



## **The Opportunity**

As Canada and various US states move to legalize cannabis, consumers are increasingly becoming aware of forms of consumption that do not involve smoking. In many US states that have legalized cannabis for adult use, reports show that products such as edibles, pills, tinctures, oils and increasingly drinks often become some of the fastest-growing categories. Simultaneously, certain industry reports are suggesting that at least a portion of consumer spending on cannabis is being driven by consumers who prefer the psychoactive experience of cannabis – as well as the perceived health and safety benefits – over that which is offered by beverage alcohol. Notably, dispensary sales surpassed liquor store sales in Aspen, Colorado in 2017, according to city records, and Cowen & Company, a New York-based diversified financial services firm, issued a report predicting that cannabis will continue to put pressure on alcohol sales for the next 10 years. This is believed to be a key rationale for Constellation Brands' recent investment in Canopy Growth. Given it may take up to 18 months for drinks and most other infused product formats to become legal in Canada (assuming no further delays), US companies can utilize this time to build their brands, learn consumer consumption patterns, generate revenue and develop standard operating procedures for scaled production, which can be used as a template for expansion into Canada and other jurisdictions.

## **Business Overview**

The Tinley Beverage Company Inc. (“Tinley” or the “Company”) (CSE: TNY) (OTC: TNYBF) is a beverage company focused on developing, manufacturing and distributing cannabinoid-infused beverages and supplements in California. The Company is run by executives from Cott Corporation, Dan Aykroyd Wines, Crystal Head Vodka and Patron Tequila, as well as from the Canadian and US medical cannabis industries.

The Company was founded on the belief that cannabis can be enjoyed in similar product formats as proven mainstream beverages including functional beverages, liquors, liqueurs, and cocktails. Accordingly, the Company has worked with a California liquor formulator to produce a line of alcohol-free, cannabis-infused beverages that use the same essences, ethers, and flavors as popular alcoholic beverages.

## **Tinley's 3 Business Lines:**

### **1) Tinley '27 Cannabis Beverages**

- Alcohol-free, cannabis-infused beverages that contain the same extracts, ethers, and flavors that are used to make their alcoholic counterparts
- Enables people to enjoy familiar liquors, liqueurs, and cocktails, however experience a THC effect rather than an alcohol effect

- Uses leading terpene technology designed to provide varying psychoactive effects for each drink



COCONUT RUM  
EXTRACT



AMARETTO  
EXTRACT



CINNAMON WHISKY  
EXTRACT



MARGARITA  
COCKTAIL

## 2) Tinley Tonics Hemplify Elixir

- Available in 100+ mainstream stores in California, including several leading retail chains
- Vegan, sugar-free, fruit-flavored drinkable supplements infused with hemp extract that contains terpenes and other phytoconstituents
- Produced in a cGMP, FDA-approved facility utilizing patented micellization technology for bioavailability, stability, and taste
- Also contains 9-12x the electrolyte potassium of major sports drinks, 200mg of Omega 3 and excellent sources of 9 vitamins, including 100% DV of Vitamin B12, C, and D



### 3) **Premiere End-To-End Beverage Infrastructure for Third-Party Brands**

- Retrofitting a 20,000 square foot facility in Long Beach to accommodate a large-scale bottling line; it will also house a cannabis distributor, beverage R&D lab and merchandising platform
- In addition to producing Tinley's own brands, the Company intends to utilize surplus production capacity to manufacture cannabis-infused beverages for third-party brands
- Enables the Company to offer a service comparable to that provided by Tinley's team members at Cott, where they advised retail and lifestyle companies on creating, co-packing and merchandising beverages under their own brands
- Revenue through manufacturing fees, royalties, distribution rights, and sales/merchandising fees
- May also offer limited co-packing services in its temporary facility in Riverside County during Long Beach construction



### **Investor Highlights**

#### ➤ **Operational**

- a. Temporary facility in Riverside County has received licenses for adult use and medicinal cannabis manufacturing, and its liquor-style beverages are now going into commercial production
- b. Tinley's hemp extract beverages are currently available in 100+ stores in California, making Tinley one of the few cannabis companies to have products listed in a broad base of premium mainstream retail stores
- c. Developed premium, liquor-style cannabis beverages with a California liquor formulator and demonstrated these products at the Cannabis Cup on April "4/20" weekend in San Bernardino, California
- d. Bottling is currently being overseen by production specialists from Napa's craft spirits and wine industries and Southern California's craft brewing industry

#### ➤ **Catalysts and Expansion**

- a. Production and development deals with third-party beverage brands
  - a. Expansion into Canada, Nevada and elsewhere; leverage early mover brand and in-market production expertise to replicate California operations in these territories
  - b. Exposure from launch of cannabis products in dispensaries
  - c. Exposure from additional chain store placement for hemp extract products

## **Management Team**

### ➤ **Jeffrey Maser, Chief Executive Officer**

- 10 years of venture capital, merchant, and investment banking experience, most recently at Jacob Securities, with a focus on emerging industries including cannabis, health foods, and technology
- Previously at the Watt Design Group, the beverage strategy and branding group owned by Cott Corporation (third-largest beverage company in the world at the time)

### ➤ **Ted Zittell, Product Development**

- Previously President, Cott Corporation's Retail Brands International, where he oversaw the development and launch of premium retailer and lifestyle branded beverage products and marketing programs worldwide
- Senior Partner at the Watt Design Group, including during period of ownership by Cott Corporation
- Senior consultant for McMillan Doolittle, a leading Chicago-based retail and consumer experience agency
- Recent executive-level engagements include work for Walmart, Kroger, CVS Pharmacy, Proctor & Gamble, Nestle, Loblaws, Sainsbury, and Tesco

### ➤ **Andrew Stodart, Operations Management**

- Launched Crystal Head Vodka and Dan Aykroyd Wines; received 5 awards from the LCBO
- International Brand Manager for Black Velvet Canadian Whisky (Constellation Brands)
- 20+ years in the beverage industry, including work for Patron Tequila and Everfresh Juice

**Additional information can be found at [www.drinktinley.com](http://www.drinktinley.com) and on the accompanying term sheet**

“All statements and information contained herein are qualified in their entirety by Company’s disclosure documents including the risk factors contained in company’s Management Discussion & Analysis dated November 29, 2017, all of which can be found on the Company’s profile at [www.sedar.com](http://www.sedar.com). “

“This document contains or refers to forward-looking information and is based on current expectations that involve a number of business risks and uncertainties. Factors include, but are not limited to, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, political risks, uncertainties relating to the availability and costs of financing needed in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and the other risks involved in the mineral exploration and development industry. Forward-looking statements are subject to significant risks and uncertainties, and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Company assumes no responsibility to update them or revise them to reflect new events or circumstances other than as required by law. For a more comprehensive description of the factors that could cause actual results to differ materially from any forward-looking statement, please see the section entitled Risk Factors in the Company’s Management Discussion & Analysis dated November 29, 2017 which can be found on the Company’s profile at [www.sedar.com](http://www.sedar.com).”

### **Brokered Private Placement Terms**

<b>Issuer:</b>	Tinley Beverage Company Inc. (the “Company”) (CSE: TNY) (OTC: TNYBF)
<b>Offered Securities:</b>	Private placement of that number of units (the “Units”) of the Company amounting to gross proceeds of up to \$10,000,000 on a commercially reasonable efforts basis Each Unit consists of one common share and one common share purchase warrant exercisable at \$1.35 for 24 months from the Closing Date
<b>Offering Price:</b>	\$1.00 for Each Unit
<b>Size of Offering:</b>	Minimum of \$5,000,000, Maximum of \$10,000,000 (\$15,000,000 including the Agents’ Option)
<b>Agents’ Option:</b>	The Agents shall have the option, exercisable at any time prior to closing, to increase the size of the offering by up to \$5,000,000
<b>Eligibility:</b>	Eligible for RRSP, RRIF, and DPSP Accounts
<b>Closing Date:</b>	The closing of the Offering is to occur on or before March 23, 2018 or such other date as may be agreed upon by the Company and the Agents (the “Closing Date”)

**TINLEY BEVERAGE COMPANY INC.**  
**Minimum Of \$5,000,000 Maximum Of \$10,000,000 In Units**  
**TERM SHEET**

<b>Issuer:</b>	Tinley Beverage Company Inc. (the "Company");
<b>Issue:</b>	Private placement of a minimum of 5,000,000 and a maximum of 10,000,000 units (the "Units") of the Company on a commercially reasonable efforts basis;
<b>Amount:</b>	\$5,000,000 to \$10,000,000;
<b>Issue Price:</b>	\$1.00;
<b>Agents' Option:</b>	The Agents shall have the option, exercisable at any time prior to closing, to increase the size of the offering by up to \$5,000,000;
<b>Offered Securities:</b>	Each Unit consists of one common share and one common share purchase warrant exercisable at \$1.35 for 24 months from the Closing Date;
<b>Use of Proceeds:</b>	Expansion beyond California, beverage marketing, acquisitions, and general working capital;
<b>Jurisdictions:</b>	The Units are be offered and sold under private placement exemptions to purchasers ("Purchasers") in all provinces of Canada, and in such jurisdictions outside of Canada, including the United States, as the Company and the Agent (as hereinafter defined) mutually agree (the "Jurisdictions"), provided that no prospectus filing or comparable obligation arises in the Jurisdictions which are outside of Canada and the Company does not thereafter become subject to continuous disclosure obligations in such jurisdictions. The Company and the Agent agree that the common shares will not be offered or sold in the United States except to "qualified institutional buyers" pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act, as amended (the "1933 Act"), including Section 4(a)(2) of the 1933 Act;
<b>Listing:</b>	The common shares of the Company trade under TNY on the Canadian Securities Exchange in Canada and under QRSRF on the OTC market in the United States;
<b>Eligibility:</b>	Eligible for RRSP, RESP, RRIF and DPSP Accounts;
<b>Selling Concession:</b>	4% of the sales made pursuant to the Offering payable in cash;
<b>Hold Period:</b>	The Units will be subject to a statutory hold period in the Jurisdictions for a period of four months and one day from the Closing Date;
<b>Closing Date:</b>	The closing of the Offering is to occur on or before March 23, 2018 or such other date as may be agreed upon by the Company and the Agents (the "Closing Date");
<b>Minimum Investment:</b>	\$25,000;
<b>Syndicate:</b>	Canaccord Genuity Corp. Gravitas Securities Inc.

