

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	MONDAY, THE 9TH
	)	
JUSTICE MCEWEN	)	DAY OF MARCH, 2020

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF AGMEDICA BIOSCIENCE INC.,
2472602 ONTARIO INC., 2642466 ONTARIO INC., 8895309
CANADA INC., WELLWORTH HEALTH CORP., 8050678
CANADA INC., 8326851 CANADA INC., TAVIVAT
NATURALS INC., WORLDWIDE BEVERAGE
INNOVATIONS INC., UNIQUE BEVERAGES (USA) INC.,
and ESEELA INC.

(each an "Applicant" and, collectively, the "Applicants")

DISTRIBUTION ORDER
(Distribution of Net Proceeds from Sale of London Property)

THIS MOTION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") for an order approving and directing a distribution of the Proceeds from the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale between 2472602 Ontario Inc., as vendor (the "Vendor"), and Dancor Lands Corporation In Trust, as purchaser, dated December 2, 2019 (the "Sale Agreement"), a copy of which is attached as Confidential Exhibit "C" to the Affidavit of Trevor Henry sworn March 4, 2020, for all of the Vendor's right, title and interest in and to the property described as the "Real Property" in the Sale Agreement, including all of the lands and premises

municipally described as 1095 Wilton Grove Road, London, Ontario, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Trevor Henry sworn March 4, 2020 (the “**Henry Affidavit**”), and the Sixth Report of Ernst & Young Inc., in its capacity as court-appointed monitor (the “**Monitor**”) of the Applicants dated March 5, 2020, and appendices thereto (the “**Sixth Report**”), and on hearing the submissions of counsel for the Applicants, the Monitor and such other counsel as were present, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of Adam Driedger sworn March 4, 2020, filed.

DEFINITIONS AND INTERPRETATION

1. **THIS COURT ORDERS** that all capitalized terms not otherwise defined herein shall be as defined in the Henry Affidavit and the Sixth Report, and that the following terms shall have the following meanings for the purpose of this Order:

- (a) “**DIP Facility**” means the secured super-priority debtor-in-possession non-revolving credit facility offered by the DIP Lender to the Applicants pursuant to the DIP Facility Agreement and secured by the DIP Lender’s Charge granted in the Initial Order;
- (b) “**DIP Facility Agreement**” means the DIP Facility Loan Agreement among the DIP Lender and the Applicants as approved by this Court on January 3, 2020;
- (c) “**DIP Lender**” means SF V Bridge III, LP;
- (d) “**DIP Lender Distribution**” means \$2,000,000;

- (e) **"Initial Order"** means the Amended and Restated Initial Order granted in these CCAA proceedings dated December 12, 2019;
- (f) **"Philipp"** means Kathleen Glynn Philipp;
- (g) **"Philipp Distribution"** means the Secured Creditors Distribution less the Stone Quest Distribution;
- (h) **"Philipp Facility"** means the secured facility provided by Philipp to AgMedica Bioscience Inc. pursuant to the Loan Agreement dated October 23, 2019;
- (i) **"Proceeds"** means the net proceeds from the Transaction;
- (j) **"Secured Borrower"** means 2472602 Ontario Inc.;
- (k) **"Secured Creditors"** means, collectively, Philipp and Stone Quest;
- (l) **"Secured Creditors Distribution"** means the Proceeds less the DIP Lender Distribution;
- (m) **"Stone Quest"** means Stone Quest Capital Corp.;
- (n) **"Stone Quest Distribution"** means a distribution out of the Secured Creditors Distribution in an amount sufficient to indefeasibly repay all obligations owing by the Secured Borrower to Stone Quest; and
- (o) **"Stone Quest Facility"** means the secured facility provided by Stone Quest to the Secured Borrower pursuant to the Loan Agreement dated April 26, 2019.

DISTRIBUTION

2. **THIS COURT ORDERS** that, subject to the closing of the Transaction, the Applicants are authorized, directed, and empowered to distribute from the Proceeds the DIP Lender

Distribution to the DIP Lender as partial satisfaction of amounts due and owing under the DIP Facility.

3. **THIS COURT ORDERS** that, subject to the closing of the Transaction, the Secured Borrower is authorized, directed, and empowered to distribute from the Proceeds the Stone Quest Distribution, which amount shall be in full and final satisfaction of all amounts owing to Stone Quest under the Stone Quest Facility.

4. **THIS COURT ORDERS** that, subject to the closing of the Transaction, the Secured Borrower is authorized, directed and empowered to distribute from the Proceeds the Philipp Distribution to partially repay the obligations owing by the Secured Borrower to Philipp under its guarantee of the Philipp Facility.

5. **THIS COURT ORDERS** that the Secured Borrower and the Monitor are hereby authorized, directed, and empowered to take any further steps that it deems necessary or desirable to complete the distributions described in paragraphs 2 to 4 above.

6. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicants and any bankruptcy order issued pursuant to any such application; and
- (c) any assignment in bankruptcy made in respect of the Applicants,

the DIP Lender Distribution, the Stone Quest Distribution and the Philipp Distribution shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicants and shall

not be void or voidable by creditors of the Applicants, nor shall they constitute nor be deemed to be fraudulent preferences, assignments, fraudulent conveyances, transfers at undervalue, or other reviewable transactions under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation, and shall, upon the receipt thereof by the DIP Lender and the Secured Creditors, be free of all claims, liens, security interests, charges or other encumbrances granted by or relating to the Applicants.

MISCELLANEOUS

7. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may be enforceable.

8. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, or abroad, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

9. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

A handwritten signature in blue ink, appearing to be 'M. Eust', written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAR 09 2020

PER / PAR: 

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Court File No. CV-19-00632052-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

DISTRIBUTION ORDER

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