisions of Regulation S under the U.S. Securities Act, pursuant to registration under the U.S. Securities Act, or pursuant to an available exemption from registration under the U.S. Securities Act; or

- (ii) a written certification that the Warrantholder is the original U.S. Purchaser and (a) purchased the Warrants directly from the Corporation pursuant to a duly executed subscription agreement (including any required certifications set forth therein) for the purchase of Special Warrants; (b) is exercising the Warrants solely for its own account or for the account of the original beneficial purchaser, if any; (c) each of it and any beneficial purchaser was on the date the Special Warrants were purchased from the Corporation, and is on the date of exercise of the Warrants, an Accredited Investor; and (d) all the representations, warranties and covenants set forth in the written and duly executed subscription agreement (including any required certifications set forth therein) made by the Warrantholder for the purchase of Special Warrants from the Corporation continue to be true and correct as if duly executed as of the date thereof; or
- (iii) an opinion of counsel of recognized standing, in form and substance reasonably satisfactory to the Corporation, to the effect that the exercise of the Warrants and the issuance of the Warrant Shares are exempt from registration under the U.S. Securities Act or any applicable state securities laws.

(2) No certificates representing Common Shares will be registered or delivered to an address in the United States unless the Warrantholder complies with the requirements set forth in subsection 3.3(1)(ii) or subsection 3.3(1)(iii) and, in the case of subsection 3.3(1)(iii), the Corporation has confirmed in writing to the Warrant Agent that the opinion of counsel and such other evidence required by the Corporation is reasonably satisfactory to the Corporation. The certificates representing any Common Shares issued in connection with the exercise of Warrants shall bear the legend set forth in subsection 3.3(3) of this Indenture. Common Shares must be issued only in individually certificated form.

(3) Certificates representing Common Shares issued upon the exercise of Warrants (and each certificate issued in exchange therefor or in substitution thereof) shall bear the following legend:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY, (B) IF THE SECURITIES HAVE BEEN REGISTERED IN COMPLIANCE WITH THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT AND IN

ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT IN ACCORDANCE WITH RULE 144 THEREUNDER, IF APPLICABLE, AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES, AND THE HOLDER HAS, PRIOR TO SUCH SALE, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OF RECOGNIZED STANDING, OR OTHER EVIDENCE OF EXEMPTION, REASONABLY SATISFACTORY TO THE COMPANY. THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS SECURITY, EXCEPT AS PERMITTED BY THE SECURITIES ACT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

- (4) Common Shares issued upon the exercise of Warrants prior to the date that a receipt is issued for a (final) prospectus qualifying the resale of the Warrants and Underlying Shares shall bear or be deemed to bear the following legend:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) [CLOSING DATE], AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY."

3.4 Transfer Fees and Taxes.

If any of the Common Shares subscribed for are to be issued to a person or persons other than the Warrantholder, the Warrantholder shall execute the form of transfer and will comply with such reasonable requirements as the Warrant Agent may stipulate and will pay to the Corporation or the Warrant Agent on behalf of the Corporation, all applicable transfer or similar taxes and the Corporation will not be required to issue or deliver certificates evidencing Common Shares unless or until such Warrantholder shall have paid to the Corporation or the Warrant Agent on behalf of the Corporation, the amount of such tax or shall have established to the satisfaction of the Corporation and the Warrant Agent that such tax has been paid or that no tax is due.

3.5 Warrant Agency.

To facilitate the exchange, transfer or exercise of Warrants and compliance with such other terms and conditions hereof as may be required, the Corporation has appointed the Warrant Agency, as the agency at which Warrants may be surrendered for exchange or

transfer or at which Warrants may be exercised and the Warrant Agent has accepted such appointment. The Corporation may from time to time designate alternate or additional places as the Warrant Agency (subject to the Warrant Agent's prior approval) and will give notice to the Warrant Agent of any proposed change of the Warrant Agency. Branch registers shall also be kept at such other place or places, if any, as the Corporation, with the approval of the Warrant Agent, may designate. The Warrant Agent will from time to time when requested to do so by the Corporation or any Warranholder, subject to Section 2.10(1), upon payment of the Warrant Agent's reasonable charges, furnish a list of the names and addresses of Warranholders showing the number of Warrants held by each such Warranholder.

3.6 Effect of Exercise of Warrants.

- (1) Upon the exercise of Warrants pursuant to and in compliance with Section 3.2 and subject to Section 3.3 and Section 3.4, the Common Shares to be issued pursuant to the Warrants exercised shall be deemed to have been issued and the person or persons to whom such Common Shares are to be issued shall be deemed to have become the holder or holders of such Common Shares as of the Exercise Date, unless the registers shall be closed on such date, in which case the Common Shares subscribed for shall be deemed to have been issued and such person or persons deemed to have become the holder or holders of record of such Common Shares, on the date on which such registers are reopened.
- (2) Within two Business Days after the Exercise Date with respect to a Warrant, the Warrant Agent on behalf of the Corporation shall deliver or shall cause to be delivered or mailed to the person or persons in whose name or names the Warrant is registered or, if so specified in writing by the holder, cause to be delivered to such person or persons at the Warrant Agency where the Warrant Certificate was surrendered, a certificate or certificates for the appropriate number of Common Shares subscribed for, or any other appropriate evidence of the issuance of Common Shares to such person or persons.

3.7 Partial Exercise of Warrants; Fractions.

- (1) The holder of any Warrants may exercise his right to acquire a number of whole Common Shares less than the aggregate number which the holder is entitled to acquire. In the event of any exercise of a number of Warrants less than the number which the holder is entitled to exercise, the holder of Warrants upon such exercise shall, in addition, be entitled to receive, without charge therefor, a new Warrant Certificate(s), bearing the same legend, if applicable, or other appropriate evidence of Warrants, in respect of the balance of the Warrants held by such holder and which were not then exercised.
- (2) Notwithstanding anything herein contained including any adjustment provided for in Article 4, the Corporation shall not be required, upon the exercise of any Warrants, to issue fractions of Common Shares. Warrants may only be exercised in a sufficient number to acquire whole numbers of Common Shares. Any fractional Common Shares shall be rounded down to the nearest whole number and the holder of such Warrants shall

not be entitled to any compensation in respect of any fractional Common Share which is not issued.

3.8 Expiration of Warrants.

- (1) Immediately after the Expiry Time, all rights under any Warrant in respect of which the right of acquisition provided for herein shall not have been exercised shall cease and terminate and each Warrant shall be void and of no further force or effect.

3.9 Accounting and Recording.

- (1) The Warrant Agent shall promptly account to the Corporation with respect to Warrants exercised, and shall promptly forward to the Corporation (or into an account or accounts of the Corporation with the bank or trust company designated by the Corporation for that purpose), all monies received by the Warrant Agent on the subscription of Common Shares through the exercise of Warrants and any securities or other instruments, from time to time received by the Warrant Agent shall be received as agent for, and shall be segregated and kept apart by the Warrant Agent for the Warrantheolders and the Corporation as their interests may appear.
- (2) The Warrant Agent shall record the particulars of Warrants exercised, which particulars shall include the names and addresses of the persons who become holders of Common Shares on exercise and the Exercise Date, in respect thereof. The Warrant Agent shall provide such particulars in writing to the Corporation within five Business Days of any request by the Corporation therefor.

3.10 Securities Restrictions.

Notwithstanding anything herein contained, Common Shares will be issued upon exercise of a Warrant only in compliance with the Securities Laws of any applicable jurisdiction.

**ARTICLE 4
ADJUSTMENT OF NUMBER OF COMMON SHARES AND EXERCISE PRICE**

4.1 Adjustment of Number of Common Shares and Exercise Price.

The subscription rights in effect under the Warrants for Common Shares issuable upon the exercise of the Warrants shall be subject to adjustment from time to time as follows:

- (a) if, at any time during the Adjustment Period, the Corporation shall:
 - (i) subdivide, re-divide or change its outstanding Common Shares into a greater number of Common Shares;
 - (ii) reduce, combine or consolidate its outstanding Common Shares into a smaller number of Common Shares;

- (iii) issue Common Shares or securities exchangeable for, or convertible into, Common Shares to all or substantially all of the holders of Common Shares by way of distribution or stock dividend (other than a distribution of Common Shares upon the exercise of Warrants);

(any of such events in Section 4.1(a) being called a "**Common Share Reorganization**") then the Exercise Price shall be adjusted as of the effective date or record date of such subdivision, re-division, change, reduction, combination, consolidation, distribution or stock dividend, as the case may be, by multiplying the Exercise Price in effect immediately prior to such effective date or record date by a fraction, the numerator of which shall be the number of Common Shares outstanding on such effective date or record date before giving effect to such Common Share Reorganization and the denominator of which shall be the number of Common Shares outstanding as of the effective date or record date after giving effect to such Common Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date or effective date).

Such adjustment shall be made successively whenever any event referred to in this Section 4.1(a) shall occur. Upon any adjustment of the Exercise Price pursuant to Section 4.1(a), the Exchange Rate shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the Exercise Price in effect immediately prior to such adjustment and the denominator shall be the Exercise Price resulting from such adjustment;

- (b) if and whenever at any time during the Adjustment Period, the Corporation shall fix a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible or exchangeable into Common Shares) at a price per Common Share (or having a conversion or exchange price per Common Share) less than 95% of the Current Market Price on such record date (a "**Rights Offering**"), the Exercise Price shall be adjusted immediately after such record date so that it shall equal the amount 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 a number of Common Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Common Shares 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 offered for subscription or purchase or into 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 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; to the extent that no such rights or warrants are exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or, if any such rights or warrants are exercised, to the Exercise Price which would then be in effect based upon the number of Common Shares (or securities convertible or exchangeable into Common Shares) actually issued upon the exercise of such rights or warrants, as the case may be. Upon any adjustment of the Exercise Price pursuant to this Section 4.1(b), the Exchange Rate will be adjusted immediately after such record date so that it will equal the rate determined by multiplying the Exchange Rate in effect on such record date by a fraction, of which the numerator shall be the Exercise Price in effect immediately prior to such adjustment and the denominator shall be the Exercise Price resulting from such adjustment. Such adjustment will be made successively whenever such a record date is fixed, provided that if two or more such record dates or record dates referred to in this Section 4.1(b) 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;

- (c) 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 the holders of its outstanding Common Shares of (i) securities of any class, whether of the Corporation or any other trust (other than Common Shares), (ii) rights, options or warrants to subscribe for or purchase Common Shares (or other securities convertible into or exchangeable for Common Shares), other than pursuant to a Rights Offering; (iii) evidences of its indebtedness, or (iv) any property or other assets then, in each such case, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price 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 such record date, less the excess, if any, of the fair market value on such record date, as determined by the Directors (whose determination shall be conclusive), of such securities or other assets so issued or distributed over the fair market value of any consideration received therefor by the Corporation from the holders of the Common Shares, and of which the denominator shall be the total number of Common Shares outstanding on such record date multiplied by such Current Market Price; and Common Shares owned by or held for the account 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; to the extent that such distribution is not so made, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed. Upon any adjustment of the Exercise Price pursuant to this Section 4.1(c), the Exchange Rate will be adjusted immediately after such record date so that it will equal the rate determined by multiplying the Exchange Rate in effect on such record date by a fraction, of which the numerator

shall be the Exercise Price in effect immediately prior to such adjustment and the denominator shall be the Exercise Price resulting from such adjustment;

- (d) if and whenever at any time during the Adjustment Period, there is a reclassification of the Common Shares or a capital reorganization of the Corporation other than as described in Section 4.1(a) or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate, trust, partnership or other entity, or a sale or conveyance of the property and assets of the Corporation as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, any Warrantholder who has not exercised its right of acquisition prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale or conveyance, upon the exercise of such right thereafter, shall be entitled to receive upon payment of the Exercise Price and shall accept, in lieu of the number of Common Shares that prior to such effective date the Warrantholder would have been entitled to receive, the number of shares or other securities or property of the Corporation or of the body corporate, trust, partnership or other entity resulting from such merger, amalgamation or consolidation, or to which such sale or conveyance may be made, as the case may be, that such Warrantholder would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale or conveyance, if, on the effective date thereof, as the case may be, the Warrantholder had been the registered holder of the number of Common Shares to which prior to such effective date it was entitled to acquire upon the exercise of the Warrants. If determined appropriate by the Warrant Agent, relying on advice of Counsel, to give effect to or to evidence the provisions of this Section 4.1(d), the Corporation, its successor, or such purchasing body corporate, partnership, trust or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance, enter into an indenture which shall provide, to the extent possible, for the application of the provisions set forth in this Indenture with respect to the rights and interests thereafter of the Warrantholders to the end that the provisions set forth in this Indenture shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any shares, other securities or property to which a Warrantholder is entitled on the exercise of its acquisition rights thereafter. Any indenture entered into between the Corporation and the Warrant Agent pursuant to the provisions of this Section 4.1(d) shall be a supplemental indenture entered into pursuant to the provisions of Article 8 hereof. Any indenture entered into between the Corporation, any successor to the Corporation or such purchasing body corporate, partnership, trust or other entity and the Warrant Agent shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 4.1 and which shall apply to successive reclassifications, capital reorganizations, amalgamations, consolidations, mergers, sales or conveyances;

- (e) in any case in which this Section 4.1 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the Warranholder of any Warrant exercised after the record date and prior to completion of such event the additional Common Shares issuable by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to such Warranholder an appropriate instrument evidencing such Warranholder's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the relevant date of exercise or such later date as such Warranholder would, but for the provisions of this Section 4.1(e), have become the holder of record of such additional Common Shares pursuant to Section 4.1;
- (f) in any case in which Section 4.1(a)(iii), Section 4.1(b) or Section 4.1(c) require that an adjustment be made to the Exercise Price, no such adjustment shall be made if the Warranholders of the outstanding Warrants receive, subject to the approval of the CSE if required, the rights or warrants referred to in Section 4.1(a)(iii), Section 4.1(b) or the shares, rights, options, warrants, evidences of indebtedness or assets referred to in Section 4.1(c), as the case may be, in such kind and number as they would have received if they had been holders of Common Shares on the applicable record date or effective date, as the case may be, by virtue of their outstanding Warrant having then been exercised into Common Shares at the Exercise Price in effect on the applicable record date or effective date, as the case may be;
- (g) the adjustments provided for in this Section 4.1 are cumulative, and shall, in the case of adjustments to the Exercise Price be computed to the nearest whole cent and shall apply to successive subdivisions, re-divisions, changes, reductions, combinations, consolidations, distributions, stock dividends, issues or other events resulting in any adjustment under the provisions of this Section 4.1, provided that, notwithstanding any other provision of this Section, no adjustment of the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Exercise Price then in effect; provided, however, that any adjustments which by reason of this Section 4.1(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment; and
- (h) after any adjustment pursuant to this Section 4.1, the term "Common Shares" where used in this Indenture shall be interpreted to mean securities of any class or classes which, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, the Warranholder is entitled to receive upon the exercise of his Warrant, and the number of Common Shares indicated by any exercise made pursuant to a Warrant shall be interpreted to mean the number of Common Shares or other property or securities a Warranholder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, upon the full exercise of a Warrant.

4.2 Entitlement to Common Shares on Exercise of Warrant.

All Common Shares or shares of any class or other securities, which a Warrantholder is at the time in question entitled to receive on the permitted exercise of its Warrant, whether or not as a result of adjustments made pursuant to this Article 4, shall, for the purposes of the interpretation of this Indenture, be deemed to be Common Shares which such Warrantholder is entitled to acquire pursuant to such Warrant.

4.3 No Adjustment for Certain Transactions.

Notwithstanding anything in this Article 4, no adjustment shall be made in the acquisition rights attached to the Warrants if the issue of Common Shares is being made pursuant to this Indenture or in connection with (a) any share incentive plan or restricted share plan or share purchase plan in force from time to time for directors, officers, employees, consultants or other service providers of the Corporation; or (b) the satisfaction of existing instruments issued at the date hereof.

4.4 Determination by Independent Firm.

In the event of any question or dispute arising with respect to the adjustments provided for in this Article 4 such question shall be conclusively determined by an independent firm of chartered accountants other than the Auditors, who shall have access to all necessary records of the Corporation, and such determination shall be binding upon the Corporation, the Warrant Agent, all holders and all other persons interested therein.

4.5 Proceedings Prior to any Action Requiring Adjustment.

As a condition precedent to the taking of any action which would require an adjustment in any of the acquisition rights pursuant to any of the Warrants, including the number of Common Shares which are to be received upon the exercise thereof, the Corporation shall take any action which may, in the opinion of Counsel, be necessary in order that the Corporation has unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the Common Shares which the holders of such Warrants are entitled to receive on the full exercise thereof in accordance with the provisions hereof.

4.6 Certificate of Adjustment.

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Article 4, deliver a certificate of the Corporation to the Warrant Agent specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. The Warrant Agent shall rely, and shall be protected in so

doing, upon the certificate of the Corporation and any other document filed by the Corporation pursuant to this Article 4 for all purposes.

4.7 Notice of Special Matters.

The Corporation covenants with the Warrant Agent that, so long as any Warrant remains outstanding, it will give notice to the Warrant Agent and to the Warrantholders of its intention to fix a record date that is prior to the Expiry Date for any matter for which an adjustment may be required pursuant to Section 4.1. Such notice shall specify the particulars of such event and the record date for such event, provided that the Corporation shall only be required to specify in the notice such particulars of the event as shall have been fixed and determined on the date on which the notice is given. The Corporation shall use its reasonable commercial efforts to give such notice not less than 14 days prior to such applicable record date. If notice has been given and the adjustment is not then determinable, the Corporation shall promptly, after the adjustment is determinable, file with the Warrant Agent a computation of the adjustment and give notice to the Warrantholders of such adjustment computation.

4.8 No Action after Notice.

The Corporation covenants with the Warrant Agent that it will not close its transfer books or take any other corporate action which might deprive the Warrantholder of the opportunity to exercise its right of acquisition pursuant thereto during the period of 14 days after the giving of the certificate or notices set forth in Section 4.6 and Section 4.7.

4.9 Other Action.

If the Corporation, after the date hereof, shall take any action affecting the Common Shares other than action described in Section 4.1, which in the reasonable opinion of the Directors would materially affect the rights of Warrantholders, the Exercise Price and/or Exchange Rate, the number of Common Shares which may be acquired upon exercise of the Warrants shall be adjusted in such manner and at such time, by action of the Directors, acting reasonably and in good faith, in their sole discretion as they may determine to be equitable to the Warrantholders in the circumstances, provided that no such adjustment will be made unless any requisite prior approval of any stock exchange on which the Common Shares are listed for trading has been obtained.

4.10 Protection of Warrant Agent.

The Warrant Agent shall not:

- (a) at any time be under any duty or responsibility to any Warrantholder to determine whether any facts exist which may require any adjustment contemplated by Section 4.1, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;

- (b) be accountable with respect to the validity or value (or the kind or amount) of any Common Shares or of any other securities or property which may at any time be issued or delivered upon the exercise of the rights attaching to any Warrant;
- (c) be responsible for any failure of the Corporation to issue, transfer or deliver Common Shares or certificates for the same upon the surrender of any Warrants for the purpose of the exercise of such rights or to comply with any of the covenants contained in this Article; and
- (d) incur any liability or be in any way responsible for the consequences of any breach on the part of the Corporation of any of the representations, warranties or covenants herein contained or of any acts of the directors, officers, employees, agents or servants of the Corporation.

4.11 Participation by Warrantholder.

No adjustments shall be made pursuant to this Article 4 if the Warrantholders are entitled to participate in any event described in this Article 4 on the same terms, *mutatis mutandis*, as if the Warrantholders had exercised their Warrants prior to, or on the effective date or record date of, such event.

**ARTICLE 5
RIGHTS OF THE CORPORATION AND COVENANTS**

5.1 Optional Purchases by the Corporation.

Subject to compliance with applicable Securities Laws and approval of applicable regulatory authorities, the Corporation may from time to time purchase by private contract or otherwise any of the Warrants. Any such purchase shall be made at the lowest price or prices at which, in the opinion of the Directors, such Warrants are then obtainable, plus reasonable costs of purchase, and may be made in such manner, from such persons and on such other terms as the Corporation, in its sole discretion, may determine. In the case of Certificated Warrants, Warrant Certificates representing the Warrants purchased pursuant to this Section 5.1 shall forthwith be delivered to and cancelled by the Warrant Agent and reflected accordingly on the register of Warrants. No Warrants shall be issued in replacement thereof.

5.2 General Covenants.

The Corporation covenants with the Warrant Agent that so long as any Warrants remain outstanding:

- (a) it will reserve and keep available a sufficient number of Common Shares for the purpose of enabling it to satisfy its obligations to issue Common Shares upon the exercise of the Warrants;

- (b) it will cause the Common Shares from time to time acquired pursuant to the exercise of the Warrants to be duly issued and delivered in accordance with the Warrants and the terms hereof;
- (c) all Common Shares which shall be issued upon exercise of the right to acquire provided for herein shall be fully paid and non-assessable;
- (d) it will use reasonable commercial efforts to maintain its existence and carry on its business in the ordinary course, to maintain its status as a Canadian reporting issuer in good standing, and to preserve its listing on the Canadian Securities Exchange provided that this clause shall not be construed as limiting or restricting the Corporation to agree to a consolidation, amalgamation, arrangement, takeover bid or merger that would result in the Corporation winding up, dissolving or ceasing to exist, so long as the holders of Common Shares receive securities of an entity which is existing, or cash, or the holders of Common Shares have approved the transaction in accordance with the requirements of applicable corporate and securities laws;
- (e) it will give notice to the Warrant Agent and Warrantholders of a default under the terms of the Indenture which remains unrectified for a period of ten Business Days; and
- (f) generally, it will well and truly perform and carry out all of the acts or things to be done by it as provided in this Indenture.

5.3 Warrant Agent's Remuneration and Expenses.

The Corporation covenants that it will pay to the Warrant Agent from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Warrant Agent upon its request for all reasonable expenses, disbursements and advances incurred or made by the Warrant Agent in the administration or execution of the duties hereby created (including the reasonable compensation and the disbursements of its Counsel and all other advisers and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Warrant Agent hereunder shall be finally and fully performed. Any amount owing hereunder and remaining unpaid after 30 days from the invoice date will bear interest at the then current rate charged by the Warrant Agent against unpaid invoices and shall be payable upon demand. This Section shall survive the resignation or removal of the Warrant Agent and/or the termination of this Indenture.

5.4 Performance of Covenants by Warrant Agent.

If the Corporation shall fail to perform any of its covenants contained in this Indenture, then the Corporation will notify the Warrant Agent in writing of such failure and upon receipt by the Warrant Agent of such notice, the Warrant Agent may notify the Warrantholders of such failure on the part of the Corporation and may itself perform any of the covenants capable of being performed by it but, subject to Section 9.2, shall be under no obligation to perform said covenants or to notify the Warrantholders of such

performance by it. All sums expended or advanced by the Warrant Agent in so doing shall be repayable as provided in Section 5.3. No such performance, expenditure or advance by the Warrant Agent shall relieve the Corporation of any default hereunder or of its continuing obligations under the covenants herein contained.

5.5 Enforceability of Warrants.

The Corporation covenants and agrees that it is duly authorized to create and issue the Warrants to be issued hereunder and that the Warrants, when issued and Authenticated as herein provided, will be valid and enforceable against the Corporation in accordance with the provisions hereof and the terms hereof and that, subject to the provisions of this Indenture, the Corporation will cause the Common Shares from time to time acquired upon exercise of Warrants issued under this Indenture to be duly issued and delivered in accordance with the terms of this Indenture.

**ARTICLE 6
ENFORCEMENT**

6.1 Suits by Warrantholders.

All or any of the rights conferred upon any Warrantholder by any of the terms of this Indenture may be enforced by the Warrantholder by appropriate proceedings but without prejudice to the right which is hereby conferred upon the Warrant Agent to proceed in its own name to enforce each and all of the provisions herein contained for the benefit of the Warrantholders.

6.2 Suits by the Corporation.

The Corporation shall have the right to enforce full payment of the Exercise Price of all Common Shares issued to a Warrantholder hereunder and shall be entitled to demand such payment from the Warrantholder or alternatively to instruct the Warrant Agent to cause the cancellation of the share certificates and the amendment of the securities register accordingly.

6.3 Immunity of Shareholders, etc.

The Warrant Agent and the Warrantholders hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any incorporator or any past, present or future shareholder, trustee, employee or agent of the Corporation or any successor Corporation on any covenant, agreement, representation or warranty by the Corporation herein. The obligations hereunder are not personally binding upon, nor shall resort hereunder be had to, the private property of any of the past, present or future Directors or Shareholders of the Corporation or any of the past, present or future officers, employees or agents of the Corporation, but only the property of the Corporation (or any successor person) shall be bound in respect hereof.