**SUBSCRIPTION AGREEMENT FOR UNITS****TO: The Tinley Beverage Company Inc. (the "Corporation")****AND TO: Canaccord Genuity Corp. ("Canaccord") and Gravitass Securities Inc. ("Gravitass" and together with Canaccord, the "Agents")**

The undersigned, on its own behalf and on behalf of each disclosed beneficial purchaser ("Disclosed Beneficial Purchaser"), if any, for whom the undersigned is contracting on behalf of (the "**Subscriber**") hereby irrevocably subscribes for and agrees to purchase the number of units of the Corporation (each a "**Unit**" and together, the "**Units**") issued as set forth below for the total aggregate subscription price set forth below (the "**Aggregate Subscription Amount**"), representing a subscription price of \$1.00 per Unit, upon and subject to the terms and conditions set forth in the "Terms and Conditions of the Subscription for Units of The Tinley Beverage Company Inc." attached hereto and forming a part hereof (together with this face page and the Exhibits hereto, the "**Subscription Agreement**"). Each Unit will consist of one (1) common share in the capital of the Corporation (each a "**Unit Share**" and together, the "**Unit Shares**") and one (1) one common share purchase warrant (each common share purchase warrant, a "**Warrant**" and together, the "**Warrants**"). Each Warrant shall entitle the holder thereof to acquire one common share in the capital of the Corporation (a "**Warrant Share**") at an exercise price of \$1.35 per Warrant Share for a period of 24 months following the date of issue. **In addition to this face page, the Subscriber must, if applicable, also complete the exhibits attached hereto. A term sheet summarizing the offering is set forth as Schedule "A" hereto. Dollar "\$" amounts herein shall refer to the lawful currency of Canada.**

<p>_____</p> <p>Full Legal Name of Subscriber (please print)</p> <p>By: _____</p> <p>Authorized Signature</p> <p>_____</p> <p>Official Title or Capacity (please print)</p> <p>_____</p> <p>Name of Signatory (please print name of individual whose signature appears above if different than name of Subscriber)</p> <p>_____</p> <p>Subscriber's Address</p> <p>_____</p> <p>Subscriber's Address continued (including postal code)</p> <p>_____</p> <p>Telephone Number (including area code)</p> <p>_____</p> <p>Email Address (optional)</p> <p><b>By executing this Subscription Agreement, you are consenting (on your behalf and, if applicable, on behalf of the beneficial purchaser for whom you are contracting), to the collection, use and disclosure of personal information in the manner described herein, as well as the indirect collection by the Ontario Securities Commission and the British Columbia Securities Commission of the Information.</b></p>	<p><b>Number of Units:</b> _____</p>
<p><b><u>Register the certificates representing the Unit Shares and Warrants as follows:</u></b></p> <p>_____</p> <p>Name</p> <p>_____</p> <p>Account reference, if applicable</p> <p>_____</p> <p>Address</p> <p>_____</p> <p>Address continued (including postal code)</p>	<p><b>Aggregate Subscription Amount:</b> \$ _____</p>
<p>The Subscriber owns, directly or indirectly, the following number of Common Shares (as defined below) of the Corporation: _____</p> <p>The Subscriber is <input type="checkbox"/> or is not <input type="checkbox"/> an "insider" of the Corporation, is <input type="checkbox"/> or is not <input type="checkbox"/> a "registrant" (as such terms are defined under Applicable Securities Laws) (Please check the applicable boxes)</p>	<p><b>If the Subscriber is signing as agent for a principal, unless it is deemed to be purchasing as principal under NI 45-106 (as defined herein), complete the following and ensure that the applicable exhibits are completed on behalf of such principal:</b></p> <p>_____</p> <p>(Name of Principal)</p> <p>_____</p> <p>(Principal's address)</p> <p>_____</p> <p>(Principal's address continued (including postal code))</p> <p>_____</p> <p>(Telephone number)</p> <p>_____</p> <p>(Email address (optional))</p>
	<p><b><u>Deliver the Unit Shares and Warrants as follows:</u></b></p> <p>_____</p> <p>Name</p> <p>_____</p> <p>Account reference, if applicable</p> <p>_____</p> <p>Contact Name</p> <p>_____</p> <p>Address</p> <p>_____</p> <p>Address continued (including postal code)</p> <p>_____</p> <p>Telephone Number (including area code)</p>

**ACCEPTANCE:** By counter-signing this Subscription Agreement below, the Corporation hereby accepts the subscription as set forth above on the terms and conditions contained in this Subscription Agreement and the Corporation covenants, represents and warrants to the Subscriber that the Subscriber shall have the benefit of the representations and warranties made by the Corporation to the Agents in the Agency Agreement (as defined herein) as if such representations and warranties were made by the Corporation in this Subscription Agreement and such representations and warranties are true and correct in all material respects as of the Closing Date (as defined herein) (save and except as waived by the Agents) and that the Subscriber is entitled to rely thereon.

**DATE:** \_\_\_\_\_, 2018

**THE TINLEY BEVERAGE COMPANY INC.**

Per: \_\_\_\_\_  
*Authorized Signing Officer*

No:
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**Please make sure that your subscription includes:**

1. A signed copy of this Subscription Agreement.
2. A certified cheque or bank draft in an amount equal to the Aggregate Subscription Amount, payable to Canaccord Genuity Corp., or in such other manner as is acceptable to the Corporation.
3. Term Sheet attached hereto as **Schedule A**.
4. **If the Subscriber is an "accredited investor"**, a fully executed and completed Representation Letter in the form attached hereto as **Exhibit 1**, along with the applicable category checked or initialed in **Appendix A to Exhibit 1** and, if the Subscriber is an "accredited investor" purchasing under (j), (j.1), (k) or (l) of the definition of "accredited investor", a fully executed and completed Risk Acknowledgement Form in the form attached hereto as **Exhibit 2**;
5. **If the Subscriber is an "accredited investor"** and (a) is purchasing under (j), (j.1), (k) or (l) of the definition of "accredited investor"; and (b) is not a client of or subscribing through the Agents, a signed representation letter from an investment dealer or exempt market dealer in the form attached hereto as **Exhibit 4**;
6. All Subscribers who are U.S. **Purchasers** (as defined in Section 1 of the Terms and Conditions of the Subscription for Units of The Tinley Beverage Company Inc.) must complete **Exhibit 3 – "Certificate of U.S. Accredited Investor Status"**.
7. **If the Subscriber is resident in a jurisdiction outside of Canada or the United States**, a fully executed and completed **Exhibit 1**, together with such other documentation as the Corporation or the Agents may request.

Please deliver your completed Subscription Agreement together with payment to:

Canaccord Genuity Corp.  
161 Bay St, Suite 3000  
Toronto, ON M5J 2S1  
Attention: Diamond Francis  
Email: dfrancis@canaccordgenuity.com

**TERMS AND CONDITIONS OF THE SUBSCRIPTION FOR UNITS OF  
THE TINLEY BEVERAGE COMPANY INC.**

1. **Interpretation**

In this Subscription Agreement:

“**Agents**” means Canaccord and Gravitass Securities Inc. and “**Agent**” means any one of them;

“**Agency Agreement**” means the agency agreement to be entered into between the Corporation and the Agents in respect of the Offering;

“**Aggregate Subscription Amount**” shall have the meaning ascribed thereto on the face page hereof;

“**Applicable Securities Laws**” means any and all securities laws including, statutes, rules, regulations, by-laws, policies, guidelines, orders, decisions, rulings and awards, applicable in the jurisdictions in which the Units will be offered, sold and issued;

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

“**Closing**” shall have the meaning ascribed thereto in Section 2(d) hereof;

“**Closing Date**” shall have the meaning ascribed thereto in Section 13 hereof;

“**Closing Time**” shall have the meaning ascribed thereto in Section 13 hereof;

“**Common Share**” or “**Share**” means a common share in the capital of the Corporation;

“**Corporation**” means The Tinley Beverage Company Inc., a corporation duly incorporated under the laws of the province of Ontario;

“**Disclosed Beneficial Purchaser**” shall have the meaning on the face page hereof;

“**Offering**” shall have the meaning ascribed thereto in Subsection 2(b) hereof;

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

“**Regulation S**” means Regulation S promulgated under the U.S. Securities Act “**United States**” means the United States of America, its territories, any state of the United States and the District of Columbia;

“**Subscriber**” shall have the meaning ascribed thereto on the face page hereof;

“**Subscription Agreement**” shall have the meaning ascribed thereto on the face page hereof;

“**Units**” shall have the meaning ascribed thereto on the face page hereof;

“**Unit Shares**” shall have the meaning ascribed thereto on the face page hereof;

“**U.S. Person**” means a “U.S. person” as that term is defined in Rule 902(k) of Regulation S. Without limiting the foregoing, but for greater clarity in this Agreement, a U.S. Person includes, subject to the exclusions set forth in Regulation S, (1) any natural person resident in the United States, (2) any partnership or corporation organized or incorporated under the laws of the United States, (3) any estate or trust of which any executor, administrator or trustee is a U.S. Person, (4) 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, and (5) any partnership or corporation organized or incorporated under the laws of any non U.S. jurisdiction which is 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 under the U.S. Securities Act) who are not natural persons, estates or trusts;

“**U.S. Purchaser**” means a Subscriber that (i) has been offered Units in the United States, (ii) executed this subscription agreement or otherwise placed its purchase order for Units in the United States or as a U.S. Person, or (iii) is, or is acting on behalf of, or for the account or benefit of, a person in the United States or a U.S. Person;

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended;

“**Warrants**” shall have the meaning ascribed thereto on the face page hereof; and

“**Warrant Share**” shall have the meaning on the face page hereof.

2. **Acknowledgements of the Subscriber.** The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) that:

- (a) the Subscriber understands and agrees that the Corporation, in its sole discretion, reserves the right to accept or reject this or any other subscription for Units, in whole or in part, and in any order, notwithstanding prior receipt by the Subscriber of notice of acceptance of this subscription. The Corporation shall have no obligation hereunder until the Corporation shall execute and deliver to the Subscriber an executed copy of this Subscription Agreement together with the Exhibits hereto. If this subscription is rejected in whole, any cheques or other forms of payment delivered to the Agents on account of the Subscription Price will be promptly returned to the Subscriber without interest or deduction. If this subscription is accepted only in part, a cheque representing any refund of the Subscription Price for that portion of the subscription for the Units which is not accepted will be promptly delivered to the Subscriber by the Agents without interest or deduction.;
- (b) the minimum Aggregate Subscription Amount for each individual Subscriber under the Offering is \$25,000, and the Units subscribed for by each Subscriber hereunder form part of a larger issuance and sale by the Corporation of a minimum of 5,000,000 Units and a maximum of 10,000,000 Units at an issue price of \$1.00 per Unit (the “**Subscription Price**”) for gross proceeds of up to \$10 million (the “**Offering**”). The Corporation has granted an option to the Agents (the “**Agents’ Option**”) to increase the size of the Offering by 5,000,000 Units, which must be exercised prior to the Closing Date;
- (c) each Unit will consist of one (1) Unit Share in the capital of the Corporation and one (1) Warrant. Each Warrant will entitle the holder thereof to acquire one (1) Common Share (each a “**Warrant Share**” and together, the “**Warrant Shares**”) at a price of \$1.35, for a period expiring 24 months following the issue date;
- (d) the Corporation shall be entitled to the use of the proceeds of the Offering immediately after the closing(s) of the Offering (the “**Closing**”) which will occur at such time(s) as may be determined by the Corporation and the Agents;
- (e) unless the Subscriber has completed Exhibit 3 - Certificate of US Accredited Investor Status, attached hereto, the Subscriber is not a U.S. Purchaser;
- (f) the Corporation and the Agents will enter into an Agency Agreement on or prior to the Closing Date, whereby the Agents, in connection with the Offering, will be entitled to receive from the Corporation: (a) a corporate finance fee equal to 4% of sales made pursuant to the Offering, including exercise of the Agents’ Option, if applicable, payable in cash; (b) 4% of the gross proceeds of the Offering, including exercise of the Agents’ Option, if applicable, payable in cash or Units, or any combination of cash or Units at the option of the Agents; and (c) warrants (the “**Compensation Warrants**”), exercisable at any time up to the date that is 24 months from the Closing Date, to acquire Units equal to 4% of the Units issued pursuant to the Offering, including the exercise of the Agents’ Option (if applicable), at an exercise price of \$1.00 per Unit. Additionally, the Agents will also be entitled to reimbursement for its reasonable out-of-pocket expenses (including legal counsel); and
- (g) **the Subscriber and, if applicable, the beneficial purchaser(s) for whom the Subscriber is contracting are solely responsible for obtaining (at their own expense) such legal, tax and financial advice as they consider necessary or appropriate in connection with the execution, delivery and performance of this Subscription Agreement and completion of the transactions contemplated hereby, and the Corporation does not bear any responsibility whatsoever for any such matters.**

3. **Representations, Warranties and Covenants of the Subscriber.** By executing this Subscription Agreement, the Subscriber (on its own behalf and on behalf of each person on whose behalf the Subscriber is contracting) represents, warrants and covenants to the Corporation (and acknowledges that the Corporation and its counsel are relying thereon) that:

- (a) if the Subscriber is an individual, the Subscriber is of the full age of majority in the jurisdiction in which this Subscription Agreement is executed and is legally competent to execute and deliver this Subscription Agreement, to perform all of its obligations hereunder, and to undertake all actions required of the Subscriber hereunder;
- (b) if the Subscriber is not an individual, the Subscriber has the requisite power, authority, legal capacity and competence to execute and deliver this Subscription Agreement, to perform all of its obligations hereunder, and to undertake all actions required of the Subscriber hereunder, and all necessary approvals of its directors, partners, shareholders, trustees or otherwise with respect to such matters have been given or obtained;
- (c) if the Subscriber is not an individual, the Subscriber pre-existed the Offering and has a *bona fide* business other than the investment in the Units and, if applicable, was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in Exhibit 1 hereto;
- (d) the Subscriber is acquiring the Units solely for the Subscriber's own account for investment purposes only and not with a view to resale, assignment or distribution thereof, in whole or in part. The Subscriber has no agreement or arrangement, formal or informal, with any person to sell or transfer all or any part of the Units and the Subscriber has no plans to enter into any such agreement or arrangement;
- (e) if the Subscriber is a body corporate, the Subscriber is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation;
- (f) this Subscription Agreement has been duly and validly authorized, executed and delivered by, and constitutes a legal, valid, binding and enforceable obligation of, the Subscriber;
- (g) except as provided in subsections 3(h) and 3(s) hereof, the Subscriber is purchasing the Units as principal (as defined in Applicable Securities Laws) for its own account and not for the benefit of any other person;
- (h) if the Subscriber is acting as agent for a principal, the Subscriber is duly authorized to execute and deliver this Subscription Agreement and all other necessary documents in connection with such subscription on behalf of such principal, and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid, binding and enforceable obligation of, such principal;
- (i) the execution, delivery and performance by the Subscriber of this Subscription Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any law, regulation, order or ruling applicable to the Subscriber, and do not and will not constitute a breach of or default under any of the Subscriber's constating documents (if the Subscriber is not an individual) or any agreement to which the Subscriber is a party or by which it is bound;
- (j) the Subscriber confirms that the Subscriber (and, if the Subscriber is not purchasing as principal, each beneficial purchaser for whom the Subscriber is acting):
  - (i) has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Units;
  - (ii) is capable of assessing the proposed investment in the Units as a result of the Subscriber's own experience or as a result of advice received from a person registered under Applicable Securities Laws;
  - (iii) is aware of the characteristics of the Units and that there are risks associated with the purchase of the Units; and
  - (iv) is able to bear the economic risk of loss of its entire investment in the Units;
- (k) the Subscriber understands that no securities commission, stock exchange, governmental agency, regulatory body or similar authority has made any finding or determination or expressed any opinion with

- respect to the merits of investing in the Units and that there is no government or other insurance covering the Units;
- (l) the Subscriber acknowledges that no prospectus has been filed by the Corporation with any securities commission or similar regulatory authority in any jurisdiction in connection with the issuance of the Units and the issuance is exempted from the prospectus requirements available under the provisions of Applicable Securities Laws and as a result:
    - (i) certain protections, rights and remedies provided by Applicable Securities Laws, including statutory rights of rescission may not be available to the Subscriber;
    - (ii) the Subscriber may not receive information that would otherwise be required to be provided to it under Applicable Securities Laws; and
    - (iii) the Corporation is relieved from certain obligations that would otherwise apply under Applicable Securities Laws;
  - (m) the Subscriber confirms that neither the Corporation, nor any of its respective directors, employees, officers or affiliates, have made any representations (written or oral) to the Subscriber:
    - (i) regarding the future value of the Units;
    - (ii) that any person will resell or repurchase the Units, other than in accordance with the terms of the Units; or
    - (iii) that any person will refund the purchase price of the Units, other than as provided in this Subscription Agreement;
  - (n) the Subscriber confirms that it has been advised to consult its own legal and financial advisors with respect to the suitability of the Units as an investment for the Subscriber and the resale restrictions and "hold periods" to which the Units are subject under Applicable Securities Laws, and, other than as provided herein, has not relied upon any statements made by or purporting to have been made on behalf of the Corporation in deciding to subscribe for Units hereunder;
  - (o) except for the Subscriber's knowledge regarding its subscription for Units hereunder, the Subscriber has no knowledge of a "material fact" or a "material change" (as those terms are defined in the *Securities Act* (Ontario)) in the affairs of the Corporation that has not been generally disclosed;
  - (p) the Subscriber is resident in the jurisdiction indicated on the face page of this Subscription Agreement as the "Subscriber's Address" and the purchase by and sale to the Subscriber of the Units, and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale (whether with or with respect to the Subscriber or any beneficial purchaser) has occurred only in such jurisdiction;
  - (q) the Subscriber acknowledges that it and/or the Corporation may be required to provide applicable securities regulatory authorities with the identities of the beneficial purchasers of the Units and the Subscriber agrees that, notwithstanding that the Subscriber may be purchasing the Units as agent for an undisclosed principal, the Subscriber will provide to the Corporation, on request, particulars as to the identity of such undisclosed principal as may be required by the Corporation in order to comply with the foregoing;
  - (r) unless it is purchasing under subparagraph 3(s), it is purchasing the Units as principal for its own account, not for the benefit of any other person, for investment only and not with a view to the resale or distribution of all or any of the Common Share, it is resident in or otherwise subject to applicable securities laws of the jurisdiction set out as the "Subscriber's Address" on the face page hereof and it fully complies with one or more of the criteria set forth below:
    - (i) it is resident in a province of Canada, and it is an "**accredited investor**", as such term is defined in National Instrument 45-106 entitled "*Prospectus Exemptions*" ("NI 45-106") promulgated under applicable securities legislation in such jurisdictions, and in Ontario, the *Securities Act* (Ontario), it

was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106, and it has concurrently executed and delivered the following, as applicable:

- (A) a Representation Letter in the form attached as **Exhibit 1** to this Subscription Agreement and has initialed in **Appendix A** thereto indicating that the Subscriber satisfies one of the categories of "accredited investor";
- (B) if subscribing as an individual under paragraph (j),(j.1), (k) or (l) of the definition of "accredited investor", a Risk Acknowledgement Form in the form attached as **Exhibit 2** to this Subscription Agreement; and
- (C) if the Subscriber is an "accredited investor" and (a) is purchasing under (j), (j.1), (k) or (l) of the definition of "accredited investor"; and (b) is not a client of or subscribing through the Agents, a signed representation letter from an investment dealer or exempt market dealer in the form attached hereto as **Exhibit 4**;

specifically represents and warrants that one or more of the categories set forth in Appendix A to the Representation Letter and the information provided in the Exhibits, as applicable, correctly, and in all respects, describes the Subscriber, and will describe the Subscriber as at the Closing Date, and the Subscriber has so indicated by filling out the Exhibits, as applicable; or

- (ii) it is resident in a province of Canada (**other than Ontario**) and is one of the following and the Subscriber has so indicated by initialing the applicable paragraph:

- \_\_\_\_\_ (I) a "**director**", "**executive officer**" or "**control person**" (as such term is defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of the Corporation, or of an affiliate (as such term is defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of the Corporation; or
- \_\_\_\_\_ (II) a "**spouse**" (as such term is defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement), parent, grandparent, grandchild, brother, sister or child of any person referred to in subparagraph (I) above; or
- \_\_\_\_\_ (III) a parent, grandparent, grandchild, brother, sister or child of the spouse of any person referred to in subparagraph (I) above; or
- \_\_\_\_\_ (VI) a "**founder**" (as such term is defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of the Corporation or a spouse, parent, grandparent, grandchild, brother, sister, child, close personal friend or close business associate of a founder of the Corporation; or
- \_\_\_\_\_ (VII) a parent, grandparent, grandchild, brother, sister or child of the spouse of a founder of the Corporation; or
- \_\_\_\_\_ (VIII) a person of which a majority of the voting securities are beneficially owned by, or a majority of directors are, persons or companies described in subparagraphs (I) through (VII) above; or
- \_\_\_\_\_ (IX) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons or companies described in subparagraphs (I) through (VII) above; or

(iii) it is resident in a province of Canada, and it is one of the following and the Subscriber has so indicated by initialing the applicable paragraph:

\_\_\_\_\_ (I) an employee, "**executive officer**", "**director**" or "**consultant**" (as such terms (other than employee) are defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of the Corporation and participation in the trade is "voluntary", meaning it is not induced to participate in the trade by expectation of employment or continued employment with, appointment or continued appointment with, or engagement to provide services or continued engagement to provide services to, as applicable, the Corporation; or

\_\_\_\_\_ (II) an employee, "**executive officer**", "**director**" or "**consultant**" of a "**related entity**" (as such term is defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of the Corporation and participation in the trade is voluntary (as defined above); or

\_\_\_\_\_ (III) a "**permitted assign**" (as such term is defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of a person referred to in paragraphs (I) or (II) and participation in the trade is voluntary (as defined above); and

the Subscriber will provide such evidence of compliance with all matters described in this section 3(r)(iii) as the Corporation or its counsel, may request; or

(iv) if it is a resident or otherwise subject to applicable securities laws of **any jurisdiction referred to in the preceding paragraphs** but not purchasing thereunder, it is purchasing pursuant to an exemption from prospectus and registration requirements (particulars of which are enclosed herewith) available to it under applicable securities legislation and shall deliver to the Corporation such further particulars of the exemption(s) and the Subscriber's qualifications thereunder as the Corporation or its counsel may request;

(v) **if the Subscriber is a U.S Purchaser**, it has completed **Exhibit 3** – Certificate of U.S. Accredited Investor Status, attached hereto:

(A) the Subscriber, by completing **Exhibit 3** – Certificate of U.S. Accredited Investor Status, is representing and warranting to the Issuer that the Subscriber is an "accredited investor" as the term is defined in Rule 501(a) of Regulation D, and that all information contained in the Subscriber's completed Exhibit 3 – Certificate of U.S. Accredited Investor Status is complete and accurate in all respects and may be relied upon by the Issuer;

(B) the Subscriber hereby acknowledges that upon the issuance thereof, and until such time as the same is no longer required under Applicable Securities Laws, the certificates representing any of the Unit Shares, Warrant or Warrant Shares will bear legends in substantially the form set forth on Exhibit hereto;

(s) if it is not purchasing as principal, it is duly authorized to enter into this Subscription Agreement and to execute and deliver all documentation in connection with the purchase on behalf of each Disclosed Beneficial Purchaser, each of whom is purchasing as principal for its own account, not for the benefit of any other person, and not with a view to the resale or distribution of all or any of the Common Share, it acknowledges that, unless it is purchasing pursuant to subparagraph 3(s)(i) below, the Corporation is required by law to disclose to certain regulatory authorities the identity of each Disclosed Beneficial Purchaser of Units for whom it may be acting, and it is resident in the jurisdiction set out as the "Subscriber's Address" and each Disclosed Beneficial Purchaser is resident in the jurisdiction set out as the "Principal's Address" and:

- (i) it is resident in or otherwise subject to applicable securities laws of a province of Canada and it is an "accredited investor" as such term is defined in paragraphs (p) or (q) of the definition of "accredited investor" in NI 45-106 and section 73.3(1) of the *Securities Act* (Ontario) and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement (provided, however, that it is not a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered or authorized under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction in Canada) and is therefore deemed to be purchasing as principal pursuant to NI 45 106 and it has concurrently executed and delivered a Representation Letter in the form attached hereto as **Exhibit 1** and has initialed in Appendix A thereto indicating that the Subscriber satisfies one of the categories of "accredited investor" set out in paragraphs (p) or (q) of Appendix A thereto; or
- (ii) subject to securities laws applicable to the Subscriber, it is acting as agent for one or more Disclosed Beneficial Purchasers, each of such principals is purchasing as principal for its own account, not for the benefit of any other person, for investment only, and not with a view to the resale or distribution of all or any of the Units, it has disclosed the name, address and telephone number of each of such principals on the face-page of this Subscription Agreement (or in an attachment hereto in the case of more than one principal) and each of such principals complies with subparagraphs (i), (ii), (iii) or (iv) of paragraph 3(r) hereof as are applicable to it;
- (t) if the Subscriber is resident in or otherwise subject to Applicable Securities Laws of a jurisdiction **other than Canada or the United States**, the Subscriber confirms, represents and warrants that:
  - (i) the Subscriber is knowledgeable of, or has been independently advised as to, the Applicable Securities Laws of the jurisdiction in which the Subscriber is resident (the "**International Jurisdiction**") and which would apply to the acquisition of the Units;
  - (ii) the Subscriber is purchasing the Units pursuant to exemptions from prospectus or registration requirements or equivalent requirements under Applicable Securities Laws or, if such is not applicable, the Subscriber is permitted to purchase the Units under the Applicable Securities Laws of the International Jurisdiction without the need to rely on any exemptions;
  - (iii) the Applicable Securities Laws of the International Jurisdiction do not require the Corporation to make any filings or seek any approvals of any kind whatsoever from any securities regulator of any kind whatsoever in the International Jurisdiction in connection with the issue and sale or resale of the Subscriber's Units; and
  - (iv) the purchase of the Units by the Subscriber does not trigger:
    - (A) any obligation to prepare and file a prospectus or similar document, or any other report with respect to such purchase in the International Jurisdiction; or
    - (B) any continuous disclosure reporting obligation of the Corporation in the International Jurisdiction; andthe Subscriber will, if requested by the Corporation or the Agents, deliver to the Corporation or the Agents, a certificate or opinion of local counsel from the International Jurisdiction which will confirm the matters referred to in subsections (i), (ii), (iii) and (iv) above to the satisfaction of the Corporation, acting reasonably, and deliver a fully executed and completed **Exhibit 1**;
- (u) the Subscriber understands that the sale of the Units is conditional upon such sale being exempt from the requirements to file and obtain a receipt for a prospectus or to deliver an offering memorandum, and the requirement to sell securities through a registered dealer, or upon the issuance of such orders, consents or approvals as may be required to enable such sale to be made without complying with such requirements, and that as a consequence of acquiring the Units pursuant to such exemptions, certain protections, rights and remedies provided by Applicable Securities Laws and the benefit of any protection that might have

otherwise been available by having a dealer involved in the sale, may not be available to the Subscriber in connection with the purchase and sale of the Units;

- (v) the Subscriber understands that any certificates representing the Unit Shares, Warrants and, if issued before the expiration of any applicable hold period, the Warrant Shares (and any replacement certificate issued before the expiration of any applicable hold periods), or ownership statements issued under a direct registration system or other electronic book-entry system will bear a legend indicating that the resale of such securities is restricted as required under Applicable Securities Laws. For greater certainty, the Unit Shares, Warrants and, if issued before the expiration of any statutory hold period, the Warrant Shares will be subject to a statutory hold period or restricted period of four months and one day after the date of issue and will bear the following legend:

**UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE <INSERT THAT DATE THAT IS 4 MONTHS AND A DAY AFTER THE DISTRIBUTION DATE.>"**

- (w) the Subscriber has not received or been provided with, nor has it requested, nor does it have any need to receive any other document (other than any document (excluding offering memoranda, prospectuses or other offering documents) the content of which is prescribed by statute or regulation) describing the business and affairs of the Corporation, which has been prepared for delivery to and review by prospective purchasers in order to assist them in making an investment decision in respect of the purchase of the Units pursuant to the Offering;
- (x) the Subscriber has not received any non-publicly available material information from the Corporation and has not relied upon any oral or written representation as to fact or otherwise made by or on behalf of the Corporation, other than representations contained herein, such publicly available information having been delivered to the Subscriber without independent investigation or verification by the Corporation or the Corporation's counsel and agrees that the Corporation and Corporation's counsel assume no liability or responsibility of any nature whatsoever for the accuracy, adequacy or completeness of the publicly available information or whether all information required to be disclosed by the Corporation has been disclosed and acknowledges that counsel to the Corporation is acting as counsel to the Corporation and not as counsel to the Subscriber;
- (y) The Agents and/or their directors, officers, employees, agents and representatives assume no responsibility or liability of any nature whatsoever for the accuracy or, adequacy or completeness of any publicly available information concerning the Corporation or as to whether all information concerning the Corporation that is required to be disclosed or filed by the Corporation under the Applicable Securities Laws has been so disclosed or filed;
- (z) None of the Agents, the Corporation or any of their respective officers, directors, employees, shareholders, representatives, affiliates, related entities and associates, or any persons acting on its or their behalf, including Acuity Corporate Securities Lawyers, legal counsel to the Corporation only, and DLA Piper (Canada) LLP, legal counsel to the Agents only, will in any circumstances be liable to the Subscriber under, arising out of, or in any way connected with this Subscription Agreement for any indirect or consequential loss or damage whether arising in contract or tort (including for negligence or statutory duty), and neither Acuity Corporate Securities Lawyers nor DLA Piper (Canada) LLP are acting for the Subscriber, and the Subscriber should obtain its own independent legal advice in connection with the transactions contemplated hereby;
- (aa) the Subscriber is aware that the Units 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 legislation of any State and that the Units may not be offered or sold directly or indirectly in the United States without registration under the U.S. Securities Act or compliance with requirements of an exemption from registration and it acknowledges that the Corporation has no present intention of filing a registration statement under the U.S. Securities Act in respect of the Units;

- (bb) the Subscriber is not a "U.S. Person" (as that term is defined by Regulation S under the U.S. Securities Act, which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or corporation organized or incorporated under the laws of the United States) and is not acquiring the Units for the account or benefit of a U.S. Person or a person in the United States;
- (cc) the Units have not been offered to the Subscriber in the United States;
- (dd) the Subscriber undertakes and agrees that it will not offer or sell any of the Units in the United States unless such securities are registered under the U.S. Securities Act and the securities laws of all applicable states of the United States, or an exemption from such registration requirements is available;
- (ee) the Subscriber acknowledges that, in addition to any other requirements under Applicable Securities Laws to which a disposition of the Units by the Subscriber may be subject, the Subscriber may, depending on the nature of the disposition, be required to file a report of exempt trade within ten (10) days of a disposition by the Subscriber of the Units, as applicable;
- (ff) if required by Applicable Securities Laws or regulatory policy or by any securities commission, stock exchange or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Corporation in filing such reports, undertakings and other documents with respect to the issue of the Units, as may be required;
- (gg) the Subscriber does not act jointly or in concert with any other person or company for the purposes of acquiring securities of the Corporation;
- (hh) the Subscriber is not a "control person" of the Corporation, as that term is defined in the *Securities Act* (Ontario), will not become a "control person" of the Corporation by purchasing the number of Units subscribed for under this Subscription Agreement and does not intend to act jointly or in concert with any other person to form a control group in respect of the Corporation;
- (ii) to the best of the Subscriber's knowledge, the funds representing the Aggregate Subscription Amount which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "PCMLA") and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLA. To the best of the knowledge of the Subscriber: (a) none of the subscription funds to be provided by the Subscriber: (i) have been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States, or any other jurisdiction; or (ii) are being tendered on behalf of a person or entity who has not been identified to the Subscriber; and (b) it shall promptly notify the Corporation and the Agents if the Subscriber discovers that any of such representations ceases to be true, and will provide the Corporation and the Agents with appropriate information in connection therewith. None of the funds the Subscriber is using to purchase the Units are, to the knowledge of the Subscriber, proceeds obtained or derived, directly or indirectly, as a result of illegal activities.
- (jj) the Subscriber acknowledges that the Corporation may complete additional financings in the future in order to develop the business of the Corporation and to fund its ongoing development. There is no assurance that such financing will be available and if available, on reasonable terms. Any such future financings may have a dilutive effect on current shareholders, including the Subscriber. If such future financings are not available, the Corporation may be unable to fund its ongoing development and the lack of capital resources may result in the failure of its business venture;
- (kk) the Subscriber is familiar with the aims and objectives of the Corporation and the proposed use of the proceeds received by the Corporation from the sale of the Units and is aware of the risk and other characteristics of this investment in the Units;

- (ll) the Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting hereunder) that this Subscription Agreement and the Exhibits attached hereto require the Subscriber to provide certain personal information to the Corporation and the Agents. Such information is being collected by the Corporation and the Agents for the purposes of completing the Offering, which includes, without limitation, determining the Subscriber's eligibility (or that of any Disclosed Beneficial Purchaser) to purchase the Units under applicable securities legislation, preparing and registering certificates representing the Units to be issued to the Subscriber and completing filings required by any securities regulatory authority or taxation authorities. Certain securities commissions have been granted the authority to indirectly collect this personal information pursuant to securities legislation and this personal information is also being collected for the purpose of administration and enforcement of securities legislation. In Ontario, the Administrative Support Clerk (Telephone: (416) 593-3684), Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario, M5H 3S8, Telephone: (416) 593-8314, Facsimile: (416) 593-8122, is the public official who can answer questions about the indirect collection of personal information. In British Columbia, questions about the collection and use of this information can be directed to the British Columbia Securities Commission, P.O. Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, British Columbia, V7Y 1L2, Telephone: (604) 899-6500, Facsimile: (604) 899-6581. The Subscriber's personal information may be disclosed by the Corporation or the Agents to: (a) stock exchanges or securities regulatory authorities; (b) the Corporation's registrar and transfer agent if applicable; (c) taxation authorities; or (d) any of the other parties involved in the Offering, including legal counsel. In addition, the Corporation hereby notifies the Subscriber (and, if applicable, each person on whose behalf the Subscriber is contracting hereunder) that the Corporation will be providing the following information to the Ontario Securities Commission and other securities regulatory authorities: (a) the full name, residential address and telephone number of the Subscriber (or any Disclosed Beneficial Purchaser); (b) the number of Units purchased by the Subscriber (or any Disclosed Beneficial Purchaser); (c) the total purchase price for the Units; (d) the statutory exemption relied upon by the Corporation; and (e) the date of distribution of the Units. Further, the Subscriber acknowledges that the British Columbia Securities Commission will make the following information available for public inspection: (a) the full name of the Subscriber (or any Disclosed Beneficial Purchaser); (b) if applicable, the Subscriber's status as an insider or registrant; (c) the number of Units purchased by the Subscriber (or any Disclosed Beneficial Purchaser); (d) the total purchase price for the Units; and (e) the date of distribution of the Units (collectively, the information is referred to herein as the "**Information**"). By executing this Subscription Agreement, the Subscriber is deemed to be authorizing and consenting to the foregoing collection (including the indirect collection of personal information), use and disclosure of the Subscriber's personal information and the Information as set forth above. The Subscriber also consents to the filing of copies or originals of any of the Subscriber's documents described in this Subscription Agreement, as well as the Information, as may be required to be filed with any stock exchange or securities regulatory authority in connection with the transactions contemplated hereby and the inclusion of the foregoing in any record books prepared in connection with the Offering.
- (mm) the Subscriber acknowledges that: (a) it has been encouraged to obtain independent legal, income tax and investment advice with respect to its subscription for the Units and accordingly, has had the opportunity to acquire an understanding of the meanings of all terms contained herein relevant to the Subscriber for purposes of giving representations, warranties and covenants under this Subscription Agreement; and
- (nn) the Subscriber is not named on or blocked by any of the following lists (the "**Prohibited Lists**") promulgated by the Department of Foreign Affairs, Trade and Development Canada, or the Department of Public Safety Canada:
- (i) the List of Names subject to the Regulations Establishing a List of Entities made under subsection 83.05(1) of the *Criminal Code* (Canada);
  - (ii) the List of Names subject to the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism; and
  - (iii) the List of Names subject to the United Nations Al-Qaida and Taliban Regulations.

The Subscriber acknowledges and agrees that because the foregoing lists are subject to change from time to time, it is the responsibility of the Subscriber to ensure that the lists are current as of the time this Subscription Agreement is executed and that each representation made by the Subscriber is true and correct as of the date of the Subscription Agreement; and

- (oo) **the subscriber acknowledges that an investment in the Units is subject to a number of risk factors.**
- (pp) The Subscriber acknowledges that all warranties, conditions, representations or stipulations, other than those relating solely to the Agents, whether express or implied and whether arising hereunder or under prior agreement or statement or by statute or at common law, are expressly those of the Corporation. The Subscriber acknowledges that no information or representation concerning the Corporation has been provided to the Subscriber by the Corporation or the Agents other than those contained in this Subscription Agreement, and the Agency Agreement and that the Subscriber is relying entirely upon this Subscription Agreement and the Agency Agreement for any representations or warranties in relation to the Corporation. Any information given or statement made (other than any information or statement relating solely to the Agents and furnished to the Corporation by the Agents) is given or made without liability or responsibility howsoever arising on the part of the Agents. No person in the employment of, or acting as agent of, the Agents has any authority to make or give any representation or warranty whatsoever in relation to the Corporation or the Units, Unit Shares, Warrants, or Warrant Shares. Any information given or statement made (other than any information or statement relating solely to the Agents and furnished to the Corporation by the Agents), is given or made without liability or responsibility howsoever arising on the part of the Agents, and the Subscriber hereby releases the Agents from any claims that may arise in respect of any such information given or statement made.

4. **Survival of Representations, Warranties and Covenants of the Subscriber.** The representations, warranties and covenants of the Subscriber contained in this Subscription Agreement and any certificate or document delivered pursuant to or in connection with this Subscription Agreement shall survive the Closing and, notwithstanding such Closing or any investigation made by or on behalf of the Corporation or the Agents with respect thereto, and notwithstanding any subsequent disposition by the Subscriber of the Units, Unit Shares, Warrants, or Warrant, and shall continue in full force and effect for the benefit of the Corporation and the Agents for a period of two years following the Closing Date.
5. **Power of Attorney.** The Subscriber hereby irrevocably nominates, constitutes and appoints Canaccord, on behalf of the Agents, with full power of substitution, as the Subscriber's true and lawful attorney and agent, with full power and authority in the Subscriber's name, place and stead to take any action which Canaccord (on behalf of the Agents) may in its absolute discretion deem necessary, including, but not limited to, the power to execute, swear to, acknowledge, deliver, make, record and file when, as and where required or appropriate, any certificate, instrument or other document, to give effect to the following:
  - (a) to represent the Subscriber at the Closing for the purposes of all closing matters and deliveries of documents and certificates representing the Units, Unit Shares, and Warrant and payment of funds;
  - (b) to authorize the electronic deposit of the Units, Unit Shares, and Warrants into CDS or to receive certificates representing the Units, Unit Shares, and Warrants to execute in the Subscriber's name and on its behalf all closing receipts and required documents, to complete and correct any errors or omissions in any form or document provided by the Subscriber, including this Subscription Agreement and the Schedules hereto, in connection with the subscription for the Units;
  - (c) to extend any time periods and modify or waive any conditions that are set forth in this Subscription Agreement or in the Agency Agreement in the manner and to the extent that Canaccord, on behalf of the Agents, in its absolute discretion, deems appropriate, provided that the extensions, modifications or waivers do not materially affect the Subscriber's obligations under this Subscription Agreement; and
  - (d) without limiting the generality of the foregoing, to negotiate, settle, execute, deliver and/or amend the Agency Agreement and any ancillary documents in connection with the Offering and to exercise or not to exercise, as it determines in its sole discretion, the rights of termination in the Agency Agreement.

This power of attorney is irrevocable, is a power coupled with an interest, shall survive the death, disability, incapacity, insolvency, bankruptcy or other legal incapacity of the Subscriber and shall survive the transfer, disposition or other assignment by the Subscriber of Units, Unit Shares, Warrants, and Warrant Shares and extends to the heirs, executors, administrators, successors and permitted assigns of the Subscriber, and may be exercised by Canaccord on behalf of the Subscriber in executing any instrument, agreement or other document by listing thereon or referring to all of the Subscribers executing such instrument, or otherwise indicating that it is executing such instrument on behalf of all of the Subscribers, with a single signature as attorney and agent for all of them, and it shall not be necessary for Canaccord to execute any instrument under seal.

The Subscriber hereby agrees to be bound by any representations and actions made or taken in good faith by Canaccord, on behalf of the Agents, pursuant to the above power of attorney in accordance with the terms hereof and waives any and all defences which may be available to it to contest, negate or disaffirm any action of Canaccord taken in good faith under such power of attorney. The Subscriber hereby acknowledges and agrees that all documents and other actions taken by Canaccord on behalf of the Subscriber pursuant to the above powers of attorney will be binding upon the Subscriber and the Subscriber hereby agrees to ratify any of such documents or actions upon request by Canaccord.

6. **General Authorization to Correct Minor Errors.** The Subscriber hereby authorizes the Corporation to correct any minor errors in, or complete any minor information missing from any part of the Subscription Agreement and any other acknowledgements, provisions, forms, certificates or documents executed by the Subscriber and delivered to the Corporation in connection with the Offering.
7. **Representations and Warranties of the Corporation.** By execution of this Subscription Agreement, the Corporation hereby agrees with the Subscriber that the Subscriber shall have the benefit of the representations and warranties made by the Corporation to the Agents as set forth in the Agency Agreement and acknowledges that the Subscriber is relying on such representations and warranties in connection with the transactions contemplated herein. Such representations, warranties and covenants of the Corporation in the Agency Agreement are incorporated into this Subscription Agreement with such changes as are necessary to reflect that they are being made by the Corporation to the Subscriber. Such representations and warranties shall continue in full force and effect for the benefit of the Subscriber in accordance with the Agency Agreement.
8. **Timeliness of Representations, etc.** The Subscriber agrees that the representations, warranties and covenants of the Subscriber herein will be true and correct both as of the execution of this Subscription Agreement and as of the Closing Time (as defined herein), and will survive the completion of the issuance of the Units and any subsequent disposition by the Subscriber of the Units.
9. **Reliance on Representations, Warranties, Covenants and Acknowledgements.** The Subscriber acknowledges that the Corporation, the Agents, and their respective counsel are relying upon the representations, warranties, covenants, and acknowledgements of the Subscriber set forth herein in determining the eligibility (from a securities law perspective) of the Subscriber (or, if applicable, the eligibility of another on whose behalf the Subscriber is contracting hereunder to subscribe for Units) to purchase Units under the Offering. The Subscriber undertakes to immediately notify the Corporation, c/o Acuity Corporate Securities Lawyers, Attention: David Ellison and the Agents of any change in any statement or other information relating to the Subscriber set forth herein that occurs prior to the Closing Time. The Subscriber further agrees that by accepting the Units, the Subscriber shall be representing and warranting that such representations, warranties, acknowledgements and covenants are true as at the Closing Time with the same force and effect as if they had been made by the Subscriber at the Closing Time
10. **Indemnity.** The Subscriber agrees to indemnify and hold harmless the Corporation and the Agents and their respective directors, officers, employees, agents, advisers and shareholders from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any claim, law suit, administrative proceeding or investigation whether commenced or threatened) arising out of or based upon any representation or warranty of the Subscriber contained herein or in any document furnished by the Subscriber to the Corporation or the Agents in connection herewith being untrue in any material respect or any breach or failure by the Subscriber to comply with any covenant or agreement made by the Subscriber herein or in any document furnished by the Subscriber to the Corporation or the Agents in connection herewith. The Subscriber represents and warrants that it has the authority to provide the consents and acknowledgements set out in this paragraph on behalf of all beneficial purchasers.

11. **Deliveries by Subscriber prior to Closing.** The Subscriber agrees to deliver to Canaccord, or the Corporation in the case of (f) below, not later than 10:00 a.m. (Toronto time) two business days before the proposed Closing Date:
- (a) this duly completed and executed Subscription Agreement and certified cheque, bank draft, or wire transfer representing the Aggregate Subscription Amount in Canadian dollars payable to "Canaccord Genuity Corp.";
  - (b) if the Subscriber is an "**accredited investor**", a fully executed and completed Representation Letter in the form attached hereto as **Exhibit 1** and, each of the following, as applicable:
  - (c) if the Subscriber is an "accredited investor" and an individual purchasing under paragraph (j), (j.i), (k) or (l) of the definition of "accredited investor", a Risk Acknowledgement Form in the form attached hereto as **Exhibit 2**;
  - (d) if the Subscriber is a **U.S. Purchaser**, a fully executed and completed **Exhibit 3** "Certificate of U.S. Accredited Investor Status";
  - (e) if the Subscriber is resident in a jurisdiction outside of Canada or the United States, a fully executed and completed **Exhibit 1**;
  - (f) if the Subscriber is an "accredited investor" and (a) is purchasing under (j), (j.1), (k) or (l) of the definition of "accredited investor"; and (b) is not a client of or subscribing through the Agents, a signed representation letter from an investment dealer or exempt market dealer in the form attached hereto as **Exhibit 4**; and
  - (g) such other documents as may be reasonably requested by the Corporation or the Agents.

12. **Partial Acceptance or Rejection of Subscription.** The Corporation may, in its absolute discretion, accept or reject the Subscriber's subscription for Units as set forth in this Subscription Agreement, in whole or in part, and the Corporation reserves the right to allot to the Subscriber, less than the amount of Units subscribed for under this Subscription Agreement.

Notwithstanding the foregoing, the Subscriber acknowledges and agrees that the acceptance of this Subscription Agreement will be conditional upon, among other things, the sale of the Units to the Subscriber being exempt from any prospectus and offering memorandum requirements of Applicable Securities Laws. The Corporation will be deemed to have accepted this Subscription Agreement upon the delivery at Closing of the Units to the Subscriber or upon the direction of the Subscriber in accordance with the provisions hereof.

If this Subscription Agreement is rejected in whole, any certified cheque(s) or bank draft(s) delivered by the Subscriber to the Corporation on account of the Aggregate Subscription Amount for the Units subscribed for will be promptly returned to the Subscriber by the Agents without deduction or interest. If this Subscription Agreement is accepted only in part, a cheque representing the amount by which the payment delivered by the Subscriber to the Corporation exceeds the subscription price of the number of Units sold to the Subscriber pursuant to a partial acceptance of this Subscription Agreement, will be promptly delivered by the Agents to the Subscriber without deduction or interest.

13. **Time and Place of Closing and Conditions.** The sale of the Units will be completed at the offices of counsel to the Corporation, at Acuity Corporate Securities Lawyers, 181 University Avenue, Toronto, Ontario at 10:00 a.m. (Toronto time) (the "**Closing Time**") on March 23, 2018 or such other date(s) as the Corporation may determine (the "**Closing Date**"). The Corporation may, with the consent of the Agents, close the Offering in multiple tranches, so that one or more Closings may occur after the initial Closing.

The Closing (including the closing of this Subscription) is conditional upon and subject to:

- (a) payment by the Subscriber to the Agents (in form acceptable to Canaccord (on behalf of the Agents) of the Aggregate Subscription Amount in immediately available funds;

- (b) the Subscriber having properly completed, signed and delivered to the Agents and the Corporation this Subscription Agreement, including the items listed in subsections 11(a) – 11(e) hereof, to the extent applicable to the Subscriber;
  - (c) the Corporation accepting the Subscriber's subscription, in whole or in part;
  - (d) the Corporation having obtained all necessary approvals and consents, including regulatory approvals for the Offering;
  - (e) the issue and sale of the Units being exempt from the requirement to file a prospectus and the requirement to deliver an offering memorandum under applicable securities legislation relating to the sale of the Units, or the Corporation having received such orders, consents or approvals as may be required to permit such sale without the requirement to file a prospectus or deliver an offering memorandum; and
  - (f) the closing conditions contained in the Agency Agreement being satisfied or waived by the relevant party.
14. **Deliveries at Closing.** At the Closing Time, acting reasonably, the Corporation shall accept the completed subscription agreements (including this Subscription Agreement) and the Aggregate Subscription Amount against delivery by the Corporation of evidence of the certificates representing the Unit Shares and Warrants.
15. **Subscriber's Costs.** The Subscriber acknowledges and agrees that all costs incurred by the Subscriber (including any fees and disbursements of any special counsel retained by the Subscriber) relating to the sale of the Units to the Subscriber shall be borne by the Subscriber.
16. **No Partnership.** Nothing herein shall constitute or be construed to constitute a partnership of any kind whatsoever between the Subscriber and the Corporation.
17. **Governing Law.** The contract arising out of this Subscription Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Ontario.
18. **Time of Essence.** Time shall be of the essence of this Subscription Agreement.
19. **Entire Agreement.** This Subscription Agreement represents the entire agreement of the parties hereto relating to the subject matter hereof, and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein and therein.
20. **Facsimile/PDF Copies.** The Corporation shall be entitled to rely on delivery of a facsimile or PDF copy of executed subscriptions, and acceptance by the Corporation of such facsimile or PDF subscriptions shall be legally effective to create a valid and binding agreement between the Subscriber and the Corporation in accordance with the terms hereof. In addition, this Subscription Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document.
21. **Severability.** The invalidity, illegality or unenforceability of any provision of this Subscription Agreement shall not affect the validity, legality or enforceability of any other provision hereof.
22. **Survival.** The covenants, representations and warranties contained in this Subscription Agreement shall survive the closing of the transactions contemplated hereby, and shall be binding upon and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.
23. **Interpretation.** The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation of this Subscription Agreement or any provision hereof. In this Subscription Agreement, all references to money amounts are to Canadian dollars.
24. **Amendment.** Except as otherwise provided herein, this Subscription Agreement may only be amended by the parties hereto in writing.

25. **Assignment.** Neither party may assign all or part of its interest in or to this Subscription Agreement, except for the assignment by a Subscriber who is acting as nominee or agent to the beneficial owner and as otherwise herein provided, without the consent of the other party in writing.
26. **Language.** The Subscriber acknowledges that it has consented to and requested that all documents evidencing or relating in any way to the sale of the Units be drawn up in the English language only. **Le souscripteur reconnaît par les présentes avoir consenti et exigé que tous les documents faisant foi ou se rapportant de quelque manière à la vente des reçus de souscription soient rédigés en anglais seulement.**

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## SCHEDULE "A"

### TINLEY BEVERAGE COMPANY INC. Minimum Of \$5,000,000 Maximum Of \$10,000,000 In Units TERM SHEET

<b>Issuer:</b>	Tinley Beverage Company Inc. (the "Company");
<b>Issue:</b>	Private placement of a minimum of 5,000,000 and a maximum of 10,000,000 units (the "Units") of the Company on a commercially reasonable efforts basis;
<b>Amount:</b>	\$5,000,000 to \$10,000,000;
<b>Issue Price:</b>	\$1.00;
<b>Agents' Option:</b>	The Agents shall have the option, exercisable at any time prior to closing, to increase the size of the offering by up to \$5,000,000;
<b>Offered Securities:</b>	Each Unit consists of one common share and one common share purchase warrant exercisable at \$1.35 for 24 months from the Closing Date;
<b>Use of Proceeds:</b>	Manufacturing facility buildout, marketing, acquisitions as well as General Working Capital;
<b>Jurisdictions:</b>	The Units are be offered and sold under private placement exemptions to purchasers ("Purchasers") in all provinces of Canada, and in such jurisdictions outside of Canada, including the United States, as the Company and the Agent (as hereinafter defined) mutually agree (the "Jurisdictions"), provided that no prospectus filing or comparable obligation arises in the Jurisdictions which are outside of Canada and the Company does not thereafter become subject to continuous disclosure obligations in such jurisdictions. The Company and the Agent agree that the common shares will not be offered or sold in the United States except to "qualified institutional buyers" pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act, as amended (the "1933 Act"), including Section 4(a)(2) of the 1933 Act;
<b>Listing:</b>	The common shares of the Company trade under TNY on the Canadian Securities Exchange in Canada and under QRSRF on the OTC market in the United States;
<b>Eligibility:</b>	Eligible for RRSP, RESP, RRIF and DPSP Accounts;
<b>Cash Commission:</b>	8% of the aggregate gross proceeds of the Offering payable in cash or Units, or any combination of cash or Units at the option of the Agents;
<b>Agents' Units:</b>	<p>The Agents will receive Agents' Units (the "Agents' Units") exercisable at any time prior to the date that is 24 months from the Closing Date to acquire that number of Agents' Units of the Company equal to 8.0% of the Units sold under the Offering.</p> <p>The Agents' Unit shall have terms that are pari pasu with the Offered Securities;</p>
<b>Hold Period:</b>	The Units will be subject to a statutory hold period in the Jurisdictions for a period of four months and one day from the Closing Date;
<b>Closing Date:</b>	The closing of the Offering is to occur on or before March 23, 2018 or such other date as may be agreed upon by the Company and the Agents (the "Closing Date");

**Minimum Investment:** \$25,000;

**Syndicate:** Canaccord Genuity Corp.  
Gravitas Securities Inc.

**EXHIBIT 1**

**REPRESENTATION LETTER**

**(FOR ACCREDITED INVESTORS)**

**TO: The Tinley Beverage Company Inc. (the "Corporation")**

**AND TO: Canaccord Genuity Corp. and Gravititas Securities Inc. (the "Agents")**

In connection with the agreement (the "**Subscription Agreement**") to purchase units in the capital of the Corporation (each a "**Unit**" and together, the "**Units**") by the undersigned subscriber or, if applicable, the principal on whose behalf the undersigned is purchasing as agent (the "**Subscriber**" for the purposes of this Exhibit 1), the composition and terms of the Units and the Unit Shares and Warrant Shares underlying the Units are defined in the Subscription Agreement, the Subscriber hereby represents, warrants, covenants and certifies to the Corporation and to the Agents, as at the date hereof and as at the Closing Time (as defined in the Subscription Agreement) that:

1. unless the Subscriber is purchasing the Units pursuant to paragraph 3(t) or 3(r)(v) of the Subscription Agreement, the Subscriber is resident in a province of Canada or is otherwise subject to the laws of a province of Canada;
2. the Subscriber is purchasing the Units as principal for its own account or complies with the provisions of paragraph 3(r) of the Subscription Agreement;
3. the Subscriber is an "accredited investor" within the meaning of National Instrument 45-106 "*Prospectus Exemptions*" ("**NI 45-106**") by virtue of satisfying the indicated criterion as set out in Appendix A to this Representation Letter;
4. the Subscriber was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106; and
5. upon execution of this Representation Letter by the Subscriber, this Representation Letter shall be incorporated into and form a part of the Subscription Agreement.

Dated: \_\_\_\_\_, 2018

\_\_\_\_\_  
Print name of Subscriber

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print name of Signatory (if different from Subscriber)

\_\_\_\_\_  
Title

**IMPORTANT: PLEASE INITIAL BESIDE THE APPLICABLE PROVISION IN APPENDIX A ON THE NEXT PAGES**

**APPENDIX A TO EXHIBIT 1**

**PLEASE MARK YOUR INITIALS BESIDE THE CATEGORY OF "ACCREDITED INVESTOR" TO WHICH YOU BELONG.**

**Accredited Investor (as defined in National Instrument 45-106 ("NI 45-106") and section 73.3(1) of the *Securities Act* (Ontario)) means:**

- \_\_\_\_\_ (a) except in Ontario, a Canadian financial institution, or a Schedule III bank;
- \_\_\_\_\_ (a.1) in Ontario, a Schedule I, II or III bank, an association to which the *Cooperative Credit Associations Act* (Canada) applies or a central cooperative credit society for which an order has been made under subsection 473 (1) of that Act, a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or Ontario to carry on business in Canada or Ontario, as the case may be or as may be prescribed by the regulations of the *Securities Act* (Ontario);
- \_\_\_\_\_ (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
- \_\_\_\_\_ (c) except in Ontario, a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;
- \_\_\_\_\_ (c.1) in Ontario, a subsidiary of any person or company referred to in paragraphs (a.1) or (b), if the person or company owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;
- \_\_\_\_\_ (d) except in Ontario, a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer;
- \_\_\_\_\_ (d.1) in Ontario, a person or company registered under the securities legislation of a province or territory of Canada as an adviser or dealer, except as otherwise prescribed by the regulations of the *Securities Act* (Ontario);
- \_\_\_\_\_ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d);
- \_\_\_\_\_ (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador);
- \_\_\_\_\_ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada;
- \_\_\_\_\_ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec;
- \_\_\_\_\_ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;

- \_\_\_\_\_ (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada;
- \_\_\_\_\_ (i.1) in Ontario, a person or company that is recognized or designated by the Ontario Securities Commission as an accredited investor;
- \_\_\_\_\_ (i.2) in Ontario, such other persons or companies as may be prescribed by the regulations of the *Securities Act* (Ontario);
- \_\_\_\_\_ (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that, before taxes, but net of any related liabilities, exceeds \$1,000,000 and has completed, executed and delivered a completed Exhibit 2;
- \_\_\_\_\_ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000 and has completed, executed and delivered a completed Exhibit 2;
- \_\_\_\_\_ (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year and has completed, executed and delivered a completed Exhibit 2;

***(Note: If individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under paragraph (t) below, which must be initialed.)***

- \_\_\_\_\_ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000 and has completed, executed and delivered a completed Exhibit 2;
- \_\_\_\_\_ (m) a person (***Note: See definition of "person" which includes companies and partnerships and other organizations***), other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements;
- \_\_\_\_\_ (n) an investment fund that distributes or has distributed its securities only to
  - (i) a person that is or was an accredited investor at the time of the distribution,
  - (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 [*Minimum amount investment*], and 2.19 [*Additional investment in investment funds*] of NI 45-106, or
  - (iii) a person described in paragraph (A) or (B) that acquires or acquired securities under section 2.18 [*Investment fund reinvestment*] of NI 45-106;
- \_\_\_\_\_ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt;
- \_\_\_\_\_ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be;

- \_\_\_\_\_ (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction;
- \_\_\_\_\_ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded;
- \_\_\_\_\_ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function;
- \_\_\_\_\_ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors;
- \_\_\_\_\_ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser;
- \_\_\_\_\_ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or
- \_\_\_\_\_ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

**NOTE: The investor must initial beside the applicable portion of the above definition.**

**For the purposes hereof:**

"**affiliate**" means an issuer connected with another issuer because

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same person;

"**beneficial ownership**" of securities by a person includes

- (a) for the purposes of British Columbia, Manitoba, New Brunswick, Nova Scotia, Newfoundland and Labrador, Ontario and Saskatchewan securities law, when such securities are beneficially owned by
  - (i) an issuer controlled by that person; or
  - (ii) an affiliate of that person or an affiliate of an issuer controlled by that person;
- (b) and, for the purposes of Alberta securities law, when such securities are beneficially owned by
  - (A) a company controlled by that person or an affiliate of that company;
  - (B) an affiliate of that person; or
  - (C) through a trustee, legal representative, agent or other intermediary of that person;

**"Canadian financial institution"** means

- (a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or
- (b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction in Canada;

**"consultant"** means, for an issuer, a person, other than an employee, executive officer, or director of the issuer or of a related entity of the issuer, that

- (a) is engaged to provide services to the issuer or a related entity of the issuer, other than services provided in relation to a distribution;
- (b) provides the services under a written contract with the issuer or a related entity of the issuer; and
- (c) spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer

and includes, for an individual consultant, a corporation of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner;

**"control"** means a person (first person) is considered to control another person (second person) if:

- (a) the first person, directly or indirectly, beneficially owns or exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation;
- (b) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership; or
- (c) the second person is a limited partnership and the general partner of the limited partnership is the first person;

**"control person"** has the same meaning as in securities legislation except in Manitoba, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island and Québec where control person means any person that holds or is one of a combination of persons that holds

- (i) a sufficient number of any of the securities of an issuer so as to affect materially the control of the issuer, or
- (ii) more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holding of those securities does not affect materially the control of the issuer;

**"director"** means

- (a) a member of the board of directors of a company or an individual who performs similar functions for a company, and
- (b) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;

**"eligibility adviser"** means

- (a) a person that is registered as an investment dealer or in an equivalent category of registration under the securities legislation of the jurisdiction of a purchaser and authorized to give advice with respect to the type of security being distributed, and
- (b) in Saskatchewan or Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not
  - (i) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders, or control persons, and
  - (ii) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;

**"executive officer"** means, for an issuer, an individual who is

- (a) a chair, vice-chair or president,
- (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production,
- (c) an officer of the issuer or any of its subsidiaries and who performs a policy-making function in respect of the issuer, or
- (d) performing a policy-making function in respect of the issuer;

**"financial assets"** means

- (a) cash,
- (b) securities, or
- (c) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;

**"foreign jurisdiction"** means a country other than Canada or a political subdivision of a country other than Canada;

**"founder"** means, in respect of an issuer, a person who,

- (a) acting alone, in conjunction, or in concert with one or more other persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and
- (b) at the time of the proposed trade, is actively involved in the business of the issuer;

**"fully managed account"** means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;

**"individual"** means a natural person, but does not include

- (a) a partnership, unincorporated association, unincorporated syndicate, unincorporated organization or a trust, or
- (b) a natural person in the person's capacity as trustee, executor, administrator or other legal representative;

**"investment fund"** means a mutual fund or non-redeemable investment fund, and, for greater certainty in British Columbia, includes an employee venture capital corporation that does not have a restricted constitution, and is registered under Part 2 of the *Employee Investment Act* (British Columbia), R.S.B.C. 1996 c. 112, and whose business objective is making multiple investments and a venture capital corporation registered under Part 1 of the *Small Business Venture Capital Act* (British Columbia), R.S.B.C. 1996 c.429 whose business objective is making multiple investments;

**"jurisdiction"** means a province or territory of Canada except when used in the term "foreign jurisdiction";

**"local jurisdiction"** means the jurisdiction in which the applicable securities regulatory authority is situate;

**"mutual fund"** includes

- (a) for the purposes of Alberta, Manitoba, Newfoundland and Labrador, Nova Scotia, Ontario, Québec, Prince Edward Island and Saskatchewan securities law, an issuer of securities that entitles the holder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets, including a separate fund or trust account, of the issuer of the securities;
- (b) and, for the purposes of British Columbia securities law, also includes
  - (i) an issuer described in an order that the British Columbia Securities Commission may make pursuant to section 3.2 of the *Securities Act* (British Columbia); and
  - (ii) an issuer that is in a class of prescribed issuers,

but does not include an issuer, or a class of issuers, described in an order that the British Columbia Securities Commission may make under section 3.1 of the *Securities Act* (British Columbia);

- (c) and, for the purposes of New Brunswick securities law, also includes
  - (i) an issuer that is deemed to be a mutual fund in an order made by the Commission under paragraph 184(1)(n) of the *Securities Act* (New Brunswick); and
  - (ii) an issuer or a class of issuers prescribed by regulation,

but does not include an issuer, or a class of issuers, described in an order that the New Brunswick Securities Commission may make under subsection 148(2) of the *Securities Act* (New Brunswick);

**"non-redeemable investment fund"** means an issuer,

- (a) whose primary purpose is to invest money provided by its securityholders,

- (b) that does not invest,
  - (i) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or
  - (ii) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and
- (c) that is not a mutual fund;

**"permitted assign"** means, for a person that is an employee, executive officer, director or consultant of an issuer or of a related entity of the issuer,

- (a) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the person,
- (b) a holding entity of the person,
- (c) an RRSP or a RRIF of the person,
- (d) a spouse of the person,
- (e) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the spouse of the person,
- (f) a holding entity of the spouse of the person, or
- (g) an RRSP or a RRIF of the spouse of the person;

**"person"** includes

- (a) an individual,
- (b) a corporation,
- (c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
- (d) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;

**"regulator"** means, for the local jurisdiction, the Executive Director, Director, Administrator or Regulator as defined under securities legislation of the local jurisdiction;

**"related entity"** means, for an issuer, a person that controls or is controlled by the issuer or that is controlled by the same person that controls the issuer;

**"related liabilities"** means:

- (a) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets; or
- (b) liabilities that are secured by financial assets;

**"Schedule I bank"** means an authorized bank named in Schedule I of the *Bank Act* (Canada);

**"Schedule II bank"** means an authorized bank named in Schedule II of the *Bank Act* (Canada);

**"Schedule III bank"** means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

**"securities legislation"** means

- (a) for Alberta, the *Securities Act* (Alberta) and the regulations and rules under such Act and the blanket rulings and orders issued by the Alberta Securities Commission;
- (b) for British Columbia, the *Securities Act* (British Columbia) and the regulations, rules and forms under such Act and the blanket rulings and orders issued by the British Columbia Securities Commission;
- (c) for Manitoba, *The Securities Act* (Manitoba) and the regulations and rules under such Act and the blanket rulings and orders issued by the Manitoba Securities Commission;
- (d) for New Brunswick, the *Securities Act* (New Brunswick) and the regulations and rules under such Act and the blanket rulings and orders issued by the New Brunswick Securities Commission;
- (e) for Newfoundland and Labrador, the *Securities Act* (Newfoundland and Labrador) and the regulations and rules under such Act and the blanket rulings and orders issued by the Securities Commission of Newfoundland and Labrador;
- (f) for Nova Scotia, the *Securities Act* (Nova Scotia) and the regulations and rules under such Act and the blanket rulings and orders issued by the Nova Scotia Securities Commission;
- (g) for Ontario, the *Securities Act* (Ontario) and the regulations and rules under such Act and the blanket rulings and orders issued by the Ontario Securities Commission;
- (i) for Prince Edward Island, the *Securities Act* (Prince Edward Island) and the regulations and rules under such Act and the blanket rulings and orders issued by the Prince Edward Island Securities Office; and
- (j) for Saskatchewan, *The Securities Act, 1988* and the regulations and rules under such Act and the blanket rulings and orders issued by the Saskatchewan Financial Services Commission, Securities Division;

**"securities regulatory authority"** means

- (a) the Alberta Securities Commission;
- (b) the British Columbia Securities Commission;
- (c) the Manitoba Securities Commission;
- (d) the New Brunswick Securities Commission;
- (e) the Securities Commission of Newfoundland and Labrador;
- (f) the Nova Scotia Securities Commission;
- (g) the Ontario Securities Commission;

- (i) the Prince Edward Island Securities Office; and
- (j) the Saskatchewan Financial Services Commission, Securities Division;

"**spouse**" means an individual who,

- (a) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual,
- (b) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or
- (c) in Alberta, is an individual referred to in paragraph (a) or (b), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta);

"**subsidiary**" means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary; and

"**voting security**" means any security which:

- (a) is not a debt security; and
- (b) carries a voting right either under all circumstances or under some contingency that has occurred and is continuing.

All monetary references are in Canadian Dollars.

**EXHIBIT 2**

**Form 45-106F9**

*Form for Individual Accredited Investors*

**WARNING!**

**This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.**

**SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER**

**1. About your investment**

Type of securities: *Units consisting of one (1) Unit Share and one (1) whole Warrant exercisable into 1 Common Share of the Issuer*

Issuer: *The Tinley Beverage Company Inc.*

Purchased from: *The Tinley Beverage Company Inc.*

**SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER**

**2. Risk Acknowledgement**

This investment is risky. Initial that you understand that:

**Your initials**

**Risk of loss** – You could lose your entire investment of \$\_\_\_\_\_. *[Instruction: Insert the total dollar amount of the investment.]*

**Liquidity risk** – You may not be able to sell your investment quickly – or at all.

**Lack of information** – You may receive little or no information about your investment.

**Lack of advice** – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to [www.aretheyregistered.ca](http://www.aretheyregistered.ca).

**3. Accredited investor status**

You must meet at least **one** of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.

**Your initials**

- Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)

<ul style="list-style-type: none"> <li>Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.</li> </ul>	
<ul style="list-style-type: none"> <li>Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.</li> </ul>	
<ul style="list-style-type: none"> <li>Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)</li> </ul>	
<b>4. Your name and signature</b>	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.	
First and last name (please print):	
Signature:	Date:
<b>SECTION 5 TO BE COMPLETED BY THE SALESPERSON</b>	
<b>5. Salesperson information</b>	
<i>[Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]</i>	
First and last name of salesperson (please print):	
Telephone:	Email:
Name of firm (if registered):	
<b>SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER</b>	
<b>6. For more information about this investment</b>	
<p>The Tinley Beverage Company Inc.  77 King Street West  Suite 2905 TD Centre  Toronto, Ontario  M5K 1H1  Attention: Jeff Maser, CEO  Email: jeff@drinktinley.com  Phone: 416 840-3798</p> <p><b>For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at <a href="http://www.securities-administrators.ca">www.securities-administrators.ca</a>.</b></p>	

**Form instructions:**

- This form does not mandate the use of a specific font size or style but the font must be legible.
- The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.
- The purchaser must sign this form. Each of the purchaser and the issuer or selling security holder must receive a copy of this form signed by the purchaser. The issuer or selling security holder is required to keep a copy of this form for 8 years after the distribution.

**EXHIBIT 3**

**CERTIFICATE OF U.S. ACCREDITED INVESTOR STATUS**

**TO: The Tinley Beverage Company Inc. (the "Issuer")**

**AND TO: Canaccord Genuity Corp. and Gravitax Securities Inc. (the "Agents")**

In addition to the representations, warranties, acknowledgments and agreements contained in the subscription agreement (the "**subscription**") to which this Exhibit 3 – Certificate of U.S. Accredited Investor Status is attached, the Subscriber hereby represents, warrants and certifies to the Issuer and the Agents that the Subscriber is purchasing the Securities set out in the subscription as principal, that the Subscriber is a resident of the jurisdiction of its disclosed address set out in the Subscriber's information on page 2 of the subscription, and:

1. The Subscriber hereby represents, warrants, acknowledges and agrees to and with the Issuer and the Agents that the Subscriber:
  - (a) is a U.S. Purchaser;
  - (b) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the transactions detailed in the subscription and it is able to bear the economic risk of loss arising from such transactions;
  - (c) is acquiring the Securities for its own account, for investment purposes only and not with a view to any resale, distribution or other disposition of the Securities or Underlying Securities in violation of the United States federal or state securities laws and, in particular, it has no intention to distribute either directly or indirectly any of the Securities or Underlying Securities in the United States or to a U.S. Person; provided, however, that the Subscriber may sell or otherwise dispose of any of the Securities or Underlying Securities pursuant to registration thereof pursuant to the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and any applicable state securities laws or if an exemption from such registration requirements is available or registration is otherwise not required under this U.S. Securities Act and any applicable state securities laws;
  - (d) is not acquiring the Securities as a result of any form of "general solicitation" or "general advertising", as such terms are defined for purposes of Regulation D under the U.S. Securities Act, including, without limitation, any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or on the internet or broadcast over radio, television or the internet or other form of telecommunications, or published or broadcast by means of the internet or any other form of electronic display, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
  - (e) understands the Securities or Underlying Securities 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 that the sale contemplated hereby is being made in reliance on an exemption from such registration requirements provided by Section 4(a)(2) of the U.S. Securities Act and Rule 506(b) of Regulation D promulgated thereunder;
  - (f) satisfies one or more of the categories indicated below (**check appropriate box**):
    - Category 1: An organization described in Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring the Units offered, with total assets in excess of US \$5,000,000;
    - Category 2: A natural person whose individual net worth, or joint net worth with that person's spouse, on the date of purchase exceeds US \$1,000,000;

*Note: For purposes of calculating "net worth" under this paragraph:*

- (i) *The person's primary residence shall not be included as an asset;*

- (ii) *Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and*
  - (iii) *Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability.*
- Category 3: A natural person who had an individual income in excess of US \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of US \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
  - Category 4: A bank as defined under Section (3)(a)(2) of the U.S. Securities Act or savings and loan association or other institution as defined in Section 3(a)(5)(A) of the U.S. Securities Act, whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to Section 15 of the United States *Securities Exchange Act of 1934*, as amended; an insurance company as defined in Section 2(a)(13) of the U.S. Securities Act; an investment company registered under the United States *Investment Company Act of 1940*, as amended, or a business development company as defined in Section 2(a)(48) of such Act; a small business investment company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the United States *Small Business Investment Act of 1958*, as amended; a plan established and maintained by a state, its political subdivisions, or an agency or instrumentality of a state or its political subdivisions, for the benefit of its employees if the plan has total assets in excess of US\$5,000,000; an employee benefit plan within the meaning of the United States *Employee Retirement Income Security Act of 1974*, as amended, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company or registered investment adviser, or if the employee benefit plan has total assets in excess of US\$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are "accredited investors", as such term is defined in Rule 501(a) of Regulation S;
  - Category 5: A private business development company as defined in Section 202(a)(22) of the United States *Investment Advisers Act of 1940*;
  - Category 6: A director or executive officer of the Issuer;
  - Category 7 A trust that (a) has total assets in excess of US\$5,000,000, (b) was not formed for the specific purpose of acquiring the Units and (c) is directed in its purchases of securities by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in the Units as described in Rule 506(b)(2)(ii) under the U.S. Securities Act; or
  - Category 8 An entity in which all of the equity owners are accredited investors; and
- (g) if an individual, is a resident of the state or other jurisdiction of its disclosed address set out in the Subscriber's information on page 2 of its subscription; or if not an individual, has received and accepted the offer to acquire the Securities at the office of the Subscriber at the disclosed address set out in the Subscriber's information on page 2, of its subscription.

2. The Subscriber acknowledges and agrees that:

- (a) the Subscriber has not acquired the Securities or Underlying Securities as a result of, and will not itself engage in any activities undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the resale of any of the Securities or Underlying Securities; provided, however, that the Subscriber may sell or otherwise dispose of any of the Securities or Underlying Securities pursuant to registration of any of the Securities or Underlying Securities pursuant to the U.S. Securities Act and any applicable state securities laws or under an exemption from such registration requirements and as otherwise provided herein;
- (b) if the Subscriber decides to offer, sell, pledge or otherwise transfer any of the Securities or Underlying Securities, it will not offer, sell, pledge or otherwise transfer any of such securities, directly or indirectly, unless the sale is:
  - (i) to the Issuer;
  - (ii) outside of the United States pursuant to the requirements of Regulation S and in compliance with local laws and regulations;
  - (iii) made pursuant to the exemption from the registration requirements under the U.S. Securities Act provided by (A) Rule 144 thereunder, if available, or (B) Rule 144A thereunder, if available, and, in both cases, in accordance with any applicable state securities or "Blue Sky" laws; or
  - (iv) in a transaction that does not require registration under the U.S. Securities Act or any applicable U.S. state laws and regulations governing the offer and sale of securities,

and, in the case of paragraphs (iii)(A) and (iv), the Subscriber has prior to such sale furnished to the Issuer an opinion of counsel of recognized standing in form and substance satisfactory to the Issuer;

- (c) upon the issuance thereof, and until such time as the same is no longer required under the applicable requirements of the U.S. Securities Act or applicable U.S. State laws and regulations, the certificates representing any of the Securities or Underlying Securities will bear a legend in substantially the following form:

"THE SECURITIES REPRESENTED HEREBY [AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF] HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (1) RULE 144 THEREUNDER, IF AVAILABLE, OR (2) RULE 144A THEREUNDER, IF AVAILABLE, AND, IN BOTH CASES, IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF PARAGRAPH (C)(1) OR (D), THE SELLER HAS PRIOR TO SUCH TRANSFER FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE GOOD DELIVERY IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.";

provided that if any of the Securities or Underlying Securities are being sold pursuant to Rule 144 under the U.S. Securities Act and in compliance with any applicable state securities laws, the legend may be removed by delivery to the Issuer's transfer agent of an opinion satisfactory to the Issuer and its transfer agent to the effect that the legend is no longer required under applicable requirements of the U.S.

Securities Act and state securities laws;

- (d) the Issuer may make a notation on its records or instruct the registrar and transfer agent of the Issuer in order to implement the restrictions on transfer set forth and described herein and the subscription;
- (e) the Subscriber understands that the Unit Shares, Warrants and Warrant Shares are "restricted securities" under applicable federal securities laws and that the U.S. Securities Act and the rules of the United States Securities and Exchange Commission (the "**SEC**") provide in substance that the Subscriber may dispose of the Securities or Underlying Securities only pursuant to an effective registration statement under the U.S. Securities Act or an exemption therefrom, and, other than as set out herein, the Subscriber understands that the Issuer has no obligation to register any of the Securities or Underlying Securities or to take action so as to permit sales pursuant to the U.S. Securities Act (including Rule 144 thereunder). Accordingly, the Subscriber understands that absent registration, under the rules of the SEC, the Subscriber may be required to hold the Unit Shares, Warrants and Warrant Shares indefinitely or to transfer the Securities or Underlying Securities in the United States in "private placements" which are exempt from registration under the U.S. Securities Act, in which event the transferee will acquire "restricted securities" subject to the same limitations as in the hands of the Subscriber. As a consequence, the Subscriber understands that it must bear the economic risks of the investment in the Securities for an indefinite period of time;
- (f) the Subscriber understands and acknowledges that (i) the Issuer is deemed to have been any time previously an issuer with no or nominal operations and no or nominal assets other than cash and cash equivalents, Rule 144 under the U.S. Securities Act may not be available for resales of the securities, and (ii) the Issuer is not obligated to make Rule 144 under the U.S. Securities Act available for resales of such securities;
- (g) the Subscriber understands and agrees that there may be material tax consequences to the Subscriber of an acquisition, disposition or exercise of any of the Securities or Underlying Securities, and the Issuer gives no opinion and makes no representation with respect to the tax consequences to the Subscriber under United States, state, local or foreign tax law of the Subscriber's acquisition or disposition of such Securities or Underlying Securities, and in particular, no determination has been made whether the Issuer will be a "passive foreign investment company" ("**PFIC**") within the meaning of Section 1291 of the United States Internal Revenue Code (the "**Code**"); and
- (h) the funds representing the subscription price which will be advanced by the Subscriber to the Issuer hereunder will not represent proceeds of crime for the purposes of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* (the "**PATRIOT Act**") and the Subscriber acknowledges that the Issuer may in the future be required by law to disclose the Subscriber's name and other information relating to the subscription and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PATRIOT Act, and that no portion of the subscription price to be provided by the Subscriber (i) has been or will be derived from or related to any activity that is deemed criminal under the laws of the United States of America, or any other jurisdiction, or (ii) is being tendered on behalf of a person or entity who has not been identified to or by the Subscriber, and it shall promptly notify the Issuer if the Subscriber discovers that any of such representations ceases to be true and provide the Issuer with appropriate information in connection therewith.

\* \* \* \* \*

The representations, warranties, statements and certification made in this Certificate are true and accurate as of the date of this Certificate and will be true and accurate as of the Closing. If any such representation, warranty, statement or certification becomes untrue or inaccurate prior to the Closing, the Subscriber shall give the Issuer and the Agents immediate written notice thereof.

Capitalized terms not specifically defined in this Certificate have the meaning ascribed to them in the subscription to which this Certificate is attached.

The Subscriber acknowledges and agrees that the Issuer and the Agents will and can rely on this Certificate in connection with the Subscriber's subscription.

IN WITNESS, the undersigned has executed this Certificate as of the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

**If a corporation, partnership or other entity:**

**If an individual:**

\_\_\_\_\_  
\_\_\_\_\_  
*Print Name of Subscriber*

*Print Name of Subscriber*

\_\_\_\_\_  
\_\_\_\_\_  
*Signature of Authorized Signatory*

*Signature*

\_\_\_\_\_  
\_\_\_\_\_  
*Name and Position of Authorized Signatory*

*Jurisdiction of Residence of Subscriber*

\_\_\_\_\_  
*Jurisdiction of Residence of Subscriber*

**EXHIBIT 4**  
**FORM OF REPRESENTATION LETTER**

*(To be completed if you are (a) an “accredited investor” purchasing under (j), (j.1), (k) or (l) of the definition of “accredited investor”; and (b) not a client of or subscribing for Units through the Agents)*

**[Letterhead of Investment Dealer/Exempt Market Dealer]**

March ●, 2018

The Tinley Beverage Company (the “Corporation”)  
77 King Street West, Suite 2905 TD Centre  
Toronto, Ontario  
M5K 1H1

Dear Sirs/Mesdames:

*Re: Subscription for securities of The Tinley Beverage Company Inc.*

We have taken reasonable steps to confirm that *[Insert name of Subscriber]* (the “Subscriber”) is an accredited investor in order for the Corporation to rely upon the prospectus exemptions set forth in section 2.3 of National Instrument 45-106 - Prospectus Exemptions or section 73.3 of the Securities Act (Ontario) (the “Exemptions”) and have followed our internal procedures to confirm that the Subscriber meets the net income, financial assets or net assets requirements for the Exemptions the Subscriber has indicated that they qualify for in their subscription agreement for securities of the Corporation.

Sincerely,

*[Insert Name of Firm]*

Per: \_\_\_\_\_

Name:

Title: