Court File No. CV-19-000632052-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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")**

FIRST REPORT OF THE MONITOR DATED DECEMBER 11, 2019

INTRODUCTION

1. On December 1, 2019, the Applicants brought an application (the "**CCAA Application**") before this Court returnable on December 2, 2019, seeking an initial order pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("**CCAA**") to, among other things, obtain a stay of proceedings to allow them an opportunity to restructure their business and affairs.

2. On December 2, 2019, the Court granted an initial order in these proceedings (the "**Initial Order**") that, among other things, appointed Ernst & Young Inc. as monitor of the Applicants in these CCAA proceedings (in such capacity, the "**Monitor**"), granted a stay of proceedings for the initial 10-day period (the "**Stay Period**"), granted certain Court-ordered charges, and approved the interim financing facility (the "**Hillmount DIP Facility**") to be provided by Hillmount Capital Inc. ("**Hillmount**") pursuant to a DIP Facility Agreement (the "**Hillmount DIP Facility Agreement**").

3. The Initial Order contemplated a comeback motion to be heard on December 12, 2019 (the "**Comeback Motion**").

PURPOSE

4. The purpose of this first report of the Monitor (the "**First Report**") is to provide information to the Court on:

   a. the Applicants' operations and communications with the stakeholders since the granting of the Initial Order;

   b. the Monitor's activities since its appointment;

   c. the Stabilis DIP Facility Agreement (as defined below) as an alternative to the Hillmount DIP Facility Agreement;

   d. the Applicants' receipts and disbursements for the period from December 2, 2019 to December 6, 2019 compared to the cash flow forecast appended as Exhibit "Z" to the affidavit of Trevor Henry dated December 1, 2019 (the "**Initial Cash Flow Forecast**");

   e. the Applicants' updated weekly cash flow forecast from December 7, 2019 to March 13, 2020, on a consolidated basis for all the Applicants (the "**Cash Flow Forecast**");

   f. the Applicants' motion for an order (the "**Amended and Restated Initial Order**") substantially in the form attached to the Motion Record of the Applicants dated December 6, 2019 (the "**Comeback Motion Record**"), among other things:

      i. extending the Stay Period to March 12, 2020;

      ii. increasing the maximum amount of each of the Administrative Charge, the Directors' Charge and the DIP Lender's Charge;

      iii. approving the Applicants entering into a DIP facility agreement with SF V Bridge III, LP ("**Stabilis**") on the terms set out in the term sheet dated December 9, 2019 (the "**Stabilis DIP Facility Agreement**") and replacing Hillmount as the DIP lender; and

iv. granting certain other relief that is consistent with the Model Initial Order established by the Commercial List Users' Committee; and

g. the Applicants' motion for an order (the "**Non-Core Real Estate Order**") substantially in the form attached to the Comeback Motion Record, approving the retention of CBRE Limited ("**CBRE**") by the Applicants and to market and sell the Non-Core Real Estate (as defined below).

TERMS OF REFERENCE

5. In preparing this Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Applicants, discussions with management of the Applicants ("**Management**"), and information from other third-party sources (collectively, the "**Information**"). Except as described in this First Report in respect of the Cash Flow Forecast:

a. the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and

b. some of the information referred to in this First Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.

6. Future oriented financial information referred to in this First Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

7. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this First Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Monitor.

8. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

BACKGROUND

9. The principal operating entity among the Applicants is AgMedica Bioscience Inc. ("**AgMedica**"), which is a licensed producer of cannabis in accordance with the *Cannabis Act* (the "**Act**") and the *Cannabis Regulations* (the "**Regulations**"). The principal activities of AgMedica are the production, distribution, and sale of dried cannabis flower, pre-rolled cannabis, cannabis softgel capsules, and cannabis oil (collectively, the "**Cannabis Products**").

10. AgMedica currently holds two site licenses:

   a. 1st Site license permits the cultivation, processing, and sale of plants and seeds (dried and fresh), oils, extracts, edibles and topicals both for registered patients (medical use) and the recreational market (adult-use); and

   b. 2nd Site license permits the sale of cannabis plants and seeds (dried and fresh) and oils for registered patients only (medical use).

11. All the legal entities comprising the Applicants are privately held companies incorporated under the laws of Ontario or Canada, with the sole exception of Unique Beverages (USA) Inc., a dormant corporation incorporated under the laws of Delaware.

12. AgMedica has various strategic relationships that form a significant part of its business strategy, as follows:

Herbolea S.r.l. ("**Herbolea**")	AgMedica owns 25% of Herbolea Biotech S.r.l ("**Biotech**") with the remaining 75% owned by Herbolea. Biotech holds intellectual

	property rights to technology relating to the extraction, preservation, and stabilization of phyto cannabinoids and terpenes from cannabis, hemp, and botanicals (the "**Technology**"). AgMedica has exclusive rights to this Technology in Canada and is currently finalizing the testing of this Technology at its licensed operating facility.
Mercury Morpheus Designs, SL ("**MMG**")	AgMedica has an exclusive license to use the MMG genetic strains of cannabis ("**MMG Strains**") within Canada, Germany, France, Belgium, Portugal, Israel, Chile, Barbados, and the Bahamas, for the limited purpose and scope of cultivating, growing, developing, marketing, and selling products derived from the MMG Strains.
Nutrasource Diagnostics Inc. ("**Nutrasource**")	A consulting firm that assists AgMedica with its global strategy and planning, and provides operational clinical trial support to assign substantiated claims to cannabis products.
Med-C Biopharma Corp. ("**MedC**")	AgMedica currently owns 9% of MedC with the option to increase its interest to 20%. AgMedica and MedC are working towards the development of medicinal products for human and veterinary use. Clinical trials will be performed in Israel, where appropriate. AgMedica has the exclusive rights to commercialize therapeutics developed by MedC in Canada and a global right of first refusal with respect to commercialization outside of Israel.
Bio Therapeutic Molecules Inc. ("**BTMI**")	BTMI is a third-party external provider of research and development management services with focused expertise in the pharmaceutical, nutraceutical, medical plant and agricultural disciplines. The service agreement between BTMI and AgMedica included a share-based compensation which resulted in BTMI owing approximately 9.6% of outstanding AgMedica common shares. AgMedica continues to utilize BTMI's services for research and development.
O3 Holding GmbH ("**KD Pharma**")	AgMedica entered into an exclusive joint venture agreement with KD Pharma (the "**KD Pharma JV**"). The principal purpose of the KD

	Pharma JV is to develop, market, distribute, and sell: (i) raw materials; (ii) dietary ingredients; (iii) active pharmaceutical ingredients; (iv) soft gel capsules; and (v) cannabis oil-based products, with or without Omega-3, derived from the extraction, isolation, and purification of phytochemical cannabis components.

UPDATE ON APPLICANTS' OPERATIONS

13. Since the date of the Initial Order, the Applicants have maintained their existing operations.

14. To manage the existing relationships with their stakeholders, the Applicants prepared and executed a communications plan, which included:

    a. holding a town hall on December 3, 2019 with all employees to discuss the strategic direction of the Applicants' operations, provide information regarding the CCAA process and allow for a question and answer period to address employee concerns and questions;

    b. contacting customers;

    c. contacting certain key suppliers;

    d. contacting investors; and

    e. issuing a press release to the community.

15. The Monitor was notified on December 6, 2019 that the Applicants' internet and telecommunication provider was the victim to a cyber-attack, which had affected several of its customers. As a result, the Applicants computer systems were shut down to mitigate the risks and implement patches that would protect the Applicants' information technology systems. The Applicants took steps to ensure their books and records were backed up, notified the necessary regulatory authorities, and implemented physical control and security over the inventory in the operating facility. The Applicants worked with the service provider to restore the systems and protect themselves from similar cyber-attacks

going forward. The information systems were restored in part on December 7, 2019 and were fully restored by December 9, 2019.

16. On December 3, 2019, AgMedica borrowed $1,000,000 on the Hillmount DIP Facility net of $46,898.48 comprised of interest, commitment fee, and legal expenses paid to Hillmount as identified under the Hillmount DIP Facility Agreement.

MONITOR'S ACTIVITIES TO DATE

17. Since the granting of the Initial Order, the Monitor has been:

a. assisting the Applicants to execute their stakeholder communication plan, including attending the town hall and assisting the Applicants in their discussions with suppliers;

b. responding to calls, e-mails and letters received from creditors, employees and other parties with respect to these CCAA proceedings; and

c. reviewing the disbursements of the Applicants.

18. The Monitor has established a case website at www.ey.com/ca/agmedica (the "**Monitor's Website**"). All court documents and certain other documents will be posted on the Monitor's Website. Further, the Monitor has arranged for a toll-free hotline phone number 1-866-220-2247 for calls related to this matter and an e-mail address Agmedica.monitor@ca.ey.com for e-mail correspondence with the Applicants' creditors and other parties related to the CCAA proceedings.

19. Pursuant to the Initial Order, the following notices have been posted on the Monitor's Website and/or sent to the Applicants' stakeholders since the date of the Initial Order:

a. on December 2, 2019, the Monitor posted a copy of the CCAA application materials, the Report of the Proposed Monitor ("**Pre-Filing Report**"), and the Initial Order on the Monitor's Website;

b. on December 6, 2019, the Monitor sent a notice, which included information about the CCAA proceedings, the toll-free telephone number and the Monitor's email address (the "**Notice to Creditors**") to all known creditors, based on the contact information of such known creditors who has a claim against the Applicants of more than $1,000, provided by the Applicants (the "**Known Creditors**"), by prepaid ordinary mail. A copy of the Notice to Creditors was also posted on the Monitor's Website;

c. On December 6, 2019, the Monitor posted on the Monitor's Website a list showing the names of the Known Creditors and amounts owing according to the Applicants' books and records; and

d. On December 6, 2019, the Monitor published the Notice to Creditors in the Globe and Mail (National Edition). The second consecutive notice as required under the CCAA is scheduled to be published on December 13, 2019.

APPLICANTS' RECEIPTS AND DISBURSEMENTS

20. A summary of the Applicants' actual receipts and disbursements during the period from December 2 to December 6, 2019 (the "**Reporting Period**") as compared to the cash flow forecast set out in Appendix "B" to the Pre-Filing Report (the "**Variance Analysis**") is attached as **Appendix "A"** to this First Report.

21. During the Reporting Period, the Applicants' operations generated a net cash outflow of $91,477. The disbursements relate mainly to payroll and payments of employee reimbursements, license fees and rental expense. As at December 6, 2019, the Applicants' cash on hand was $1,166,822, which includes $1,000,000 drawn on the Hillmount DIP Facility.

22. The favourable cash position variance for the Reporting Period of $571,236 is a result of timing difference for payments relating to sales taxes, interest payments to secured lenders and restructuring costs. The Cash Flow Forecast has been amended during the Forecast Period (defined below) to include these timing differences in the subsequent weeks.

23. During the Reporting Period, sales receipts were lower than forecast as the Initial Cash Flow Forecast included assumptions regarding sales to new customers of the Applicants.

When orders were placed by these new customers, the payment terms were longer than initially forecast. These timing differences have been reflected in the Cash Flow Forecast.

OVERVIEW OF APPLICANTS' FOURTEEN WEEK CASH FLOW PROJECTION

24. The Applicants, with the assistance of the Monitor, have prepared a cash flow forecast from December 7, 2019 to the week ending March 13, 2020 (the "**Forecast Period**"). The Cash Flow Forecast attached as **Appendix "B"** to this First Report has been revised from the Cash Flow Forecast appended as Exhibit "E" to the Affidavit of Trevor Henry sworn December 6, 2019 to:

   a. update the opening cash balance as at December 7, 2019;

   b. revise sales accounts receivable receipts based on updated information; and

   c. add disbursements that were not made last week as a result of timing differences to the Forecast Period.

25. The Cash Flow Forecast shows that during the Forecast Period, the Applicants estimate total combined receipts of $6,243,933 and estimate total combined disbursements of $9,866,196. The Cash Flow Forecast projects that the Applicants will require draws of an additional $3,000,000 from the Stabilis DIP Facility to support its operations during Cash Flow Period along with an initial draw of $1,000,000 to repay the Hillmount DIP Facility, resulting in a total draw of $4,000,000.

STAY EXTENSION/AMENDED AND RESTATED INITIAL ORDER

26. The Amended and Restated Initial Order proposes certain amendments to the Initial Order. Some of these details are highlighted below.

<u>Stay Extension</u>

27. The Stay Period is currently set to expire on December 12, 2019. The Applicants are requesting an extension of the Stay Period until March 12, 2020.

28. The Monitor is of the view that the requested extension of the Stay Period is appropriate for the following reasons:

a. the Applicants require the extension in order to continue their restructuring efforts;

b. the Applicants will work with the Monitor to develop a sales and investment solicitation process, which the Applicants intend to seek Court approval of in relatively short order; and

c. the Applicants have continued to operate in good faith and with due diligence since the date of the Initial Order.

29. Based on the Cash Flow Forecast, the Monitor believes that the Applicants will have sufficient liquidity to fund their operations until March 12, 2020.

30. For the foregoing reasons, the Monitor supports the Applicants' request for an order extending the Stay Period to March 12, 2020.

<u>Restructuring</u>

31. The Amended and Restated Initial Order, if approved by the Court, would allow the Applicants to:

a. operationally restructure their business, including disposing of non-material assets not exceeding $500,000 in any one transaction or $1,000,000 in aggregate; and

b. disclaim any leases governing any leased premises with Monitor approval.

32. These provisions are consistent with the relief contemplated in the Model Order developed by the Commercial List Users' Committee.

Amendments to Charges

33. The Applicants propose to increase the maximum amount of the Administration Charge from $250,000 to $500,000. The amount requested and approved in the Initial Order was relative to the exposure of legal counsel to the Applicants, the Monitor and its counsel over the initial 10-day stay period. This amount has been increased to provide reasonable protection to the beneficiaries of the Administration Charge over the much longer Stay Period.

34. The Monitor is of the view that given the current liquidity constraints of the Applicants, the increase to the Administration Charge is required and reasonable in the circumstances. The Monitor believes the quantum of the increased Administration Charge is reasonable in the circumstances based upon a review and assessment of the anticipated professional costs to be incurred during this matter.

35. The Applicants propose to increase the maximum amount of the DIP Lender's Charge from $1,000,000 to $7,500,000. The amount requested and approved in the Initial Order covered the initial draw under the Hillmount DIP Facility that was required to fund operations during the initial 10-day stay period. This amount has been increased to reflect the maximum Stabilis DIP Facility amount available to the Applicants.

36. As outlined in the Pre-Filing Report, without access to the Stabilis DIP Facility, the Applicants will exhaust their cash balance and will thus be unable to maintain their operations and effect a restructuring. Accordingly, the Monitor is of the view that the Applicants' request for approval of the DIP Charge in the full amount of the Stabilis DIP Facility is required and reasonable in the circumstances.

37. The Applicants propose to increase the maximum amount of the Directors' Charge from $250,000 to $900,000. The amount requested and approved in the Initial Order was relative to the exposure of the directors and officers of the Applicants over the initial 10-day stay period. This amount has been increased to reflect the potential exposure of directors and officers of the Applicants over the much longer Stay Period.

38. The Proposed Monitor reviewed the calculation of the Directors' Charge that was prepared by the Applicants taking into consideration the estimated payroll-related costs, the timing of such payroll related costs, the estimated peak vacation accrual, and an estimate of costs related to harmonized sales taxes ("**HST**") based on potential upcoming payments of HST.

39. The Proposed Monitor is of the view that an increase to the Directors' Charge is required and is reasonable under the circumstances.

NON-CORE REAL ESTATE ORDER

40. The Applicants are seeking approval of an order granting the ability to authorize CBRE Limited ("**CBRE**") to continue to list and conduct the sale of the following property (collectively, the "**Non-Core Real Estate**"):

a. 650 Riverview Drive, Chatham-Kent, Ontario;

b. 715 Richmond Street, Chatham-Kent, Ontario;

c. 830 Richmond Street, Chatham-Kent, Ontario; and

d. 1095 Wilton Grove Road, London, Ontario (the "**London Property**").

41. The Non-Core Real Estate consists of industrial properties that were originally purchased to provide for the planned expansion of the Applicants' business. However, as the Applicants' strategic direction has changed since purchasing the Non-Core Real Estate due to shifting market conditions, these buildings have not yet been converted to production facilities. Selling these properties will not affect the operations of the Applicants, do not form an integral part of the Applicants' restructuring plan, and will permit the Applicants to pay down their interest-bearing secured debt as contemplated by the Stabilis DIP Facility, thereby creating greater flexibility in developing their restructuring plan.

42. While the Applicants are seeking the authority in the Non-Core Real Estate Order to list the property at 830 Richmond Street, Chatham-Kent, Ontario, with CBRE if necessary, the current intention is not to list that property with CBRE.

REPLACEMENT DIP FACILITY

43. The Applicants entered into a commitment letter with Hillmount to provide debtor in possession financing up to $7,500,000 in order to finance working capital requirements and other general corporate purposes and capital expenditures. The Initial Order authorized the Applicants to borrow up to $1,000,000 under the Hillmount DIP Facility pending further order of the Court.

44. Stabilis, the Applicants' largest secured lender, had expressed concerns to the Applicants regarding the Hillmount DIP Facility terms which permitted a priority charge on all assets of the Applicants. Stabilis is owed US$ 8,131,863 plus interest and expenses to date pursuant to a loan agreement dated May 31, 2019 which indebtedness is guaranteed by AgMedica and secured by the real and personal property of 2472602 Ontario Inc., and 2642466 Ontario Inc. and the equity interests (and related personal property) of 2472602 Ontario Inc. and 2642466 Ontario Inc. owned by AgMedica.

45. As a result, after the Court granted the Initial Order, Stabilis requested the opportunity to submit its own DIP financing term sheet for the Applicants' consideration.

46. On or around December 9, 2019, Stabilis presented a term sheet to provide the Stabilis DIP Facility to AgMedica. The material terms of the Stabilis DIP Facility Agreement contemplated by the term sheet are summarized below:

   a. the Stabilis DIP Facility is a non-revolving credit facility with monies to be advanced in accordance with the Cash Flow Forecast;

   b. the maximum principal amount is $7,500,000 with an outside term of 9 months;

   c. advances under the Stabilis DIP Facility are as follows:

      i. The initial advance shall be provided promptly upon request by the Applicants and approved by the Monitor. The first advancement shall be advanced less the Commitment Fee of 2.00% on the full loan amount, wiring fees, Stabilis' costs and expenses to date (including legal fees and expenses) and repayment of the amounts owed to Hillmount; and

ii. any subsequent advances shall be available on three business days prior written request to the Stabilis and approved by the Monitor;

d. interest shall be compounded and payable monthly on the first of each month, in arrears, at a rate of 9.5% per annum;

e. the Applicants shall immediately market and sell the Non-Core Real Estate;

f. the first $2,000,000 of Net Proceeds (as defined in the Stabilis DIP Facility Agreement) from the sale of the Non-Core Real Estate other than the London Property, shall be used or reserved to pay down the Stabilis DIP Facility and the balance shall be used to pay secured lenders with valid mortgage security against their respective Non-Core Real Estate in order of priority, and any residual balance of the Net Proceeds would be used to pay down the Stabilis DIP Facility; and

g. the first $2,000,000 of Net Proceeds (as defined in the Stabilis DIP Facility Agreement) from the sale of the London Property, shall be used or reserved to pay down the Stabilis DIP Facility and the balance shall be used to pay secured lenders with valid mortgage security against the London Property in order of priority, and any residual balance of the Net Proceeds would be used to pay down the Stabilis DIP Facility.

47. The material terms of the Stabilis DIP Facility Agreement, as outlined above, are substantially similar to the existing Hillmount DIP Facility Agreement, with the following exceptions:

a. the Commitment Fee under the Stabilis DIP Facility is 2.00%, less than the 2.25% Commitment Fee in the existing Hillmount DIP Facility;

b. the Applicants are only required to give three business days' notice of a further request for an advance under the Stabilis DIP Facility, which is less than the five business days' notice required under the Hillmount DIP Facility; and

c. the Applicants are required, under the Stabilis DIP Facility, to market and sell all Non-Core Real Estate and apply $4,000,000 in total to repay the Stabilis DIP Facility in priority to others with valid mortgage security against those properties. Under the

Hillmount DIP Facility, the entirety of the net sale proceeds from the sale of the London Property were to be held in trust with the Monitor until such time as the Hillmount DIP Facility was paid in full. The Hillmount DIP Facility contained a representation that the London Property was valued at no less than $6.6 million.

48. Given the reduced Commitment Fee, and the fact that the other material terms are substantially similar to the Hillmount DIP Facility, the Monitor supports the replacement of the Hillmount DIP Facility with the Stabilis DIP Facility.

49. The Applicants have now agreed to terms with Stabilis and entered into the Stabilis DIP Facility Agreement on December 10, 2019, a copy of which is attached in **Appendix "C"**.

CONCLUSIONS AND RECOMMENDATIONS

50. For the reasons stated herein, the Monitor supports the relief sought by the Applicants and recommends that the Court grant the Amended and Restated Initial Order and the Non-Core Real Estate Order if the Court sees fit.

All of which is respectfully submitted this 11th day of December 2019.

ERNST & YOUNG INC., in its capacity as Monitor of the Applicants, and not in its corporate or personal capacity.

per:

Alex Morrison, CPA, CA
Senior Vice President

APPENDIX "A"
CASH FLOW ACTUALS
VARIANCE ANALYSIS FROM DECEMBER 2, 2019 TO DECEMBER 6, 2019

	Notes	Actual	Forecast	Variance
Opening Cash / (Indebtedness)		$ 258,299	$ 149,794	$ 108,505
Receipts				
Sales receipts	1	374,105	596,129	(222,024)
HST Refunds		-	-	-
Other receipts		128,149	132,078	(3,929)
Total Receipts		502,254	728,207	(225,953)
Disbursements				
Production Costs	2	-	53,596	53,596
Payroll and expenses	3	397,179	237,176	(160,003)
Remittance to Receiver General		-	-	-
EHT and WSIB		-	-	-
Group Benefits		33,529	35,000	1,471
Royalties and Commissions		-	-	-
SG&A	4	85,587	67,123	(18,464)
Rent, Utilities, Insurance	5	30,538	57,463	26,925
Fixed Assets and capital expenditures		-	-	-
Duties and Taxes	6	-	523,307	523,307
Funding Agreements and contractual commitments		-	-	-
Restructuring Costs	7	-	40,000	40,000
DIP Interest Payments and Commitment Fee	8	46,898	168,750	121,852
Financing and loans - Principal and Interest		-	100,000	100,000
Total Disbursements		593,731	1,282,415	688,684
Net Cash flow		(91,477)	(554,208)	462,731
DIP Financing		1,000,000	1,000,000	-
Closing Cash / (Indebtedness)		**1,166,822**	**595,586**	**571,236**

Variance Analysis:

1. **Sales Receipts** - The Applicants had forecast sales from two new provincial customers, to have more favourable payout terms that were ultimately agreed to. Therefore, this is a timing difference in variance that will be received at the end of December and in the beginning of January. Other new provincial and territorial customers, has not placed orders as quickly as forecast.
2. **Production costs –** The Applicants did not have immediate need for new production material and used existing supplies.

3. **Payroll and expenses –** The Applicants, with approval of the Monitor, paid outstanding employee expense reimbursements, principally for business travel costs.
4. **SG&A –** The Applicants paid outstanding licensing fees which were previously anticipated to be paid prior to filing.
5. **Rental, utilities, insurance –** Timing difference on insurance payments.
6. **Duties and Taxes –** The excise taxes previously forecast to be paid during the week were deferred, as it appears CRA offsets will be HST refunds against pre-filing excise taxes owing.
7. **Restructuring costs –** this variance is a timing difference that will be reversed the following week.
8. **DIP Interest and Commitment Fee –** The DIP Lender charged upon the first draw of $1,000,000, December interest and the commitment fee of 2.25% only on the first draw, where the initial forecast had projected the commitment fee being repaid on the full amount of the Hillmount DIP facility. The remaining commitment fee will be payable upon the approval of the Amended and Restated Order.

APPENDIX "B"
CASH FLOW FORECAST AND NOTES

AgMedica Bioscience Inc.
Cash Flow Forecast for the period December 7, 2019 to March 13, 2020

(CDN)		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Total
Week Ending	**Note**	**13-Dec-19**	**20-Dec-19**	**27-Dec-19**	**3-Jan-20**	**10-Jan-20**	**17-Jan-20**	**24-Jan-20**	**31-Jan-20**	**7-Feb-20**	**14-Feb-20**	**21-Feb-20**	**28-Feb-20**	**6-Mar-20**	**13-Mar-20**	
Consolidated																
Opening Available Cash		1,167,823	456,992	1,564,819	1,369,093	180,808	620,791	803,963	881,536	971,754	549,409	281,014	319,408	273,342	920,691	**1,167,823**
Receipts																
Sales receipts	1	17,811	81,900	99,701	504,011	765,922	758,478	225,048	705,768	437,582	457,652	408,068	566,850	656,605	150,915	**5,836,311**
HST Refunds	2	-	-	-	-	-	-	-	-	-	-	-				**-**
Other receipts	3	5,853	-	23,547	132,078	5,853	-	-	24,024	132,078	5,853	-	24,024	48,458	5,853	**407,622**
Total Receipts		23,664	81,900	123,248	636,089	771,776	758,478	225,048	729,792	569,660	463,505	408,068	590,874	705,064	156,768	**6,243,933**
Disbursements																
Production Costs	4	53,596	53,596	53,596	42,877	42,877	42,877	42,877	42,877	53,596	53,596	53,596	53,596	53,596	53,596	**696,750**
Payroll and expenses	5	-	337,176	-	237,176	-	337,176	-	237,176	-	237,176	100,000	237,176	-	237,176	**1,960,231**
Remittance to Receiver General	6	130,505	-	130,505	-	130,505	-	-	130,505	-	130,505	-	130,505	-	130,505	**913,536**
EHT and WSIB	7	-	8,596	-	10,280	-	8,596	-	10,280	-	-	8,596	10,280	-	-	**56,630**
Group Benefits	8	-	-	-	35,000	-	-	-	-	35,000	-	-	-	35,000	-	**105,000**
Royalties and Commissions	9	-	-	26,000	52,000	-	-	-	-	52,000	200,000	-	-	52,000	-	**382,000**
Selling, General & Admininstrative	10	67,123	67,123	67,123	73,698	53,698	53,698	53,698	73,698	67,123	67,123	67,123	67,123	84,123	67,123	**929,593**
Rent, Utilities, Insurance	11	78,000	7,700	1,751	57,463	64,713	3,500	10,901	-	123,551	3,500	10,901	-	123,418	3,500	**488,895**
Fixed Assets and capital expenditures	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Duties and Taxes	13	-	140,424	-	47,094	-	-	-	-	420,548	-	-	-	469,390	-	**1,077,455**
Funding Agreements and contractual commitments	14	-	89,458	-	1,000,000	-	89,458	-	-	-	-	89,458	-	-	-	**1,268,375**
Restructuring Costs	15	200,000	120,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	**800,000**
DIP Interest Payments and Commitment Fee	16	-	150,000	-	23,750	-	-	-	-	23,750	-	-	-	23,750	-	**221,250**
SF V Bridge III, LP Secured Debt	17	81,319	-	-	105,037	-	-	-	105,037	-	-	-	98,260	-	-	**389,652**
StoneQuest Secured Debt	17	-	-	-	-	-	-	-	-	76,438	-	-	-	76,438	-	**152,877**
Philipp Secured Debt	17	123,952	-	-	100,000	-	-	-	-	100,000	-	-	-	100,000	-	**423,952**
Total Disbursements		734,495	974,073	318,974	1,824,374	331,793	575,305	147,475	639,573	992,006	731,900	369,674	636,940	1,057,714	531,900	**9,866,196**
Net Cash flow from Operations		(710,831)	(892,173)	(195,726)	(1,188,285)	439,983	183,173	77,573	90,219	(422,345)	(268,395)	38,394	(46,066)	(352,651)	(375,131)	**(3,622,263)**
DIP Draw/(Payback) for Operations		-	2,000,000	-	-	-	-	-	-	-	-	-		1,000,000	-	**3,000,000**
Closing Cash / (Indebtedness)		**456,992**	**1,564,819**	**1,369,093**	**180,808**	**620,791**	**803,963**	**881,536**	**971,754**	**549,409**	**281,014**	**319,408**	**273,342**	**920,691**	**545,560**	**545,560**
Hillmount DIP Facility																
Opening Balance		1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000,000
Draw/(Payback) for Operations		(1,000,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,000,000)
Closing Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Replacement DIP Facility																
Opening Balance		-	1,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	4,000,000	-
Draw/(Payback) for Operations		1,000,000	2,000,000	-	-	-	-	-	-	-	-	-	-	1,000,000	-	4,000,000
Closing Balance		1,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	4,000,000	4,000,000	4,000,000

IN THE MATTER OF THE CCAA 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., WORLD WIDE BEVERAGE INNOVATIONS INC., and UNIQUE BEVERAGES (USA) INC. (each an "Applicant" and collectively, the "Applicants")

Notes to the Unaudited Cash Flow Forecast of the Applicants

Disclaimer

In preparing this cash flow forecast (the "**Cash Flow Forecast**"), the Applicants have relied upon unaudited financial information and the Applicants have not attempted to further verify the accuracy or completeness of such information. The Cash Flow Forecast includes estimates concerning the operations of the Applicants and additional assumptions discussed below with respect to the requirements and impact of a Companies' Creditors Arrangement Act ("**CCAA**") filing. Since the Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Cash Flow Forecast period will vary from the Cash Flow Forecast, even if the assumptions materialize, and such variation may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

Overview

The Cash Flow Forecast includes the receipts and disbursements of all the Applicants during the Cash Flow Forecast period. The Applicants, with the assistance of Ernst & Young Inc., in its capacity as the monitor of the Applicants (the **Monitor**"), have prepared the Cash Flow Forecast based primarily on estimated receipts and disbursements related to the CCAA proceedings and the ongoing operations.

Assumptions:

1.	Sales Receipts	Includes the estimated sales of cannabis products based on existing and projected sales orders. It is assumed collections continues on existing terms with the current customers. New customers are assumed to have terms ranging from pre-paid to 60 days. Receipt amounts include excise tax but not HST. The HST impact of sales is considered a flow through. Amounts are net of any credits from customers. Majority of AgMedica customers are provincial crown corporations responsible for distribution of cannabis products in their respective provinces.
2	HST Refund	AgMedica is typically in a refund position. For the purpose of the forecast, it is assumed that the HST refunds will not be collected as there is outstanding balances for Excise Taxes payable by the Applicants for months prior to this ForecastPeriod.
3	Other Receipts	AgMedica receives rental income from its existing properties.

4	Production Costs	This includes all costs to cultivate, process and package cannabis products. This is based on historical run rates.
5	Payroll and Expenses	This is the net amount payable to employees and employee reimbursements.
6	Remittance to Receiver General	Withholding taxes and employer portions of EI and CPP, based on payroll.
7	EHT and WSIB	Employer Health Tax and WSIB, based on payroll.
8	Group Benefits	Include group health care benefits, short-term and long term disability benefits and life insurance.
9	Royalties and Commissions	AgMedica currently holds a genetic license agreement with Mercury Morpheus Designs ("**MMG**") for use of its proprietary strains. AgMedica is required to pay a minimum royalty payment annually at $200,000 and monthly retainer of $52,000. AgMedica has a technology license agreement with Herbolea which requires a processing fee based on the tonnage processed.
10	SG&A	This includes office supplies, health and safety supplies, insurance, employee training, postage, repairs and maintenance to the properties and other sale, general and administrative costs. These costs were based on historical run rates.
11	Rent, Utilities, Insurance	Utilities and Insurance amounts will change if underlying properties are sold/leased. AgMedica leases three offices, one in Chatham, Toronto and Calgary.
12	Fixed Assets and Capital Expenditures	Capital expenditures are currently being reviewed, therefore there no amount has been included in this Cash Flow Forecast.
13	Duties and Taxes	Excise tax is based on estimated sales as well as outstanding receivables. This cashflow forecast only includes post-filing payables as pre-filing payables are currently being offset by HST refunds.
14	Funding Agreements and commitments	AgMedica has entered into contract with Bio Therapeutic Molecules Inc. ("**BTMI**"), an external research and development management services. Its services are necessary to continue to assist AgMedica with the development of future products. AgMedica has equity ownership of an extraction company in Italy called Herbolea. In addition, it has a technology licensing agreement for exclusive use of this technology in Canada. As part of this agreement, AgMedica is required to make an investment of $2 Million in Herbolea. This payment is included in the Cash Flow Forecast as it is necessary part of a business decision not only to preserve the exclusivity and business relationship with Herbolea, but also to ensure the viability of Herbolea post-filing as it forms an integral part of AgMedica's future business plan.
15	Restructuring Costs	Cost of legal counsel, monitor and the monitor's legal counsel.
16	DIP Interest Payments and	As per the DIP Agreement, there is a required 2% commitment fee that is paid out of the first advancement. The interest rate is compounded

	Commitment Fee	month, in arrears and is payable on the first of the Month at a rate of 9.5% per annum.
17	Financing and loans - Principal and Interest	AgMedica has 3 secured lenders: SF V Bridge III, LP, Stone Quest Capital Corp. and Kathleen Glynn Philipp. It is expected that interest payments will continue to be paid during the forecast period. Stone Quest interest was paid in full in advance up to the Maturity Date at the end of December. Therefore, continued interest payments are included in the forecast thereafter. The Maturity dates of the loans are May 31, 2020, December 31, 2019, and January 23, 2020, respectively. No principal payments on maturity are included in this forecast and the interest is assumed to continued to be paid at the rates in accordance with the loan agreement after the maturity dates. Promissory notes and convertible debt and their related interest are stayed and are not included in the Cash Flow Forecast.

APPENDIX "C"

STABILIS DIP FACILITY

STĀBILIS

SF V Bridge III, LP
767 Fifth Avenue, 12th Floor
New York, New York, 10153
212.256.8970 tel
212.256.8978 fax

Term Sheet

December 10, 2019

AgMedica Bioscience Inc.
111 Heritage Road, Suite 200
Chatham, ON N7M 5W7

Attention: Mr. Morrison

Dear Sirs:

RE: Term Credit Facility (the "DIP Facility")

We understand that AgMedica Bioscience Inc., 2472602 Ontario Inc., 2642466 Ontario Inc., 8895309 Canada Inc., Wellworth Health Corp., 8050678 Canada Inc., 8326851 Canada Inc., Tavivat Naturals Inc., World Wide Beverage Innovations Inc., Unique Beverages (USA) Inc. and Eseela Inc. (collectively, the "**Borrower**") obtained protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**") pursuant to an initial order dated as of December 2, 2019 (and subsequent amended and restated initial order dated as of December 12, 2019 (together, the "**Initial Order**") obtained from the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), which, among other things, appoints Ernst & Young Inc. as the court-appointed monitor (in such capacity, the "**Monitor**").

In connection with the proceedings commenced by the Initial Order (the "**CCAA Proceedings**"), SF V Bridge III, LP, in its capacity as a lender (the "**Lender**"), wishes to extend a preliminary quote and pursue arranging a formal DIP Loan Agreement (as defined below) in accordance with the terms and conditions detailed below and subject to final approval. The terms and conditions are as follows:

LENDER: SF V Bridge III, LP (the "**Lender**")

BORROWER(S): AgMedica Bioscience Inc.

REAL PROPERTY:

1. 510 and 566 Riverview Drive, Chatham-Kent, ON
2. 650 Riverview Drive, Chatham-Kent, ON
3. 715 Richmond Street, Chatham-Kent, ON
4. 830 Richmond Street, Chatham-Kent, ON
5. 1095 Wilton Grove Road, London, ON (the "**London Property**") (collectively, the "**Real Property**" and the Real Property referred to in #2, #3 & #4, collectively, the "**Non-Essential Real Property**")

PRIORITY / SECURITY:

1. DIP Loan Agreement.
2. All supporting authorizations, certificates, acknowledgments and legal opinions as the Lender may reasonably require including, without limitation, satisfactory legal opinions of the Borrower's counsel relating to any business style registration or incorporation, organization and corporate powers of the Borrower and to the enforceability and priority of the security.
3. A super-priority court ordered charge pursuant to the SF DIP Order (as defined below) over the Real Property (as defined above) and the Borrower's present and future real and personal, tangible and intangible property and assets including equipment, accounts receivable and inventory in favour of the Lender in priority to all assignments, security interests, trusts, liens, mortgages, charges and encumbrances whatsoever, statutory or otherwise (the "**DIP Charge**") subject only to

the super-priority court ordered Administration Charge pursuant to the Initial Order in the amount of $500,000.

4. Such other security, documentation or assurance, as may be required by the Lender or the Lender's solicitor.

LOAN AMOUNT: Maximum principal amount of $7,500,000

FEES: Lender Commitment Fee — 2.00%

Lender Legal Fees, Disbursements and HST—To be determined by Lender's solicitor

The Lender Commitment Fee shall be earned and payable on the date of the definitive agreement governing the financing transaction contemplated by this Term Sheet (the "**DIP Loan Agreement**").

ADVANCES: Provided that (i) the Initial Order including the charges in favour of Hillmount Capital Inc. thereunder have been vacated and terminated and replaced with an order approving the financing transaction contemplated by this Term Sheet (the "**SF DIP Order**"); (ii) an Event of Default has not occurred; and (iii) demand for payment has not been made, the DIP Facility shall be available by one or, at the option of the Borrower, multiple advances each in the minimum amount of $1,000,000. The initial advance shall be provided promptly upon request by the Borrower and approved by the Monitor, and any subsequent advances shall be available on 3 business days prior written request to the Lender and approved by the Monitor. All advances shall be subject to and consistent with the Borrower's cash flow projections approved by the Monitor and reasonably acceptable to Lender. The proceeds of the first advance on the DIP Facility shall be advanced less the following:

(a) Lender Fees (including Lender Commitment Fee and wiring fees) on the full loan amount;
(b) Legal fees and disbursements plus HST thereon;
(c) All reasonable costs, fees and expenses incurred by the Lender in connection with the negotiation and preparation of this Term Sheet;
(d) Interest adjustment payment to the 1st of the month; and
(e) Repayment of the amounts owed to Hillmount Capital Inc. under the Initial Order.

INTEREST RATE & PAYMENT: Interest shall be compounded and calculated monthly at the rate of 9.50% per annum, not in advance. Interest shall be payable: (i) monthly, in arrears, on the 1st day of each month until the full amount outstanding hereunder on account of the DIP Facility has been paid in full; (ii) in accordance with the Repayment section below; and (iii) upon Maturity (as hereinafter defined).

REPAYMENT: Any amounts received in repayment of obligations owing under the DIP Loan Agreement shall be paid and applied as follows: (i) firstly, towards outstanding interest and costs payable hereunder; (ii) secondly, towards outstanding Permitted Fees and Expenses (as hereinafter defined); and (iii) thirdly, towards outstanding principal hereunder.

PERMITTED FEES & EXPENSES: Permitted Fees and Expenses includes:

(a) All reasonable costs, fees and expenses incurred by the Lender in connection with the administration of the DIP Facility including any enforcement of the DIP Charge (all such fees and expenses shall be added to the DIP Facility and secured by the DIP Charge);

(b) All reasonable and documented fees and expenses of counsel for the Borrower in connection with the DIP Facility and the CCAA Proceedings; and
(c) The Administration Charge as defined in the Initial Order which charge shall not exceed $500,000.

LENDER'S SOLICITOR: Alex MacFarlane - BLG Tel: 416.367.6305 Email: AMacfarlane@blg.com

TERMS OF LOAN & PREPAYMENT PRIVILEGE: The DIP Facility matures on the earliest of ("Maturity"):
(a) The date that is 9 months from the date of the DIP Loan Agreement or such later date as the Lender may agree in writing;
(b) The completion of a sale or sales of all or substantially all of the Borrower's assets, property and undertaking, as approved by the Lender, the Monitor and, where required, the Court;
(c) The implementation of a plan of compromise or arrangement within the CCAA Proceedings, which has been approved by the requisite majorities of the Borrower's creditors, by the Court, and by the Lender;
(d) The date on which the SF DIP Order expires without being extended or on which the CCAA Proceedings are terminated or dismissed; and
(e) The occurrence of an Event of Default.

All amounts outstanding or payable under the DIP Loan Agreement (including principal and all unpaid accrued interest under the DIP Facility and all fees and other amounts required to be paid by the Borrower) shall be due and payable in full on Maturity.

The DIP Facility can be permanently repaid in whole or in part at any time upon 15 days written notice to the Lender. Partial discharge provisions will be discussed and determined with the Borrower and the Monitor, as required, and based on the Borrower's cash flows and plan.

Borrower shall immediately market and sell all Non-Essential Real Property and the London Property. The first $2 million of net sale proceeds (which shall equal to gross sale price less taxes, usual closing adjustments, legal expenses for conveyancing of the property and realty commissions commensurate with industry standards) ("Net Proceeds") from the sale of the Non-Essential Real Property shall be used or reserved to pay down the DIP Loan and the balance shall be used to pay secured lenders with valid mortgage security against the Non-Essential Real Property in order of priority. The first $2 million of Net Proceeds from the sale of the London Property shall be used or reserved to pay down the DIP Loan and the balance shall be used to pay secured lenders with valid mortgage security against the London Property in order of priority.

PURPOSE OF LOAN: The Loan has been requested by the Borrower for: (i) ordinary course working capital and other general corporate purposes of the Borrower in accordance with, and subject to the limitations set forth in, the cash flow projections, the Initial Order, the SF DIP Order or any other order of the Court in the CCAA Proceedings; (ii) repayment of the amounts owed to Hillmount Capital Inc. under the Initial Order up to a maximum amount of $1,000,000 (or such amount as may be approved by the Lender) and (iii) to pay transaction costs, fees and expenses incurred in connection with the DIP Facility, the CCAA Proceedings and the transactions contemplated thereunder.

DEFAULT: The following events shall constitute events of default (each an "**Event of Default**"):

(a) If the Borrower fails to pay to the Lender when due any amount of principal, interest or other amounts under the DIP Facility, this Term Sheet or otherwise, whether by acceleration or otherwise;

(b) If the Borrower defaults, in the observance or performance of any other non-financial term, covenant or condition in this Term Sheet or any other agreement between the Lender and the Borrower entered into on or after the date of the DIP Loan Agreement;

(c) If the Lender determines, in its sole discretion, acting reasonably, that a material adverse change has occurred after the date hereof in respect of the business, affairs or financial condition of the Borrower;

(d) If the Borrower fails to pay wages to the Borrower's employees or to remit source deductions as they become due from time to time but only with respect to those priority payments which rank ahead of the Lender;

(e) If the Borrower fails to remit provincial sales taxes or goods and services taxes as they become due from time to time but only with respect to those priority payments which rank ahead of the Lender;

(f) If (i) the Initial Order or the SF DIP Order is varied without the consent of the Lender or any other order is made which is or may be prejudicial to the Lender's interests, acting reasonably; (ii) the SF DIP Order is appealed or leave to appeal is granted; (iii) the stay of proceedings contained in the Initial Order or the SF DIP Order is terminated or lifted; or (iv) Borrower defaults or breaches the SF DIP Order and/or the Initial Order;

(g) If a receiver is appointed over any property of the Borrower or any judgment or order or process of any court becomes enforceable against the Borrower or any property of the Borrower or any creditor takes possession of any property of the Borrower;

(h) If the Borrower ceases to carry on business; and

(i) If the Borrower becomes a bankrupt under the Bankruptcy and Insolvency Act.

REMEDIES: Upon the occurrence of an Event of Default, the Lender may immediately terminate the DIP Facility and:

(a) All amounts outstanding under the DIP Facility and this Term Sheet shall, at the option of the Lender, immediately become due and payable; and

(b) Upon seeking an order of the Court on 10 days prior notice, enforce, without further notice, demand or delay all of its rights and remedies against the Borrower and its property, assets and undertaking including without limitation, by way of appointment of a receiver.

ADDITIONAL CONDITIONS AND REPRESENTATIONS: The DIP Loan Agreement will be closed as soon as possible and after (a) receipt of all requested documentation as will be indicated in the DIP Loan Agreement; and (b) the terms and conditions of the DIP Loan Agreement are fulfilled, including (but not limited to) the following:

	1. The Borrower obtaining a termination of the Initial Order on terms acceptable to the Lender, and replacing it with the SF DIP Order, including: a. authorizing the Borrower to enter into and authorizing the Borrower and the Monitor to perform their obligations under this Term Sheet and a DIP Loan Agreement; b. authorizing the Lender to effect such registrations, filings and recordings that it deems appropriate, in its sole discretion, regarding the security granted to the Lender under the DIP Charge; c. granting the Lender a super-priority court ordered charge over all of the present and future real and personal, tangible and intangible property and assets of the Borrower which is only subordinate to the Administration Charge other than with respect to the Non-Essential Real Property which shall be subject to a second priority court ordered charge junior only to the current charge of the Lender; d. granting the Lender the right, upon the occurrence of an Event of Default (as defined above) and pursuant to the SF DIP Order, to enforce the rights and remedies available to it under the security documentation and pursuant to the law; e. prohibiting any further borrowing by the Borrower, without the prior written consent of the Lender; f. prohibiting the granting of any additional liens, charges, security interests or any other encumbrances upon the Real Property or assets of the Borrower; g. requiring the Borrower to provide the Lender such reports, schedules and cash flows as is currently being provide to the Monitor; and h. declaring the Order, and the DIP Charge granted thereunder, binding upon a trustee in bankruptcy of the Borrower, receiver, receiver-manager or other officer of the Court. 2. Please see Schedule “A” for additional terms of the DIP Loan Agreement which are not necessarily preconditions to the closing. 3. It is hereby agreed by and between the Lender and the Borrower that any monies tendered in respect of the DIP Facility payments or other payments due shall be paid by 1 p.m. on the business day upon which they are due. If received after that time (i.e. for computing interest), the monies will be deemed to be received the next business day.
POST-CLOSING CONDITION:	1. Satisfactory review of the Phase 1 environmental reports and / or Phase 2 environmental reports on 566 Riverview Drive and 650 Riverview Drive by a Lender approved environmental consultant. The environmental reviews are to be addressed to the Lender indicating a non-contaminated site. Borrower will be responsible for consultant fees. Should the Phase 2 indicate any contamination, the report should include the cost to remedy.
SCHEDULES ATTACHED:	The following attached schedule(s) form a part of this Term Sheet: Schedule A — Conditions

In order to proceed, kindly indicate your acceptance of the above terms and conditions by signing below and returning this Term Sheet to the Lender by **11:59 a.m. New York time** on **December 10, 2019**. **Please note that this Term Sheet does not constitute a DIP Loan Agreement but is rather an expression of interest.**

Yours truly,

SF V Bridge III, LP

By: ____________________________________
Name: Dave Ray
Its: Authorized Signatory

ACCEPTANCE OF TERM SHEET BY BORROWER

The Borrower hereby consents to the Lender obtaining credit and/or personal information on the Borrower from any source and each source is hereby authorized to provide such information to the Lender.

I / We accept this Term Sheet. The Lender will issue a DIP Loan Agreement substantially in accordance with the terms and conditions outlined in this Term Sheet.

Accepted this ___ day of __________________ 2019.

Borrowers

Name: AgMedica Bioscience Inc. A.S.O. *I have* authority *to bind the corporation.*	Name: Wellworth Health Corp A.S.O. *I have authority to bind the corporation.*
Name: 2472602 Ontario Inc. A.S.O. *I have* authority *to bind the corporation.*	8050678 Canada Inc. A.S.O. *I have authority to bind the corporation.*
Name: 2642466 Ontario Inc. A.S.O. *I have* authority *to bind the corporation.*	Name: 8326851 Canada Inc. A.S.O. *I have authority to bind the corporation.*
Name: 8895309 Canada Inc. A.S.O. *I have* authority *to bind the corporation.*	Name: Tavivat Naturals Inc. A.S.O. *I have authority to bind the corporation.*
Name: World Wide Beverage Innovations Inc. A.S.O. *I have* authority *to bind the corporation.*	Name: Unique Beverages (USA) Inc. A.S.O. *I have authority to bind the corporation.*
Name: Eseela Inc. A.S.O. *I have* authority *to bind the corporation.*	.

SCHEDULE A — CONDITIONS

ACCRUED AND EARNED INTEREST	Accrued interest calculated from the date that this DIP Facility is advanced to the Interest Adjustment Date will be deducted from the initial gross funds advanced. The Interest Adjustment Date is set at the Lender's option. The Borrower shall not be entitled to receive interest, if any, on any funds held In trust by the Lender. Any interest earned shall accrue to the Lender.
REGULATIONS	The Real Property must comply with all municipal, provincial and federal statues, regulations and requirements.
ASSIGNMENT BY LENDER	The Lender shall have the right to assign all or part of the of the DIP Facility in an amount to be determined by the Lender in consultation with the Monitor and subject to terms satisfactory to the Lender.
TITLE INSURANCE	At the Lender's sole option, the Borrower may be required to provide title insurance for the Real Property. The cost of the title insurance shall be at the Borrower's expense.
ADDITIONAL PROVISIONS	Our current and standard administration and servicing fees.