6.4 Waiver of Default.

Upon the happening of any default hereunder:

- (a) the Warranholders of not less than 51% of the Warrants then outstanding shall have power (in addition to the powers exercisable by Extraordinary Resolution) by requisition in writing to instruct the Warrant Agent to waive any default hereunder and the Warrant Agent shall thereupon waive the default upon such terms and conditions as shall be prescribed in such requisition; or
- (b) the Warrant Agent shall have power to waive any default hereunder upon such terms and conditions as the Warrant Agent may deem advisable, on the advice of Counsel, if, in the Warrant Agent's opinion, based on the advice of Counsel, the same shall have been cured or adequate provision made therefor;

provided that no delay or omission of the Warrant Agent or of the Warranholders to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein and provided further that no act or omission either of the Warrant Agent or of the Warranholders in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default hereunder of the rights resulting therefrom.

**ARTICLE 7
MEETINGS OF WARRANTHOLDERS**

7.1 Right to Convene Meetings.

The Warrant Agent may at any time and from time to time, and shall on receipt of a written request of the Corporation or of a Warranholders' Request and upon being indemnified and funded to its reasonable satisfaction by the Corporation or by the Warranholders signing such Warranholders' Request against the costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Warranholders. If the Warrant Agent fails to so call a meeting within seven days after receipt of such written request of the Corporation or such Warranholders' Request and the indemnity and funding given as aforesaid, the Corporation or such Warranholders, as the case may be, may convene such meeting. Every such meeting shall be held in the City of Toronto or at such other place as may be mutually approved or determined by the Warrant Agent and the Corporation.

7.2 Notice.

At least 21 days' prior written notice of any meeting of Warranholders shall be given to the Warranholders in the manner provided for in Section 10.2 and a copy of such notice shall be sent by mail to the Warrant Agent (unless the meeting has been called by the Warrant Agent) and to the Corporation (unless the meeting has been called by the Corporation). Such notice shall state the time when and the place where the meeting is to be held, shall state briefly the general nature of the business to be transacted thereat and shall contain such information as is reasonably necessary to enable the Warranholders to

make a reasoned decision on the matter, but it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Section 7.2.

7.3 Chairman.

An individual (who need not be a Warrantholder) designated in writing by the Warrant Agent and the Corporation shall be chairman of the meeting and if no individual is so designated, or if the individual so designated is not present within fifteen minutes from the time fixed for the holding of the meeting, the Warrantholders present in person or by proxy shall choose an individual present to be chairman.

7.4 Quorum.

Subject to the provisions of Section 7.11, at any meeting of the Warrantholders a quorum shall consist of Warrantholder(s) present in person or by proxy and holding at least 10% of the aggregate number of all the then outstanding Warrants. If a quorum of the Warrantholders shall not be present within thirty minutes from the time fixed for holding any meeting, the meeting, if summoned by Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day, in which case it shall be adjourned to the next following Business Day) at the same time and place and no notice of the adjournment need be given. Any business may be brought before or dealt with at an adjourned meeting which might have been dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless a quorum be present at the commencement of business. At the adjourned meeting the Warrantholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened, notwithstanding that they may not be holding at least 10% of the aggregate number of all then outstanding Warrants.

7.5 Power to Adjourn.

The chairman of any meeting at which a quorum of the Warrantholders is present may, with the consent of the meeting, adjourn any such meeting, and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

7.6 Show of Hands.

Every question submitted to a meeting shall be decided in the first place by a majority of the votes given on a show of hands except that votes on an Extraordinary Resolution shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

7.7 Poll and Voting.

- (1) On every Extraordinary Resolution, and on any other question submitted to a meeting and after a vote by show of hands when demanded by the chairman or by one or more of the Warranholders acting in person or by proxy and holding in the aggregate at least 5% of all the Warrants then outstanding, a poll shall be taken in such manner as the chairman shall direct. Questions other than those required to be determined by Extraordinary Resolution shall be decided by a majority of the votes cast on the poll.
- (2) On a show of hands, every person who is present and entitled to vote, whether as a Warranholder or as proxy for one or more absent Warranholders, or both, shall have one vote. On a poll, each Warranholder present in person or represented by a proxy duly appointed by instrument in writing shall be entitled to one vote in respect of each Warrant then held or represented by it. A proxy need not be a Warranholder. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Warrants, if any, held or represented by him.

7.8 Regulations.

- (1) The Warrant Agent, or the Corporation with the approval of the Warrant Agent, may from time to time make and from time to time vary such regulations as it shall think fit for:
 - (a) the setting of the record date for a meeting for the purpose of determining Warranholders entitled to receive notice of and to vote at the meeting;
 - (b) the deposit of instruments appointing proxies at such place and time as the Warrant Agent, the Corporation or the Warranholders convening the meeting, as the case may be, may in the notice convening the meeting direct;
 - (c) the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed or telecopied before the meeting to the Corporation or to the Warrant Agent at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting;
 - (d) the form of the instrument of proxy; and
 - (e) generally for the calling of meetings of Warranholders and the conduct of business thereat.
- (2) Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as a Warranholder, or be entitled to vote or be present at the meeting in respect thereof (subject to Section 7.9), shall be Warranholders or proxies of Warranholders.

7.9 Corporation and Warrant Agent May be Represented.

The Corporation and the Warrant Agent, by their respective directors, officers, agents and employees and the Counsel for the Corporation and for the Warrant Agent may attend any meeting of the Warranholders.

7.10 Powers Exercisable by Extraordinary Resolution.

In addition to all other powers conferred upon them by any other provisions of this Indenture or by law, the Warranholders at a meeting shall, subject to the provisions of Section 7.11, have the power exercisable from time to time by Extraordinary Resolution:

- (a) to agree to any modification, abrogation, alteration, compromise or arrangement of the rights of Warranholders or the Warrant Agent in its capacity as warrant agent hereunder (subject to the Warrant Agent's prior consent, acting reasonably) or on behalf of the Warranholders against the Corporation whether such rights arise under this Indenture or otherwise;
- (b) to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Warranholders;
- (c) to direct or to authorize the Warrant Agent, subject to Section 9.2(2) hereof, to enforce any of the covenants on the part of the Corporation contained in this Indenture or to enforce any of the rights of the Warranholders in any manner specified in such Extraordinary Resolution or to refrain from enforcing any such covenant or right;
- (d) to waive, and to direct the Warrant Agent to waive, any default on the part of the Corporation in complying with any provisions of this Indenture either unconditionally or upon any conditions specified in such Extraordinary Resolution;
- (e) to restrain any Warranholder from taking or instituting any suit, action or proceeding against the Corporation for the enforcement of any of the covenants on the part of the Corporation in this Indenture or to enforce any of the rights of the Warranholders;
- (f) to direct any Warranholder who, as such, has brought any suit, action or proceeding to stay or to discontinue or otherwise to deal with the same upon payment of the costs, charges and expenses reasonably and properly incurred by such Warranholder in connection therewith;
- (g) to assent to any change in or omission from the provisions contained in this Indenture or any ancillary or supplemental instrument which may be agreed to by the Corporation, and to authorize the Warrant Agent to concur in and execute any ancillary or supplemental indenture embodying the change or omission;

- (h) with the consent of the Corporation, such consent not to be unreasonably withheld, to remove the Warrant Agent or its successor in office and to appoint a new warrant agent or warrant agents to take the place of the Warrant Agent so removed; and
- (i) to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any shares or other securities of the Corporation.

7.11 Meaning of Extraordinary Resolution.

- (1) The expression “**Extraordinary Resolution**” when used in this Indenture means, subject as hereinafter provided in this Section 7.11 and in Section 7.14, a resolution proposed at a meeting of Warranholders duly convened for that purpose and held in accordance with the provisions of this Article 7 at which there are present in person or by proxy Warranholders holding at least 10% of the aggregate number of all then outstanding Warrants and passed by the affirmative votes of Warranholders holding not less than 66 2/3% of the aggregate number of all then outstanding Warrants represented at the meeting and voted on the poll upon such resolution.
- (2) If, at the meeting at which an Extraordinary Resolution is to be considered, Warranholders holding at least 10% of the aggregate number of all then outstanding Warrants are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by Warranholders or on a Warranholders’ Request, shall be dissolved; but in any other case it shall stand adjourned to such day, being not less than 15 or more than 60 days later, and to such place and time as may be appointed by the chairman. Not less than 14 days’ prior notice shall be given of the time and place of such adjourned meeting in the manner provided for in Section 10.2. Such notice shall state that at the adjourned meeting the Warranholders present in person or by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting the Warranholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided in Section 7.11(1) shall be an Extraordinary Resolution within the meaning of this Indenture notwithstanding that Warranholders holding at least 10% of the aggregate number of all the then outstanding Warrants are not present in person or by proxy at such adjourned meeting.
- (3) Subject to Section 7.14, votes on an Extraordinary Resolution shall always be given on a poll and no demand for a poll on an Extraordinary Resolution shall be necessary.

7.12 Powers Cumulative.

Any one or more of the powers or any combination of the powers in this Indenture stated to be exercisable by the Warranholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any

combination of powers from time to time shall not be deemed to exhaust the right of the Warranholders to exercise such power or powers or combination of powers then or thereafter from time to time.

7.13 Minutes.

Minutes of all resolutions and proceedings at every meeting of Warranholders shall be made and duly entered in books to be provided from time to time for that purpose by the Warrant Agent at the expense of the Corporation, and any such minutes as aforesaid, if signed by the chairman or the secretary of the meeting at which such resolutions were passed or proceedings had shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly convened and held, and all resolutions passed thereat or proceedings taken shall be deemed to have been duly passed and taken.

7.14 Instruments in Writing.

All actions which may be taken and all powers that may be exercised by the Warranholders at a meeting held as provided in this Article 7 may also be taken and exercised by Warranholders holding at least 66 2/3% of the aggregate number of all then outstanding Warrants by an instrument in writing signed in one or more counterparts by such Warranholders in person or by attorney duly appointed in writing, and the expression "Extraordinary Resolution" when used in this Indenture shall include an instrument so signed.

7.15 Binding Effect of Resolutions.

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article 7 at a meeting of Warranholders shall be binding upon all the Warranholders, whether present at or absent from such meeting, and every instrument in writing signed by Warranholders in accordance with Section 7.14 shall be binding upon all the Warranholders, whether signatories thereto or not, and each and every Warranholder and the Warrant Agent (subject to the provisions for indemnity herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing.

7.16 Holdings by Corporation Disregarded.

In determining whether Warranholders holding Warrants evidencing the required number of Warrants are present at a meeting of Warranholders for the purpose of determining a quorum or have concurred in any consent, waiver, Extraordinary Resolution, Warranholders' Request or other action under this Indenture, Warrants owned legally or beneficially by the Corporation shall be disregarded in accordance with the provisions of Section 10.7.

ARTICLE 8
SUPPLEMENTAL INDENTURES

8.1 Provision for Supplemental Indentures for Certain Purposes.

From time to time, the Corporation (when authorized by action of the Directors) and the Warrant Agent may, subject to the provisions hereof and they shall, when so directed in accordance with the provisions hereof, execute and deliver by their proper officers, indentures or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

- (a) providing for the issuance of additional Warrants hereunder and any consequential amendments hereto as may be required by the Warrant Agent relying on the advice of Counsel;
- (b) setting forth any adjustments resulting from the application of the provisions of Article 4;
- (c) adding to the provisions hereof such additional covenants and enforcement provisions as, in the opinion of Counsel, are necessary or advisable in the premises, provided that the same are not in the opinion of the Warrant Agent, relying on the advice of Counsel, prejudicial to the interests of the Warranholders;
- (d) giving effect to any Extraordinary Resolution passed as provided in Section 7.11;
- (e) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder or for the purpose of obtaining a listing or quotation of the Warrants on any stock exchange, provided that such provisions are not, in the opinion of the Warrant Agent, relying on the advice of Counsel, prejudicial to the interests of the Warranholders;
- (f) adding to or altering the provisions hereof in respect of the transfer of Warrants, making provision for the exchange of Warrants, and making any modification in the form of the Warrant Certificates which does not affect the substance thereof;
- (g) modifying any of the provisions of this Indenture, including relieving the Corporation from any of the obligations, conditions or restrictions herein contained, provided that such modification or relief shall be or become operative or effective only if, in the opinion of the Warrant Agent, relying on the advice of Counsel, such modification or relief in no way prejudices any of the rights of the Warranholders or of the Warrant Agent, and provided further that the Warrant Agent may in its sole discretion decline to enter into any such supplemental indenture which in its opinion may not afford adequate protection to the Warrant Agent when the same shall become operative; and
- (h) for any other purpose not inconsistent with the terms of this Indenture, including the correction or rectification of any ambiguities, defective or inconsistent

provisions, errors, mistakes or omissions herein, provided that in the opinion of the Warrant Agent, relying on the advice of Counsel, the rights of the Warrant Agent and of the Warranholders are in no way prejudiced thereby.

8.2 Successor Entities.

In the case of the consolidation, amalgamation, arrangement, merger or transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to or with another entity (“**successor entity**”), the successor entity resulting from such consolidation, amalgamation, arrangement, merger or transfer (if not the Corporation) shall expressly assume, by supplemental indenture satisfactory in form to the Warrant Agent and executed and delivered to the Warrant Agent, the due and punctual performance and observance of each and every covenant and condition of this Indenture to be performed and observed by the Corporation.

**ARTICLE 9
CONCERNING THE WARRANT AGENT**

9.1 Indenture Legislation.

- (1) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of Applicable Legislation, such mandatory requirement shall prevail.
- (2) The Corporation and the Warrant Agent agree that each will, at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of Applicable Legislation.

9.2 Rights and Duties of Warrant Agent.

- (1) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Warrant Agent shall act honestly and in good faith and exercise that degree of care, diligence and skill that a reasonably prudent warrant agent would exercise in comparable circumstances. No provision of this Indenture shall be construed to relieve the Warrant Agent from liability for its own gross negligence, wilful misconduct, bad faith or fraud under this Indenture.
- (2) The obligation of the Warrant Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Warrant Agent or the Warranholders hereunder shall be conditional upon the Warranholders furnishing, when required by notice by the Warrant Agent, sufficient funds to commence or to continue such act, action or proceeding and an indemnity reasonably satisfactory to the Warrant Agent to protect and to hold harmless the Warrant Agent and its officers, directors, employees, agents and successors against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this Indenture shall require the Warrant Agent to expend or to risk its own funds or otherwise to incur financial liability in the performance of any of

its duties or in the exercise of any of its rights or powers unless indemnified and funded as aforesaid.

- (3) The Warrant Agent may, before commencing or at any time during the continuance of any such act, action or proceeding, require the Warrantholders, at whose instance it is acting to deposit with the Warrant Agent the Warrants Certificates held by them, for which Warrant Certificates the Warrant Agent shall issue receipts.
- (4) Every provision of this Indenture that by its terms relieves the Warrant Agent of liability or entitles it to rely upon any evidence submitted to it is subject to the provisions of Applicable Legislation.

9.3 Evidence, Experts and Advisers.

- (1) In addition to the reports, certificates, opinions and other evidence required by this Indenture, the Corporation shall furnish to the Warrant Agent such additional evidence of compliance with any provision hereof, and in such form, as may be prescribed by Applicable Legislation or as the Warrant Agent may reasonably require by written notice to the Corporation.
- (2) In the exercise of its rights and duties hereunder, the Warrant Agent may, if it is acting in good faith, rely as to the truth of the statements and the accuracy of the opinions expressed in statutory declarations, opinions, reports, written requests, consents, or orders of the Corporation, certificates of the Corporation or other evidence furnished to the Warrant Agent pursuant to a request of the Warrant Agent, provided that the Warrant Agent examines the same and determines that such evidence complies with the applicable requirements of this Indenture.
- (3) Whenever it is provided in this Indenture or under Applicable Legislation that the Corporation shall deposit with the Warrant Agent resolutions, certificates, reports, opinions, requests, orders or other documents, it is intended that the truth, accuracy and good faith on the effective date thereof and the facts and opinions stated in all such documents so deposited shall, in each and every such case, be conditions precedent to the right of the Corporation to have the Warrant Agent take the action to be based thereon.
- (4) Whenever Applicable Legislation requires that evidence referred to in subsection 9.3(1) be in the form of a statutory declaration, the Warrant Agent may accept such statutory declaration in lieu of a certificate of the Corporation required by any provision hereof. Any such statutory declaration may be made by one or more of the Chairman of the Board, Chief Executive Officer, President, Chief Operating Officer, Executive Vice-President, Vice-President, Secretary, Controller, Treasurer, or any Assistant-Secretary or Assistant-Treasurer of the Corporation, or officers of the Corporation having equivalent positions.
- (5) The Warrant Agent may employ or retain such Counsel, accountants, appraisers or other experts or advisers as it may reasonably require for the purpose of discharging its duties hereunder and may pay reasonable remuneration for all services so performed by any of them, without taxation of costs of any Counsel, and shall not be responsible for any

misconduct or negligence on the part of any such experts or advisers who have been appointed with due care by the Warrant Agent. The Corporation shall pay or reimburse the Warrant Agent for any reasonable fees, expenses and disbursements made or incurred by the Warrant Agent in the discharge of its duties and in the management of the agency hereunder.

- (6) The Warrant Agent may act and rely and shall be protected in acting and relying in good faith on the opinion or advice of or information obtained from any Counsel, accountant, appraiser, engineer or other expert or adviser, whether retained or employed by the Corporation or by the Warrant Agent, in relation to any matter arising in the administration of the agency hereof.
- (7) Proof of the execution of an instrument in writing, including a Warranholders' Request, by any Warranholder may be made by the certificate of a notary, solicitor or commissioner for oaths, or other officer with similar powers, that the person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution or in any other manner which the Warrant Agent may consider adequate and in respect of a corporate Warranholder, shall include a certificate of incumbency of such Warranholder together with a certified resolution authorizing the person who signs such instrument to sign such instrument.

9.4 Documents, Monies, etc. Held by Warrant Agent.

Any monies, securities, documents of title or other instruments that may at any time be held by the Warrant Agent shall be placed in the deposit vaults of the Warrant Agent or of any Canadian chartered bank listed in Schedule I of the *Bank Act* (Canada), or deposited for safekeeping with any such bank. Any monies held pending the application or withdrawal thereof under any provisions of this Indenture, shall be held in a segregated non-interest bearing account.

9.5 Actions by Warrant Agent to Protect Interest.

The Warrant Agent shall have power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Warranholders.

9.6 Warrant Agent Not Required to Give Security.

The Warrant Agent shall not be required to give any bond or security in respect of the execution of the agency and powers of this Indenture or otherwise in respect of the premises.

9.7 Protection of Warrant Agent.

By way of supplement to the provisions of any law for the time being relating to warrant agents it is expressly declared and agreed as follows:

- (a) the Warrant Agent shall not be liable for or by reason of any statements of fact or recitals in this Indenture or in the Warrant Certificates (except the representation contained in Section 9.9) or be required to verify the same, but all such statements or recitals are and shall be deemed to be made by the Corporation;
- (b) nothing herein contained shall impose any obligation on the Warrant Agent to see to or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto;
- (c) the Warrant Agent shall not be bound to give notice to any person or persons of the execution hereof;
- (d) the Warrant Agent shall not incur any liability or responsibility whatever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of its covenants herein contained or of any acts of any directors, officers, employees, agents or servants of the Corporation; and
- (e) the Corporation hereby indemnifies and agrees to hold harmless the Warrant Agent, its affiliates, their current and former officers, directors, employees, agents, successors and assigns from and against any and all liabilities, losses (other than loss of profits), damages, penalties, claims, actions, suits, costs, expenses and disbursements, including legal fees and disbursements of whatever kind and nature which may at any time be imposed on or incurred by or asserted against the Warrant Agent, whether groundless or otherwise, arising from or out of any act, omission or error of the Warrant Agent, provided that the Corporation shall not be required to indemnify the Warrant Agent in the event of the gross negligence or wilful misconduct of the Warrant Agent, and this provision shall survive the resignation or removal of the Warrant Agent or the termination or discharge of this Indenture.
- (f) notwithstanding the foregoing or any other provision of this Indenture, any liability of the Warrant Agent, other than gross negligence, wilful misconduct and fraud, shall be limited, in the aggregate, to the amount of annual retainer fees paid by the Corporation to the Warrant Agent under this Indenture in the twelve months immediately prior to the Warrant Agent receiving the first notice of the claim. Notwithstanding any other provision of this Indenture, and whether such losses or damages are foreseeable or unforeseeable, the Warrant Agent shall not be liable under any circumstances whatsoever for any (a) breach by any other party of securities law or other rule of any securities regulatory authority, (b) lost profits or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.
- (g) the forwarding of a cheque or the sending of funds by wire transfer by the Warrant Agent will satisfy and discharge the liability of any amounts due to the extent of the sum represented thereby unless such cheque is not honoured on presentation, provided that in the event of the non-receipt of such cheque by the payee, or the loss or destruction thereof, the Warrant Agent, upon being furnished

with reasonable evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to it, will issue to such payee a replacement cheque for the amount of such cheque.

9.8 Replacement of Warrant Agent; Successor by Merger.

- (1) The Warrant Agent may resign its agency and be discharged from all further duties and liabilities hereunder, subject to this Section 9.8, by giving to the Corporation not less than 60 days' prior notice in writing or such shorter prior notice as the Corporation may accept as sufficient. The Warranholders by Extraordinary Resolution shall have power at any time to remove the existing Warrant Agent and to appoint a new Warrant Agent. In the event of the Warrant Agent resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new Warrant Agent unless a new Warrant Agent has already been appointed by the Warranholders; failing such appointment by the Corporation, the retiring Warrant Agent or any Warranholder may apply to a judge of the Ontario Superior Court of Justice of the Province of Ontario on such notice as such judge may direct, for the appointment of a new Warrant Agent; but any new Warrant Agent so appointed by the Corporation or by the Court shall be subject to removal as aforesaid by the Warranholders. Any new Warrant Agent appointed under any provision of this Section 9.8 shall be an entity authorized to carry on the business of a trust company in one or more of the provinces of Canada and, if required by the Applicable Legislation for any provinces, in such provinces. On any such appointment the new warrant agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Warrant Agent hereunder.
- (2) Upon the appointment of a successor Warrant Agent, the Corporation shall promptly notify the Warranholders thereof in the manner provided for in Section 10.2.
- (3) Any Warrant Certificates Authenticated but not delivered by a predecessor Warrant Agent may be Authenticated by the successor Warrant Agent in the name of the predecessor or successor Warrant Agent.
- (4) Any corporation in to which the Warrant Agent may be merged or consolidated or amalgamated, or any corporation resulting therefrom to which the Warrant Agent shall be a party, or any corporation succeeding to substantially the corporate trust business of the Warrant Agent shall be the successor to the Warrant Agent hereunder without any further act on its part or any of the parties hereto, provided that such corporation would be eligible for appointment as successor Warrant Agent under Section 9.8(1).

9.9 Conflict of Interest.

- (1) The Warrant Agent represents to the Corporation that at the time of execution and delivery hereof no material conflict of interest exists between its role as a warrant agent hereunder and its role in any other capacity and agrees that in the event of a material conflict of interest arising hereafter it will, within 90 days after ascertaining that it has such material conflict of interest, either eliminate the same or assign its agency hereunder

to a successor Warrant Agent approved by the Corporation and meeting the requirements set forth in Section 9.8(1)). Notwithstanding the foregoing provisions of this Section 9.9(1), if any such material conflict of interest exists or hereafter shall exist, the validity and enforceability of this Indenture and the Warrant Certificate shall not be affected in any manner whatsoever by reason thereof.

- (2) Subject to Section 9.9(1), the Warrant Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Corporation and generally may contract and enter into financial transactions with the Corporation without being liable to account for any profit made thereby.

9.10 Acceptance of Agency

The Warrant Agent hereby accepts the agency in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth.

9.11 Warrant Agent Not to be Appointed Receiver.

The Warrant Agent and any person related to the Warrant Agent shall not be appointed a receiver, a receiver and manager or liquidator of all or any part of the assets or undertaking of the Corporation.

9.12 Authorization to Carry on Business

The Warrant Agent represents to the Corporation that as at the date of the execution and delivery of this Indenture, it is duly authorized and qualified to carry on the business of a trust company in the Province of Alberta.

9.13 Warrant Agent Not Required to Give Notice of Default.

The Warrant Agent shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereby unless and until it shall have been required so to do under the terms hereof; nor shall the Warrant Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall distinctly specify the default desired to be brought to the attention of the Warrant Agent and in the absence of any such notice the Warrant Agent may for all purposes of this Indenture conclusively assume that no default has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained herein. Any such notice shall in no way limit any discretion herein given to the Warrant Agent to determine whether or not the Warrant Agent shall take action with respect to any default.

9.14 Anti-Money Laundering.

- (1) Each party to this Agreement other than the Warrant Agent hereby represents to the Warrant Agent that any account to be opened by, or interest to be held by the Warrant Agent in connection with this Agreement, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by

or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Warrant Agent's prescribed form as to the particulars of such third party.

- (2) The Warrant Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Warrant Agent, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Warrant Agent, in its sole judgment, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days written notice to the other parties to this Indenture, provided (i) that the Warrant Agent's written notice shall describe the circumstances of such non-compliance; (ii) that if such circumstances are rectified to the Warrant Agent's satisfaction within such 10 day period, then such resignation shall not be effective.

9.15 Compliance with Privacy Code.

The Corporation acknowledges that the Warrant Agent may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

- (a) to provide the services required under this Indenture and other services that may be requested from time to time;
- (b) to help the Warrant Agent manage its servicing relationships with such individuals;
- (c) to meet the Warrant Agent's legal and regulatory requirements; and
- (d) if Social Insurance Numbers are collected by the Warrant Agent, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

The Corporation acknowledges and agrees that the Warrant Agent may receive, collect, use and disclose personal information provided to it or acquired by it in the course of its acting as agent hereunder for the purposes described above and, generally, in the manner and on the terms described in its privacy code, which the Warrant Agent shall make available on its website or upon request, including revisions thereto. Further, the Corporation agrees that it shall not provide or cause to be provided to the Warrant Agent any personal information relating to an individual who is not a party to this Indenture unless the Corporation has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

**ARTICLE 10
GENERAL**

10.1 Notice to the Corporation and the Warrant Agent.

(1) Unless herein otherwise expressly provided, any notice to be given hereunder to the Corporation or the Warrant Agent shall be deemed to be validly given if delivered, sent by registered letter, postage prepaid, faxed or emailed:

(a) If to the Corporation:

CLS Holdings USA, Inc.
1810 E. Sahara Avenue, Suite 613
Las Vegas, Nevada 89104

Attention: Jeffrey Binder – Chief Executive Officer
email: jeff@clslabs.com

with a copy to:

Cassels Brock & Blackwell LLP
40 King Street West, Suite 2100
Toronto, Ontario M5H 3C2

Attention: Cam Mingay
email: cmingay@casselsbrock.com

(b) If to the Warrant Agent:

Odyssey Trust Company
Stock Exchange Tower
350-300 5th Avenue SW
Calgary, Alberta T2P 3C4

Attention: Dan Sander
email: dsander@odysseytrust.com

and any such notice delivered in accordance with the foregoing shall be deemed to have been received and given on the date of delivery or, if mailed, on the fifth Business Day following the date of mailing such notice or, if faxed, emailed or transmitted by other electronic means, on the date of transmission, unless such day is not a Business Day and in that case it will be deemed to be received on the following Business Day.

(2) The Corporation or the Warrant Agent, as the case may be, may from time to time notify the other in the manner provided in Section 10.1(1) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Corporation or the Warrant Agent, as the case may be, for all purposes of this Indenture.

- (3) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrant Agent or to the Corporation hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if it is delivered to the named officer of the party to which it is addressed, as provided in Section 10.1(1), or given by fax, email or other means of prepaid, transmitted and recorded communication.

10.2 Notice to Warranholders.

- (1) Unless otherwise provided herein, notice to the Warranholders under the provisions of this Indenture shall be valid and effective if delivered or sent by ordinary post addressed to such holders at their post office addresses appearing on the register hereinbefore mentioned and shall be deemed to have been effectively received and given on the date of delivery or, if mailed, on the third Business Day following the date of mailing such notice. In the event that Warrants are held in the name of the Depository, a copy of such notice shall also be sent by electronic communication to the Depository and shall be deemed received and given on the day it is so sent.
- (2) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warranholders hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if it is delivered to such Warranholders to the address for such Warranholders contained in the register maintained by the Warrant Agent or such notice may be given, at the Corporation's expense, by means of publication in the Globe and Mail, National Edition, or any other English language daily newspaper or newspapers of general circulation in Canada, in each two successive weeks, and any so notice published shall be deemed to have been received and given on the latest date the publication takes place.
- (3) Accidental error or omission in giving notice or accidental failure to mail notice to any Warranholder will not invalidate any action or proceeding founded thereon.

10.3 Ownership of Warrants.

The Corporation and the Warrant Agent may deem and treat the Warranholders as the absolute owner thereof for all purposes, and the Corporation and the Warrant Agent shall not be affected by any notice or knowledge to the contrary except where the Corporation or the Warrant Agent is required to take notice by statute or by order of a court of competent jurisdiction. The receipt of any such Warranholder of the Common Shares which may be acquired pursuant thereto shall be a good discharge to the Corporation and the Warrant Agent for the same and neither the Corporation nor the Warrant Agent shall be bound to inquire into the title of any such holder except where the Corporation or the Warrant Agent is required to take notice by statute or by order of a court of competent jurisdiction.

10.4 Counterparts and Electronic Copies.

This Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution they shall be deemed to be dated as of the date hereof.

Each of the parties hereto shall be entitled to rely on delivery of a facsimile or PDF copy of this Indenture and acceptance by each such party of any such facsimile or PDF copy shall be legally effective to create a valid and binding agreement between the parties hereto in accordance with the terms hereof.

10.5 Satisfaction and Discharge of Indenture.

Upon the earlier of:

- (a) the date by which there shall have been delivered to the Warrant Agent for exercise or cancellation all Warrants theretofore Authenticated hereunder in the case of Certificated Warrants or by way of standard processing through the book entry only system in the case of an Uncertificated Warrant; and
- (b) the Expiry Time;

this Indenture shall cease to be of further effect and the Warrant Agent, on demand of and at the cost and expense of the Corporation and upon delivery to the Warrant Agent of a certificate of the Corporation stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture. Notwithstanding the foregoing, the indemnities provided to the Warrant Agent by the Corporation hereunder shall remain in full force and effect and survive the termination of this Indenture.

10.6 Provisions of Indenture and Warrants for the Sole Benefit of Parties and Warranholders.

Nothing in this Indenture or in the Warrants, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the Warranholders, as the case may be, any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision herein or therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Warranholders.

10.7 Common Shares or Warrants Owned by the Corporation or its Subsidiaries - Certificate to be Provided.

For the purpose of disregarding any Warrants owned legally or beneficially by the Corporation in Section 7.16, the Corporation shall provide to the Warrant Agent, from time to time, a certificate of the Corporation setting forth as at the date of such certificate:

(a) the names (other than the name of the Corporation) of the Warrantholders which, to the knowledge of the Corporation, are owned by or held for the account of the Corporation; and

(b) the number of Warrants owned legally or beneficially by the Corporation;

and the Warrant Agent, in making the computations in Section 7.16, shall be entitled to rely on such certificate without any additional evidence.

10.8 Severability

If, in any jurisdiction, any provision of this Indenture or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision will, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Indenture and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other parties or circumstances.

10.9 Force Majeure

No party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.

10.10 Assignment, Successors and Assigns

Neither of the parties hereto may assign its rights or interest under this Indenture without the consent of the other party, except as provided in Section 9.8 in the case of the Warrant Agent, or as provided in Section 8.2 in the case of the Corporation. Subject thereto, this Indenture shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

10.11 Rights of Rescission and Withdrawal for Holders

Should a holder of Warrants exercise any legal, statutory, contractual or other right of withdrawal or rescission that may be available to it, and the holder's funds which were paid on exercise have already been released to the Corporation by the Warrant Agent, the Warrant Agent shall not be responsible for ensuring the exercise is cancelled and a refund is paid back to the holder. In such cases, the Corporation, upon surrender to the Corporation or the Warrant Agent of any underlying shares that may have been issued, or such other procedure as agreed to by the parties hereto, shall instruct the Warrant Agent in writing, to cancel the exercise transaction and to cause the cancellation of any such underlying shares on the register, which may have already been issued upon the Warrant exercise. In the event that any payment is received from the Corporation by virtue of the

holder being a Shareholder for such Warrants that were subsequently rescinded, the Warrant Agent shall not be under any duty or obligation to take any steps to ensure or enforce that the funds are returned pursuant to this section, nor shall the Warrant Agent be in any other way responsible in the event that any payment is not delivered or received pursuant to this section.

[Signature page follows]

IN WITNESS WHEREOF the parties hereto have executed this Indenture under the hands of their proper officers in that behalf as of the date first written above.

CLS HOLDINGS USA, INC.

By: /s/ Jeffrey I. Binder
Name: Jeffrey Binder
Title: Chief Executive Officer

[CLS Holdings USA, Inc. – Warrant Indenture signature page]

ODYSSEY TRUST COMPANY

By: /s/ Dan Sander
Authorized Signatory

By: /s/ Lisa Scotland
Authorized Signatory

SCHEDULE "A"
FORM OF WARRANT

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON THE EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY, (B) IF THE SECURITIES HAVE BEEN REGISTERED IN COMPLIANCE WITH THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT IN ACCORDANCE WITH RULE 144 THEREUNDER, IF APPLICABLE, AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES, AND THE HOLDER HAS, PRIOR TO SUCH SALE, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OF RECOGNIZED STANDING, OR OTHER EVIDENCE OF EXEMPTION, REASONABLY SATISFACTORY TO THE COMPANY. THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS SECURITY, EXCEPT AS PERMITTED BY THE SECURITIES ACT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

THIS WARRANT MAY NOT BE EXERCISED UNLESS THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE.

WARRANT

To acquire Common Shares of

CLS HOLDINGS USA, INC.

(existing pursuant to the laws of the State of Nevada)

Warrant
Certificate No. ●

Certificate for _____
Warrants, each entitling the holder to acquire one Common Share (subject to adjustment as provided for in the Warrant Indenture (as defined below))

THIS IS TO CERTIFY THAT, for value received,

(the “**Warrantholder**”) is the registered holder of the number of common share purchase warrants (the “**Warrants**”) of CLS Holdings USA, Inc. (the “**Corporation**”) specified above, and is entitled, on exercise of these Warrants upon and subject to the terms and conditions set forth herein and in the Warrant Indenture (as defined herein) to purchase at any time before 5:00 p.m. (Toronto time) (the “**Expiry Time**”) on the date that is 36 months from the date the Common Shares (as defined herein) are listed on a recognized stock exchange (the “**Expiry Date**”), one fully paid and non-assessable common share without par value in the capital of the Corporation as constituted on the date hereof (a “**Common Share**”) for each Warrant subject to adjustment in accordance with the terms of the Warrant Indenture.

The Warrants evidenced hereby are exercisable at or before the Expiry Time on the Expiry Date after which time the Warrants evidenced hereby shall be deemed to be void and of no further force or effect.

The right to purchase Common Shares may only be exercised by the Warrant holder within the time set forth above by:

- (a) duly completing and executing the exercise form (the “**Exercise Form**”) attached hereto; and
- (b) surrendering this warrant certificate (the “**Warrant Certificate**”), with the Exercise Form to Odyssey Trust Company (the “**Warrant Agent**”) at the principal office of the Warrant Agent, in the city of Calgary, Alberta, together with a certified cheque, bank draft or money order in the lawful money of Canada payable to or to the order of the Corporation in an amount equal to the purchase price of the Common Shares so subscribed for.

The surrender of this Warrant Certificate, the duly completed Exercise Form and payment as provided above will be deemed to have been effected only on personal delivery thereof to, or if sent by mail or other means of transmission on actual receipt thereof by, the Warrant Agent at its principal offices as set out above.

Subject to adjustment thereof in the events and in the manner set forth in the Warrant Indenture hereinafter referred to, the exercise price payable for each Common Share upon the exercise of Warrants shall be \$0.65 per Common Share (the “**Exercise Price**”).

These Warrants and the Common Shares issuable upon exercise hereof have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or the securities laws of any state of the United States. These Warrants may not be exercised unless the Warrants and the Common Shares have been registered under the U.S.

Securities Act and applicable state securities laws or an exemption from such registration requirements is available. Certificates representing Common Shares will bear a legend restricting the transfer and exercise of such securities under applicable United States federal and state securities laws. "United States" and "U.S. Person" are as defined in Regulation S under the U.S. Securities Act.

Pursuant to the terms set forth in Section 3.2(2) of the Warrant Indenture, if at any time prior to the Expiry Date, the Corporation determines that a registration statement under the U.S. Securities Act covering the resale of by the holder hereof of all or a portion of the Common Shares issuable upon exercise of this Warrant (the "**Registration Statement**") is not effective, or the prospectus contained therein is not available for the resale by the holder of the Common Shares issuable upon exercise of the Warrants, the Corporation shall promptly provide written notice of such determination to the Warrantholder, and confirm in writing that the then outstanding Warrants may, until the earlier of the Registration Statement becoming effective or the Expiry Date, be exercised, in whole or in part, as the case may be, by means of a "cashless exercise" pursuant to the terms set forth in Section 3.2(2) of the Warrant Indenture.

Certificates for the Common Shares subscribed for will be mailed to the persons specified in the Exercise Form at their respective addresses specified therein or, if so specified in the Exercise Form, delivered to such persons at the office where this Warrant Certificate is surrendered. If fewer Common Shares are purchased than the number that can be purchased pursuant to this Warrant Certificate, the holder hereof will be entitled to receive without charge a new Warrant Certificate in respect of the balance of the Warrants not then exercised. No fractional Common Shares will be issued upon exercise of any Warrant and no compensation will be paid in lieu thereof.

This Warrant Certificate evidences Warrants of the Corporation issued or issuable under the provisions of a warrant indenture (which indenture together with all other instruments supplemental or ancillary thereto is herein referred to as the "**Warrant Indenture**") dated as of June 20, 2018 between the Corporation and the Warrant Agent, as warrant agent, to which Warrant Indenture reference is hereby made for particulars of the rights of the holders of Warrants, the Corporation and the Warrant Agent in respect thereof and the terms and conditions on which the Warrants are issued and held, all to the same effect as if the provisions of the Warrant Indenture were herein set forth, to all of which the holder, by acceptance hereof, assents. The Corporation will furnish to the holder, on request and without charge, a copy of the Warrant Indenture.

On presentation at the principal offices of the Warrant Agent as set out above, subject to the provisions of the Warrant Indenture and on compliance with the reasonable requirements of the Warrant Agent, one or more Warrant Certificates may be exchanged for one or more Warrant Certificates reflecting in the aggregate the same number of Warrants as the Warrant Certificate(s) so exchanged.

The Warrant Indenture contains provisions for the adjustment of the Exercise Price payable for each Common Share upon the exercise of Warrants and the number of Common Shares issuable upon the exercise of Warrants in the events and in the manner set forth therein.

The Warrant Indenture also contains provisions making binding on all holders of Warrants outstanding thereunder resolutions passed at meetings of holders of Warrants held in accordance with the provisions of the Warrant Indenture and instruments in writing signed by Warrantholders of Warrants holding a specific majority of the all then outstanding Warrants.

Nothing contained in this Warrant Certificate, the Warrant Indenture or elsewhere shall be construed as conferring upon the holder hereof any right or interest whatsoever as a holder of Common Shares or any other right or interest except as herein and in the Warrant Indenture expressly provided. In the event of any discrepancy between anything contained in this Warrant Certificate and the terms and conditions of the Warrant Indenture, the terms and conditions of the Warrant Indenture shall govern.

Warrants may only be transferred in compliance with the conditions of the Warrant Indenture on the register to be kept by the Warrant Agent in Calgary, Alberta, or such other registrar as the Corporation, with the approval of the Warrant Agent, may appoint at such other place or places, if any, as may be designated, upon surrender of this Warrant Certificate to the Warrant Agent or other registrar accompanied by a written instrument of transfer in form and execution satisfactory to the Warrant Agent or other registrar and upon compliance with the conditions prescribed in the Warrant Indenture and with such reasonable requirements as the Warrant Agent or other registrar may prescribe and upon the transfer being duly noted thereon by the Warrant Agent or other registrar. Time is of the essence hereof.

This Warrant Certificate will not be valid for any purpose until it has been countersigned by or on behalf of the Warrant Agent from time to time under the Warrant Indenture.

[Signature page follows]

IN WITNESS WHEREOF the Corporation has caused this Warrant Certificate to be duly executed as of the ___ day of _____, 2018.

CLS HOLDINGS USA, INC.

By: _____
Authorized Signatory

Countersigned and Registered by:

ODYSSEY TRUST COMPANY

By: _____
Authorized Signatory

Date: _____

FORM OF TRANSFER

ANY TRANSFER OF WARRANTS WILL REQUIRE COMPLIANCE WITH APPLICABLE SECURITIES LEGISLATION. TRANSFERORS AND TRANSFEREES ARE URGED TO CONTACT LEGAL COUNSEL BEFORE EFFECTING ANY SUCH TRANSFER.

TO: CLS HOLDINGS USA, INC.
c/o ODYSSEY TRUST COMPANY
Stock Exchange Tower
350-300 5th Avenue SW
Calgary, Alberta T2P 3C4

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers to (print

name and address) the Warrants of CLS Holdings USA, Inc. (the "Corporation") represented by this Warrant Certificate and hereby irrevocable constitutes and appoints as its attorney with full power of substitution to transfer the said securities on the appropriate register of the Warrant Agent.

DATED this ___ day of _____, 201__.

SPACE FOR GUARANTEES OF SIGNATURES (BELOW)

Signature of Transferor
Name of Transferor
Guarantor's Signature/Stamp

Warrants shall only be transferable in accordance with the Warrant Indenture and all applicable laws. Without limiting the foregoing, this Form of Transfer must be accompanied by the documentation called for in Section 2.9(1) of the Warrant Indenture.

CERTAIN REQUIREMENTS RELATING TO TRANSFERS - READ CAREFULLY

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. Notarized or witnessed signatures are not acceptable as guaranteed signatures. As at the time of closing, you may choose one of the following methods (although subject to change in accordance with industry practice and standards):

Canada and the USA: A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed", with the correct prefix covering the face value of the certificate.

Canada: A Signature Guarantee obtained from the Guarantor must affix a stamp bearing the actual words "Signature Guaranteed". Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program. For corporate holders, corporate signing resolutions, including certificate of incumbency, are also required to accompany the transfer, unless there is a "Signature & Authority to Sign Guarantee" Stamp affixed to the transfer (as opposed to a "Signature Guarantee" Stamp) obtained from an authorized officer of a major Canadian Schedule 1 chartered bank.

Outside North America: For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

WARRANT EXERCISE FORM

ANY TRANSFER OF WARRANTS WILL REQUIRE COMPLIANCE WITH APPLICABLE SECURITIES LEGISLATION. TRANSFERORS AND TRANSFEREES ARE URGED TO CONTACT LEGAL COUNSEL BEFORE EFFECTING ANY SUCH TRANSFER.

TO: CLS Holdings USA, Inc. (the "**Corporation**")

AND TO: Odyssey Trust Company (the "**Warrant Agent**")

The undersigned holder of the Warrants evidenced by this Warrant Certificate hereby exercises the right to acquire _____ (A) common shares of the Corporation (" **Common Shares**").

Check, as applicable:

Cashless Exercise of _____ common shares pursuant to Section 3.2(2) of the Warrant Indenture

Exercise Price Payable: _____
((A) multiplied by \$0.65, subject to adjustment)

The undersigned hereby exercises the right of such holder to be issued, and hereby subscribes for, Common Shares that are issuable pursuant to the exercise of such Warrants on the terms specified in such Warrant Certificate and in the Warrant Indenture.

The undersigned hereby represents, warrants and certifies as follows (only one) of the following must be checked):

- A. The undersigned holder at the time of exercise of the Warrants (a) is not in the United States; (b) is not a U.S. Person and is not exercising the Warrants on behalf of a U.S. Person or a person in the United States; and (c) represents and warrants that the exercise of the Warrants and the acquisition of the Warrant Shares occurred in an "offshore transaction" (as defined under Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**")) (d) will not engage in hedging transactions involving the Common Shares except as permitted under the U.S. Securities Act; (e) acknowledges that the Common Shares have not been registered under the U.S. Securities Act, are "restricted securities" under Rule 144 under the U.S. Securities Act and are subject to a one-year distribution compliance period under the U.S. Securities Act during which time they may not be offered or sold into the United States or to, or for the account or benefit of a U.S. Person, except pursuant to registration under the U.S. Securities Act or pursuant to an available exemption from such registration; (f) agrees to resell such Common Shares only in accordance with the provisions of Regulation S under the U.S. Securities Act, pursuant to registration under the U.S. Securities Act, or pursuant to an available exemption from registration under the U.S. Securities Act. OR

- B. The undersigned holder is the original U.S. Purchaser and (a) purchased the Special Warrants directly from the Corporation pursuant to the a duly executed Subscription Agreement, dated June 20, 2018 for the purchase of Special Warrants; (b) is exercising the Warrants solely for its own account or for the account of the original beneficial purchaser, if any; (c) each of it and any beneficial purchaser was, on the date the Special Warrants were purchased from the Corporation, has continued to be and is on the date of exercise of the Warrants, an Accredited Investor within the meaning of Rule 501(a) under the U.S. Securities Act; and (d) all the representations, warranties and covenants set forth in the original written and duly executed Subscription Documents made by the undersigned for the purchase of Special Warrants from the Corporation continue to be true and correct as if duly executed as of the date hereof. OR
- C. The undersigned holder has delivered to the Warrant Agent an opinion of counsel of recognized standing, in form and substance reasonably satisfactory to the Corporation, to the effect that the exercise of the Warrants and the issuance of the Common Shares does not require registration under the U.S. Securities Act or any applicable state securities laws.

The undersigned holder understands that the certificate representing the Common Shares will be issued in definitive physical certificated form and bear a legend restricting transfer without registration under the U.S. Securities Act and applicable state securities laws unless an exemption from registration is available (as described in the Warrant Indenture and the subscription documents). "U.S. Person" and "United States" are as defined under Regulation S under the U.S. Securities Act. "U.S. Purchaser" is as defined in the Warrant Indenture.

The undersigned hereby acknowledges that the undersigned is aware that the Common Shares received on exercise may be subject to restrictions on resale under applicable securities legislation. The undersigned hereby further acknowledges that the Corporation will rely upon our confirmations, acknowledgements and agreements set forth herein, and agrees to notify the Corporation promptly in writing if any of the representations or warranties herein ceases to be accurate or complete.

The undersigned hereby irrevocably directs that the said Common Shares be issued, registered and delivered as follows:

| Name(s) in Full | Address(es) | Number of Common Shares |
|-----------------|-------------|-------------------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Please print full name in which certificates representing the Common Shares are to be issued. If any Common Shares are to be issued to a person or persons other than the registered holder, the registered holder must pay to the Warrant Agent all exigible transfer taxes or other government charges, if any, and the Form of Transfer must be duly executed.

Once completed and executed, this Exercise Form must be mailed or delivered to **CLS Holdings USA, Inc. c/o Odyssey Trust Company, Stock Exchange Tower, 350-300 5th Avenue SW, Calgary, Alberta T2P 3C4 (original copy).**

DATED this ____ day of _____, 201__.

| | |
|-----------|---|
| _____) | _____) |
| Witness) | (Signature of Warrantholder, to be the same as it appears on the face of this Warrant) |
|) | Certificate. If an entity, the signatory represents that he or she has authority to bind such) |
|) | entity and duly execute this form.) |
|) | _____) |
|) | Name of Warrantholder |

Please check if the certificates representing the Common Shares are to be delivered at the office where this Warrant Certificate is surrendered, failing which such certificates will be mailed to the address set out above. Certificates will be delivered or mailed as soon as practicable after the surrender of this Warrant Certificate to the Warrant Agent.

AGENCY AGREEMENT

June 20, 2018

CLS Holdings USA, Inc.
11767 South Dixie Highway, Suite 115
Miami, Florida 33156
USA

Attention: Jeff Binder, Chairman and CEO

Dear Sirs/Mesdames:

The undersigned, Canaccord Genuity Corp., as sole bookrunner (the “**Agent**”), understands that CLS Holdings USA, Inc. (the “**Corporation**”) proposes to issue and sell up to 33,333,333 special warrants of the Corporation (the “**Special Warrants**”) at a price of \$0.45 per Special Warrant (the “**Issue Price**”) on a private placement basis for aggregate gross proceeds of up to \$15,000,000.00 (the “**Offering**”).

The Special Warrants will be duly and validly created and issued pursuant to, and governed by, a special warrant indenture (the “**Special Warrant Indenture**”) to be entered into effective on the Closing Date (as hereinafter defined) between the Corporation and Odyssey Trust Company (or such other agent determined by the Corporation and the Agent), as special warrant agent in respect of the Special Warrants (the “**Special Warrant Agent**”). Each Special Warrant shall be automatically exercisable (without payment of any further consideration and subject to customary anti-dilution adjustments) into units of the Corporation (the “**Units**”), on the date (the “**Automatic Exercise Date**”) that is the earlier of: (i) the date that is five Business Days (as defined herein) following the date on which the Corporation obtains a receipt from the applicable securities regulatory authorities in the Province of Ontario and each of the jurisdictions in Canada in which the Special Warrants are sold (collectively, the “**Securities Commissions**”) for a (final) prospectus qualifying the distribution of the Units issuable upon exercise of the Special Warrants (the “**Qualification Prospectus**”) intended to be no later than August 31, 2018, and (ii) the date that is four months and one day after the completion of the Proposed Acquisition (the “**Time of Expiry**”). Any Special Warrants which have not been exercised prior to the Time of Expiry will be exercised on behalf of the holders thereof immediately prior to the Time of Expiry.

The Corporation will use its best efforts to obtain a receipt from the Securities Commissions for the Qualification Prospectus before 60 days following the Closing Date (the “**Qualification Date**”); provided, however, that there is no assurance that a Qualification Prospectus will be filed or that a receipt therefor will be issued by the Securities Commissions prior to the date that is four months and one day following the Proposed Acquisition. The Corporation will use commercially reasonable efforts to cause the Registration Statement (as defined herein) to be filed and declared effective by the United States Securities and Exchange Commission (the “**SEC**”) within time periods set forth in Sections 5(a), (b) and (c) below. In the event the Corporation has not received a receipt from the Securities Commissions for the Qualifying Prospectus before the Qualification Date, each unexercised Special Warrant will, at the Time of Expiry, be exercised such that the holder will receive, for no additional consideration, 1.1 Units (instead of one Unit) (the additional

0.1 Units are collectively referred to herein as the “**Penalty Units**”); provided, however, that any fractional entitlement to Penalty Units will be rounded down to the nearest whole Penalty Unit. Unless the context otherwise requires, any reference herein to “**Units**” shall include any Penalty Units issued by the Corporation in accordance with the terms of the Special Warrant Indenture.

In addition, the Corporation will grant the Agent an option (the “**Over-Allotment Option**”) for the purpose of satisfying over-allocations, if any, and for market stabilization purposes by the Agent. The Over-Allotment Option shall entitle the Agent to offer for purchase and sale, in the Agent’s sole discretion, an additional 5,000,000 Special Warrants at the Issue Price. The Over-Allotment Option will be exercisable in whole or in part, at the sole discretion of the Agent, at any time prior to the Closing Date (as herein defined) of the Offering.

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

Each Unit to be issued upon exercise of the Special Warrants shall consist of one common share of the Corporation (a “**Common Share**”) and one common share purchase warrant (each a “**Warrant**”). Each Warrant shall entitle the holder to acquire one Common Share (each, a “**Warrant Share**”) for a period of 36 months following the date that the Common Shares of the Corporation are listed on a recognized Canadian stock exchange at an exercise price of \$0.65 per Warrant Share, subject to adjustment in certain events as set out in the Warrant Indenture (as herein defined). The Warrants issuable upon exercise of the Special Warrants will be created and issued pursuant to the terms of a warrant indenture (the “**Warrant Indenture**”) to be entered into on the Closing Date between the Corporation and Odyssey Trust Company (the “**Warrant Agent**”) in its capacity as warrant agent for the Warrants. The description of the Warrants herein is a summary only and is subject to the specific attributes and detailed provisions of the Warrants to be set forth in the Warrant Indenture. In the case of any inconsistency between the description of the Warrants in this Agreement and their terms and conditions as set forth in the Warrant Indenture, the provisions of the Warrant Indenture will govern.

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

The parties acknowledge that the Special Warrants, the Compensation Warrants (as herein defined), the Common Shares and Warrants issuable upon exercise of the Special Warrants and the Compensation Warrants, as applicable, and the Warrant Shares issuable upon exercise of the Warrants and the Compensation Warrants have not been registered under the U.S. Securities Act (as hereinafter defined) or the securities laws of any state of the United States and may not be offered or sold, except pursuant to exclusions or exemptions from the registration requirements of

the U.S. Securities Act and the applicable laws of any state of the United States in the manner specified in this Agreement and pursuant to the representations, warranties, acknowledgments, agreements and covenants of the Corporation and the Agent and the U.S. Affiliates (as hereinafter defined) contained herein and in Schedule "A" hereto. All actions to be undertaken by the Agent in the United States or to, or for the account or benefit of, U.S. Persons in connection with the matters contemplated herein shall be undertaken through a U.S. Affiliate (as hereinafter defined).

Upon closing of the Offering, the gross proceeds of the Offering less 50% of the Agent's Commission and all of the Agent's Expenses and Corporate Finance Fee payable by the Corporation pursuant to the terms of the Agency Agreement (the "**Escrowed Proceeds**") and a portion of the fees (including disbursements and applicable taxes) incurred to date by Cassels Brock & Blackwell LLP will be delivered to and held by an escrow agent (the "**Escrow Agent**") mutually acceptable to the Corporation and the Agent and invested in an interest bearing account (the Escrowed Proceeds, together with all interest and other income earned thereon, are referred to herein as the "**Escrowed Funds**").

Upon the satisfaction of the following conditions (collectively, the "**Escrow Release Conditions**") the Escrow Agent shall release from the Escrowed Funds: (i) to the Agent, the remaining 50% of the Agent's Commission, and (ii) all remaining Escrowed Funds shall be released to the Corporation:

- (i) all conditions of the Proposed Acquisition except the payment of the purchase price shall have been satisfied or waived;
- (ii) receipt of audited financial statements, in a form acceptable to the Agent, for Alternative Solutions for the fiscal years ended December 31, 2017 and 2016;
- (iii) the receipt of all regulatory, shareholder and third-party approvals, if any, required in connection with the Proposed Acquisition; and
- (iv) the Corporation shall not be in breach or default of any of its covenants or obligations under the Special Warrant Indenture of the Agency Agreement.

If the Escrow Release Conditions are not satisfied on or before June 30, 2018 (the "**Escrow Deadline**") or, if prior to such time, the definitive agreements in respect of the Proposed Acquisition are terminated or the Corporation has advised the Escrow Agent and the Agent, or announced to the public, that the Proposed Acquisition will not be completed (in any case, a "**Termination Event**", and the date upon which such event occurs, the "**Termination Date**"), starting on the second Business Day following the Termination Date, the Escrowed Funds plus accrued interest shall be used by the Corporation to repurchase the Special Warrants at a redemption price per Special Warrant equal to the Issue Price plus a pro rata amount of any interest accrued in respect of the Escrowed Funds to the date of redemption. To the extent that the Escrowed Funds (plus accrued interest) are not sufficient to purchase all of the Special Warrants on the foregoing terms, the Corporation hereby agrees to contribute such amounts as are necessary to satisfy any shortfall.

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

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

Section 1. Definitions and Interpretation

(a) In this Agreement:

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

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

“**Agent**” means Canaccord Genuity Corp.;

“**Agent’s Commission**” shall have the meaning ascribed thereto in Section 3(a) of this Agreement;

“**Agent’s Information**” has the meaning given to that term in Section 6(g)(i) of this Agreement;

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

“**Alternative Solutions**” means Alternative Solutions, LLC;

“**Alternative Solutions Financial Statements**” means the audited consolidated financial statements of Alternative Solutions as at and for the years ended December 31, 2017 and 2016, including the notes to such statements and the related auditors’ report on such statements, where applicable, prepared in accordance with U.S. GAAP;

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

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

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

“**Claims**” has the meaning given to that term in Section 16(a) of this Agreement;

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

“**Closing Date**” means June 20, 2018 or such other date as the Corporation and the Agent may agree;

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

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

“**Compensation Warrants**” has the meaning ascribed thereto in Section 3(c) of this Agreement;

“**Compensation Warrant Certificate**” means the definitive certificates representing the Compensation Warrants in a form acceptable to the Agent and the Corporation;

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

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

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

“**Designated Jurisdictions**” means, collectively, each of the provinces of Canada (which shall not include Québec) and such other jurisdictions as the Corporation and the Agent may agree;

“**Disclosure Documents**” means, collectively, all of the documentation which has been filed by or on behalf of the Corporation with the relevant Securities Commissions pursuant to the requirements of applicable Securities Laws, including all press releases, material change reports (excluding any confidential material change report) and financial statements of the Corporation since January 1, 2017;

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

“Effective Date” has the meaning given to that term in Section 5(a);

“Engagement Letter” means the letter agreement dated May 15, 2018 between the Corporation and the Agent relating to the Offering, as amended;

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

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

“Escrow Agent” means Odyssey Trust Company;

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

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

“Finance Fee Special Warrants” shall have the meaning ascribed thereto in Section 3(b) of this Agreement;

“Financial Statements” means, collectively, (a) the unaudited condensed consolidated interim financial statements of the Corporation for the period ended February 28, 2018; and (b) the audited consolidated financial statements of the Corporation as at and for the year ended May 31, 2017, and any other financial statements of the Corporation included in the Documents Incorporated by

Reference, including the notes to such statements and the related auditors' report on such statements, where applicable, prepared in accordance with U.S. GAAP;

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

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

"including" means including without limitation;

"Indemnified Party" has the meaning given to that term in Section 16(a) of this Agreement;

"Intellectual Property" has the meaning given to that term in Section 9(kk) of this Agreement;

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

"knowledge of the Corporation" (or similar phrases) means, with respect to the Corporation, the knowledge of Jeff Binder and/or Andrew Glashow after due and diligent inquiry;

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

"Leased Premises" means the premises which are material to the Corporation or any subsidiary, and which the Corporation or any subsidiary occupies as a tenant;

"Losses" has the meaning given to that term in Section 16(a) of this Agreement;

"Marketing Materials" has the meaning given to that term in NI 41-101;

"Material Adverse Effect" means the effect resulting from any change (including a decision to implement such a change made by the board of directors or by senior management who believe that confirmation of the decision of the board of directors

is probable), event, violation, inaccuracy or circumstance that is materially adverse to the business, assets (including intangible assets), liabilities, capitalization, ownership, prospects, financial condition, or results of operations of the Corporation and its Subsidiary, taken as a whole;

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

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

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

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

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

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

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

“**Oasis Subsidiaries**” means (i) Serenity Wellness Center, LLC dba Oasis Cannabis Dispensary/Retail Store; (ii) Serenity Wellness Products, LLC dba City Trees Fresh Cannabis Production, Wholesale; and (iii) Serenity Wellness Growers, LLC dba City Trees Fresh Cannabis Cultivation, Wholesale.

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

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

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

“**Over-Allotment Option**” has the meaning ascribed thereto on the second page hereof;

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

“**person**” includes any individual (whether acting as an executor, trustee administrator, legal representative or otherwise), corporation, firm, partnership,

sole proprietorship, syndicate, joint venture, trustee, trust, unincorporated organization or association, and pronouns have a similar extended meaning;

“Potential Material Event” means any of the following: (i) the possession by the Corporation of material information not ripe for disclosure in a registration statement, as determined in good faith by the Chief Executive Officer, President or the Board of Directors of the Corporation that disclosure of such information in a Registration Statement would be detrimental to the business and affairs of the Corporation; or (ii) any material engagement or activity by the Corporation which would, in the good faith determination of the Chief Executive Officer, President or the Board of Directors of the Corporation, be adversely affected by disclosure in a registration statement at such time, which determination shall be accompanied by a good faith determination by the Chief Executive Officer, President or the Board of Directors of the Corporation that the applicable Registration Statement would be materially misleading absent the inclusion of such information; provided that, (i) the Corporation shall not use such right with respect to the Registration Statement for more than an aggregate of 90 days in any 12-month period; and (ii) the number of days the Corporation is required to keep the Registration Statement effective shall be extended by the number of days for which the Corporation shall have used such right;

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

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

“Presentation” means the presentation titled “CLS Holdings USA, Inc. Investor Presentation” dated May 2018;

“President’s List Purchasers” means the subscribers identified to the Agent by the Corporation settling directly with the Corporation;

“Proposed Acquisition” means the transaction between the Corporation and Alternative Solutions whereby the Corporation will acquire the outstanding equity interests in Alternative Solutions (including the Oasis Subsidiaries) for total remaining consideration of approximately USD\$16,200,000 in accordance with the terms of a definitive agreement that has been entered into between the Corporation and Alternative Solutions.

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

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

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

“Registrable Securities” has the meaning given to that term in Section 5(a);

“Registration Statement” has the meaning given to that term in Section 5(a);

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

“Related Registration Statements” has the meaning given to that term in Section 5(b);

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

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

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

“Selling Firms” has the meaning given to that term in Section 7(a);

“Special Warrant” has the meaning given to that term on the face page of this Agreement, and unless the context otherwise requires, any reference herein to “Special Warrant” shall include any Finance Fee Special Warrants;

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

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

“Staff” has the meaning given to that term in Section 5(b);

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

“**Subsidiary**” means CLS Labs, Inc.;

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

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

“**Taxes**” has the meaning given to that term in Section 9(dd) of this Agreement;

“**Time of Expiry**” has the meaning ascribed thereto on the first page hereof;

“**Trading Day**” has the meaning given to that term in Section 5(a);

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

“**Transfer Agent**” means Vstock Transfer, LLC;

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

“**U.S. GAAP**” means United States generally accepted accounting principles set forth in the FASB Accounting Standards codification or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time;

“**U.S. Marijuana Laws**” means certain United States federal laws relating to the cultivation, distribution or possession of marijuana in the United States and other related judgments, orders or decrees;

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

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

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

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

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

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

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

“**Warrant Indenture**” means the warrant indenture pursuant to which the Warrants will be created and issued (other than the Warrants underlying the Compensation Warrants which shall be governed by stand-alone certificates) dated as of the Closing Date and entered into between the Corporation and the Warrant Agent; and

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

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

Section 2. Offering

- (a) **The Offering.** The Corporation hereby appoints the Agent to act as exclusive Agent to offer and sell the Special Warrants on a private placement basis and the Agent hereby accepts such appointment. Notwithstanding anything to the contrary contained herein or any oral representations or assurances previously or subsequently made by the parties hereto, this Agreement does not constitute a commitment by, or legally binding obligation of, the Agent or any of its affiliates to act as underwriters, initial purchasers, arrangers, and/or placement Agent in connection with any offering of securities of the Corporation, including the Special Warrants, or to provide or arrange any financing, other than the appointment as

Agent in connection with the Offering in accordance with the prior sentence and otherwise on the terms set forth herein.

- (b) **Sale on Exempt Basis.** The Agent shall use its “best efforts” to arrange for the purchase of the Special Warrants:
- (i) in the Qualifying Jurisdictions on a private placement basis in compliance with applicable Canadian Securities Laws and in accordance with the requirements of Category 3 of Rule 903 of Regulation S under the U.S. Securities Act;
 - (ii) in the United States and to, or for the account or benefit of, U.S. Persons that are Accredited Investors in compliance with Schedule “A” hereto; and
 - (iii) in such other Designated Jurisdictions as may be agreed upon between the Corporation and the Agent, on a private placement basis in compliance with all applicable Securities Laws of such other Designated Jurisdictions and in accordance with the requirements of Category 3 of Rule 903 of Regulation S under the U.S. Securities Act provided that no prospectus, registration statement or similar document is required to be filed in such Designated Jurisdiction, no registration or similar requirement would apply with respect to the Corporation in connection with the Offering in such other Designated Jurisdiction and the Corporation does not become subject to ongoing continuous disclosure obligations in such other Designated Jurisdictions.
- (c) **Filings.** The Corporation undertakes to file or cause to be filed all forms or undertakings required to be filed by the Corporation in connection with the issue and sale of the Special Warrants such that the distribution of the Special Warrants may lawfully occur without the necessity of filing a prospectus, a registration statement or an offering memorandum in Canada, the United States or elsewhere, and the Agent undertakes to use its best efforts to cause Purchasers to complete any forms required by Canadian Securities Laws or other applicable Securities Laws. All fees payable in connection with such filings shall be at the expense of the Corporation.
- (d) **No Offering Memorandum.** Neither the Corporation nor the Agent shall: (i) provide to prospective Purchasers any document or other material or information that would constitute an offering memorandum within the meaning of Canadian Securities Laws other than the Presentation; or (ii) engage in any form of general solicitation or general advertising in connection with the offer and sale of the Special Warrants, including but not limited to, causing the sale of the Special Warrants to be advertised in any newspaper, magazine, printed public media, printed media or similar medium of general and regular paid circulation, broadcast over radio, television or telecommunications, including electronic display, or conduct any seminar or meeting relating to the offer and sale of the Special Warrants whose attendees have been invited by general solicitation or advertising.

- (e) **Press Releases.** In order to comply with applicable U.S. Securities Laws, any press release announcing or otherwise concerning the Offering shall be in compliance with Rule 135c under the U.S. Securities Act and include an appropriate notation as follows: “The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.”

Section 3. Commission

In consideration for its services hereunder, the Corporation agrees to pay and issue to the Agent, or as directed by the Agent, on the Closing Date:

- (a) a fee equal to 8.0% of the aggregate gross proceeds of the Offering (the “**Agent’s Commission**”), including the aggregate gross proceeds from President’s List Purchasers. The Agent’s Commission is payable in cash or Special Warrants, or any combination of cash or Special Warrants at the option of the Agent. 50% of the Agent’s Commission will be payable by the Corporation on the Closing Date and may be made by way of deduction from the aggregate gross proceeds of the Offering. The remaining 50% of the Agent’s Commission shall be payable to the Agent by the Escrow Agent upon the satisfaction of the Escrow Release Conditions. In the event that a Termination Event occurs, the 50% of the Agent’s Commission that has been included in the Escrowed Funds shall not become payable;
- (b) a corporate finance fee equal to 5.0% of the gross proceeds of the Offering payable in Special Warrants (the “**Finance Fee Special Warrants**”), including the number of Special Warrants sold to President’s List Purchasers. The Finance Fee Special Warrants are issuable by the Corporation on the Closing Date and the Finance Fee Special Warrants shall be fully earned by the Agent at that time; and
- (c) a number of broker special warrants (the “**Compensation Warrants**”), equal to 8.0% of the aggregate number of Special Warrants sold pursuant to the Offering, including the number of Special Warrants sold to President’s List Purchasers. Each Compensation Warrant will be exercisable at an exercise price equal to the Issue Price until the date which is 36 months from the date of listing of the Common Shares on a recognized Canadian stock exchange. If, from time to time, at the time of exercise of the Compensation Warrants, there either (i) is not an effective Registration Statement covering the resale of the number of underlying Common Shares issuable upon exercise of the Compensation Warrants being exercised at such time or (ii) the Registration Statement is not available for the resale of such underlying Common Shares due to a blackout period or suspension of such Registration Statement by notice from the Corporation under Section 5(f) below or otherwise, then, solely to the extent of the number of Common Shares being acquired upon exercise of the Compensation Warrants that are not covered by an

effective resale Registration Statement or if the Registration Statement is not available for use due to a blackout period or suspension, the Compensation Warrants may be exercised on a “cashless” or “net” basis into Units. The description of the Compensation Warrants herein is a summary only and is subject to the specific attributes and detailed provisions of the Compensation Warrants to be set forth in the Compensation Warrant Certificate. In case of any inconsistency between the description of the Compensation Warrants in this Agreement and the terms of the Compensation Warrants as set forth in the Compensation Warrant Certificate, the provisions of the Compensation Warrant Certificate shall govern.

- (d) In relation to the issuance of the Compensation Warrants to the Agent, the Agent hereby represents, warrants and acknowledges to the Corporation that:
- (i) The Compensation Warrants and the underlying Units, Common Shares, Warrants and Warrant Shares (“**Compensation Securities**”) have not been registered under the U.S. Securities Act and may not be offered or sold unless registered or pursuant to an exemption from such registration requirements;
 - (ii) The Agent is not a U.S. Person, is not acting for the account or benefit of a U.S. Person, was not offered the Compensation Warrants while in the United States and was outside the United States at the time this Agreement was executed and delivered;
 - (iii) The Agent will not sell or otherwise transfer the Compensation Securities except outside the United States in accordance with Regulation S under the U.S. Securities Act or into the United States or to, or for the account or benefit of a U.S. Person pursuant to registration of the Compensation Securities under the U.S. Securities Act or pursuant to an exemption from such registration requirements;
 - (iv) The Agent agrees not to engage in hedging transactions in the Compensation Securities except pursuant to the requirements of the U.S. Securities Act; and
 - (v) The Agent understands that the Compensation Securities are “restricted securities” under Rule 144 of the U.S. Securities Act, are subject to transfer restrictions under the U.S. Securities Act and will bear a restrictive legend to such effect.

Section 4. The Proposed Acquisition

The Corporation shall: (a) take all reasonable actions within its control to complete the Proposed Acquisition as soon as practicable and, in any event, on or before the Escrow Deadline; and (b) take all reasonable actions within its control to obtain and provide to the Agent audited financial statements, in a form acceptable to the Agent, for Alternative Solutions for the fiscal years ended December 31, 2017 and 2016.

Section 5. Filing of the Registration Statement

- (a) **Registration Statement.** The Corporation covenants with the Agent that the Corporation shall use its best efforts to prepare and file with the SEC within forty-five (45) calendar days after the Closing Date a registration statement (on Form S-3, S-1, or other appropriate registration statement form reasonably acceptable to the Purchasers) under the U.S. Securities Act (the “**Registration Statement**”), at the sole expense of the Corporation (except as specifically provided in Section 5(e) hereof), in respect of the Purchaser, so as to permit a public offering and resale of the Common Shares and Warrant Shares (collectively, the “**Registrable Securities**”) in the United States under the U.S. Securities Act; and (ii) use commercially reasonable efforts to cause a Registration Statement to be declared effective by the SEC as soon as possible and not later than the earlier of (a) one hundred and twenty (120) calendar days from the date of filing the Registration Statement in the event of an SEC review of the Registration Statement, and (b) the fifth trading day (day on which the OTCQB is open for quotation) (each, a “**Trading Day**”) following the date on which the Corporation is notified by the SEC that the Registration Statement will not be reviewed or is no longer subject to further review and comments. The Corporation will notify the Agent of the effectiveness of the Registration Statement (the “**Effective Date**”) within three Trading Days. The initial Registration Statement shall cover the resale of 100% of the Registrable Securities, for an offering to be made on a continuous basis pursuant to Rule 415 (as promulgated by the SEC pursuant to the U.S. Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same purpose and effect as such rule).
- (b) If the staff of the SEC (the “**Staff**”) or the SEC seeks to characterize any offering pursuant to a Registration Statement filed pursuant to this Agreement as constituting an offering of securities that does not permit such Registration Statement to become effective and be used for resales by the Purchaser as selling stockholder and not as an underwriter under Rule 415 at then-prevailing market prices (and not fixed prices), or if after the filing of the initial Registration Statement with the SEC pursuant to Section 5(a), the Corporation is otherwise required by the Staff or the SEC to reduce the number of Registrable Securities included in such initial Registration Statement and, to the extent applicable, any other registration statements for the resale of securities of the Corporation by selling stockholders which may be integrated at the request of the Staff or SEC (“**Related Registration Statements**”), and after commercially reasonable efforts the Corporation is unable to dissuade the Staff or the SEC of its position, then the Corporation shall reduce the number of Registrable Securities to be included in such initial Registration Statement as follows, until such time as the Staff and the SEC shall so permit such Registration Statement to become effective and be used as aforesaid: (i) all Warrant Shares will be removed from the Registration Statement pro rata between the selling stockholders included in the Registration Statement and, if applicable, pro rata with common shares issuable upon exercise of warrants being registered for resale by the selling stockholders included in Related

Registration Statements and pro rata with common shares issuable upon conversion of notes or other derivative instruments of the Corporation being registered for resale by the selling stockholders included in Related Registration Statements to the extent permitted by the registration rights of such selling stockholders and (ii) following removal of all Warrant Shares and, if applicable, all common shares issuable upon exercise of warrants contained in Related Registration Statements, all Common Shares will be cut back pro rata between the selling stockholders included in the Registration Statement and, if applicable, pro rata with any common shares being registered for resale by selling stockholders in Related Registration Statements to the extent permitted by the registration rights of such selling stockholders.

- (c) In the event of any reduction in Registrable Securities pursuant to Section 5(b) above, then, in relation to any Common Shares not covered by the initial Registration Statement, the Corporation shall use commercially reasonable efforts to cause its legal counsel to deliver an opinion or such other documentation as may reasonably be required to effect sales of the Common Shares under Rule 144 and cover the costs related to such legal opinions. In relation to any Warrant Shares not covered by the initial Registration Statement, the Corporation shall file no later than 6 months following the effectiveness of the initial Registration Statement, one or more new Registration Statements, in accordance with Sections 5(a) and 5(b) until (i) such time as all Warrant Shares required by Section 5(a) have been included in Registration Statements that have been declared effective and the prospectus contained therein is available for use by the Purchasers or (ii) all such Warrant Shares can be sold pursuant to the provisions of Rule 144. Notwithstanding any provision herein to the contrary, the Corporation's obligations to register Registrable Securities (and any related conditions) shall be qualified as necessary to comport with any requirement of the SEC or the Staff as addressed in Section 5(b).
- (d) The Corporation will use reasonable commercial efforts to maintain the Registration Statement or post-effective amendment filed under this Section 8 effective under the U.S. Securities Act until the earlier of the date (i) all of the Registrable Securities have been sold pursuant to such Registration Statement or Rule 144, if available, or (ii) three years from the Effective Date (the "**Effectiveness Period**").
- (e) All fees, disbursements and out-of-pocket expenses and costs incurred by the Corporation in connection with the preparation and filing of the Registration Statement and in complying with applicable securities and "blue sky" laws (including, without limitation, all attorneys' fees of the Corporation, registration, qualification, notification and filing fees, printing expenses, escrow fees, blue sky fees and expenses and the expense of any special audits incident to or required by any such registration) shall be borne by the Corporation. The Corporation shall qualify any of the Registrable Securities for sale in such states as the Purchasers reasonably designate. However, the Corporation shall not be required to qualify in

any state which will require an escrow or other restriction relating to the Corporation and/or the sellers, or which will require the Corporation to qualify to do business in such state or require the Corporation to file therein any general consent to service of process. The Corporation at its expense will supply the Agent with copies of the applicable Registration Statement and the prospectus included therein and other related documents in such quantities as may be reasonably requested by the Agent.

- (f) If at any time or from time to time after the Effective Date, the Corporation notifies the Agent in writing of the existence of a Potential Material Event, the Agent shall not offer or sell any Registrable Securities or engage in any other transaction involving or relating to Registrable Securities, from the time of the giving of notice with respect to a Potential Material Event until the Agent receives written notice from the Corporation that such Potential Material Event either has been disclosed to the public or no longer constitutes a Potential Material Event. If a Potential Material Event shall occur prior to the date a Registration Statement is required to be filed, then the Corporation's obligation to file such Registration Statement shall be delayed without penalty for not more than thirty (30) calendar days. The Corporation must, if lawful, give the Agent notice in writing at least two Trading Days prior to the first day of the blackout period.

Section 6. Filing of Preliminary Qualification Prospectus and Final Qualification Prospectus

- (a) **Preliminary Qualification Prospectus.** The Corporation covenants with the Agent that: (i) the Corporation shall use its best efforts to file the Preliminary Qualification Prospectus, in form and substance satisfactory to the Agent, acting reasonably, with the Securities Commissions in the Qualifying Jurisdictions under the Canadian Securities Laws pursuant to the Passport System and NP 11-202 and shall designate the Province of Ontario as the designated and principal jurisdiction thereunder, together with the required supporting documents; and (ii) following receipt of the Preliminary Receipt, the Corporation shall use its best efforts to promptly resolve all comments received and deficiencies raised by the Securities Commissions.
- (b) **Final Qualification Prospectus.** The Corporation covenants and agrees to use its best efforts to, as soon as practicable after all comments of the Securities Commissions have been satisfied with respect to the Preliminary Qualification Prospectus, prepare and file the Final Qualification Prospectus, in form and substance satisfactory to the Agent, with the Securities Commissions under the Canadian Securities Laws, together with the required supporting documents, and obtain the Final Receipt from the Ontario Securities Commission, as principal regulator, as soon as possible after the filing of the Final Qualification Prospectus, and, in any event, use its best efforts to obtain such document by no later than 5:00 p.m. (EST) on August 31, 2018. The Corporation shall promptly take, or cause to be taken, all commercially reasonable steps and proceedings that may from time to time be required under applicable Canadian Securities Laws to qualify the

distribution of the Units in the Qualifying Jurisdictions and shall use its commercially reasonable efforts to ensure that such requirements (including the issuance of a Final Receipt for the Final Qualification Prospectus) shall be obtained promptly following the Closing Date.

- (c) **Commercial Copies.** The Corporation shall cause commercial copies of the Final Qualification Prospectus, the Registration Statement, the final prospectus filed pursuant to Rule 424 under the U.S. Securities following effectiveness of the Registration Statement (including any supplements thereto, the “**U.S. Prospectus**”) and any Supplementary Material to be delivered to the Agent without charge, in such numbers and in such cities in the Qualifying Jurisdictions as the Agent may reasonably request. Such delivery shall be effected as soon as practicable and, in any event, within two Business Days after the filing thereof in the Qualifying Jurisdictions.

- (d) **Due Diligence and Review of Offering Documents.** The form and substance of the Preliminary Qualification Prospectus, the Final Qualification Prospectus, the Registration Statement, the U.S. Prospectus and any Supplementary Material shall be satisfactory to the Agent, acting reasonably, prior to the filing thereof with the Securities Commissions. Prior to the filing of the Preliminary Qualification Prospectus, the Final Qualification Prospectus, the Registration Statement, the U.S. Prospectus and any Supplementary Material, the Corporation shall allow the Agent to participate fully in the preparation of such documents and shall allow the Agent to conduct all due diligence which the Agent may reasonably require in order to fulfill their obligations as Agent and in order to enable the Agent to responsibly execute any certificate related to such documents required to be executed by them under applicable Securities Laws. Up to the Qualification Date, the Corporation shall allow the Agent to conduct any due diligence investigations that the Agent reasonably require to confirm as at any date that the Agent continue to have reasonable grounds for the belief that the Offering Documents do not contain a misrepresentation as at such date or as at the date of such Offering Documents.

- (e) **Material Change.** Once the Preliminary Qualification Prospectus has been filed, comply with section 57 of the Ontario Act and with any comparable provisions of the other Canadian Securities Laws, and the Corporation will prepare and file promptly any Supplementary Material which may be necessary and will otherwise comply with all legal requirements necessary to continue to permit the Units (and Penalty Units, if applicable) to be distributed in each of the Qualifying Jurisdictions as contemplated herein.

- (f) **Deliveries.** The Corporation will deliver to the Agent prior to or concurrently with the filing of the Preliminary Qualification Prospectus and Final Qualification Prospectus, the Registration Statement, the U.S. Prospectus and any Supplementary Material, as applicable, unless otherwise indicated:
 - (i) a copy of the Preliminary Qualification Prospectus, and the Final Qualification Prospectus manually signed on behalf of the Corporation, by

the persons and in the form signed and certified as required by Canadian Securities Laws;

- (ii) a copy of the Registration Statement (including all exhibits thereto, documents filed therewith and amendments thereof) manually signed on behalf of the Corporation and an additional conformed copy of the Registration Statement (without exhibits thereto) and a copy of the U.S. Prospectus;
- (iii) a copy of any Supplementary Material, or other document required to be filed with or delivered to, the Securities Commissions by the Corporation under Securities Laws in connection with the Offering, including any document to be incorporated by reference in the Preliminary Qualification Prospectus or the Final Qualification Prospectus or the Registration Statement (other than documents already filed publicly with a Securities Commissions);
- (iv) concurrently with the filing of the Final Qualification Prospectus with the Canadian Securities Commissions, a “long-form” comfort letter of both (i) the Corporation’s auditors; and (ii) Alternative Solutions’ auditors, dated the date of the Final Qualification Prospectus (with the requisite procedures to be completed by such auditor within two Business Days of the date of such letter), in form and substance satisfactory to the Agent, acting reasonably, addressed to the Agent and the directors and officers of the Corporation, with respect to certain financial and accounting information relating to the Corporation in the Final Qualification Prospectus, including all Documents Incorporated by Reference, which letter shall be in addition to the auditors’ reports incorporated by reference in the Final Qualification Prospectus;
- (v) a copy of any document filed with, or delivered to, the Canadian Securities Commissions by the Corporation under applicable Canadian Securities Laws with the Preliminary Qualification Prospectus, Final Qualification Prospectus and any Supplementary Material;
- (vi) a certificate dated the date of the Final Qualification Prospectus, addressed to the Agent and signed by the Chief Executive Officer of the Corporation, certifying for and on behalf of the Corporation, and not in their personal capacities, after having made due inquiries, with respect to the following matters:
 - (A) the Corporation has complied in all material respects (except where already qualified by a materiality or Material Adverse Effect qualification, in which case the Corporation has complied in all respects) with all the terms, covenants and satisfied in all material respects (except where already qualified by a materiality or Material Adverse Effect qualification, in which case the Corporation has satisfied in all respects) all the terms and conditions of this

Agreement on its part to be complied with and satisfied at or prior to the date of the Final Qualification Prospectus;

- (B) no order, ruling or determination having the effect of ceasing or suspending trading in any securities of the Corporation or prohibiting the issue of the Units or any of the Corporation's issued securities, having been issued, and no proceeding for such purpose being threatened or, to the knowledge of such officers, pending;
 - (C) the representations and warranties of the Corporation contained in this Agreement and in any certificates of the Corporation delivered pursuant to or in connection with this Agreement being true and correct in all material respects (or, in the case of any representation or warranty containing a materiality or Material Adverse Effect qualification, in all respects) as at the date of the Final Qualification Prospectus (other than those that speak to a specific time, in which case they shall have been true and correct in all material respects at such time), with the same force and effect as if made on and as at the date of the Closing Date, after giving effect to the transactions contemplated by this Agreement; and
 - (D) since the Closing Time, there having been no material adverse change, financial or otherwise, in the assets, liabilities (contingent or otherwise), capital, business, prospects or results of operations of the Corporation and the Subsidiary on a consolidated basis;
- (vii) concurrently with, or prior to the filing of, the Final Qualification Prospectus, an opinion, subject to customary qualifications, of the Corporation's counsel or from local counsel in the Qualifying Jurisdiction (it being understood that such counsel may rely to the extent appropriate in the circumstance as to matters of fact, on certificates of the Corporation executed on its behalf by a senior officer of the Corporation) with respect to the following matters:
- (A) the Corporation has the necessary corporate power and authority to execute and deliver the Preliminary Qualification Prospectus and the Final Qualification Prospectus and all necessary corporate action has been taken by the Corporation to authorize the execution and delivery by it of the Preliminary Qualification Prospectus and the Final Qualification Prospectus and the filing thereof, as the case may be, in each of the Qualifying Jurisdictions in accordance with applicable Securities Laws in each of the Qualifying Jurisdictions in accordance with applicable Canadian Securities Laws;
 - (B) all necessary documents have been filed, all necessary proceedings have been taken and all legal requirements have been fulfilled as required under Canadian Securities Laws in order to qualify the

distribution of the Common Shares and Warrants comprising the Units to the public in each of the Qualifying Jurisdictions by or through investment dealers and brokers duly registered under the applicable laws of such provinces who have complied with the relevant provisions of Securities Laws in each of the Qualifying Jurisdictions and the distribution of Compensation Warrants to the Agent;

- (C) the statements and opinions concerning tax matters set forth in the Final Qualification Prospectus under the headings (including for certainty, all subheadings under such headings) “Eligibility for Investment” and “Certain Canadian Federal Income Tax Considerations” insofar as they purport to describe the provisions of the laws referred to therein are fair and adequate summaries of the matters discussed therein subject to the qualifications, assumptions and limitations set out under such headings; and
 - (D) the attributes of the Special Warrants, Compensation Warrants, Common Shares, Warrants and Warrant Shares conform in all material respects with the description thereof contained in the Final Qualification Prospectus; and
- (viii) opinions, comfort letters and other documents substantially similar to those referred to in this Section to the Agent with respect to any Supplementary Material, contemporaneously with, or prior to the filing of, any Supplementary Material.
- (g) **Representations as to Offering Documents.** Filing and delivery to the Agent in accordance with this Agreement of any Offering Document shall constitute a representation and warranty by the Corporation to the Agent that, as at their respective dates, dates of filing and dates of delivery:
- (i) all the information and statements (except information and statements relating solely to the Agent, which have been provided by the Agent to the Corporation in writing specifically for use in any of the Offering Documents (collectively, “**Agent’s Information**”)) contained and incorporated by reference in such Offering Documents are true, correct and complete and contain no misrepresentation and constitute full, true and plain disclosure of all material facts relating to the Corporation, the Special Warrants and the Units as required (i) by applicable Canadian Securities Laws of the Qualifying Jurisdictions; and (ii) applicable U.S. Securities Laws with respect to the Registration Statement and the U.S. Prospectus;
 - (ii) no material fact or information has been omitted from such disclosure (except for Agent’s Information) that is required to be stated in such disclosure or that is necessary to make a statement contained in such

disclosure not misleading in the light of the circumstances under which it was made; and

- (iii) except with respect to any Agent's Information, such documents comply in all material respects with the requirements of Canadian Securities Laws (and, in the case of the Registration Statement and the U.S. Prospectus, with U.S. Securities Laws).

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

Section 7. Distribution and Certain Obligations of Agent

- (a) The Agent shall, and shall require any investment dealer or broker with which the Agent has a contractual relationship in respect of the distribution of the Special Warrants (each, a "**Selling Firm**") to agree to, comply with applicable Canadian Securities Laws of the Qualifying Jurisdictions, U.S. Securities Laws and the applicable Securities Laws of the Designated Jurisdictions outside of Canada, in connection with the distribution of the Special Warrants and shall offer the Special Warrants for sale to directly and through Selling Firms upon the terms and conditions set out in this Agreement.
- (b) The Agent shall, and shall require any Selling Firm to agree to, distribute the Special Warrants in a manner which complies with and observes all applicable Laws in each jurisdiction into and from which they may offer to sell the Special Warrants or distribute the Final Qualification Prospectus, any Marketing Materials or any Supplementary Material in connection with the distribution of the Special Warrants and will not, directly or indirectly, offer, sell or deliver any Special Warrants or deliver the Final Qualification Prospectus, any Marketing Materials or any Supplementary Material to any person in any jurisdiction other than in the Qualifying Jurisdictions except in a manner which will not require the Corporation to comply with the registration, prospectus, filing, continuous disclosure or other similar requirements under the applicable Laws of such other jurisdictions or pay any unreasonable filing fees which relate to such other jurisdictions. Subject to the foregoing, the Agent and any Selling Firm shall be entitled to offer and sell the Special Warrants solely pursuant to an applicable exemption or exemptions from the registration requirements of any other jurisdictions (other than offers and sales in the United States which shall be governed by Schedule "A" hereto) in accordance with any applicable Laws in the jurisdictions in which the Agent and/or Selling Firms offer the Special Warrants and in all cases for sales outside of the United States, to non-U.S. Persons and to persons not acting for the account or benefit of U.S. Persons in accordance with the requirements of Category 3 of Rule 903 of Regulation S under the U.S. Securities Act.

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

Section 8. Conditions of the Offering

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

- (a) receipt of evidence by the Agent, in a form acceptable to the Agent, acting reasonably, that all actions required to be taken by or on behalf of the Corporation, including the passing of all requisite resolutions of the directors and shareholders of the Corporation, having been taken so as to approve the execution and delivery of each of the Transaction Documents, the distribution of the Special Warrants and the Compensation Warrants, the issuance of the Common Shares and Warrants comprising the Units issuable upon exercise of the Special Warrants and the issuance of the Warrant Shares issuable upon exercise of the Warrants;
- (b) the Corporation delivering to the Agent, at the Closing Time, a certificate dated the Closing Date addressed to the Agent and signed by the Chief Executive Officer of the Corporation, in a form satisfactory to the Agent, acting reasonably, certifying for and on behalf of the Corporation and without personal liability, after having made due enquiries, that:
 - (i) the Corporation has complied in all material respects (except where already qualified by materiality, in which case the Corporation has complied in all respects) with all the covenants and satisfied in all material respects (except where already qualified by materiality, in which case the Corporation has satisfied in all respects) all the terms and conditions of this Agreement on its part to be complied with and satisfied at or prior to the Closing Time;
 - (ii) the representations and warranties of the Corporation contained in this Agreement and any certificate of the Corporation delivered hereunder are true and correct in all material respects (or, in the case of any representation or warranty containing a materiality or Material Adverse Effect qualification, in all respects) as at the Closing Time with the same force and effect as if made on and as at the Closing Time after giving effect to the transactions contemplated by this Agreement;

- (iii) since June 20, 2017, other than as disclosed in the Disclosure Documents, (A) there has been no material change affecting the Corporation on a consolidated basis, and (B) other than the Proposed Acquisition, no transaction has been entered into by the Corporation other than in the ordinary course of business;
 - (iv) there has been no change in any material fact (which includes the disclosure of any previously undisclosed material fact or a new material fact) which material fact or change is of such a nature as to render any statement in the Disclosure Documents misleading or untrue in any material respect or which would result in a misrepresentation in the Disclosure Documents or which would result in the Disclosure Documents not complying with applicable Canadian Securities Laws; and
 - (v) no order, ruling or determination having the effect of ceasing or suspending trading in any securities of the Corporation or prohibiting or suspending the offering, issue or sale of the Special Warrants or any of the Corporation's issued securities, having been issued, and no proceeding for such purpose being threatened or, to the knowledge of such officers, pending;
- (c) the Agent receiving, at the Closing Time a legal opinion dated the Closing Date, to be addressed to the Agent and the Purchasers, in form and substance acceptable to the Agent acting reasonably, of Cassels Brock & Blackwell LLP, Connor & Connor PLLC and/or Dorsey & Whitney LLP (as applicable), counsel to the Corporation (who may rely, to the extent appropriate in the circumstances, on the opinions of local counsel acceptable to the Agent and may rely, to the extent appropriate in the circumstances, as to matters of fact, on certificates of officers, public and exchange officials or of the auditors or Transfer Agent of the Corporation), with respect to those matters that are usual and customary for transactions of this nature and subject to the usual and customary assumptions, limitations and qualifications, including the following matters:
- (i) as to the incorporation and valid existence of the Corporation;
 - (ii) as to the authorized and issued capital of the Corporation;
 - (iii) that the Corporation has the corporate power and capacity to own or lease its properties and assets, carry on its business as it is currently conducted, and to execute, deliver and perform its obligations under the Transaction Documents; and to issue and sell the Special Warrants, the Compensation Warrants, the Common Shares and Warrants comprising the Units (including any Units issuable upon exercise of the Compensation Warrants) and the Warrant Shares, as applicable;
 - (iv) all necessary corporate action has been taken by the Corporation to authorize the execution and delivery of the Transaction Documents and the performance of the Corporation's obligations hereunder and thereunder and

the issuance of the Special Warrants, the Compensation Warrants, the Common Shares and Warrants comprising the Units (including any Units issuable upon exercise of the Compensation Warrants) and the Warrant Shares, as applicable

- (v) each of the Transaction Documents has been duly authorized and (other than the Warrant Certificates) executed and delivered by the Corporation and each such Transaction Document constitutes a valid and legally binding agreement of the Corporation enforceable against it in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law;
- (vi) the execution and delivery of the Transaction Documents, the performance by the Corporation of its obligations hereunder and thereunder and the issuance and sale of the Special Warrants, the Compensation Warrants, the Common Shares and Warrants comprising the Units (including any Units issuable upon exercise of the Compensation Warrants) and the Warrant Shares does not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, whether after notice or lapse of time or both, (A) corporate laws of the State of Nevada or Canadian Securities Laws; and (B) the constating documents of the Corporation;
- (vii) that the Special Warrants, the Compensation Warrants and the Warrants (including any Warrants issuable upon exercise of the Compensation Warrants) will, upon issuance, be validly created, executed and issued by the Corporation and constitute valid and binding obligations of the Corporation enforceable against it in accordance with their terms;
- (viii) that the Common Shares partially comprising the Units issuable upon exercise of the Special Warrants and the Compensation Warrants have been duly authorized and validly allotted for issuance by the Corporation and, when issued in accordance with the terms of the Special Warrants and the Compensation Warrants, as applicable, will be outstanding as fully paid and non-assessable shares in the capital of the Corporation;
- (ix) that the Warrant Shares have been duly authorized and validly allotted for issuance by the Corporation and, when issued in accordance with the terms of the Warrants, will be outstanding a fully paid and non-assessable shares in the capital of the Corporation;
- (x) that the issuance and sale by the Corporation of the Special Warrants to the Purchasers resident in the Qualifying Jurisdictions in accordance with the

Subscription Agreements and the granting and the issuance of the Compensation Warrants to the Agent in accordance with the terms of this Agreement are exempt from the prospectus requirements of Canadian Securities Laws and except as has been completed, no filings, proceedings, approvals, consents or authorizations are required to be made, taken or obtained by the Corporation, or any securities regulatory authority in the Qualifying Jurisdictions to permit the issuance, distribution and delivery of the Special Warrants to Purchasers resident in the Qualifying Jurisdictions and the granting and the issuance of the Compensation Warrants to the Agent, except for the filing, within ten days from the date of each such issue and distribution, of a report of the offering and sale prepared on Form 45-106F1 prepared and executed in accordance with Canadian Securities Laws, together with the requisite filing fees;

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

- (xii) that the first trade in the Compensation Warrants, the Common Shares and Warrants comprising the Units issuable upon exercise of the Special Warrants and the Compensation Warrants and the Warrant Shares issuable upon exercise of the Warrants will be, as applicable, exempt from the prospectus requirements of applicable Securities Laws and no prospectus, offering memorandum or other document is required to be filed, no proceeding is required to be taken and no approval, permit, consent or authorization of regulatory authorities is required to be obtained by the Corporation under applicable Securities Laws to permit such trade through registrants registered under applicable Securities Laws who have complied with such laws and the terms and conditions of their registration, provided that at the time of such trade:
 - (A) the Corporation is and has been a “reporting issuer” (within the meaning of Securities Laws) in a “jurisdiction of Canada” (as

defined in National Instrument 14-101 – Definitions (“NI 14-101”) for the four months immediately preceding the trade;

- (B) at the time of such trade, at least four months have elapsed from the “distribution date” (as defined in section 1.1 of National Instrument 45-102 – Resale of Securities (“NI 45-102”)) of the Special Warrants or Compensation Warrants;
 - (C) any certificates representing the Special Warrants, Compensation Warrants, Common Shares, Warrants or the Warrant Shares, if any, carry a legend or ownership statement issued under a direct registration system acceptable to the regulator, as required pursuant to section 2.5(2)(3)(i) of NI 45-102;
 - (D) the trade is not a “control distribution” (as defined in section 1.1 of NI 45-102);
 - (E) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade (within the meaning of Securities Laws);
 - (F) no extraordinary commission or consideration is paid to a person or company in respect of such trade (within the meaning of Securities Laws);
 - (G) if the selling security holder is an “insider” or “officer” of the Corporation (within the meaning of Securities Laws), such selling security holder has no reasonable grounds to believe that the Corporation is in default of “securities legislation” (as defined in NI 14-101); and
 - (H) the Registration Statement covering the securities to be sold has become effective under the U.S. Securities Act and the selling security holder is named in the U.S. Prospectus related thereto in relation to the securities being traded or Rule 144 under the U.S. Securities Act is available for the trade of such securities by the selling security holder;
- (xiii) that if the Final Qualification Prospectus qualifying the issuance by the Corporation of the Common Shares and Warrants comprising the Units issuable upon exercise of the Special Warrants has been filed before the deemed exercise date with, and a Final Receipt obtained therefor from, the Securities Commissions in the Qualifying Jurisdictions, and provided that the Common Shares and Warrants comprising the Units are issued after the date of the Final Receipt, the first trade by a holder, of the Common Shares, Warrants and Warrant Shares issued upon the exercise of the Special Warrants and Warrants (or in the case of the Warrant Shares, will

be exempt from), as applicable, after the issuance of such Final Receipt will not be subject to the prospectus requirements under Canadian Securities Laws, such Common Shares, Warrants and Warrant Shares will not be subject to any statutory hold period, and no filing, proceeding, approval, consent or authorization under Canadian Securities Laws will be required to be made, taken or obtained to permit the trade of such Common Shares, Warrants and Warrant Shares in the Qualifying Jurisdictions through registrants registered under Canadian Securities Laws who have complied with such laws, provided that such sale is not a “control distribution” within the meaning of NI 45-102;

- (xiv) that the form and terms of the certificates representing the Special Warrants, the Compensation Warrants, the Common Shares, the Warrants and the Warrant Shares have been approved by the board of directors of the Corporation;
 - (xv) that Vstock Transfer, LLC, at its principal offices in Woodmere, New York, has been duly appointed as registrar and transfer agent for the Common Shares;
 - (xvi) that Odyssey Trust Company, at its principal offices in Calgary, Alberta, has been, as of the Closing Date, duly appointed as Special Warrant Agent and as Warrant Agent under the Special Warrant Indenture and the Warrant Indenture, respectively; and
 - (xvii) as to such other matters as may reasonably be requested by the Agent, in a form acceptable to the Agent, acting reasonably.
- (d) the Agent receiving, at the Closing Time, a legal opinion dated the Closing Date, addressed to the Agent and the Purchasers, in form and substance acceptable to the Agent, from counsel to the Subsidiary with respect to the following matters: (i) the incorporation and subsistence of the Subsidiary; (ii) the corporate power, capacity and authority of the Subsidiary to carry on its business as presently carried on and to own, lease and operate its properties and assets; (iii) the authorized and issued capital of the Subsidiary; and (iv) the ownership of the issued and outstanding securities of the Subsidiary;
- (e) if any Special Warrants are sold in the United States, the Agent receiving, at the Closing Time on the Closing Date, a legal opinion dated the Closing Date, to be addressed to the Agent, in form and substance acceptable to the Agent, of Dorsey & Whitney LLP, United States legal counsel to the Corporation (who may rely, to the extent appropriate in the circumstances, as to matters of fact, on certificates of officers, public and exchange officials or of the auditors or Transfer Agent of the Corporation), to the effect that the offer and sale of the Special Warrants in the United States, the issuance of the Common Shares and Warrants upon conversion of the Special Warrants is not required to be registered under the U.S. Securities Act, provided such offers and sales are made in accordance with the Subscription

Agreements and Schedule "A" hereto; it being understood that such counsel need not express its opinion with respect to any resale of the Special Warrants or the Common Shares, Warrants or Warrant Shares issuable thereunder;

- (f) the Agent receiving at the Closing Time, a certificate, signed by the Chief Executive Officer of the Corporation (or such other officers as the Agent may agree to), in a form satisfactory to the Agent, acting reasonably, certifying for and on behalf of the Corporation and without personal liability, with respect to:
 - (i) the constating documents and articles of the Corporation;
 - (ii) the resolutions of the board of directors of the Corporation relevant to the issue and sale of the Special Warrants and the Compensation Warrants, the allotment and reservation of the Units and the Warrant Shares issuable thereunder and the authorization of the Transaction Documents and transactions contemplated herein and therein; and
 - (iii) the incumbency and signatures of signing officers of the Corporation;
- (g) the Agent shall have received from Jeffery Binder, David Lamadrid, Frank Koretsky and Andrew Glashow, lock-up agreements pursuant to Section 10(t) hereof in favour of the Agent, in a form as agreed upon between the Agent and the Corporation, acting reasonably;
- (h) the Agent shall have received a certificate of status (or the equivalent) with respect to the jurisdiction in which the Corporation and the Subsidiary is incorporated, amalgamated or continued, as the case may be;
- (i) the Agent shall have received certificates of the Special Warrants in form and substance satisfactory to the Agent, acting reasonably;
- (j) the Agent shall have received certificates of the Compensation Warrants in form and substance satisfactory to the Agent, acting reasonably;
- (k) the Agent shall have received a certificate from the Transfer Agent as to the number of Common Shares issued and outstanding as at the end of Business Day prior to the Closing Date;
- (l) all consents, approval, permits, authorizations or filings as may be required under Securities Laws necessary for the Offering and the transactions contemplated by this Agreement, shall have been obtained or made, as applicable;
- (m) each of the Transaction Documents shall have been executed and delivered by the parties thereto in form and substance satisfactory to the Agent, acting reasonably;
- (n) the Agent not having previously terminated its obligations pursuant to Section 10 of this Agreement; and

- (o) the Agent shall have completed, to its satisfaction, acting reasonably its due diligence review of the Corporation and its Subsidiary and each of their respective businesses, operations and financial condition.

Section 9. Additional Representations and Warranties of the Corporation

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

- (a) each of the Corporation and the Subsidiary: (A) is a corporation duly incorporated, continued or amalgamated and validly existing under the laws of the jurisdiction in which it was incorporated, continued or amalgamated, as the case may be; (B) has all requisite corporate power and authority and is duly qualified and holds all necessary permits, licences and authorizations necessary or required to carry on its business as now conducted to own, lease or operate its properties and assets; (C) where required, has been duly qualified as an extra-provincial corporation or foreign corporation for the transaction of business and is in good standing under the Laws of each jurisdiction in which it owns or leases property, or conducts business unless, in each case, the failure to do so would not individually or in the aggregate, have a Material Adverse Effect; and (D) no steps or proceedings have been taken by any person, voluntary or otherwise, requiring or authorizing its dissolution or winding up;
- (b) the Corporation has all requisite corporate power, authority and capacity to enter into each of the Transaction Documents and to perform the transactions contemplated herein and therein, including, without limitation, to issue the Special Warrants and the Compensation Warrants and the Common Shares, Warrants and Warrant Shares issuable upon exercise thereof, as applicable;
- (c) the Corporation is not aware of any facts or circumstances that would cause it to believe that the Escrow Release Conditions will not be satisfied prior to the Escrow Deadline and the Corporation will use its commercially reasonable efforts to satisfy or caused to be satisfied the Escrow Release Conditions prior to the Escrow Deadline;
- (d) the Corporation has no direct or indirect subsidiary or any material investment or proposed investment in any person that is or will be material to the Corporation, other than the Subsidiary;
- (e) other than U.S. Marijuana Laws, each of the Corporation and the Subsidiary has conducted and is conducting its business in compliance with all applicable laws and regulations of each jurisdiction in which it carries on business, except where the failure to so comply would not have a Material Adverse Effect, and each of the Corporation and the Subsidiary holds all material requisite licences, registrations, qualifications, permits and consents necessary or appropriate for carrying on its business as currently carried on and all such licences, registrations, qualifications,

permits and consents are valid and subsisting and in good standing in all material respects. Without limiting the generality of the foregoing, neither Corporation nor any Subsidiary has received a written notice of non-compliance, nor does the Corporation know of, nor have reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such laws, regulations or permits which would have a Material Adverse Effect other than non-compliance with U.S. Marijuana Laws;

- (f) the Corporation is in compliance in all material respects with all of the rules, policies and requirements of the OTCQB and the Common Shares are currently quoted on the OTCQB and on no other stock exchange or public market;
- (g) no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of the Corporation has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of the Corporation, are pending, contemplated or threatened by any regulatory authority;
- (h) the Corporation has filed all reports, schedules, forms, statements and other documents required to be filed by the Corporation under the U.S. Securities Act and the U.S. Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the two years preceding the date hereof (or such shorter period as the Corporation was required by law or regulation to file such material) (the foregoing materials, including the exhibits thereto and Documents Incorporated by Reference therein, together with the Prospectus and the Prospectus Supplement, being collectively referred to herein as the “**SEC Reports**”) on a timely basis (with the exception of one Form 8-K filing) or has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. As of their respective dates, the SEC Reports complied in all material respects with the requirements of the U.S. Securities Act and the U.S. Exchange Act, as applicable (including, to the extent applicable, requirements under the Canada-U.S. Multijurisdictional Disclosure System), and none of the SEC Reports, as amended, if applicable, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading as of the date of such amendment;
- (i) the Corporation has not filed any confidential material change report with the Securities Commissions since June 20, 2017;
- (j) other than the Leased Premises and any Intellectual Property that they license from third parties, each of the Corporation and the Subsidiary is the absolute legal and beneficial owner of, and has good and marketable title to, all of the material properties and assets thereof, and no other property or assets are necessary for the conduct of the business of the Corporation and the Subsidiary as currently conducted. Any and all of the agreements and other documents and instruments pursuant to which each of the Corporation or the Subsidiary holds the property and

assets thereof (including any interest in, or right to earn an interest in, any Intellectual Property) are valid and subsisting agreements, documents and instruments in full force and effect, enforceable in accordance with the terms thereof, and such properties and assets are in good standing under the applicable statutes and regulations of the jurisdictions in which they are situated, and all material leases, licenses and other agreements pursuant to which the Corporation or any Subsidiary derives the interests thereof in such property are in good standing. The Corporation does not know of any claim or the basis for any claim that might or could materially and adversely affect the right of the Corporation or any Subsidiary to use, transfer or otherwise exploit their respective assets, none of the properties (or any interest in, or right to earn an interest in, any property) of the Corporation or any Subsidiary is subject to any right of first refusal or purchase or acquisition right, and neither the Corporation nor any Subsidiary has a responsibility or obligation to pay any commission, royalty, licence fee or similar payment to any person with respect to the property and assets thereof;

- (k) no legal or governmental proceedings or inquiries are pending to which the Corporation or any Subsidiary is a party or to which the property thereof is subject that would result in the revocation or modification of any certificate, authority, permit or license necessary to conduct the business now owned or operated by the Corporation or any Subsidiary which, if the subject of an unfavourable decision, ruling or finding could reasonably be expected to have a Material Adverse Effect and, to the knowledge of the Corporation, no such legal or governmental proceedings or inquiries have been threatened against or are contemplated with respect to the Corporation or the Subsidiary or with respect to the properties or assets thereof;
- (l) other than as disclosed in the Disclosure Documents, there are no material actions, suits, judgments, investigations or proceedings of any kind whatsoever outstanding or, to the best of the Corporation's knowledge, pending or threatened against or affecting the Corporation, the Subsidiary or to the best of the Corporation's knowledge, the directors, officers or employees of the Corporation or the Subsidiary, at law or in equity or before or by any commission, board, bureau or agency of any kind whatsoever and, to the best of the Corporation's knowledge, there is no basis therefore and neither the Corporation nor any Subsidiary is subject to any judgment, order, writ, injunction, decree, award, rule, policy or regulation of any Governmental Authority, which, either separately or in the aggregate, may have a Material Adverse Effect or that would materially adversely affect the ability of the Corporation to perform its obligations under the Transaction Documents;
- (m) neither the Corporation nor any Subsidiary is in violation of its constating documents or in default in any material respect in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, trust deed, mortgage, loan agreement, note, lease, licence or other agreement or instrument to which it is a party or by which it or its property or

assets may be bound which, either separately or in the aggregate, may have a Material Adverse Effect;

- (n) to the knowledge of the Corporation, no counterparty to any material obligation, agreement, covenant or condition contained in any contract, indenture, trust deed, mortgage, loan agreement, note, lease or other agreement or instrument to which the Corporation or any Subsidiary is a party is in default in the performance or observance thereof, except where such violation or default in performance would not have a Material Adverse Effect;
- (o) there are no judgments against the Corporation or any Subsidiary which are unsatisfied, nor are there any consent decrees or injunctions to which the Corporation or any Subsidiary is subject;
- (p) neither of the Corporation nor any Subsidiary has committed an act of bankruptcy or sought protection from the creditors thereof before any court or pursuant to any legislation, proposed a compromise or arrangement to the creditors thereof generally, taken any proceeding with respect to a compromise or arrangement, taken any proceeding to be declared bankrupt or wound up, taken any proceeding to have a receiver appointed of any of the assets thereof, had any person holding any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement or other security interest or receiver take possession of any of the property thereof, had an execution or distress become enforceable or levied upon any portion of the property thereof or had any petition for a receiving order in bankruptcy filed against it;
- (q) at the Closing Time, all consents, approvals, permits, authorizations or filings as may be required to be made or obtained by the Corporation under applicable Securities Laws necessary for the execution and delivery of the Transaction Documents and the creation, issuance and sale, as applicable, of the Special Warrants and the Compensation Warrants and the Common Shares, Warrants and Warrant Shares issuable upon exercise thereof, as applicable, and the consummation of the transactions contemplated thereby, will have been made or obtained, as applicable (other than the filing of reports required under applicable Securities Laws within the prescribed time periods, which documents shall be filed as soon as practicable after the Closing Date and, in any event, within 10 calendar days of the Closing Date or within such other deadline imposed by applicable Securities Laws);
- (r) the Common Shares, Warrants and Warrant Shares issuable upon exercise of the Special Warrants, the Compensation Warrants and the Warrants, as applicable, have been authorized and reserved and allotted for issuance, as applicable;
- (s) at the Closing Time, the Special Warrants and the Compensation Warrants will be duly and validly issued and created;

- (t) upon the due exercise of the Special Warrants and the Compensation Warrants in accordance with the respective provisions thereof, the Common Shares and Warrants issuable upon the exercise thereof will be duly and validly issued and, in the case of the Common Shares, as fully paid and non-assessable Common Shares of the Corporation, on payment of the purchase price therefor;
- (u) upon the due exercise of the Warrants in accordance with the provisions thereof, the Warrant Shares issuable upon the exercise thereof will be duly and validly issued as fully paid and non-assessable Common Shares of the Corporation, on payment of the purchase price therefor;
- (v) the Special Warrants, the Compensation Warrants and the Common Shares, Warrants and Warrant Shares issuable upon exercise thereof, as applicable, will not be subject to a restricted period or to a statutory hold period under the Securities Laws which extends beyond four months and one day after the Closing Date in accordance with and subject to the conditions set out in NI 45-102, except for restrictions on transfer under applicable U.S. Securities Laws;
- (w) the execution and delivery of each of the Transaction Documents, the performance by the Corporation of its obligations hereunder or thereunder, the issue and sale of the Special Warrants hereunder and the consummation of the transactions contemplated in this Agreement, including the issuance and delivery of the Common Shares and Warrants issuable upon exercise of the Special Warrants, the granting of the Compensation Warrants, the issuance and delivery of the Common Shares and Warrants issuable upon exercise of the Compensation Warrants and the Warrant Shares issuable upon exercise of the Warrants, as the case may be, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, (whether after notice or lapse of time or both): (A) any Laws applicable to the Corporation including, without limitation, the Securities Laws; (B) the constating documents, by-laws or resolutions of the Corporation which are in effect at the date hereof; (C) any Material Agreement, contract, agreement, instrument, Debt Instrument, lease or other document to which the Corporation is a party or by which it is bound which, either separately or in the aggregate, may have a Material Adverse Effect; or (D) any judgment, decree or order binding the Corporation or the property or assets of the Corporation;
- (x) at the Closing Time, the Corporation shall have duly authorized and (other than the Warrant Certificates) executed and delivered the Transaction Documents and upon such execution and delivery (and subsequent execution and delivery of the Warrant Certificates) each shall constitute a valid and binding obligation of such Corporation and each shall be enforceable against such Corporation in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law;

- (y) the Common Shares are registered pursuant to Section 12(g) of the U.S. Exchange Act, and the Corporation has taken no action designed to, or which to its knowledge is likely to have the effect of, terminating the registration of the Common Shares under the U.S. Exchange Act nor has the Corporation received any notification that the SEC is contemplating terminating such registration;
- (z) the Financial Statements have been prepared in accordance with U.S. GAAP, contain no misrepresentations, and with respect to the audited comparative consolidated financial statements of the Corporation as at and for the year ended December 31, 2017 and 2016 only present fairly, in all material respects, the financial condition of the Corporation on a consolidated basis as at the date thereof and the results of the operations and cash flows of the Corporation on a consolidated basis for the period then ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of the Corporation on a consolidated basis that are required to be disclosed in such financial statements and there has been no material change in accounting policies or practices of the Corporation since December 31, 2016;
- (aa) to the knowledge of the Corporation, the Alternative Solutions Financial Statements have been prepared in accordance with U.S. GAAP, contain no misrepresentations, and with respect to the audited comparative consolidated financial statements of the Corporation as at and for the year ended December 31, 2017 and 2016 only present fairly, in all material respects, the financial condition of Alternative Solutions on a consolidated basis as at the date thereof and the results of the operations and cash flows of Alternative Solutions on a consolidated basis for the period then ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of Alternative Solutions on a consolidated basis that are required to be disclosed in such financial statements and there has been no material change in accounting policies or practices of Alternative Solutions since December 31, 2016;
- (bb) there are no material liabilities of the Corporation or the Subsidiary whether direct, indirect, absolute, contingent or otherwise required to be disclosed in the Financial Statements which are not disclosed or reflected in the Financial Statements, except those incurred in the ordinary course of business or disclosed in the Disclosure Documents since June 20, 2017;
- (cc) there are no off-balance sheet transactions, arrangements or obligations (including contingent obligations) of the Corporation or the Subsidiary with unconsolidated entities or other persons that may have a material current or future effect on the financial condition, changes in financial condition, results of operations, earnings, cash flow, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses of the Corporation or any Subsidiary or that would reasonably be expected to be material to an investor in making a decision to purchase the Special Warrants;

- (dd) all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, sales taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, reassessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, "**Taxes**") due and payable by the Corporation and the Subsidiary have been paid or accrued, except where the failure to pay such Taxes would not constitute an adverse material fact in respect of the Corporation or the Subsidiary or have a Material Adverse Effect. All tax returns, declarations, remittances and filings required to be filed by the Corporation and the Subsidiary have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading, except where the failure to file such documents would not constitute an adverse material fact in respect of the Corporation or the Subsidiary or have a Material Adverse Effect. Other than as disclosed in writing to the Agent, to the knowledge of the Corporation, no examination of any tax return of the Corporation is currently in progress and there are no issues or disputes outstanding with any Governmental Authority respecting any Taxes that have been paid, or may be payable, by the Corporation or the Subsidiary, in any case except where such examinations, issues or disputes would not constitute an adverse material fact in respect of the Corporation or have a Material Adverse Effect;

- (ee) the Corporation maintains a system of internal accounting controls sufficient to provide reasonable assurances that: (A) transactions are executed in accordance with management's general or specific authorization; and (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. GAAP and to maintain accountability for assets;

- (ff) except as disclosed in the Financial Statements the Corporation is not party to any Debt Instrument or any agreement, contract or commitment to create, assume or issue any Debt Instrument and does not have any loans or other indebtedness outstanding which has been made to any of its shareholders, officers, directors or employees, past or present, or any person not dealing at arm's length with the Corporation (as such term is defined in the Tax Act). The Corporation has not guaranteed the obligations of any person;

- (gg) the Corporation's auditors, who audited the Financial Statements and who provided their respective audit report thereon, are independent public accountants as required under applicable Securities Laws and there has never been a reportable event (within the meaning of NI 51-102) between the Corporation and the Corporation's auditors;

- (hh) during the previous 12 months, the Corporation has not, directly or indirectly, declared or paid any dividend or declared or made any other distribution on any of its shares or securities of any class, or, directly or indirectly, redeemed, purchased

otherwise acquired any of its Common Shares or securities or agreed to do any of the foregoing;

- (ii) no legal or governmental proceedings or inquiries are pending to which the Corporation or the Subsidiary is a party or to which their property or assets are subject that would result in the revocation or modification of any certificate, authority, permit or license necessary to conduct the business now owned or operated by the Corporation or the Subsidiary which, if the subject of an unfavourable decision, ruling or finding could reasonably be expected to have a Material Adverse Effect and, to the knowledge of the Corporation, no such legal or governmental proceedings or inquiries have been threatened against or are contemplated with respect to the Corporation, the Subsidiary or their property or assets;
- (jj) the assets of each of the Corporation and the Subsidiary and their businesses and operations are not insured;
- (kk) other than federal U.S. restrictions on patents and trademarks in connection with U.S. Marijuana Laws, each of the Corporation, its Subsidiary either owns or has a license to use all proprietary rights provided in law and at equity to all patents, trademarks, copyrights, industrial designs, software, trade secrets, know-how, concepts, information and other intellectual and industrial property (collectively, “**Intellectual Property**”) necessary to permit the Corporation, the Subsidiary to conduct their respective businesses as currently conducted. None of the Corporation or the Subsidiary has received any notice nor does the Corporation or any Subsidiary have knowledge of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances that would render any Intellectual Property invalid or inadequate to protect the interests of the Corporation or the Subsidiary therein and which infringement or conflict (if subject to an unfavourable decision, ruling or finding) or invalidity or inadequacy would have a Material Adverse Effect;
- (ll) except where such steps are limited due to federal U.S. restrictions on patents and trademarks in connection with U.S. Marijuana Laws, the Corporation and the Subsidiary has taken all reasonable steps to protect its owned Intellectual Property in those jurisdictions where, in the reasonable opinion of the Corporation, the Corporation and/or each Subsidiary carries on a sufficient business to justify such filings;
- (mm) there are no material restrictions on the ability of the Corporation or the Subsidiary to use all rights in the Intellectual Property required in the ordinary course of the business of the Corporation or the Subsidiary, as applicable. None of the rights of the Corporation or the Subsidiary in the Intellectual Property will be impaired or affected in any way by the transactions contemplated by this Agreement;
- (nn) neither the Corporation nor any Subsidiary has received any notice or claim (whether written or oral) challenging its ownership or right to use of any Intellectual

Property or suggesting that any other person has any claim of legal or beneficial ownership or other claim or interest with respect thereto;

- (oo) none of the rights of the Corporation or any Subsidiary in the Intellectual Property will be impaired or affected in any way by the transactions contemplated by this Agreement;
- (pp) other than as set out in the Disclosure Documents, there are no material restriction on the ability of the Corporation or the Subsidiary to use and exploit all rights in the Intellectual Property required in the ordinary course of business of the Corporation or the Subsidiary;
- (qq) all registrations of Intellectual Property are in good standing and are recorded in the name of the Corporation or one of the Subsidiary, or in the name of the parties that have licensed that Intellectual Property to the Corporation or the Subsidiary, as applicable, in the appropriate offices to preserve the rights thereto. Other than as would not have a Material Adverse Effect, all such registrations have been filed, prosecuted and obtained in accordance with all applicable legal requirements and are currently in effect and in compliance with all applicable legal requirements. No registration of Intellectual Property has expired, become abandoned, been cancelled or expunged, or has lapsed for failure to be renewed or maintained, except where such expiration, abandonment cancellation, expungement or lapse would not have a Material Adverse Effect;
- (rr) the Material Agreements are the only material contracts (as defined under Securities Laws) of the Corporation and the Subsidiary on a consolidated basis. All of the Material Agreements and Debt Instruments of the Corporation and of the Subsidiary have been disclosed in the Disclosure Documents and each is valid, subsisting, in good standing in all material respects and in full force and effect, enforceable in accordance with the terms thereof. The Corporation and the Subsidiary have performed all obligations (including payment obligations) in a timely manner under, and are in material compliance with, all terms, conditions and covenants (including all financial maintenance covenants) contained in each Material Agreement and Debt Instrument. None of the Corporation or the Subsidiary is in material violation, breach or default and none has received any notification from any party claiming that the Corporation or the Subsidiary is in breach, violation or default under any Material Agreement or Debt Instrument and no other party, to the knowledge of the Corporation, is in material breach, violation or default of any term under any Material Agreement or Debt Instrument. None of the properties (or any interest in, or right to earn an interest in, any property) of the Corporation or a Subsidiary is subject to any right of first refusal or purchase or acquisition right;
- (ss) other than disclosed in the Disclosure Documents, none of the directors, officers or employees of the Corporation or the Subsidiary, any person who owns, directly or indirectly, more than 5% of any class of securities of the Corporation or any associate or affiliate of any of the foregoing, had or has any material interest, direct

or indirect, in any transaction or any proposed transaction (including, without limitation, any loan made to or by any such person) with the Corporation which, as the case may be, materially affects, is material to or will materially affect the Corporation or the Subsidiary, except as disclosed in the Financial Statements or related management's discussion and analysis;

- (tt) the Corporation is not party to any agreement, nor is the Corporation aware of any agreement, which in any manner affects the voting control of any of the securities of the Corporation or the Subsidiary;
- (uu) none of the Corporation or any of the Subsidiary is a party to, bound by or, to the knowledge of the Corporation, affected by any commitment, agreement or document containing any covenant which expressly and materially limits the freedom of the Corporation or the Subsidiary to compete in any line of business, transfer or move any of its respective assets or operations or which adversely materially affects the business practices, operations or condition of the Corporation or the Subsidiary;
- (vv) neither the Corporation nor the Subsidiary has ever been in violation of, in connection with the ownership, use, maintenance or operation of the property and assets thereof, any applicable Environmental Laws which could reasonably be expected to have a Material Adverse Effect;
- (ww) the authorized capital of the Corporation consists of 250,000,000 Common Shares and 20,000,000 preferred shares of which, as at the date hereof (prior to the completion of the Offering), 51,936,972 Common Shares are issued and outstanding as fully paid and non-assessable shares in the capital of the Corporation and nil preferred shares are outstanding. Other than as disclosed in the Financial Statements (and subsequent Disclosure Documents and publicly available filings of the Corporation) and other than stock options issued under the Corporation's stock option plan, there are no outstanding rights, warrants, options, convertible debt or any other securities or rights capable of being converted into, or exchanged or exercised for, any Common Shares of the Corporation;
- (xx) Vstock Transfer, LLC at its principal offices in Woodmere, New York, has been duly appointed as registrar and transfer agent for the Common Shares;
- (yy) Odyssey Trust Company, at its principal offices in Calgary, Alberta, has been, as of the Closing Date, duly appointed as Special Warrant Agent and as Warrant Agent under the Special Warrant Indenture and the Warrant Indenture, respectively;
- (zz) the issue of the Special Warrants and the Compensation Warrants and issuance and delivery of the Common Shares, Warrants and Warrant Shares issuable thereunder, as applicable, will not be subject to any pre-emptive right or other contractual right to purchase securities granted by the Corporation or to which the Corporation is subject that has not been waived, subject to the rights of first refusal and other rights contained in the copies engagement letters to which the Corporation is a party

provided to the Agent' counsel, certain of which rights have been waived by the parties thereto. No holder of outstanding shares in the capital of the Corporation is at the Closing Time or will be following the Closing Time entitled to any pre-emptive or any similar rights to subscribe for any Common Shares or other securities of the Corporation;

- (aaa) neither the Corporation nor the Subsidiary is and has ever been in violation of, in connection with the ownership, use, maintenance or operation of the property and assets thereof, any Environmental Laws which could reasonably be expected to have a Material Adverse Effect;
- (bbb) with respect to each of the Leased Premises, the Corporation and the Subsidiary, as applicable, occupies the Leased Premises and has the exclusive right to occupy and use the Leased Premises and each of the leases pursuant to which the Corporation or any Subsidiary, as applicable, occupies the Leased Premises is in good standing and in full force and effect. The performance of obligations pursuant to and in compliance with the terms of this Agreement and the completion of the transactions described herein by the Corporation, will not afford any of the parties to such leases or any other person the right to terminate such leases or result in any additional or more onerous obligations under such leases;
- (ccc) each of the Corporation and the Subsidiary has all Environmental Permits and is in compliance with any material requirements thereof;
- (ddd) there are no pending or, to the knowledge of the Corporation, threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against the Corporation or any Subsidiary, which if determined adversely, would reasonably be expected to have a Material Adverse Effect;
- (eee) none of the Corporation or the Subsidiary has used the Leased Premises or any facility which it previously owned or leased, to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any Hazardous Materials;
- (fff) as of the date hereof, there are no past unresolved, pending or (to the knowledge of the Corporation) threatened claims, complaints, notices or requests for information with respect to any alleged violation of any Law and no conditions exist at, on or under any Leased Premises which, with the passage of time, or the giving of notice or both, would give rise to liability under any Law that, individually or in the aggregate, has or may reasonably be expected to have a Material Adverse Effect with respect to the Corporation or the Subsidiary;
- (ggg) other than the U.S. Marijuana Laws and as publicly disclosed or publicly available, the Corporation is not aware of any licensing or legislation, regulation, by-law or other lawful requirement of any Governmental Authority having lawful jurisdiction over the Corporation presently in force or, to its knowledge, proposed to be brought

into force, or any pending or contemplated change to any licensing or legislation, regulation, by-law or other lawful requirement of any Governmental Authority having lawful jurisdiction over the Corporation or any Subsidiary presently in force, that the Corporation anticipates the Corporation or any Subsidiary will be unable to comply with or which could reasonably be expected to materially adversely affect the business of the Corporation or any Subsidiary or the business environment or legal environment under which such entity operates;

- (hhh) each of the Corporation and the Subsidiary is in compliance with all laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages, except where non-compliance with such laws could not reasonably be expected to have a Material Adverse Effect;
- (iii) the Corporation has not withheld from the Agent any material fact relating to the Corporation, any Subsidiary or to the Offering;
- (jjj) the minute books and corporate records of the Corporation and the Subsidiary for the period from incorporation to the date hereof made available to the Agent contain copies of all proceedings (or certified copies thereof or drafts thereof pending approval) of the shareholders and the directors (or any committee thereof) thereof and there have been no other meetings, resolutions or proceedings of the shareholders or directors of the Corporation or the Subsidiary to the date hereof not reflected in such corporate records, other than those related to this transaction, copies of which have been provided to the Agent, or those which are not material to the Corporation or the Subsidiary;
- (kkk) subject to the rights of first refusal and other rights contained in the copies engagement letters to which the Corporation is a party provided to the Agent's counsel, certain of which rights have been waived by the parties thereto, other than the Agent, there is no person acting or purporting to act at the request or on behalf of the Corporation that is entitled to any brokerage or finder's fee or other compensation in connection with the transactions contemplated by this Agreement;
- (lll) the Corporation has made available and provided to the Agent (and its counsel), and, on a timely basis, shall make available and provide to the Agent (and its counsel), all material agreements, arrangements and understandings in connection with the Proposed Acquisition and any of the other transactions contemplated in connection therewith and copies of all written reports produced in the course of its due diligence investigation of the business and affairs of Alternative Solutions;
- (mmm) the Corporation is not aware, based on its due diligence to date of Alternative Solutions, including financial, legal and technical due diligence, of any fact or circumstance which would be likely to have a Material Adverse Effect on the Corporation and its Subsidiary on a consolidated basis following completion of the Proposed Acquisition;

- (nnn) the Proposed Acquisition has been approved by the board of directors of the Corporation and no further approval or consent will be required from the board of directors or any third party that will not be completed in order for the Corporation to complete the Proposed Acquisition;
- (ooo) the net proceeds of the Offering will be used to fund the purchase price for the Proposed Acquisition and for capital expenditures and general corporate purposes;
- (ppp) upon satisfaction of the Escrow Release Conditions, other than the Corporation, there is no person that is or will be entitled to demand the proceeds of this Offering under the terms of any agreement or instrument to which the Corporation is party (including any Debt Instrument or Material Agreement) or otherwise;
- (qqq) neither the Corporation nor any Subsidiary is required to obtain any permits or licenses pursuant to the Access to Cannabis for Medical Purposes Regulations or any other permits from Health Canada or any similar federal, provincial, state or municipal regulatory body or self-regulatory body in connection with the conduct of their respective businesses as currently conducted;
- (rrr) all product research and development activities, including quality assurance, quality control, testing, and research and analysis activities, conducted by the Corporation and the Subsidiary in connection with their business is being conducted in compliance, in all material respects, with all industry, laboratory safety, management and training standards applicable to its current and proposed business, and all such processes, procedures and practices, required in connection with such activities are in place as necessary and are being complied with, in all material respects;
- (sss) the Corporation and the Subsidiary have complied, in all material respects, with all applicable privacy and consumer protection legislation and none has collected, received, stored, disclosed, transferred, used, misused or permitted unauthorized access to any information protected by privacy laws, whether collected directly or from third parties, in an unlawful manner. The Corporation and the Subsidiary have taken all reasonable steps to protect personal information against loss or theft and against unauthorized access, copying, use, modification, disclosure or other misuse;
- (ttt) neither the Corporation nor any Subsidiary nor, to the Corporation's knowledge, any of their affiliates, directors or officers or any agent, employee or affiliate of the Corporation or any Subsidiary, is aware of or has taken any action, directly or indirectly, that could result in a violation by such persons of applicable laws relating to terrorism and money laundering, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Corruption of Foreign Public Officials Act* (Canada), the *Foreign Corrupt Practices Act of 1977* (United States), as amended, and the rules and regulations thereunder or any other similar anticorruption law to which the Corporation or any Subsidiary may be subject (collectively, the "Acts"), including, without limitation, making any bribe, rebate, payoff, influence payment, kickback or other unlawful payment or making use of

mails or any means or instrumentality of interstate commerce in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value or benefit to any “foreign official” or “public official” (as such terms are defined in the applicable Acts) or any foreign political party or official thereof or any candidate for foreign political office, or any third party or any other person to the benefit of the foregoing, in contravention of the Acts, and the Corporation, each Subsidiary, and their affiliates have conducted their businesses in compliance with the Acts and will implement and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith; and

- (uuu) the Corporation is not and immediately after receipt of payment for the Special Warrants, will not be required to be registered as an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

Section 10. Covenants of the Corporation

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

- (a) promptly provide to the Agent copies of any filings made by the Corporation or the Subsidiary of information relating to the Offering with any Securities Commissions or any regulatory body in Canada, United States or any other jurisdiction;
- (b) promptly provide to the Agent drafts of any press releases and other public documents of the Corporation relating to the Offering for review by the Agent prior to issuance, and give the Agent a reasonable opportunity to provide comments on any such press release or other public document, subject to the Corporation’s timely disclosure obligations under applicable Securities Laws;
- (c) from the time it has filed a Preliminary Qualification Prospectus, promptly inform the Agent in writing of the particulars of:
 - (i) any material change (whether actual, anticipated, contemplated or proposed by, or threatened), financial or otherwise, in the assets, liabilities (contingent or otherwise), business, affairs, prospects, operations, cash flow or capital of the Corporation and its Subsidiary, taken as a whole;
 - (ii) any material fact which has arisen or has been discovered or any new material fact which would have been required to have been stated in the Offering Documents had that fact arisen or been discovered on, or prior to, the date of any of the Offering Documents, as the case may be; or
 - (iii) any change in any material fact (which for the purposes of this Agreement shall be deemed to include the disclosure of any previously undisclosed

material fact or any new material fact) contained or incorporated by reference in any of the Offering Documents or whether any event or state of facts has occurred after the date of this Agreement, which, in any case, is of such a nature as to render any of the Offering Documents untrue or misleading in any material respect or to result in any misrepresentation in any of the Offering Documents including as a result of any of the Offering Documents containing an untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make any statement therein not false or misleading in the light of the circumstances in which it was made, which would result in any Offering Document not complying with applicable Securities Laws or which would reasonably be expected to have an effect on the market price or value of the Common Shares;

- (iv) advise the Agent, promptly after receiving notice or obtaining knowledge thereof, during the period shall during the period from the date of this Agreement until the first to occur of the Qualification Date, and (ii) the day that is four months and one day after the Closing Date: (i) the issuance by any Securities Commission or similar regulatory authority of any order suspending or preventing the use of any Offering Document; (ii) the suspension of the qualification of the Units issuable upon exercise of the Special Warrants in any of the Qualifying Jurisdictions; (iii) the institution, threatening or contemplation of any proceeding for any such purposes; (iv) any requests made by any Securities Commission or similar regulatory authority for information amending or supplementing any of the Offering Documents or for additional information; (v) the receipt by the Corporation of any material communication, whether written or oral, from any Securities Commission or similar regulatory authority or any stock exchange, relating to the distribution of the Units issuable upon exercise of the Special Warrants; (vi) the receipt by the Corporation of any material communication, whether written or oral, from any Securities Commission, the CSE, or any other competent authority, relating to the Offering or any Offering Document; (vii) any notice for other correspondence received by the Corporation from any Governmental Authority and any requests from such bodies for information, a meeting or a hearing relating to the Corporation, the Offering, the issue and sale of the Special Warrants, the issue of the Units issuable upon exercise of the Special Warrants or any other event or state of affairs that could, individually, or in the aggregate, have a Material Adverse Effect; or (viii) the issuance by any Securities Commission, the CSE, or any other competent authority, including any other Governmental Authority, of any order to cease or suspend trading or distribution of any securities of the Corporation or of the institution, threat of institution of any proceedings for that purpose or any notice of investigation that could potentially result in an order to cease or suspend trading or distribution of any securities of the Corporation, and will use its commercially reasonable efforts to prevent the issuance of any order

referred to in (i) and (viii) above and, if any such order is issued, to obtain the withdrawal thereof as quickly as possible;

- (d) comply with Sections 6.5 and 6.6 of NI 41-101 and with the comparable provisions of the other relevant Canadian Securities Laws. The Corporation will promptly prepare and file with the Securities Commissions any Supplementary Material which in the opinion of the Agent and the Corporation, each acting reasonably, may be necessary or advisable, and will otherwise comply with all legal requirements necessary to continue to qualify the Units issuable upon exercise of the Special Warrants for distribution. If the Corporation and the Agent in good faith disagree as to whether a change, fact or event requires the filing of any Supplementary Material in compliance with Sections 6.5 or Section 6.6 of NI 41-101, the Corporation will prepare and file promptly at the request of the Agent any Supplementary Material which, in the opinion of the Agent, acting reasonably, may be necessary or advisable. Upon receipt of any Supplementary Material the Agent shall, as soon as possible, send such Supplementary Material to Purchasers of the Special Warrants;
- (e) in addition to the provisions of Section 9(a) - Section 9(f) hereof, the Corporation shall, in good faith discuss with the Agent any circumstance, change, event or fact contemplated in Section 9(a) – Section 9(f) hereof which is of such a nature that there is or could be reasonable doubt as to whether notice should be given to the Agent under Section 9(a) – Section 9(f) hereof and shall consult with the Agent with respect to the form and content of any Supplementary Material proposed to be filed by the Corporation, it being understood and agreed that no such Supplementary Material shall be filed with any Securities Commission prior to the review and approval thereof by the Agent, acting reasonably;
- (f) deliver to the Agent prior to the filing of the Preliminary Qualification Prospectus and Final Qualification Prospectus, a copy thereof signed and certified as required by the applicable Canadian Securities Laws;
- (g) advise the Agent, promptly after receiving notice thereof, of the time when the Preliminary Qualification Prospectus, the Final Qualification Prospectus, any Marketing Materials and any Supplementary Material has been filed and receipts therefor (if any) have been obtained pursuant to the Canadian Securities Laws and will provide evidence reasonably satisfactory to the Agent of each such filing and copies of such receipts;
- (h) use the net proceeds of the Offering in the manner specified in the Disclosure Documents;
- (i) concurrently with the filing of the Final Qualification Prospectus with the Canadian Securities Commissions, file or cause to be filed with the CSE all necessary documents and shall take or cause to be taken all necessary steps to ensure that the Corporation has obtained all necessary approvals for the Common Shares and

Warrant Shares issuable upon exercise of the Special Warrants and Compensation Warrants to be listed on the CSE;

- (j) until the date that is three years following the Closing Date, use its commercially reasonable efforts to remain, and to ensure the Subsidiary remains, a corporation validly subsisting under the laws under which it is currently subsisting, licensed, registered or qualified as an extra-provincial or foreign corporation in all jurisdictions where the character of its properties owned or leased or the nature of the activities conducted by it make such licensing, registration or qualification necessary and shall carry on its business in the ordinary course and in compliance in all material respects with all applicable Laws of each such jurisdiction, provided that the Corporation shall not be required to comply with the terms of this Section 9(m) following the completion of a merger, amalgamation, arrangement, business combination or take-over bid pursuant to which the Corporation ceases to be a “distributing corporation” (within the meaning of the *Business Corporations Act* (Ontario));
- (k) other than in the event of an acquisition of all of the issued and outstanding Common Shares by way of take-over bid merger, amalgamation, plan of arrangement or similar transaction, until the date that is three years following the Closing Date, use commercially reasonable efforts to maintain its status as a “reporting issuer” under the Securities Laws of a jurisdiction of Canada, not in default of any requirement of such Securities Laws;
- (l) other than in the event of an acquisition of all of the issued and outstanding Common Shares by way of take-over bid merger, amalgamation, plan of arrangement or similar transaction, until the date that is three years following the date of listing of Common Shares on the CSE, use commercially reasonable efforts to maintain the listing of the Common Shares on the CSE or another recognized stock exchange or quotation system in Canada;
- (m) duly execute and deliver the Transaction Documents at the Closing Time and comply with and satisfy all terms, conditions and covenants therein contained to be complied with or satisfied by the Corporation;
- (n) fulfil or cause to be fulfilled, at or prior to the Closing Time each of the conditions required to be fulfilled by it set out in Section 9 hereof;
- (o) ensure that at the Closing Time the Special Warrants and the Compensation Warrants are duly and validly created, authorized and issued and shall have attributes corresponding in all material respects to the description set forth in the Special Warrant Indenture and this Agreement, respectively;
- (p) ensure that, at the Closing Time, the Common Shares and Warrants issuable upon exercise of the Special Warrants and the Compensation Warrants, respectively, have been duly authorized and validly allotted for issuance by the Corporation and shall, upon issuance in accordance with terms of the Special Warrants and the

Compensation Warrant Certificate, as applicable, be outstanding, and in respect of the Common Shares, as fully paid securities of the Corporation;

- (q) ensure that, at the Closing Time, the Warrant Shares have been duly authorized and validly allotted and reserved for issuance by the Corporation and shall, upon issuance in accordance with terms of the Warrant Indenture, be outstanding as fully paid and non- assessable shares in the capital of the Corporation;
- (r) in the event that a Purchaser who acquires Common Shares and Warrants upon exercise or deemed exercise of the Special Warrants is or becomes entitled under Canadian Securities Laws to the remedy of rescission by reason of a misrepresentation in the Final Qualification Prospectus, or any Supplementary Material, the Corporation hereby agrees that such holder shall, subject to available defences and any limitation period under Canadian Securities Laws, be entitled to rescission not only of the holder's exercise or deemed exercise of its Special Warrants, but also of the private placement transaction under this Agreement pursuant to which the Special Warrants were initially acquired (i.e. the Offering), and shall be entitled in connection with such rescission to a full refund of all consideration paid to the Corporation on the acquisition of the Special Warrants. The Corporation agrees that the foregoing rights shall be described in the Preliminary Qualification Prospectus, the Final Qualification Prospectus and any Supplementary Material, and the Corporation agrees to and shall comply with such contractual right of rescission;
- (s) for the period of 90 days following the date of listing of the Common Shares on the CSE, the Corporation will not, directly or indirectly, offer, issue, sell, grant, secure, pledge, or otherwise transfer, dispose of or monetize, or engage in any hedging transaction, or enter into any form of agreement or arrangement the consequence of which is to alter economic exposure to, or announce any intention to do so, in any manner whatsoever, any Common Shares or securities convertible into, exchangeable for, or otherwise exercisable to acquire Common Shares or other equity securities of the Corporation, without the prior written consent of the Agent (such consent not to be unreasonably withheld or delayed), other than in conjunction with: (i) the grant or exercise of stock options and other similar issuances pursuant to the share incentive plan of the Corporation and other share compensation arrangements; (ii) outstanding warrants; (iii) obligations in respect of existing agreements; and (iv) the issuance of securities in connection with property or share acquisitions in the normal course of business, provided that any Common Shares or securities convertible, exercisable or exchangeable for Common Shares issued in such financings shall not be freely tradable in Canada prior to the Special Warrants having been exercised and the Common Shares and Warrants issued upon such exercise being freely tradable in Canada (subject to restrictions on control block distributions);
- (t) use its best efforts to cause each of its directors, officers and all 5.0% shareholders of the Corporation to enter into lock-up agreements in a form satisfactory to the Corporation and the Agent, in both cases acting reasonably, which shall be

negotiated in good faith and contain customary provisions, pursuant to which each such person agrees to not, directly or indirectly, offer, sell, contract to sell, grant or sell any option to purchase, purchase any option or contract to sell, hypothecate, pledge, transfer, assign, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with (or agree to or publicly announce any intention to do any of the foregoing) whether through the facilities of a stock exchange, by private placement or otherwise, any Common Shares or other securities of the Corporation convertible into, exchangeable for or exercisable to acquire, Common Shares, directly or indirectly, unless (i) such person first obtain the prior consent of the Agent, such consent not to be unreasonably withheld, or (ii) there occurs a take-over bid or similar transaction involving a change of control of the Corporation, until the date that is 6 months from the date of listing of Common Shares on the CSE;

- (u) as promptly as practicable after becoming aware of such event, notify the Agent of the issuance by the SEC of any stop order or other suspension of effectiveness of the Registration Statement at the earliest possible time and take all lawful action to effect the withdrawal, rescission or removal of such stop order or other suspension; and
- (v) promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, such further acts, documents and things for the purpose of giving effect to this Agreement and the transactions contemplated herein.

Section 11. Closing

The purchase and sale of the Special Warrants shall be completed at the Closing Time at the offices of Cassels Brock & Blackwell LLP in Toronto, Ontario or at such other place as the Agent and the Corporation may agree. At the Closing Time, the Corporation shall (i) deliver certificates representing, as requested, the Special Warrants to the Agent registered in accordance with the instructions in each properly completed and accepted Subscription Agreement or in such other name or names as the Agent may notify the Corporation in writing not less than 24 hours prior to the Closing Time; and (ii) deliver certificates representing the Compensation Warrants, against payment by the Agent to the Escrow Agent, at the direction of the Corporation, as applicable, of the Escrowed Proceeds, by wire transfer, or if permitted by applicable Law, certified cheque or bank draft, in Canadian currency payable at par in Toronto, Ontario, together with a receipt signed by the Agent for such electronic deposit and for receipt of the Agent's Commission and such estimated expenses. As soon as practicable following the Closing Time, the Agent shall submit an invoice with respect to the actual reasonable out-of-pocket fees and expenses of the Agent and their counsel payable by the Corporation pursuant to Section 19. In the event that the actual reasonable out-of-pocket fees and expenses of the Agent and their counsel payable by the Corporation is less than the estimated amount thereof paid to the Agent on Closing, the Agent shall reimburse the Corporation for the amount of such difference. In the event that the actual reasonable out-of-pocket fees and expenses of the Agent and its counsel payable by the Corporation is greater than the estimated amount thereof paid to the Agent on Closing, the Corporation shall promptly pay the amount of such difference to the Agent.

Section 12. Termination Rights

- (a) The Agent shall be entitled to terminate their obligations hereunder by written notice to that effect given to the Corporation at or prior to the Closing Time if:
- (i) **Restrictions on Distribution.** Any inquiry, action, suit, investigation or other proceeding (whether formal or informal), including matters of regulatory transgression or unlawful conduct, is commenced, announced or threatened or any order is made or issued under or pursuant to any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality (including without limitation the CSE or any securities regulatory authority) or there is any enactment or change in any law, rule or regulation, or the interpretation or administration thereof, which, in the reasonable opinion of the Agent, could operate to prevent, restrict or otherwise seriously adversely affect in any manner the distribution or trading of the Special Warrants or the market price or value of the Common Shares;
 - (ii) **Material Change.** There shall occur or come into effect any material change in the business, affairs, financial condition, prospects, capital or control of the Corporation and its subsidiaries, taken as a whole, or any change in any material fact or new material fact, or there should be discovered any previously undisclosed fact which, in each case, in the reasonable opinion of the Agent, has or could reasonably be expected to have a significant effect on the market price or value or marketability of the Special Warrants;
 - (iii) **Disaster Out.** There should develop, occur or come into effect or existence any event, action, state, or condition or any action, law or regulation, inquiry, including, without limitation, terrorism, accident or major financial, political or economic occurrence of national or international consequence, or any action, government, law, regulation, inquiry or other occurrence of any nature, which in the reasonable opinion of the Agent, seriously adversely affects or involves, or may seriously adversely affect or involve, the financial markets in Canada or the United States or the business, operations or affairs of the Corporation or the marketability of the Special Warrants;
 - (iv) **Market Out.** The state of the financial markets in Canada or the United States is such that in the reasonable opinion of the Agent, the Special Warrants cannot be marketed profitably;
 - (v) **Breach.** The Corporation is in breach of any material term, condition or covenant of this Agreement or any representation or warranty given by Corporation becomes or is false in any material respect; or

- (vi) **Due Diligence.** The due diligence investigations performed by the Agent or its representatives reveal any material information or fact, which, in the sole opinion of the Agent, acting reasonably, is materially adverse to the Corporation or its business, or materially adversely affects the price or value of the Special Warrants.

- (b) The rights of termination contained in this Section 12 as may be exercised by the Agent and are in addition to any other rights or remedies the Agent may have in respect of any default, act or failure to act or non-compliance by the Corporation in respect of any of the matters contemplated by this Agreement or otherwise. Any such termination shall not discharge or otherwise affect any obligations or liability of the Corporation provided herein or prejudice any other rights or remedies any party may have as a result of any breach, default or non-compliance by any other party. Notwithstanding the foregoing sentence, in the event of any such termination, there shall be no further liability on the part of the Agent to the Corporation or on the part of the Corporation to the Agent except in respect of any liability which may have arisen prior to or which may arise after such termination under Section 13, Section 17 and Section 19. A notice of termination given by one Agent under Section 12 shall not be binding upon the other Agent.

Section 13. All Terms to be Conditions

The Corporation agrees that the conditions contained in Section 8 will be complied with insofar as the same relate to acts to be performed or caused to be performed by the Corporation and that it will use its commercially reasonable efforts to cause all such conditions to be complied with. Any breach or failure to comply with any of the conditions set out in Section 8 shall entitle the Agent (or any of them) to terminate this Agreement by written notice to that effect given to the Corporation at or prior to the Closing Time. It is understood that the Agent may waive, in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to the rights of the Agent in respect of any such terms and conditions or any other or subsequent breach or non-compliance, provided that to be binding on the Agent any such waiver or extension must be in writing.

Section 14. Right of First Refusal.

- (a) The Corporation will notify the Agent of the terms of any further equity financing, corporate finance, or professional, sponsorship or advisory services performed (or normally performed) by a broker or investment dealer that the Corporation requires or proposed to obtain during the 12 months following the date that the Common Shares of the Corporation are listed on a recognized Canadian stock exchange (the “**Subsequent Financing**”) and the Agent will have the right of first refusal to act as lead selling agents in connection with any such financing.

- (b) The right of first refusal described in Section 12(a) must be exercised by the Agent within 3 Business Days following the receipt of the notice referred to Section 12(a) by notifying the Corporation that it: (i) will act as selling agent on the terms set out in the notice or subject to agreeing to the terms and conditions, as the case may be;

and/or (ii) will act as the Corporation's sponsor in connection with the Subsequent Financing, as applicable.

- (c) If the Agent fails to give notice within the 3 Business Days that it will act as selling agent for the Subsequent Financing upon the terms set out in the notice and/or sponsor for the Subsequent Financing, the Corporation will be free to make other arrangements to obtain financing from another source on the same terms or on terms no less favorable to the Corporation, and/or engage another sponsor for its Subsequent Financing, provided the arrangement with such agent or underwriter are entered into within 30 calendar days thereafter.
- (d) The right of first refusal will not terminate with respect to any future offerings and/or sponsorship of the Subsequent Financing if, on receipt of any notice from the Corporation under this Section 14, the Agent fails to exercise any of the rights.
- (e) The rights of first refusal granted under this Section 14 will terminate if the Offering is not completed.
- (f) The rights of first refusal granted under this Section 14 shall not apply to the issuance of securities of the Corporation in which the Corporation does not retain or propose to retain a registered dealer as an agent.

Section 15. Alternative Transaction

In the event that the Corporation withdraws from the Offering after the date of this Agreement (except in the event that such withdrawal was the result of a breach or termination by the Agent of this Agreement) to complete an Alternative Transaction (which transaction is completed within 180 calendar days of the date of the Engagement Letter), the Corporation shall pay to the Agent promptly upon closing the Alternative Transaction a fee equal to the lesser of (i) the maximum amount of fees and commissions (including the Agent's Commission, Corporate Finance Fee and Compensation Warrants) otherwise payable to the Agent under this Agreement calculated on the basis of the maximum Offering proposed hereunder; and (ii) the Agent's fees and commissions (including the Agent's Commission, Corporate Finance Fee and Compensation Warrants) calculated based on the amount raised pursuant to the Alternative Transaction. An "**Alternative Transaction**" shall include any debt or equity offering or combination thereof in relation to the Corporation.

Section 16. Indemnification

- (a) The Corporation agrees to indemnify and hold harmless the Agent and Selling Firms (if any) and each of their respective affiliates and subsidiaries and the respective directors, officers, partners, agents and employees and the Agent's subsidiaries or affiliates (each an "**Indemnified Party**" and collectively, the "**Indemnified Parties**") to the full extent lawful, from and against any and all losses, fees, expenses, claims (including shareholder actions, derivative or otherwise), actions, damages and liabilities, joint or several, including without limitation the aggregate amount paid in reasonable settlement of any actions, suits,

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

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

Offering or during the period of distribution or where such failure relates to the Offering or the Special Warrants and may give or gives rise to any liability under any Law in any jurisdiction which is in force on the date of this Agreement.

- (b) The Corporation agrees to waive any right it may have of first requiring an Indemnified Party to proceed against or enforce any other right, power, remedy or security or claim payment from any other person before claiming under this indemnity.
- (c) The Corporation will not, without the Indemnified Party's prior written consent, settle, compromise, consent to the entry of any judgment in or otherwise seek to terminate any Claim in respect of which indemnification may be sought hereunder (whether or not any Indemnified Party is a party thereto) unless the Corporation has acknowledged in writing that the Indemnified Parties are entitled to be indemnified in respect of such Claim and such settlement, compromise, consent or termination includes an unconditional release of each Indemnified Party from any liabilities arising out of such Claim without any admission of negligence, misconduct, liability or responsibility by or on behalf of any Indemnified Party.
- (d) Promptly after receiving notice of a Claim against an Indemnified Party or receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Corporation, the Indemnified Party will notify the Corporation in writing of the particulars thereof, provided that the omission so to notify the Corporation shall not relieve the Corporation of any liability which the Corporation may have to any Indemnified Party except and only to the extent that any such delay in or failure to give notice as herein required prejudices the defense of such Claim or results in any material increase in the liability which the Corporation has under this indemnity. The Corporation shall have 14 days after receipt of the notice to undertake, conduct and control, through counsel of its own choosing and at its own expense, the settlement or defense of the Claim. If the Corporation undertakes, conducts and controls the settlement or defense of the Claim, the relevant Indemnified Parties shall have the right to participate in the settlement or defense of the Claim.
- (e) Each Indemnified Party may retain separate legal counsel to act on such Indemnified Party's behalf to separately represent it in the defense of a Claim, which shall be at the Corporation's expense if (i) the Corporation does not promptly assume the defense of the Claim no later than 14 days after receiving actual notice of the Claim (as set forth above), (ii) the Corporation agrees to separate representation, or (iii) the Indemnified Party is advised by counsel that there is an actual or potential conflict in the Corporation's and the Indemnified Party's respective interests or additional defenses are available to the Indemnified Party, which makes representation by the same counsel inappropriate.
- (f) The Corporation agrees that in case any legal proceeding shall be brought against the Corporation and/or the Agent by any governmental commission or regulatory

authority or any stock exchange or other entity having regulatory authority, either domestic or foreign, shall investigate the Corporation and/or the Indemnified Parties shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with, or by reason of the performance of professional services rendered to the Corporation by the Agent, the Indemnified Parties shall have the right to employ their own counsel in connection therewith, and the reasonable fees and expenses of such counsel as well as the reasonable costs (including an amount to reimburse the Agent for time spent by the Indemnified Parties in connection therewith) and out-of-pocket expenses incurred by Indemnified Parties in connection therewith shall be paid by the Corporation as they occur.

- (g) To the extent that any Indemnified Party is not a party to this Agreement, the Agent shall obtain and hold the right and benefit of the above-noted indemnity in trust for and on behalf of such Indemnified Party.
- (h) The Corporation agrees to reimburse the Agent for the time spent by their personnel in connection with any Claim at their normal per diem rates.
- (i) The indemnity and the contribution obligations of the Corporation pursuant to Section 17 shall be in addition to any liability which the Corporation may otherwise have, shall extend upon the same terms and conditions to the personnel of the Agent and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Corporation and any of the Indemnified Parties. The foregoing provisions shall survive the completion of professional services rendered under this Agreement or any termination of the authorization given by this Agreement.

Section 17. Contribution

In order to provide for a just and equitable contribution in circumstances in which the indemnity provided in Section 14 (other than in accordance with the terms hereof) would otherwise be available in accordance with its terms but is unavailable to the Agent or the Indemnified Parties or insufficient to hold them harmless in respect of a Claim for any reason, the Corporation shall contribute to the amount paid or payable by the Agent or the other Indemnified Party as a result of such Claim in such proportion as is appropriate to reflect not only the relative benefits received by the Corporation on the one hand and the Agent or any other Indemnified Party on the other hand but also the relative fault of the Corporation, the Agent or any other Indemnified Party as well as any relevant equitable considerations; provided that the Corporation shall in any event contribute to the amount paid or payable by the Agent or any other Indemnified Party as a result of such Claim any excess of such amount over the amount of the fees received by the Agent under this Agreement.

Section 18. Advertisements

The Corporation shall, at the Agent's request, issue a press release announcing the Offering, include a reference to the Agent and its role in any such release or communication, and ensure that

any press release concerning the Offering complies with applicable law, including U.S. Securities Law restrictions in respect of general solicitation, general advertising and directed selling efforts. If the Offering is successfully completed, the Corporation acknowledges and agrees that the Agent will be permitted to publish, at their own expense, public announcements or other communications relating to its services in connection with the Offering as it considers appropriate.

Section 19. Expenses

The Corporation will be responsible for all expenses related to the Offering, whether or not the Offering is completed, including, but not limited to, the fees and disbursements of the Corporation's legal counsel, the fees and disbursements of the Agent's legal counsel (such fees not to exceed \$250,000 without the prior consent of the Corporation, such consent not to be unreasonably withheld), the fees and disbursements of accountants and auditors, the fees and disbursements of translators, the fees and disbursements of technical consultants and other applicable experts, all other costs and expenses (excluding legal expenses) of the Agent, printing costs, filing fees, distribution fees, stock exchange fees, fees for other regulatory compliance, and all taxes payable in respect of any of the foregoing. All such fees, disbursements and expenses shall be payable by the Corporation immediately upon receiving an invoice therefor from the Agent, or, at the option of the Agent, may be deducted from the gross proceeds of the Offering otherwise payable by the Agent to the Corporation at the Closing of the Offering.

Section 20. Governing Law

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

Section 21. Survival of Warranties, Representations, Covenants and Agreements

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

Section 22. Notices

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

- (i) to the Corporation at:

CLS Holdings USA, Inc
11767 South Dixie Highway. Suite 115 Miami, Florida 33156
USA

Attention: Jeff Binder, Chairman and CEO
E-Mail: jb@power3net.com

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

Cassels Brock & Blackwell LLP Scotia Plaza, Ste. 2100
40 King Street West Toronto, Ontario M5H 3C2

Attention: Cameron Mingay
E-Mail: cmingay@casselsbrock.com

- (ii) to the Agent, to:

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

Attention: Graham Saunders
Email: Gsaunders@canaccordgenuity.com

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

Bennett Jones LLP
1 First Canadian Place PO Box 130
Toronto, Ontario M5X 1A4

Attention: Aaron Sonshine
E-Mail: Sonshinea@bennettjones.com

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

Section 23. Enforceability

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

Section 24. Successors and Assigns

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

Section 25. Entire Agreement; Time of the Essence

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

Section 26. Further Assurances

Each of the parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Agreement.

Section 27. No Fiduciary Duty

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

Section 28. Effective Date

This Agreement is intended to and shall take effect as of the date first set forth above, notwithstanding its actual date of execution or delivery.

Section 29. Language

The parties hereby acknowledge that they have expressly required this Agreement and all notices, statements of account and other documents required or permitted to be given or entered into pursuant hereto to be drawn up in the English language only. Les parties reconnaissent avoir expressment demandées que la présente convention ainsi que tout avis, tout état de compte et tout autre document a être ou pouvant être donné ou conclu en vertu des dispositions des présentes, soient rédigés en langue anglaise seulement.

Section 30. Counterparts and Electronic or Facsimile Copies

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

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

CANACCORD GENUITY CORP.

Per: /s/ Graham Saunders
Authorized Signing Officer

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

CLS HOLDINGS USA, INC.

Per: /s/ Jeffrey I. Binder
Authorized Signing Officer

SCHEDULE "A"

TERMS AND CONDITIONS FOR UNITED STATES OFFERS AND SALES

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

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

"Distribution Compliance Period" means the one year period (six months if the Corporation remains a reporting issuer with the SEC) that begins on the later of (i) the date the Special Warrants are first offered to persons other than distributors in reliance on Regulation S; or (ii) the Closing Date; provided that, all offers and sales by a distributor of an unsold allotment or subscription shall be deemed to have been made during the Distribution Compliance Period;

"General Solicitation" and **"General Advertising"** means "general solicitation" and "general advertising", respectively, as used under Rule 502(c) of Regulation D, including, without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or the internet or broadcast over radio or television or the internet, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising;

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

"Regulation S" means Regulation S adopted by the SEC under the U.S. Securities Act;

"SEC" means the United States Securities and Exchange Commission;

"Securities" means the Special Warrants, the Common Shares and Warrants issuable upon exercise of the Special Warrants and the Warrant Shares issuable upon exercise of the Warrants; and

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

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

Representations, Warranties and Covenants of the Corporation

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

1. The Corporation acknowledges that the Securities have not been registered under the U.S. Securities Act or any state securities laws and may be offered and sold only in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and applicable state securities laws. Except with respect to sales of the Special Warrants solicited by the Agent through a U.S. Affiliate and/or Accredited Investors in reliance upon available exemptions from registration under the U.S. Securities Act and applicable state securities laws, neither the Corporation nor any of its affiliates, nor any person acting on any of their behalf (other than the Agent, the U.S. Affiliates, or any Selling Firm, as to whom the Corporation makes no representation, warranty, acknowledgement, covenant or agreement), has made or will make: (A) any offer to sell, or any solicitation of an offer to buy, any Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons; or (B) any sale of Special Warrants unless, at the time the buy order was or will have been originated, the purchaser is (i) outside the United States and not a U.S. Person, or (ii) the Corporation, its affiliates, and any person acting on any of their behalf (other than the Agent, the U.S. Affiliates, or any Selling Firm, as to whom the Corporation makes no representation, warranty, acknowledgement, covenant or agreement) reasonably believe that the purchaser is outside the United States and not a U.S. Person.
2. Neither the Corporation nor any of its affiliates, nor any person acting on any of their behalf (other than the Agent, the U.S. Affiliate, or any Selling Firm, as to whom the Corporation makes no representation, warranty, acknowledgement, covenant or agreement), has engaged or will engage in any Directed Selling Efforts, or has taken or will take any action that would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act or the exclusion afforded by Rule 903 of Regulation S, to be unavailable for offers and sales of the Special Warrants.
3. None of the Corporation, any of its affiliates or any person acting on any of their behalf (other than the Agent, the U.S. Affiliate, or any Selling Firm, as to whom the Corporation makes no representation, warranty, acknowledgement, covenant or agreement) has offered or will offer to sell, or has solicited or will solicit offers to buy, any of the Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons, by means of any form of General Solicitation or General Advertising or in any manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act in connection with the offer and sale of the Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons.
4. Neither the Corporation nor any person acting on behalf of the Corporation has, within six months prior to the commencement of the Offering, sold, offered for sale or solicited any offer to buy any of the Corporation's securities, and will not do so for a period of six months following the completion of this Offering, in a manner that would be integrated with the offer and sale of the Special Warrants and would cause the exemption from registration under the U.S. Securities Act to become unavailable with respect to the offer and sale of the Special Warrants.

5. Neither the Corporation nor any of its predecessors or affiliates has been subject to any order, judgment or decree of any court of competent jurisdiction temporarily, preliminarily or permanently enjoining such person for failure to comply with Rule 503 of Regulation D.
6. The Corporation will, within prescribed time periods, prepare and file any forms or notices required under the U.S. Securities Act or applicable state securities laws in connection with the offering of the Special Warrants in the United States.
7. To the best of the Corporation's knowledge after reasonable investigation, none of the Corporation (including its predecessors or affiliated issuers), any director or executive officer, any non-executive officer participating in the Offering, any shareholder holding or controlling 20% or more of the Common Shares, any current promoter of the Corporation or any person (other than the Agent and any person set out in Section 10 of the Agent's representations, warranties and covenants below, for which no representation or warranty is made) that has been or will be paid (directly or indirectly) for the solicitation of purchasers in the Offering (a "**Compensated Solicitor**") and any general partner or managing member of any Compensated Solicitor or any executive officer, non-executive officer participating in the Offering, or director of any Compensated Solicitor or general partner or managing member of such Compensated Solicitor is subject to a Disqualifying Event. For the purposes hereof, "Disqualifying Event" means any conviction, order, judgment, decree, suspension, expulsion, event or other matter set out in Rule 506(d)(1)(i) through (viii) of Regulation D that is currently in effect or which occurred within the periods set out in Rule 506(d)(1)(i) through (viii) and, without limiting the foregoing, includes criminal convictions, court injunctions or restraining orders, final orders of any state or federal regulator, SEC disciplinary orders, SEC cease-and-desist orders, SEC stop orders or orders suspending the Regulation A exemption, suspension or expulsion from membership in, or association with a member of, a self-regulatory organization (such as FINRA) or United States Postal Service false representation orders.

Representations, Warranties and Covenants of the Agent

The Agent represents, warrants and covenants to and with the Corporation that:

1. It acknowledges that the Securities have not been registered under the U.S. Securities Act or any state securities laws and may be offered and sold only in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and applicable state securities laws. It has not offered for sale by the Corporation, and will not offer for sale by the Corporation, any Special Warrants except: (a) Special Warrants in an Offshore Transaction in accordance with Category 3 of Rule 903 of Regulation S; or (b) Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons, that are Accredited Investors, in transactions that are exempt from the registration requirements of the U.S. Securities Act in compliance with available exemptions thereunder and in compliance with state securities laws, as provided in this Schedule "A" and the Agreement to which it is annexed. Accordingly, neither the Agent, its U.S. Affiliate nor any of their affiliates nor any persons acting on behalf of any of them, has made or will make (except as permitted hereby) any: (x) offer to sell or any solicitation of an offer to buy, any Special

Warrants in the United States or to, or for the account or benefit of, U.S. Persons; (y) arrangement for any sale of Special Warrants to any purchaser unless, at the time the buy order was or will have been originated, the purchaser (i) has certified to the Agent that it was outside the United States and not a U.S. Person and not acting for the account or benefit of a U.S. Person, and (ii) has agreed to only resale such securities in accordance with Regulation S under the U.S. Securities Act, in accordance with registration under the U.S. Securities Act or an exemption from such registration requirements, or (z) Directed Selling Efforts.

2. It agrees that, at or prior to confirmation of the sale of the Special Warrants, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Special Warrants from it during the Distribution Compliance Period a confirmation or notice to substantially the following effect:

“The securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until one year (six months if the issuer is a reporting issuer with the SEC) after the later of the commencement of the offering and the closing date, except in either case in accordance with Regulation S under the U.S. Securities Act. Terms used herein have the meanings given to them in Regulation S.”

In addition, prior to the expiration of the Distribution Compliance Period, all subsequent offers and sales of the Special Warrants by such Agent or its affiliates shall be made only in accordance with the provisions of Rule 903 or 904 of Regulation S; pursuant to a registration of the Special Warrants under the U.S. Securities Act; or pursuant to an available exemption from the registration requirements of the U.S. Securities Act as provided below.

3. Neither the Agent, its U.S. Affiliate nor any of their affiliates either directly or through a person acting on its or their behalf has taken or will take any action that would constitute a violation of Regulation M under the U.S. Exchange Act in connection with the offer and sale of the Special Warrants.
4. It has not entered and will not enter into any contractual arrangement with respect to the distribution of the Special Warrants, except with its U.S. Affiliate, any Selling Firm or with the prior written consent of the Corporation. It shall require its U.S. Affiliate and each Selling Firm to agree, for the benefit of the Corporation, to comply with, and shall use its reasonable best efforts to ensure that its U.S. Affiliate and each Selling Firm complies with, the provisions of this Schedule applicable to the Agent as if such provisions applied directly to its U.S. Affiliate and such Selling Firm.
5. All offers to sell and solicitations of offers to purchase Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons, shall be solicited and arranged by the Agent through its U.S. Affiliate, which on the dates of such offers and subsequent sales by the Corporation was and will be duly registered as a broker-dealer under the U.S. Exchange Act and under all applicable state securities laws (unless exempted therefrom)

and a member of, and in good standing with, the Financial Industry Regulatory Authority, Inc. in accordance with all applicable United States state and federal securities (including broker-dealer) laws. The U.S. Affiliate will arrange for all offers of Special Warrants for sale by the Corporation in compliance with all applicable United States federal and state broker-dealer requirements and this Schedule "A" and the Agreement to which it is annexed.

6. It and its U.S. Affiliate and their respective affiliates, either directly or through a person acting on behalf of any of them, have not solicited and will not solicit offers for, and have not offered to sell and will not offer to sell, any of the Special Warrants in the United States by any form of General Solicitation or General Advertising or in any manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act in connection with the offer and sale of the Securities in the United States or to, or for the account or benefit of, U.S. Persons.
7. Any offer, or solicitation of an offer to buy, Special Warrants that has been made or will be made in the United States or to, or for the account or benefit of, U.S. Persons, was or will be made only to Accredited Investors.
8. Immediately prior to soliciting any person in the United States or person purchasing for the account or benefit of, a U.S. Person, the Agent, the U.S. Affiliate, their respective affiliates, and any person acting on behalf of any of them, had reasonable grounds to believe and did believe that each such offeree was an Accredited Investor, and at the time of completion of each sale by the Corporation to a person in the United States or a person purchasing for the account or benefit of, a U.S. Person, the Agent, the U.S. Affiliate, their respective affiliates, and any person acting on behalf of any of them will have reasonable grounds to believe and will believe, that each such purchaser is an Accredited Investor.
9. Each offeree in the United States, that is a U.S. Person or is purchasing for the account or benefit of a U.S. Person has been or will be provided by the Agent through its U.S. Affiliate, with a copy of the Subscription Agreement and each purchaser in the United States, that is a U.S. Person or is purchasing for the account or benefit of a U.S. Person will have received at or prior to the time of purchase of any Special Warrants the Subscription Agreement and the Agent agrees that they have not and will not use any written material other than such documents in connection therewith.
10. Prior to soliciting such offerees and to the completion of any sale of Special Warrants to persons in the United States, U.S. Persons or persons purchasing for the account or benefit of U.S. Persons, each such purchaser will be informed that the Securities have not been registered under the U.S. Securities Act or any applicable state securities laws and are being offered to such purchaser in reliance on an exemption from the registration requirements of the U.S. Securities Act and in accordance with exemptions from any applicable state securities laws.
11. Prior to completion of any sale of Special Warrants in the United States or to, or for the account or benefit of, any person in the United States, each such purchaser will have

completed a Subscription Agreement including Schedule C thereto and provided the necessary verification letter regarding its status as an Accredited Investor.

12. It and its U.S. Affiliates acknowledge that until 40 days after the commencement of the Offering, an offer or sale of Special Warrants within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.
13. At least one Business Day prior to the applicable Closing Date, the transfer agent for the Corporation will be provided with a list of the names and addresses of all purchasers of the Special Warrants in the United States or purchasing for the account or benefit of, a U.S. Person.
14. At the Closing, each Agent and its U.S. Affiliate that has offered or solicited offers of Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons, will provide a certificate, substantially in the form of Exhibit I, relating to the manner of the offer and sale of the Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons, or will be deemed to represent and warrant that it did not make any offers or solicitations to purchase Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons.
15. None of the Agent, any general partner or managing member, any director or executive officer of any of the foregoing, any other officer of any of the foregoing participating in the Offering, or any officer or other employee of the foregoing that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in the Offering are subject to any Disqualifying Event and upon request, the Agent will provide the Corporation with evidence reasonably satisfactory to the Corporation that Finder used "reasonable care" in making the determination that it and its respective general partners, managing members, directors, executive officers, and any other officer participating in the Offering is not subject to any Disqualifying Event.

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

AGENT'S CERTIFICATE

In connection with the offer and sale in the United States or to, or for the account or benefit of, U.S. Persons, of Special Warrants (the "Special Warrants") of CLS Holdings USA, Inc. (the "Corporation") pursuant to an agency agreement (the "Agency Agreement") dated June 20, 2018 between the Corporation and the Agent named in the Agency Agreement, the undersigned each hereby certify as follows:

- (i) on the date hereof and on the date of each offer, solicitation of an offer and sale of Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons, the U.S. Affiliate is and was: (A) a duly registered broker-dealer with the United States Securities and Exchange Commission and under the laws of each state where offers and sales of Special Warrants were made (unless exempted therefrom); and (B) a member of and in good standing with the Financial Industry Regulatory Authority, Inc.;
- (ii) all offers of Special Warrants for sale by the Corporation in the United States or to, or for the account or benefit of, U.S. Persons, have been and will be effected and arranged by the U.S. Affiliate in accordance with all applicable U.S. federal and state laws and regulation (including, without limitation, laws and regulation with respect to the registration and conduct of broker-dealers);
- (iii) immediately prior to offering or soliciting offers for the Special Warrants in the United States or to, or for the account or benefit of U.S. Persons, we had reasonable grounds to believe and did believe that each offeree was either a Qualified Institutional Buyer or an Accredited Investor, and, on the date hereof, we continue to believe that each person purchasing Special Warrants from the Corporation in the United States or to, or for the account or benefit of, U.S. Persons, is either a Qualified Institutional Buyer or an Accredited Investor;
- (iv) no form of "general solicitation" or "general advertising" (as those terms are used in Regulation D under the U.S. Securities Act) was used by us, including, without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or the internet or broadcast over radio or television or the internet, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising or in any manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act, in connection with the offer or sale of the Special Warrants in the United States or to, or for the account or benefit of, U.S. Persons; and
- (v) the offers and solicitations of offers of the Special Warrants have been conducted by us in accordance with the terms of the Agency Agreement.

[signature page follows]

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

Dated this ____ day of _____, 2017.

[INSERT NAME OF AGENT]

[INSERT NAME OF U.S. AFFILIATE]

By: _____
Name:
Title:

By: _____
Name:
Title: