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")**

FIFTH REPORT OF THE MONITOR DATED FEBRUARY 20, 2020

INTRODUCTION

1. On December 2, 2019, the Court granted an initial order (as amended and restated from time to time, the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("**CCAA**") that, among other things, granted a stay of proceedings against the Applicants for the initial 10-day period (the "**Stay Period**"), appointed Ernst & Young Inc. as monitor of the Applicants in these CCAA proceedings (in such capacity, the "**Monitor**"), granted certain Court-ordered charges (the "**Charges**"), and approved certain interim financing. The Applicants sought CCAA protection to allow them an opportunity to restructure their business and affairs.

2. On December 12, 2019, the Court granted an order (the "**Amended and Restated Initial Order**") extending the Stay Period until March 12, 2020 and amending the Initial Order to, among other things:

    a. Increase the maximum amount of the Charges; and

b. Authorize the Applicants' entering into a DIP facility agreement (the "**DIP Facility**") with SF V Bridge III, LP ("**Stabilis**"), an affiliate of one of the Applicants' secured creditors.

3. On December 12, 2019, the Court also granted an order (the "**Non-Core Real Estate Order**") approving the retention of CBRE Limited ("**CBRE**") by the Applicants and authorizing the Applicants to market and sell the Non-Core Real Estate (as defined in the Non-Core Real Estate Order) with the assistance of the Monitor; and

4. On January 3, 2020, the Court granted:

   a. an order (the "**DIP Facility Loan Agreement Approval Order**") approving the definitive DIP loan agreement between the Applicants and Stabilis dated as of December 20, 2019 (the "**DIP Facility Loan Agreement**"); and

   b. an order approving the Applicants' Sale and Investment Solicitation Process (the "**SISP**").

5. On February 4, 2020 the Court granted an order approving the claims process proposed by the Applicants (the "**Claims Procedure Order**").

PURPOSE

6. The purpose of this fifth report of the Monitor (the "**Fifth Report**") is to provide information to the Court on:

   a. the proposed agreement of purchase and sale (the "**Sale Agreement**") between 1803299 Ontario Inc., as buyer, and 2642466 Ontario Inc. ("**2642466**"), as seller, for the property with municipal address 650 Riverview Drive, Chatham, Ontario and PIN 00528-0218 (LT) ("**650 Riverview**");

   b. the proposed distributions of proceeds from the sale transaction contemplated by the Sale Agreement (the "**Transaction**") to Stabilis (the "**Proposed Distribution**"); and

c. the Monitor's recommendation with respect to the Applicants' motion for (i) an order (the "**Approval and Vesting Order**") approving the Transaction and the execution of the Sale Agreement by 2642466 and vesting 650 Riverview in 1803299 Ontario Inc. free and clear of encumbrances, and (ii) an order (the "**Distribution Order**") approving the Proposed Distribution.

TERMS OF REFERENCE

7. In preparing this Fifth 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**").

8. 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.

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

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

BACKGROUND

11. 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* and the *Cannabis Regulations*. The principal activities of AgMedica are the production,

distribution, and sale of dried cannabis flower, pre-rolled cannabis, cannabis soft gel capsules, and cannabis oil.

12. AgMedica currently holds two site licenses:

a. 1st Site license permits the cultivation, processing, and sale of cannabis 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).

13. 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.

14. All court documents and materials related to this CCAA proceedings have been posted on the Monitor's website at www.ey.com/ca/agmedica (the "**Monitor's Website**").

PROPOSED APPROVAL AND VESTING ORDER

Background

15. 650 Riverview is a commercial building that was purchased in September 2018 for $6.5 million by 2642466, a subsidiary of AgMedica and an Applicant in these proceedings, from a third party through the use of a commercial real estate agent. 650 Riverview was purchased in anticipation of converting the space into a production facility for cannabis products when additional expansion was feasible.

16. At the time of purchase by 2642466, 650 Riverview was fully leased to third-party tenants. Since then, the premises has been fully tenanted and has not been occupied by any of the Applicants for their own business purposes.

17. The current operational restructuring strategy of the Applicants is to focus their efforts on expanding production capacity and reducing input costs at their current sole production

facility located at 566 Riverview Drive, Chatham, Ontario. There are no current plans to carry out any production at 650 Riverview or use it for any other business purposes of the Applicants. Accordingly, 650 Riverview is a non-core and non-essential asset of the Applicants.

18. The Applicants engaged CBRE pursuant to the Non-Core Real Estate Order to begin marketing and listing 650 Riverview and other non-core and non-essential real estate of the Applicants on the open market.

Sales and Marketing Process

19. As outlined in the marketing report of CBRE dated December 10, 2019 ("**Marketing Report**"), CBRE listed the property on November 18, 2019 on the London St. Thomas Real Estate Board, which is the regional real estate board for 650 Riverview, for $7,500,000. CBRE placed signage on the property, created marketing materials and initiated an email marketing campaign. According to the Marketing Report, a marketing email was sent to 455 targeted industrial users through Southwestern Ontario and 420 co-operating commercial brokers across Southwestern Ontario. A copy of the Marketing Report is attached as Appendix "**A**" to this Fifth Report.

20. As outlined in the affidavit of Trevor Henry sworn February 18, 2020 (the "**Henry Affidavit**"), five different groups of potential buyers toured 650 Riverview with CBRE and two parties submitted offers to purchase 650 Riverview, including the buyer under the Sale Agreement.

21. The existing tenants of 650 Riverview are aware of the sale of the property through both the signage as well as direct contact with the Applicants.

Sale Agreement

22. The Sale Agreement is based on a standard form template created by the Ontario Real Estate Association for commercial properties. The buyer, 1803299 Ontario Inc., is unrelated to the Applicants. The following is an outline of the material terms of the Sale Agreement, a copy of which is attached as Exhibit "A" to the Henry Affidavit:

a. 650 Riverview is being purchased on an ‘as is’ basis;

b. the buyer will assume all the leases of the existing tenants;

c. 2642466 was required to meet certain conditions within 15 days following the acceptance of the offer;

d. the buyer was provided with 10 days after the conditions referred to in (c) above were satisfied or waived to conduct a title search; and

e. 2642466 is required to meet certain further conditions, including obtaining (i) approval of the agreement from the Monitor, and (ii) an approval and vesting order from the Court, within 10 business days after the conditions referred to in (c) above were satisfied or waived.

23. On February 10, 2020, the Applicants received the waiver of conditions referred to in paragraph 22(c) above. Accordingly, the Applicants are required to obtain (i) the Monitor’s approval of, and consent to, the Sale Agreement, and (ii) the Approval and Vesting Order from the Court prior to February 24, 2020, failing which, the Sale Agreement will come to an end.

24. If approved by the Court, the closing date for the Transaction will be March 2, 2020.

25. The Monitor has reviewed the Sale Agreement and believes that the terms and price are reasonable as:

a. the sales and marketing efforts of CBRE were reasonable in reaching potential purchasers of property of this size, location and usefulness;

b. the purchase price is reasonable relative to the original purchase price and appraised value of 650 Riverview; and

c. other than the conditions for Monitor and Court approval, there are no conditions that are required by 2642466 or the buyer that would cause the Sale Agreement to not be completed as proposed.

26. The purchase price has been redacted from the Sale Agreement attached as Exhibit "A" to the Henry Affidavit. An unredacted version of the Sale Agreement is attached as Confidential Exhibit "A" to the Henry Affidavit and the Applicants have requested in the proposed Approval and Vesting Order that it be sealed. The Monitor agrees that the purchase price is commercially sensitive information the disclosure of which could adversely affect the Applicants if the Approval and Vesting Order is not granted and the Applicants are required to re-market the property. The unredacted copy of the Sale Agreement will be unsealed upon the closing of the Transaction. The breadth and duration of the sealing order are narrowly tailored. The Monitor supports the request by the Applicants for a sealing order in the circumstances.

27. For the reasons stated above, the Monitor approves and consents to the Sale Agreement. For the same reasons, the Monitor recommends that the Court grant the proposed Approval and Vesting Order, if the Court sees fit.

PROPOSED DISTRIBUTION ORDER

Proposed Distribution

28. The proposed Distribution Order contemplates that the net proceeds from the Transaction will be distributed as follows:

   a. $2 million to Stabilis as partial satisfaction of amounts due and owing under the DIP Facility; and

   b. The remainder of the net proceeds from the Transaction to Stabilis as partial satisfaction of amounts due and owing under the loan agreement dated as of May 31, 2019 between 2642466, 2472602 Ontario Inc. ("**2472602**"), AgMedica and Stabilis (the "**Stabilis Loan Agreement**").

29. Pursuant to section 18(b) of the DIP Facility Loan Agreement, the Applicants are required to apply Net Proceeds from the sale of Non-Essential Real Property (which includes 650 Riverview) as follows:

   a. the first $2 million to repay the DIP Facility;

b. the balance to repay the creditors having valid security on the Non-Essential Real Property that is sold in order of the priority of their security; and

c. after such creditors have been paid in full, to repay the DIP Facility.

30. A copy of the DIP Facility Loan Agreement is attached as Appendix "**B**" to this Fifth Report.

DIP Lender's Charge

31. The Amended and Restated Initial Order created the DIP Lender's Charge to the maximum principal amount of $7.5 million against the Property of the Applicants including the real property identified in Schedule "A" to the Initial Order. 650 Riverview is identified on Schedule "A" to the Amended and Restated Initial Order. A copy of the Amended and Restated Initial Order is attached as Appendix "**C**" to this Fifth Report.

32. The amount outstanding under the DIP Facility was $4,303,499 as of February 18, 2020. This figure does not include $500,000 that was distributed to Stabilis on February 19, 2020 as proceeds from the sale of certain surplus lights approved by the Court on January 27, 2020.

Stabilis-264 Security

33. Pursuant to the Stabilis Loan Agreement, 2642466 and 2472602, another real estate holding subsidiary of AgMedica, granted a promissory note dated May 31, 2019 in favour of Stabilis in the original principal amount of USD $8,131,863. Also pursuant to the Stabilis Loan Agreement, 2642466 granted a demand debenture in the maximum amount of $20 million in favour of Stabilis which provides for a security interest over all of 2642466's present and after-acquired undertaking, property and assets, including, among other things, 650 Riverview (the "**Stabilis-264 Security**").

34. As per the Applicants' books and records, the amount outstanding under the Stabilis Loan Agreement was USD $8,131,863 as of February 18, 2020.

35. In light of the proposed distribution to Stabilis on account of the Stabilis-264 Security, the Monitor instructed its independent legal counsel, McCarthy Tétrault LLP ("**McCarthy**"), to provide it with an opinion with respect to the validity and enforceability of the Stabilis-264 Security in Ontario (the "**Security Opinion**"). McCarthy has confirmed to the Monitor that, subject to customary opinion assumptions and qualifications which are set out in the Security Opinion:

   a. The Stabilis-264 Security is a valid and legally binding obligation of 2642466 enforceable against 2642466 in accordance with its terms;

   b. The Stabilis-264 Security creates a valid mortgage, charge or security interest (as applicable) in the real and personal property described therein in which 2642466 has rights, to secure the payment and performance of the obligations described therein as being secured by such security interest;

   c. The Stabilis-264 Security has been correctly registered against the real property described therein; and

   d. The Stabilis-264 Security has been registered as required under the *Personal Property Security Act* (Ontario) to perfect the security interests in personal property constituted thereby.

Priority Claims

36. In relation to the Proposed Distribution, the Monitor has considered the following types of claims and potential claims that, in certain circumstances, rank or could rank in priority to the Stabilis-264 Security or that, in some cases, are required by section 36(7) of the CCAA to be paid or otherwise get paid out of estate funds prior to distributions to secured creditors:

   a. claims of other parties with mortgages or charges against 650 Riverview;

   b. statutory priority claims for source deductions, municipal taxes, withholding taxes, pension plan contributions, employee wages and employee vacation pay entitlements;

   c. post-filing amounts; and

d. claims secured by court-ordered charges created by the Initial Order.

37. <u>Other Charges</u>: As outlined in the parcel register for 650 Riverview attached as Exhibit "B" to the Henry Affidavit, the only charges registered against 650 Riverview are in favour of Stabilis on account of the DIP Facility and the Stabilis-264 Debenture.

38. <u>Statutory Priority Claims</u>: As authorized in the Amended and Restated Initial Order, as far as the Monitor is aware the Applicants have paid, or intend to pay, all source deductions and municipal taxes and all outstanding and future wages and vacation pay whether incurred prior to, on or after the date of the Order. The Monitor understands from the Applicants that they do not sponsor, administer, or otherwise have any registered or unregistered pension plan for employees. Accordingly, the Monitor is not aware of any potential statutory prior claims that would have priority against the Stabilis-264 Security.

39. <u>Post-Filing Amounts</u>: As authorized in the Amended and Restated Initial Order, as far as the Monitor is aware the Applicants have paid, or intend to pay, all post-filing amounts and, in any event, the Monitor is not aware of any potential post-filing claims that would have priority against the Stabilis-264 Security.

40. <u>Charges</u>: Each of the parties that benefit from the Administration Charge, the DIP Lender's Charge and the Director's Charge are aware of the Proposed Distribution and have not expressed any objection to it.

41. Accordingly, the Monitor supports the Proposed Distribution as:

a. Stabilis has a valid and enforceable security over 650 Riverview for amounts owing under the DIP Facility pursuant to the DIP Charge granted in the Amended and Restated Initial Order;

b. Stabilis has a valid and enforceable security over 650 Riverview for amounts owing under the Stabilis Loan Agreement pursuant to the Stabilis-264 Security;

c. The amount of the contemplated distributions is in accordance with section 18(b) of the DIP Facility Loan Agreement, which was approved by this Court in the DIP Facility Loan Agreement Approval Order;

d. The principal amount outstanding under the DIP Facility exceeds the distribution on account of the DIP Facility contemplated by the proposed Distribution Order; and

e. The principal amount outstanding under the Stabilis Loan Agreement exceeds the distribution on account of the Stabilis Loan Agreement contemplated by the proposed Distribution Order.

CONCLUSIONS AND RECOMMENDATIONS

42. For the reasons stated herein, the Monitor recommends that the Court grant the proposed Approval and Vesting Order and the proposed Distribution Order, should the Court see fit to do so.

All of which is respectfully submitted this 20th day of February 2020.

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”

MARKETING REPORT

December 10, 2019

CBRE

CBRE Limited Brokerage
380 Wellington Street, Suite 30
London, Ontario N6A 5B5

T 519 673 6444
D 519 286 2009
F 519 673 6948

www.cbre.ca

Alex Morrison
Partner
Ernst & Young LLP
EY Tower, 100 Adelaide Street W,
P.O. Box 1,
Toronto, ON M5H 0B3

RE: MARKETING REPORT – 650 RIVERVIEW DRIVE, CHATHAM, ON

This letter is to report on our marketing activity for 650 Riverview Drive, Chatham, Ontario. The following is current until Tuesday, December 10, 2019.

1. Listing

An MLS Listing Agreement was entered into between 2442266 Ontario Inc. and CBRE Limited, Brokerage for 650 Riverview Drive, Chatham, Ontario on November 16th, 2019. The property is currently listed on the London St. Thomas Real Estate Board (LSTAR).

2. Property Brochure

A full colour brochure outlining in greater detail the property's specifications has been prepared. A copy is attached for reference.

3. Signage

Two professional 8 ft. x 8 ft. "For Sale" full colour sign have been ordered and are scheduled to be installed on the property during the week of December 16th.
A copy of the sample sign is attached for reference.

4. Drone Photography & Video

On December 13th, Red Bird Media is schedule to be on site to take photos and record video of the property to include in our marketing. Once complete, the photos and video will be added to our full colour brochure which will highlight the key features of the property.

5. Email Marketing Campaigns

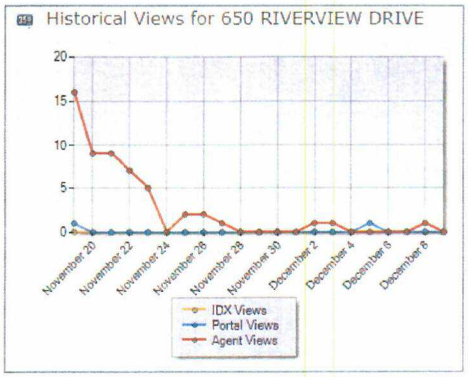
Week of November 25th, personalized emails were sent to the Municipality of Chatham-Kent (Mayor and City Councilors), Chatham-Kent Economic Development Services, and key clients and investors, which have all been notified of the opportunity.

On December 12th, 2019 an email blast featuring 650 Riverview Drive, will be sent to over **455** targeted industrial users throughout Southwestern Ontario and **420** co-operating commercial Brokers across Southwestern Ontario including Kitchener/Waterloo and Toronto agents.

6. Online Advertising

The property also appears on the CBRE website at www.cbre.ca, and www.realtor.ca (the commercial arm of the MLS in Canada).

LSTAR STATS for the past 4 weeks:



7. Meaningful Inquiries

Rick Strain, a local Realtor, submitted an Offer on December 10th, 2019 on behalf of his client with a purchase price of $1,200,000.

Prashant Pathak is a investor with industrial holdings in the area and he has expressed interest in the offering.

We look forward to the continuation of marketing 650 Riverview Drive, Chatham, Ontario and to the successful completion of our mandate.

If you have any questions or would like to discuss further, please don't hesitate to contact either member of the listing team.

Sincerely,

CBRE LIMITED, REAL ESTATE BROKERAGE

Randy Fisher	Larin Shouldice, SIOR
Broker	Sales Representative
Senior Vice President	Associate Vice President
P 519-286-2009	P 519-286-2019
C 519-872-3494	C 519-851-7654
randy.fisher@cbre.com	larin.shouldice@cbre.com

650 RIVERVIEW DRIVE

CHATHAM, ONTARIO

FOR SALE

SALE PRICE: $7,500,000 | $ 28.00 / sq. ft.

FOR MORE INFORMATION PLEASE CONTACT

RANDY FISHER
Broker
Senior Vice President
D 519.286.2009
C 519.872.3494
randy.fisher@cbre.com

LARIN SHOULDICE, SIOR
Sales Representative
Associate Vice President
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CBRE

FOR SALE
LARGE INDUSTRIAL FACILITY

650
RIVERVIEW DRIVE
CHATHAM, ONTARIO

SITE FEATURES

TOTAL SQUARE FOOTAGE:	272,326 sq. ft.
OFFICE AREA:	10%
LOT SIZE:	25.27 acres
CLEAR HEIGHT:	18 ft. to 44 ft.
SHIPPING:	truck level docks drive in doors
YEAR BUILT:	1965 with additions in 1968, 1975, 1978, 1979 & 1987
ZONING:	M1-1323 (General Industrial)
PROPERTY TAXES:	$157,930 (2018)

PROPERTY HIGHLIGHTS

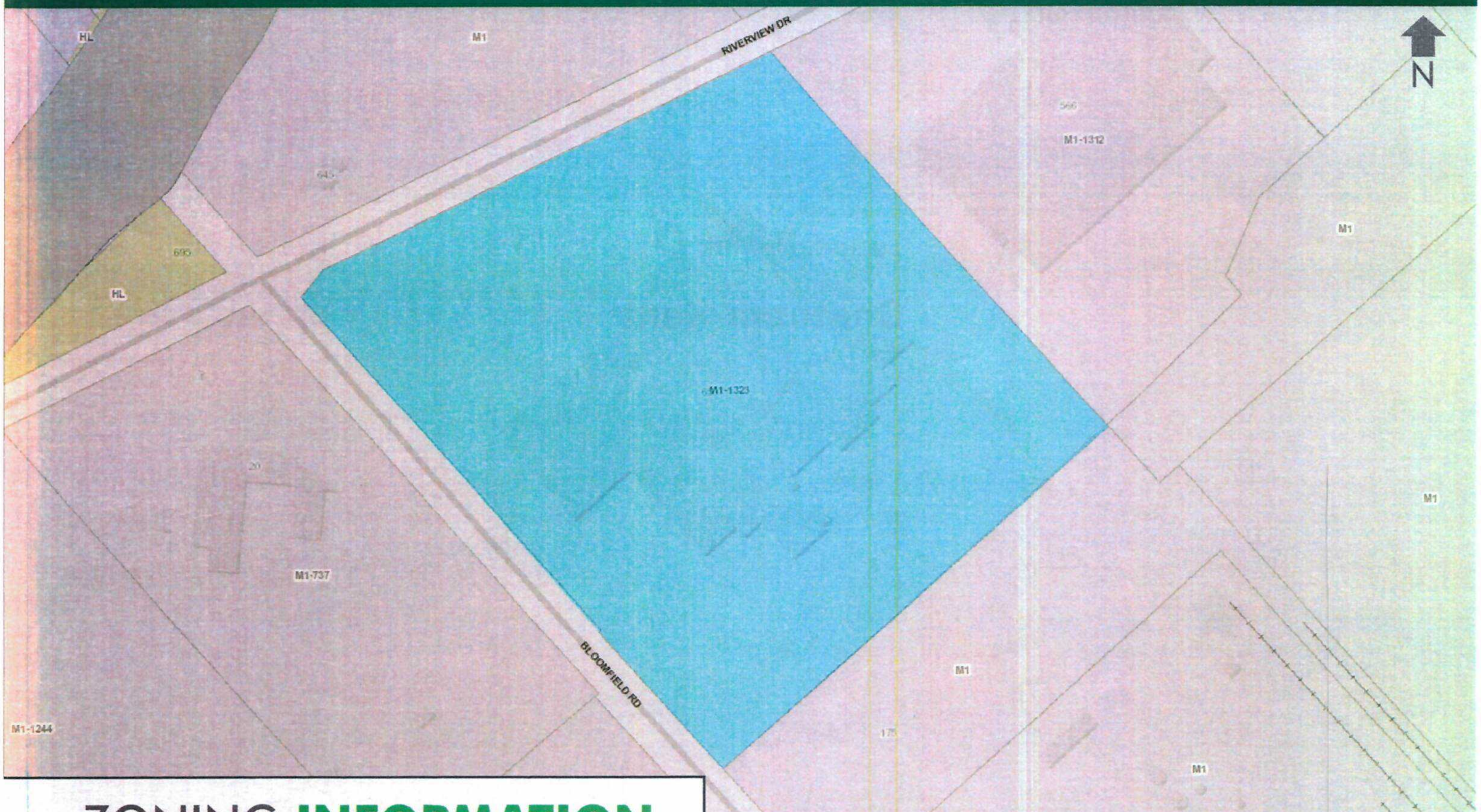
+ Large fenced yard
+ Upgraded office areas
+ Full sprinkler system
+ Unit heaters throughout warehouse area
+ Potential income available
+ Easy access to Hwy 401

SALE PRICE: $7,500,000.00 :: $28.00 / sq. ft.

FOR SALE

LARGE INDUSTRIAL FACILITY

650
RIVERVIEW DRIVE
CHATHAM, ONTARIO



ZONING **INFORMATION**

PERMITTED USES – M1-1323* ZONE

- Agricultural Implements Sales & Service Establishment
- Animal Grooming
- Asphalt and Concrete Batching Plant
- Assembly Hall
- Automobile Repair Shop
- Automobile Sales and Service Establishment
- Automobile Service Station
- Builder's Supply Yard
- Bulk Fuel Storage
- Call Centre
- Car Wash, Automatic
- Car Wash, Manual
- Commercial Entertainment & Recreational Establishment
- Commercial School
- Construction/Industrial Equipment Sales & Service Establishment
- Courier Service
- Dry Cleaning Establishment
- Eating Establishment
- Eating Establishment - Drive-in
- Eating Establishment - Take-out
- Factory Outlet
- Garage, Public
- Gas Bar
- Grain Elevator or other Storage Facility for Farm Produce
- Industrial Mall
- Industrial Use, which is not noxious
- Laboratory or Scientific Research Facility
- Nursery
- Office
- Public Storage
- Rental Establishment
- Service or Repair Shop
- Service Trade Establishment
- Taxi Establishment
- Towing Establishment
- Train Depot
- Truck Terminal
- Warehouse
- Wholesale Business with Accessories Retail Business

*Note: The permitted uses also include a marihuana for medical purposes production facility

FOR SALE
LARGE INDUSTRIAL FACILITY

650
RIVERVIEW DRIVE
CHATHAM, ONTARIO

FOR MORE INFORMATION PLEASE CONTACT

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CBRE Limited | 380 Wellington Street | Suite 30 | London, ON | N6A 5B5 | www.cbre.ca


Riverview Dr
Bloomfield Rd
Riverview Line
27
36

INDUSTRIAL OPPORTUNITY

FOR SALE

272,326 SF ON 25.27 ACRES

MI - 1323 INDUSTRIAL ZONING

Randy Fisher** Larin Shouldice*

519 673 6444

** Broker * Sales Representative

CBRE Limited, Real Estate Brokerage

www.cbre.ca

CBRE

APPENDIX “B”

DIP FACILITY LOAN AGREEMENT

DIP FACILITY LOAN AGREEMENT
DATED AS OF DECEMBER 20, 2019

WHEREAS the Borrowers (as defined below) have requested that the DIP Lender (as defined below) provides financing to fund certain of the Borrowers' cash requirements during the pendency of the Borrowers' proceeding (the "**CCAA Proceeding**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") before the Ontario Superior Court of Justice (Commercial List) (the "**Court**") in accordance with the terms and conditions set out herein;

AND WHEREAS the Borrowers and the DIP Lender negotiated and executed the Term Sheet (as defined below), which was approved by Mr. Justice McEwen on December 12, 2019 as set out in the SF DIP Order;

AND WHEREAS the DIP Lender has agreed to provide the DIP Facility (as defined below) in accordance with the terms and subject to the conditions set out herein.

NOW THEREFORE in consideration of the foregoing and their respective representations, warranties, covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereby agree as follows:

1. **Defined Terms**: Capitalized terms that are not defined in the body of this Agreement have the meanings ascribed to them in Schedule A.

2. **Currency**: Unless otherwise stated, all monetary denominations shall be in lawful currency of Canada.

3. **Borrowers**: 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 "**Borrowers**", and any reference to the Borrowers shall be deemed to mean, "the Borrowers or any one of them").

4. **Borrower Agent**: AgMedica Bioscience Inc. (the "**Borrower Agent**") shall, on behalf of itself and the other Borrowers, provide all notices and other communications to the DIP Lender, and the DIP Lender shall provide all notices and other communications to the Borrower Agent, on behalf of itself and the other Borrowers. Unless otherwise specified, any notices or other communications provided by the Borrower Agent to the DIP Lender shall be deemed to be provided by the Borrower Agent for itself and on behalf of the other Borrowers and any notice or other communication provided by the DIP Lender to the Borrower Agent shall be deemed to be provided by the DIP Lender to the Borrowers.

5. **DIP Lender**: SF V Bridge III, LP (the "**DIP Lender**")

6. **DIP Facility and Loan Amount**: Subject to the terms and conditions hereof, the DIP Lender agrees to provide to the Borrowers a debtor-in-possession super-priority non-revolving credit facility (the "**DIP Facility**") in an amount up to $7,500,000 (the "**Loan**

Amount"). The DIP Facility is a non-revolving, multiple draw credit facility. The principal amount of any Advance that is repaid may not be re-borrowed and the available Loan Amount shall be automatically reduced by such repaid amount.

7. **DIP Advances**: Advances under the DIP Facility (each, an "**Advance**") require a written notice to be delivered by the Borrower Agent to the DIP Lender (an "**Advance Notice**"), which Advance Notice has been approved by the Monitor and executed by an officer of the Borrower Agent, setting out: (a) the proposed amount of the requested Advance; (b) the date the Advance is required; (c) the Borrower that will receive the Advance; (d) the specific use for the proceeds of the Advance, together with a certification that such use is in accordance with the DIP Budget; (e) certification that the representations and warranties contained herein are true and correct as of such date; and (f) certification that no Event of Default has occurred or will occur after giving effect to the Advance. Except for the Second Advance, each Advance Notice shall be delivered by the Borrower Agent to the DIP Lender not less than three (3) Business Days prior to the requested date of the Advance. Each Advance shall be in the minimum amount of $1,000,000.

8. **Use of Proceeds**: The proceeds of the DIP Facility shall be used by the Borrowers solely in accordance with, and subject to, the DIP Budget and the Court Orders, to fund the ordinary course working capital and other general corporate purposes of the Borrowers, to pay Permitted Fees and Expenses, to pay the Commitment Fee and to repay the obligations owed by the Borrowers to Hillmount under the Hillmount Commitment Letter (up to a maximum principal amount of $1,000,000 plus the associated costs and fees or such other amount that is approved by the DIP Lender). No proceeds may be used for any other purpose, except with the prior written approval of the DIP Lender (in its sole and absolute discretion).

9. **Evidence of Indebtedness**: The DIP Lender shall maintain a register evidencing Advances and repayments under the DIP Facility and all other amounts owing from time to time hereunder. The DIP Lender's register constitutes, in the absence of manifest error, *prima facie* evidence of the Indebtedness of the Borrowers to the DIP Lender pursuant to the DIP Facility.

10. **Interest**: All amounts owing hereunder on account of principal, and overdue interest, fees and expenses, shall bear interest at the rate of 9.5% per annum (the "**Interest Rate**").

    All interest hereunder shall be computed on the basis of a year of 365 days and shall accrue and be calculated monthly and payable in cash, monthly in arrears on the first day of each calendar month following the month for which interest has accrued (each, an "**Interest Payment Date**"); provided that, interest on the Initial Advance and the Second Advance shall be paid from the proceeds of the Second Advance.

    For the purposes of the *Interest Act* (Canada) and disclosure thereunder, whenever any interest or fee to be paid under this Agreement is to be calculated on the basis of a period that is less than a calendar year, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in the period that is less than a calendar year.

11. **Fees and Expenses**: The Borrowers shall pay all reasonable costs and expenses of the DIP Lender (including all reasonable fees, expenses and disbursements of outside counsel and any financial advisor) in connection with the DIP Facility, including the preparation of this Agreement, the administration of the DIP Facility (including the DIP Lender's standard administration and servicing fees and the DIP Lender's costs, fees and expenses to enter into hedge agreements in connection with the DIP Facility), the enforcement of any of the DIP Lender's rights and remedies available hereunder and under any other DIP Credit Documents and in connection with the CCAA Proceeding (collectively, "**Permitted Fees and Expenses**").

12. **DIP Budget**: Attached hereto as Schedule B is a rolling 14-week period detailed cash flow forecast (the "**DIP Budget**"), which is in form and substance satisfactory to the DIP Lender. On Wednesday of each week, the Borrower Agent, with the assistance of the Monitor, shall provide the DIP Lender with an updated rolling 13-week cash flow forecast substantially in the form of the DIP Budget (the "**Updated Cash Flow**") and a variance report (the "**Cash Flow Variance Report**"), certified by an officer of the Borrower Agent, showing on a line-by-line basis the actual receipts and disbursements and the total available liquidity for the last day of the prior week and noting therein all variances on a line-by-line basis from the amounts in the DIP Budget, with explanations for all material variances. The DIP Lender may, in its sole discretion, acting reasonably, agree to substitute the Updated Cash Flow for the then current DIP Budget, in which case the Updated Cash Flow shall thereafter be deemed to be the effective DIP Budget for the purposes hereof.

13. **Conditions Precedent to Second Advance**: The DIP Lender's agreement to make the Second Advance is subject to the satisfaction of the following conditions precedent:

    (a) The DIP Lender shall have received an irrevocable direction from the Borrowers directing the DIP Lender to pay, with proceeds of the Second Advance, the Commitment Fee, interest on the Initial Advance from the date the Initial Advance was made to the first Interest Payment Date, interest on the Second Advance from the date the Second Advance is made to the first Interest Payment Date, the obligations owing to Hillmount under the Hillmount Commitment Letter, the DIP Lender's legal fees and expenses (and applicable taxes thereon) and the reasonable costs, fees and expenses of the DIP Lender incurred in connection with this DIP Facility (including the DIP Lender's standard administration and servicing fees);

    (b) The DIP Lender shall have received an updated DIP Budget and the Cash Flow Variance Report in accordance with this Agreement, which shall be in form and substance satisfactory to the DIP Lender, in its sole discretion, and the proposed uses of the Second Advance shall be in accordance with Section 13(a) and otherwise consistent with the DIP Budget and acceptable to the DIP Lender, acting reasonably;

(c) The DIP Lender shall have received such other supporting documentation as it may reasonably request, including a payout statement/undertaking to discharge security from Hillmount evidencing that the obligations owed to Hillmount under the Hillmount Commitment Letter do not exceed the principal amount of $1,000,000 plus the associated costs and fees (or such other amount that is approved by the DIP Lender); and

(d) Each condition precedent set forth in Section 14 shall have been satisfied.

14. **Conditions Precedent to All Advances After Second Advance**: The DIP Lender's agreement to make each Advance under the DIP Facility after the Second Advance is subject to the satisfaction of the following conditions precedent:

(a) The SF DIP Order shall not have been amended, restated, modified, varied, vacated, stayed or set aside, without the prior written consent of the DIP Lender, in its sole discretion;

(b) The DIP Lender shall have received an Advance Notice in accordance with the terms hereof;

(c) All representations and warranties contained in this Agreement and the other DIP Credit Documents shall be true and correct on the date of such requested Advance with the same effect as if made on and as of such date;

(d) No Event of Default shall have occurred or will occur as a result of the requested Advance; and

(e) The DIP Lender shall have received an updated DIP Budget and the Cash Flow Variance Report in accordance with this Agreement, which shall be in form and substance satisfactory to the DIP Lender, in its sole discretion, and the proposed uses of the requested DIP Advance shall be consistent with the DIP Budget and acceptable to the DIP Lender, acting reasonably.

15. **DIP Charge**: All obligations of the Borrowers under or in connection with the DIP Facility, this Agreement, the other DIP Credit Documents, including without limitation, all principal, interest, fees, expenses (including the Permitted Fees and Expenses) and other amounts owing in respect of fees and expenses of the DIP Lender, together with the Initial Advance, (collectively, the "**DIP Obligations**") shall be secured by a Court-ordered super-priority charge on the Collateral in favour of the DIP Lender (the "**DIP Charge**").

16. **Priority of DIP Charge**: The DIP Charge shall rank ahead of any and all Encumbrances on the Collateral, other than the Administration Charge.

17. **Repayment and Maturity Date**: All DIP Obligations owing to the DIP Lender shall be due and payable on the earliest of the following:

(a) nine months after the Amended Filing Date or such later date as agreed to in writing by the DIP Lender;

(b) the completion of a sale or sales of all or substantially all of the Borrowers' assets, property and undertaking, as approved by the DIP Lender, the Monitor and, where required, the Court;

(c) the implementation of a plan of compromise or arrangement pursuant to the CCAA Proceeding which has been approved by the requisite creditors of the Borrowers, the Court and the DIP Lender;

(d) the date on which the SF DIP Order expires without being extended or on which the CCAA Proceeding is terminated or dismissed; and

(e) an Event of Default in respect of which the DIP Lender has elected, in its sole discretion, to accelerate the DIP Obligations;

(such earliest date, the "**Maturity Date**").

The DIP Lender's commitment to make Advances under the DIP Facility shall expire on the Maturity Date and all then outstanding DIP Obligations shall be repaid on the Maturity Date, without the DIP Lender being required to make demand upon the Borrowers or to give notice that the DIP Facility has expired and that the obligations hereunder are due and payable.

18. **Mandatory Prepayments**: Subject to the terms and conditions herein, the Borrowers shall prepay the DIP Obligations with 100% of each of the following amounts:

(a) insurance proceeds (net of deductibles) or expropriation awards received by a Borrower;

(b) the Net Proceeds from the sale of any of the Collateral other than the sale of inventory in the course of business;

(c) any extraordinary payments received by a Borrower;

(d) the net cash proceeds from the sale of any equity interests in a Borrower or its subsidiary or the receipt of capital contributions by a Borrower or its subsidiary; and

(e) the net cash proceeds received from the incurrence by a Borrower of any Indebtedness (except as permitted hereunder).

Notwithstanding the foregoing, the first $2,000,000 of Net Proceeds from the sale of the Non-Essential Real Property shall be applied or reserved to repay the DIP Obligations in such amount, and the balance shall be applied to repay the creditors having valid security on the Non-Essential Real Property that is sold in order of the priority of their security on such Non-Essential Real Property. After such creditors have been paid in full, any surplus Net Proceeds from the sale of Non-Essential Real Property shall be applied or reserved to repay the remaining balance of the DIP Obligations.

Notwithstanding the foregoing, the first $2,000,000 of Net Proceeds from the sale of the London Property shall be applied or reserved to repay the DIP Obligations in such amount, and the balance shall be applied to repay the creditors having valid security on the London Property in order of the priority of their security on the London Property. Thereafter, any surplus Net Proceeds from the sale of the London Property shall be applied or reserved to repay the remaining balance of the DIP Obligations.

Upon the making of any mandatory prepayment, the Borrowers shall compensate the DIP Lender for any loss, cost or expense (including any breakage costs in respect of any hedge agreement to which the DIP Lender or any of its Affiliates is a party) as a result of such prepayment. Each such prepayment shall be accompanied by the amount of accrued interest on the amount prepaid. Any mandatory prepayment made hereunder shall permanently reduce the Loan Amount and may not be re-borrowed.

19. **Optional Prepayment**: The Borrowers may voluntarily prepay any principal amount of the DIP Obligations. The Borrower Agent shall give written notice to the DIP Lender of each voluntary prepayment not less than fifteen (15) Business Days prior to such voluntary prepayment. Such notice shall be irrevocable and shall specify:

(a) the date on which the prepayment is to take place;

(b) the principal amount of the prepayment; and

(c) the Borrower that will make the prepayment.

Upon the making of any voluntary prepayment, the Borrowers shall compensate the DIP Lender for any loss, cost or expense (including any breakage costs in respect of any hedge agreement to which the DIP Lender or any of its Affiliates is a party) as a result of such prepayment. Each such prepayment shall be accompanied by the amount of accrued interest on the amount prepaid. Any voluntary prepayment made hereunder shall permanently reduce the Loan Amount and may not be re-borrowed.

20. **Payments**: All payments of principal, interest, fees and expenses by the Borrowers hereunder shall be made for value in the full amount due at or before 1:00 pm (New York time) on the day such amount is due by deposit or transfer thereof to an account designated by the DIP Lender. Payments received after such time shall be deemed to have been made on the next following Business Day. If any payment is due on a day which is not a Business Day, such payment shall be due on the next following Business Day and interest shall accrue until but excluding the actual date of payment.

Each payment to be made by the Borrowers shall be made in full without deduction, set-off or counterclaim of any kind or for any reason. All payments required hereunder shall be made in lawful currency of Canada.

If any fees and expenses incurred by the Borrowers after the date of this Agreement are not paid by the Borrowers, the DIP Lender may, but shall have no duty to, pay all such fees and expenses whereupon such amounts shall be added to and form part of the DIP Obligations and shall reduce the availability under the DIP Facility.

All amounts received in repayment of DIP Obligations shall be applied as follows: (i) first, to outstanding interest and costs payable hereunder; (ii) second, to outstanding Permitted Fees and Expenses; and (iii) third, towards outstanding principal hereunder.

21. **Representations and Warranties**: Each Borrower represents and warrants to the DIP Lender, upon which the DIP Lender relies in entering into this Agreement and the other DIP Credit Documents, that:

(a) The transactions contemplated by this Agreement and the other DIP Credit Documents have been duly authorized, executed and delivered by or on behalf of the Borrowers, and upon the granting of the SF DIP Order:

(i) are within the powers of the Borrowers;

(ii) constitute legal, valid and binding obligations of the Borrowers;

(iii) do not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) require any consent or approval under, result in a breach or violation of, or conflict with, any of the terms or provisions of its constating documents or by-laws or any contracts or instruments to which it is a party or pursuant to which any of its assets or property may be affected, other than breaches that are stayed by the Initial Order;

(iv) there is no requirement for the Borrowers to make any filing with, give any notice to or obtain any licence, permit, certificate, registration, authorization, consent or approval of, any Governmental Authority as a condition to the lawful consummation of the transactions contemplated by this Agreement;

(b) The Business has been and will continue to be conducted in material compliance with applicable Law of each jurisdiction in which the Business has been or is being carried on, subject to the provisions of each Court Order made after the Filing Date;

(c) The Borrowers have obtained all Authorizations for the operation of the Business, which Authorizations remain, and after entering into the DIP Facility will remain, in full force and effect, and no proceedings have been commenced to revoke or amend any such Authorizations;

(d) No expropriation or casualty event has occurred with respect to any of the Collateral;

(e) No material pending or threatened litigation or proceeding exists against any Borrower or the Collateral, or seeking to enjoin or otherwise prevent or declare invalid or unlawful the occupancy, use, maintenance or operation of the Project or the conduct of the Business;

(f) No Event of Default has occurred and is continuing;

(g) Wellworth Health Corp. continues to wind down its operations and will cease to carry on any business (including the Business), except in its capacity as a Borrower hereunder;

(h) The proceeds of the Initial Advance were used to pay the operating costs and expenses of the Borrowers in accordance with the DIP Budget; and

(i) All factual information provided by or on behalf of the Borrowers to the DIP Lender for the purposes of or in connection with this Agreement or any transaction contemplated herein is true and accurate in all material respects on the date as of which such information is dated or certified and is not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not materially misleading at such time in light of the circumstances under which such information was provided.

22. **Affirmative Covenants**: Each Borrower agrees and covenants to perform and do each of the following until the DIP Facility is permanently and indefeasibly repaid and cancelled:

(a) Comply with the provisions of the Court Orders including, without limitation, the SF DIP Order;

(b) Deliver to the DIP Lender (i) Updated Cash Flows and Cash Flow Variance Reports in accordance with Section 12 and (ii) such other reporting and other information from time to time as is reasonably requested by the DIP Lender;

(c) Deliver to DIP Lender, concurrently with the delivery thereof to the Monitor (i) copies of all monthly internal financial statements, liquidity and updates to the DIP Budget that are reported weekly, together with any related or supporting information provided to the Monitor and (ii) any written reports, commentary or analysis received by the Borrowers from the Monitor regarding the financial position of the Borrowers or otherwise;

(d) Provide the DIP Lender with a weekly status update regarding the status of the CCAA Proceeding, including any information which may otherwise be confidential, subject to same being maintained as confidential by the DIP Lender;

(e) Keep the DIP Lender apprised on a timely basis of all material developments with respect to the Business and affairs of the Borrowers and their subsidiaries (including any changes to the strategy of the Borrowers);

(f) Notify the DIP Lender forthwith of the occurrence of any Event of Default;

(g) Allow the DIP Lender, its directors, officers, employees, agents, advisors and representatives full access to the Borrowers' premises and all information and documentation of the Borrowers and their Affiliates on reasonable notice and during normal business hours and cause management thereof to fully cooperate with any such directors, officers, employees, agents, advisors and representatives;

(h) Preserve, renew, maintain and keep in full force and effect its corporate existence and its Authorizations required in respect of the Business or any of the Collateral;

(i) Maintain in full force all policies and contracts of insurance that are now in effect (or renewals thereof) under which the Borrowers, the Business or any of the Collateral is insured;

(j) Pay when due all applicable Taxes and other amounts that are Priority Payables, permitting and licences fees and other amounts necessary to preserve the Collateral to avoid any Encumbrance thereon and pay all amounts due under any utility contracts;

(k) Pay when due all principal interest, fees and other amounts payable by the Borrowers under this Agreement and the other DIP Credit Documents;

(l) Use commercially reasonable efforts to, by March 12, 2020, sell or execute agreements of purchase and sale with respect to the Non-Essential Real Property and the London Property on terms and conditions satisfactory to the DIP Lender, acting reasonably;

(m) Subject to Section 22(l), maintain or cause to be maintained in good repair, working order and condition (ordinary wear and tear excepted) all properties used or useful in the Business and make or cause to be made all appropriate repairs, renewals and replacements thereof;

(n) At the Borrowers' sole cost and expense, provide the DIP Lender with Phase 1 and Phase 2 environmental reports with respect to the real property located at 566 Riverview Drive, Chatham-Kent, Ontario and 650 Riverview Drive, Chatham-Kent Ontario by an environmental consultant satisfactory to the DIP Lender, which reports are in form and substance satisfactory to the DIP Lender, including that such reports are addressed to the DIP Lender and that such properties are not-contaminated sites (or, if contaminated, specifying the cost of remediation); and

(o) If requested by the DIP Lender, at the Borrowers' sole cost and expense, provide the DIP Lender with title insurance policies, in form and substance satisfactory to the DIP Lender, acting reasonably, by a title insurance company acceptable to the DIP Lender.

23. **Negative Covenants**: Each Borrower covenants and agrees not to do the following, other than with the prior written consent of the DIP Lender, in its sole discretion:

(a) Not seek any Court Order that may adversely impact the DIP Lender, without the DIP Lender's prior written consent and the approval of the Monitor, and otherwise, not seek any Court Order without prior consultation with the DIP Lender and the approval of the Monitor;

(b) Not utilize any Advance except in accordance with the permitted uses hereunder and the DIP Budget;

(c) Except as contemplated by this Agreement or any Court Order, and except as otherwise required by Law, make any payment of any Indebtedness or obligations existing as at the Amended Filing Date (the "**Pre-Existing Debt**"), other than in accordance with the DIP Budget or as approved by the Monitor;

(d) Create, incur or permit to exist any Indebtedness other than Pre-Existing Debt, Advances and accounts payable in the ordinary course of Business and in accordance with the DIP Budget;

(e) Except for Permitted Encumbrances, create or permit to exist any Encumbrance or provide or seek or support a motion by another Person to provide any Encumbrance, upon any of the Collateral;

(f) Except for the joint and several liability of the Borrowers hereunder, make any investments in or loans to or guarantee (or provide any other financial assistance with respect to) the Indebtedness or obligations of any other Person or entity or permit its Affiliates to do so;

(g) Change its jurisdiction of incorporation, chief executive office or registered office;

(h) Enter into, or amend, any transaction or series of related transactions with any Affiliate;

(i) Change its name, fiscal year end or accounting policies or amalgamate, consolidate with, merge into, dissolve or enter into any similar transaction with any other Person or permit a change of control of any Borrower;

(j) Enter any restrictive covenants or agreements which might affect the value or liquidity of any Collateral;

(k) Move any of the Collateral outside of the Province of Ontario, or except as contemplated by Section 22(l) or the ordinary course of business, sell, assign, lease, convey or otherwise dispose of any of the Collateral;

(l) Disclaim any contract that is material to the Business without the prior approval of the DIP Lender, acting reasonably, and the Monitor;

(m) Amend or renew, extend the term, disclaim or accept the surrender of any real property lease without the prior approval of the DIP Lender, acting reasonably, or consent of the Monitor;

(n) Except as required pursuant to (i) the terms of any compensation or benefit plan, program or arrangement as in effect on the date hereof or (ii) applicable Law, increase any termination or severance entitlements or pay any termination or severance payments or modify any compensation or benefit plans whatsoever;

(o) Create or acquire any new subsidiary;

(p) Purchase or redeem its shares or units or otherwise reduce its capital;

(q) Declare or pay any dividends, or distributions to shareholders, or repay any shareholders' loans, interest thereon or share capital of any Borrower;

(r) Commencing in the fourth week following the issuance of the SF DIP Order and each week thereafter, if the actual net cash of the Borrowers for that week plus $500,000 (excluding Advances in excess of projected Advances in the DIP Budget and on the basis that payables of the Borrowers are paid when due in the ordinary course of business) does not exceed the forecasted net cash in the DIP Budget for that week, permit (i) the negative variance (as compared to the DIP Budget) of the aggregate receipts of the Borrowers for the prior four-week period to exceed 10% or (ii) the negative variance (as compared to the DIP Budget) of the aggregate operating disbursements (excluding professional fees and expenses) made by the Borrowers during the prior four-week period to exceed 10%; or

(s) Permit Wellworth Health Corp. to carry on any business (including the Business), except in its capacity as a Borrower hereunder, save and except what is required to continue to wind down its operations.

24. **Events of Default**: The occurrence of any one or more of the following events shall constitute an event of default (each, an "**Event of Default**") under this Agreement:

(a) Failure of the Borrowers to pay any amounts to the DIP Lender when due and owing hereunder or otherwise;

(b) Failure of the Borrowers to perform or comply with any term or covenant of this Agreement or any other DIP Credit Document;

(c) The DIP 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 Borrowers (individually or collectively) or their ability (individually or collectively) to comply with their obligations under this Agreement, any other DIP Credit Document or any Court Order;

(d) A Borrower fails to pay wages to its employees or to remit source deductions as they become due from time to time, but only with respect to Priority Payables;

(e) A Borrower fails to remit provincial sales taxes or goods and services taxes (or the equivalent) as they become due from time to time, but only with respect Priority Payables;

(f) The Initial Order or the SF DIP Order is amended, restated or otherwise varied without the consent of the DIP Lender or any Court Order is issued, dismissed, stayed, reversed, vacated, amended or restated and such issuance, dismissal, stay, reversal, vacation, amendment or restatement adversely affects or would reasonably be expected to adversely affect the interest of the DIP Lender, including any Court Order:

(i) terminating, lifting or amending the stay imposed by the CCAA Proceeding;

(ii) issuing a bankruptcy order against a Borrower;

(iii) appealing or granting leave to appeal the SF DIP Order;

(iv) granting any other claim or Encumbrance of equal or priority status to that of the DIP Lenders' Charge, except as permitted hereunder; or

(v) staying, reversing, vacating or otherwise modifying the DIP Credit Documents, the DIP Charge or prejudicially affecting the DIP Lenders or the Collateral;

(g) The appointment of a receiver and manager, receiver, interim receiver or similar official or any process of any court becomes enforceable against a Borrower, or any of its property or seized or levied upon, or a creditor takes possession of any property of a Borrower;

(h) Any violation or breach of any Court Order by any Borrower;

(i) Subject to the SF DIP Order, any other Court Order, or the prior written consent of the DIP Lender, any Borrower, with the exception of Wellworth Health Corp., ceases to carry on or maintain its Business or its assets in the ordinary course of the Business;

(j) Any representation or warranty made or given hereunder or under any other DIP Credit Document by the Borrowers is incorrect or misleading when made;

(k) Any proceeding, motion or application is commenced or filed by a Borrower, or if commenced by another Person, supported or otherwise consented to by a Borrower, seeking the invalidation, subordination or other challenge of the terms of the DIP Facility, the DIP Charge, this Agreement, any other DIP Credit Document, the SF Loan Documents or the SF Security;

(l) Any Cannabis Law is repealed;

(m) The DIP Lender reasonably believes itself insecure due to a change or interpretation of the *Controlled Substances Act (CSA)* or related laws; or

(n) A New SF Event of Default occurs and is continuing.

25. **Remedies**: Upon the occurrence of an Event of Default, the DIP Lender may, in its sole discretion, elect to terminate the DIP Lender's commitment to make further Advances to the Borrowers and set-off, consolidate or accelerate all amounts outstanding under the DIP Facility and any DIP Credit Documents and declare such amounts to be immediately due and payable without any periods of grace. Upon the occurrence of an Event of Default, the DIP Lender may, subject to the SF DIP Order, upon ten (10) days' prior written notice to the Borrowers and the Monitor:

(a) apply to the Court for the appointment of a receiver, an interim receiver or a receiver and manger over the Collateral;

(b) apply for a Court Order, on terms satisfactory to the Monitor and the DIP Lender, providing the Monitor with the power, in the name of and on behalf of the Borrowers, to take all necessary steps in the CCAA Proceeding to realize on the Collateral;

(c) exercise the powers and rights of a secured creditor; and/or

(d) exercise all such other rights and remedies available to the DIP Lender under this Agreement, the other DIP Credit Documents, the Court Orders and applicable Law.

26. **Further Assurances:** The Borrowers shall, at their own expense, from time to time do, execute and deliver, or cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) as the DIP Lender may reasonably request for the purpose of giving effect to this Agreement and the other DIP Credit Documents.

27. **Joint & Several Liability:** Each Borrower shall be jointly and severally liable for all DIP Obligations regardless of which Borrower actually receives Advances under the DIP Facility or the amount of any such Advance received or the manner in which the DIP Lender accounts for such Advances on its books and records.

28. **Indemnity**: Each Borrower shall indemnify and hold harmless the DIP Lender, and its Affiliates and the officers, directors, employees, representatives, advisors, managers, solicitors and agents of the DIP Lender and its Affiliates (collectively, the "**Indemnified Persons**") from and against any and all actions, lawsuits, proceedings (including any investigations or inquiries), losses, damages, liabilities or expenses of any kind or nature whatsoever which may be incurred by or suited against or involve any of the Indemnified Persons as a result of, in connection with or in any way related to the DIP Facility, the proposed or actual use of the Advances, this Agreement or the other DIP Credit Documents. Notwithstanding the foregoing, the Borrowers shall have no obligation to indemnify any Indemnified Person against such loss, liability, cost or expense to the extent that they are found by final judgment of a court of competent jurisdiction to arise from the gross negligence or willful misconduct of such Indemnified Person. The DIP Lender shall not be responsible or liable to the Borrowers or any other Person for any indirect, consequential special or punitive damages.

29. **Judgement Currency**: If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder in Canadian dollars into another currency, the parties hereto agree, to the fullest extent permitted by law, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the DIP Lender could purchase Canadian dollars with such other currency at the buying spot rate of exchange in the New York foreign exchange market on the Business Day immediately preceding that on which any such judgment, or any relevant part thereof, is given. The obligations of the Borrowers in respect of any sum due to the DIP Lender hereunder and

under the other DIP Credit Documents shall, notwithstanding any judgment in a currency other than Canadian dollars, be discharged only to the extent that on the Business Day following receipt by the DIP Lender of any sum adjudged to be so due in such other currency the DIP Lender may, in accordance with normal banking procedures, purchase Canadian dollars with such other currency. If the amount of Canadian dollars so purchased is less than the sum originally due to the DIP Lender in Canadian dollars, the Borrowers agree, to the fullest extent that they may effectively do so, as a separate obligation and notwithstanding any such judgment, to indemnify the DIP Lender against such loss. If the amount of Canadian dollars so purchased exceeds the sum originally due to the DIP Lender in Canadian dollars, following repayment in full of the DIP Obligations, the DIP Lender shall remit such excess to the Borrowers.

30. **Withholdings and Tax Indemnity**: Any and all payments by or on account of any obligation of the Borrowers hereunder or under any other DIP Credit Document shall be made free and clear of and without deduction or withholding for any Taxes; provided that, if any Borrower is required by applicable Law to deduct or withhold any Taxes from such payments, then:

(a) if such tax is an Indemnified Tax, the amount payable by the Borrowers shall be increased so that after making all required deductions or withholdings (including deductions or withholdings applicable to additional amounts payable under this Section), the DIP Lender receives an amount equal to the amount it would have received had no such deductions or withholdings been made; and

(b) the Borrowers shall make such deductions and timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable Law.

In addition, the Borrowers shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Law. The Borrowers shall indemnify the DIP Lender, within ten days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed on or attributable to amounts payable hereunder) paid by the DIP Lender on or with respect to an amount payable by the Borrowers under or in respect of this Agreement or under any other DIP Credit Document together with any penalties, interest and expenses arising in connection therewith and with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate from the DIP Lender as to the amount of such payment or liability delivered to the Borrowers shall be conclusive absent manifest error. Promptly after any payment of Indemnified Taxes or Other Taxes by the Borrowers to a Governmental Authority (but in any event within 30 days after the date of such payment), the Borrowers shall deliver to the Lender the original or certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the relevant return reporting such payment or other evidence of such payment reasonably satisfactory to the DIP Lender. If the DIP Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrowers or with respect to which the Borrowers have paid additional amounts pursuant to this Section, it shall, following repayment in full of the DIP Obligations, pay over such refund (or the amount of any credit in lieu of refund) to the Borrowers (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrowers under this Section with respect to the Taxes or Other Taxes giving rise to such refund or credit in lieu of refund), net of all out-of-pocket expenses of the DIP Lender, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund or credit in lieu of refund), provided that the Borrowers, upon the request of the DIP Lender, agree to repay the amount paid over to the Borrowers (plus any interest, penalties or other charges imposed by the relevant Governmental Authority) to the DIP Lender in the event the DIP Lender is required to repay such refund or credit in lieu of refund to such Governmental Authority. Notwithstanding the foregoing, the DIP Lender shall not be required to make available its tax returns or any other information relating to its taxes that it deems confidential to the Borrowers or any other Person.

31. **Entire Agreement:** This Agreement and the other DIP Credit Documents, constitute the entire agreement between the parties related to the subject matter hereof and, as the definitive documents, supersede all prior correspondence, agreements, negotiations, discussions and understandings, including, without limitation, the Term Sheet. To the extent that there is any inconsistency between this Agreement and the other DIP Credit Documents, this Agreement shall prevail.

32. **Amendments and Waivers:** No waiver or delay on the part of the DIP Lender in exercising any right or privilege hereunder or under any other DIP Credit Document shall operate as a waiver hereof or thereof unless made in writing and delivered in accordance with the terms of this Agreement. A waiver, amendment, release or modification of this Agreement or any other DIP Credit Document shall not be established by conduct, custom or course of dealing and shall occur, if applicable, solely by an instrument in writing duly executed by the DIP Lender, in the case of a waiver or release, and the parties hereto, in the case of an amendment or other modification.

33. **Assignment**: The DIP Lender may assign this Agreement and its rights and obligations hereunder, in whole or in part, to any Person acceptable to the DIP Lender, in its sole discretion, in consultation with the Monitor. The Borrowers shall not be permitted to assign this Agreement nor any right and obligation hereunder without the written consent of the DIP Lender, in its sole discretion.

34. **Severability:** Any provision in this Agreement or any other DIP Credit Document which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof or effecting the validity of enforceability of such provision in any other jurisdiction.

35. **No Third Party Beneficiary**: No Person, other than the Borrowers and the DIP Lender, are entitled to rely upon this Agreement, and the parties expressly agree that this Agreement does not confer any rights upon any Person not a signatory hereto.

36. **Press Releases**: The Borrowers shall not issue any press release naming the DIP Lender without its prior approval, unless the Borrowers are required to do so by applicable Law.

37. **Counterparts:** This Agreement may be executed in any number of counterparts and delivered by e-mail, including in PDF format, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument.

38. **Notices**: Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by electronic mail to the attention of the Person set forth below:

In the case of the DIP Lender:

767 Fifth Avenue
12th Floor
New York, New York
10153 U.S.A.

Attention: Joseph Podesta / Dave Ray
Email: josephpodesta@stabiliscap.com / DaveRay@stabiliscap.com

With a copy to:

Borden Ladner Gervais LLP
Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, Ontario
M5H 4E3

Attention: Alex MacFarlane
Email: amacfarlane@blg.com

In the case of the Borrowers:

c/o AgMedica Bioscience Inc.
111 Heritage Road
Suite 200
Chatham, Ontario
N7M 5W7

Attention: Dr. Trevor Henry
Email: thenry@agmedica.ca

With a copy to:

Thornton Grout Finnigan LLP
100 Wellington Street West
Suite 3200
TD West Tower
Toronto-Dominion Centre

Toronto, Ontario
M5K 1K7

Attention: Rebecca L. Kennedy
Email: rkennedy@tgf.ca

In either case, with a copy to the Monitor:

Ernst & Young Inc.
100 Adelaide Street West
Toronto, Ontario
M5H 0B3

Attention: Alex Morrison
Email: alex.f.morrison@ca.ey.com

With a copy to:

McCarthy Tetrault
66 Wellington Street West
Suite 5300
Toronto, Ontario
M5K 1E6

Attention: James D. Gage
Email: jgage@mccarthy.ca

Any such notice shall be deemed to be given and received, when received, unless received after 5:00 pm local time or on a day other than a Business Day, in which case the notice shall be deemed to be received the next Business Day.

39. **English Language:** The parties hereto confirm that this Agreement and all related documents have been drawn up in the English language at their request. *Les parties aux présentes confirment que le présent acte et tous les documents y relatifs furent rédigés en anglais à leur demande.*

40. **Interpretation**: In this Agreement, words signifying the singular include the plural and vice versa, and words signifying gender include all genders. Every use of the word "including" in this Agreement is to be construed as meaning "including, without limitation". The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. References in this Agreement to a Section or Schedule are to be construed as references to a Section or Schedule of or to this Agreement unless the context requires otherwise. Subject to any limitations set forth herein, references to contracts, agreements or instruments are deemed to include all amendments, supplements, restatements or replacements to or of such contracts, agreements or instruments. References to a Person includes that Person's successors and permitted assigns.

41. **Governing Law and Jurisdiction:** This Agreement shall be governed by, and construed in accordance with, the Laws of the Province of Ontario and the federal Laws of Canada applicable therein. The parties hereby attorn and submit to the non-exclusive jurisdiction of the Court.

[remainder of page left intentionally blank; signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

AS DIP LENDER:

SF V BRIDGE III, LP, by its general partner, STABILIS GP V, LLC

By: ______________________________
Name: Dave Ray
Title: Authorized Signatory

AS BORROWER:

AGMEDICA BIOSCIENCE INC.

By: ______________________________

Name: Trevor Henry

Title: CEO

AS BORROWER:

2472602 ONTARIO INC.

By: ______________________________

Name: Trevor Henry

Title: CEO

AS BORROWER:

2642466 ONTARIO INC.

By: ______________________________

Name: Trevor Henry

Title: CEO

AS BORROWER:

8895309 CANADA INC.

By: ______________________________
Name: Trevor Henry
Title: CEO

AS BORROWER:

WELLWORTH HEALTH CORP.

By: ______________________________
Name: Trevor Henry
Title: CEO

AS BORROWER:

8050678 CANADA INC.

By: ______________________________
Name: Trevor Henry
Title: CEO

AS BORROWER:

8326851 CANADA INC.

By: ______________________________
Name: Trevor Henry
Title: CEO

AS BORROWER:

TAVIVAT NATURALS INC.

By: ______________________________
Name: Trevor Henry
Title: CEO

AS BORROWER:

WORLD WIDE BEVERAGE INNOVATIONS INC.

By: ______________________________
Name: Trevor Henry
Title: CEO

AS BORROWER:

UNIQUE BEVERAGES (USA) INC.

By: ____________________

Name: Trevor Henry

Title: CEO

AS BORROWER:

ESEELA INC.

By: ____________________

Name: Trevor Henry

Title: CEO

SCHEDULE A

DEFINITIONS

"**Administration Charge**" means the super-priority charge to be granted by the Court in an amount not exceeding $500,000 securing the fees and expenses of: (i) the Borrowers' CCAA counsel and (ii) the Monitor and its counsel;

"**Advance**" has the meaning given to that term in Section 7;

"**Advance Notice**" has the meaning given to that term in Section 7;

"**Affiliate**" of any Person means, at the time such determination is made, any other Person controlling, controlled by or under common control with such first Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of such Person, whether through the ownership of voting securities or otherwise;

"**Agreement**" means this DIP Facility Loan Agreement, including all Schedules, as it may be modified, amended, revised, restated, replaced, supplemented or otherwise changed from time to time and at any time hereafter;

"**Amended Filing Date**" means the date the SF DIP Order is made by the Court;

"**Authorization**" means, with respect to any Person, any order, permit, approval, consent, waiver, licence (including, without limitation, any of the foregoing relating to the Business, including, without limitation, any of the foregoing that is related to Cannabis or Cannabis-Related Activities) or similar authorization of any Governmental Authority related to the Borrowers, the Collateral or the Business;

"**Borrower Agent**" has the meaning given to that term in Section 4;

"**Borrowers**" has the meaning given to that term in Section 3;

"**Business**" means the production, distribution and sale of dried cannabis flower, pre-rolled cannabis joints, cannabis softgel capsules and cannabis oil, and the directly related activities of the Borrowers (except Wellworth Health Corp.);

"**Business Day**" means each day other than a Saturday, Sunday or any other day on which the DIP Lender is closed for business to the public;

"**Cannabis**" includes dried marijuana, fresh marijuana, cannabis oil and starting materials with respect thereto.

"**Cannabis Laws**" means the *Cannabis Act* (Canada), the *Cannabis Control Act, 2017* (Ontario) and any other applicable Law pertaining to Cannabis-Related Activities, and the regulations thereunder.

"**Cannabis-Related Activities**" means any activities, including advertising or promotional activities, relating to or in connection with the importation, cultivation, production, purchase, distribution or sale of Cannabis or Cannabis-related products.

"**Cash Flow Variance Report**" has the meaning given to that term in Section 12;

"**CCAA**" has the meaning given to that term in the recitals;

"**CCAA Proceeding**" has the meaning given to that term in the recitals;

"**Collateral**" means all present and after-acquired assets and property of the Borrowers, real (including, without limitation, the London Property, the Non-Essential Real Property and the real property located at 510 and 566 Riverview Drive, Chatham-Kent, Ontario) and personal, tangible and intangible and all proceeds therefrom;

"**Commitment Fee**" means a commitment fee owing by the Borrowers to the DIP Lender for the establishment of the DIP Facility in the amount of $150,000, which fee shall be fully-earned on the date hereof and non-refundable;

"**Court**" has the meaning given to that term in recitals;

"**Court Order**" means an order of the Court, including the Initial Order as amended and restated by the SF DIP Order;

"**DIP Budget**" has the meaning given to that term in Section 12;

"**DIP Charge**" has the meaning given to that term in Section 15;

"**DIP Credit Documents**" means this Agreement and any other documents in respect of the DIP Facility as may be contemplated by this Agreement or required by the DIP Lender;

"**DIP Facility**" has the meaning given to that term in Section 6;

"**DIP Lender**" has the meaning given to that term in Section 5;

"**DIP Obligations**" has the meaning given to that term in Section 15;

"**Encumbrance**" means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, encroachment, servitude, restriction on use, right of occupation, any matter capable of registration against title, option, right of first offer or refusal or similar right, restriction on voting (in the case of any voting or equity interest), right of pre-emption or privilege or any contract to create any of the foregoing;

"**Event of Default**" has the meaning given to that term in Section 24;

"**Excluded Taxes**" means any of the following Taxes imposed on or with respect to the DIP Lender or any other recipient of any payment to be made by or on account of any DIP Obligations, or required to be withheld or deducted from a payment to any such recipient, (a) income, net profits, or capital taxes imposed on or measured by net income, and franchise taxes imposed (i) by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or conducts business, in which its principal office is located or in which its applicable lending office is located or (ii) that are Other Connection Taxes and (b) any branch profits taxes or any similar tax imposed by the jurisdiction where a Borrower is located;

"**Existing SF Event of Default**" means an Event of Default (as defined in the SF Loan Agreement) that exists on the date hereof;

"**Filing Date**" means the date the Initial Order was made granting the Borrowers protection under the CCAA;

"**Governmental Authority**" means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, body, board, tribunal or dispute settlement panel or other law or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

"**Hillmount**" means Hillmount Capital Inc.;

"**Hillmount Charge**" means the super-priority charge on the Collateral securing up to $1,000,000 pursuant to the Hillmount Commitment Letter in favour of the Hillmount effected by the Initial Order;

"**Hillmount Commitment Letter**" means the commitment letter dated November 27, 2019 between the Borrowers and Hillmount;

"**Indebtedness**" of any Person means, at any date, without duplication, (a) all obligations of such Person for borrowed money, including by way of overdraft and drafts or orders accepted as representing extensions of credit, (b) all obligations of such Person evidenced by bonds, debentures, the face amount of all bankers' acceptances, letters of credit, letters of guarantee and similar instruments, notes, letters of credit or other similar instruments, including obligations under any arrangement providing for the leasing of any property, which property has been or is to be sold or transferred in contemplation of such leasing, (c) all obligations of such Person to pay the deferred purchase price of property or services, (d) all obligations of such Person as lessee which are capitalized in accordance with generally accepted accounting principles (or other applicable accounting standards) consistently applied in Canada, (e) all indebtedness, liabilities and obligations secured by an Encumbrance on any asset of such Person, whether or not the same is otherwise indebtedness, liabilities or obligations of such Person, which, for greater certainty will not include rent paid or payable by such Person in the ordinary course, (f) all indebtedness, liabilities and obligations of others which is, directly or indirectly, guaranteed by such Person or which such Person has agreed (contingently or otherwise) to purchase or otherwise acquire, (g) all indebtedness, liabilities and obligations in respect of financial instruments which are classified as a liability on the balance sheet of such Person, (h) all obligations of such Person to otherwise assure a creditor against loss, (i) all hedging obligations and (j) all obligations of such Person for trade accounts and contracts;

"**Indemnified Persons**" has the meaning given to that term in Section 28;

"**Indemnified Taxes**" means (a) Taxes other than Excluded Taxes and (b) to the extent not otherwise described in (a), Other Taxes;

"**Initial Advance**" means the advance of $2,000,000 made on December 13, 2019 by the DIP Lender to [the Borrowers] pursuant to the Term Sheet;

"**Initial Order**" means the order of the Court dated December 2, 2019 in the CCAA Proceeding;

"**Interest Payment Date**" has the meaning given to that term in Section 10;

"**Interest Rate**" has the meaning given to that term in Section 10;

"**Law**" means any federal, provincial, county, territorial, district, municipal, local, foreign, supranational or international. law, statute, ordinance, regulation, by-law, rule, code, treaty or rule of common law or otherwise of, or any order, judgment, injunction, decree or similar authority enacted, issued, promulgated, enforced or entered by, any Governmental Authority;

"**Loan Amount**" has the meaning given to that term in Section 6;

"**London Property**" means the real property described on Schedule C, including the real property having the following municipal address: 1095 Wilton Grove Road, London, Ontario;

"**Maturity Date**" has the meaning given to that term in Section 17;

"**Monitor**" means Ernst & Young Inc., as the Court-appointed Monitor of the Borrowers in the CCAA Proceeding;

"**Net Proceeds**" means the applicable gross sale price, less applicable Taxes, customary closing adjustments, reasonable legal expenses for conveyancing of the applicable real property and realty commissions commensurate with industry standards, all subject to DIP Lender approval;

"**New SF Event of Default**" means an Event of Default (as defined in the SF Loan Agreement) that is not an Existing SF Event of Default;

"**Non-Essential Real Property**" means the real property described on Schedule D, including the real property having the following municipal addresses: 650 Riverview Drive, Chatham-Kent, Ontario, 715 Richmond Street, Chatham-Kent, Ontario and 830 Richmond Street, Chatham-Kent, Ontario;

"**Other Connection Taxes**" means, with respect to the DIP Lender and any other recipient of any payment to be made by or on account of any DIP Obligations, Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing the Tax (other than a connection arising from the execution, delivery, enforcement of, or performance under, or receipt of payments under any DIP Credit Document, or from the sale or assignment of an interest in any Advance or DIP Credit Document).

"**Other Taxes**" means any and all present or future stamp, recording, filing, documentary or similar taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other DIP Credit Document or from the execution, delivery or enforcement of, or performance under or otherwise with respect to this Agreement or any other DIP Credit Document (other than Excluded Taxes and Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 33)).

"**Permitted Encumbrance**" means Permitted Exceptions (as defined in the SF Loan Agreement) and Permitted Liens (as defined in the SF Loan Agreement) that exist on the Amended Filing Date, together with Encumbrances on the Collateral in favour of Stone Quest Capital Corp. and Kathleen Glynn Philipp that exist, and securing amounts that were outstanding, on the Amended Filing Date;

"**Permitted Fees and Expenses**" has the meaning given to that term in Section 11;

"**Person**" means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Authority, and where the context requires, any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;

"**Pre-Existing Debt**" has the meaning given to that term in Section 23(c);

"**Priority Payables**" means harmonized sales tax, sales Tax and any amount payable or accrued by the Borrowers which is secured by an Encumbrance (other than Administration Charge) which ranks or is capable of ranking prior to or *pari passu* with the DIP Charge, including amounts accrued or owing for wages, vacation pay, termination pay (only where it is a priority payable), employee deductions, or Taxes, and other statutory or other claims that have or may have priority over, or rank *pari passu* with, the DIP Charge;

"**Project**" has the meaning given to it in the SF Loan Agreement;

"**Second Advance**" means the initial Advance under this Agreement;

"**SF DIP Order**" means the amended and restated initial order of the Court dated December 12, 2019 in the CCAA Proceeding;

"**SF Loan Agreement**" means the loan agreement dated as of May 31, 2019 by and among 2472602 Ontario Inc., 2642466 Ontario Inc., AgMedica Bioscience Inc. and SF V Bridge III, LP, as amended or otherwise modified;

"**SF Loan Documents**" means the SF Loan Agreement and the other Loan Documents (as defined in the SF Loan Agreement);

"**SF Security**" means the Encumbrances on the Collateral granted to SF V Bridge III, LP as security for the obligations owing to SF V Bridge III, LP under or in connection with the SF Loan Documents;

"**Tax**" and "**Taxes**" means any taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, excise, withholding, business, franchising, property, development, occupancy, payroll, health, social services, education, employment and all social security taxes, all surtaxes, all customs, duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, and other government pension plan premiums or contributions;

"Term Sheet" means the term sheet dated December 10, 2019 between the parties hereto; and

"**Updated Cash Flow**" has the meaning given to that term in Section 12.

SCHEDULE B

DIP BUDGET

(See attached)

AgMedica Bioscience Inc.
Cash Flow Forecast for the period December 16, 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	Total
Week Ending	Note	**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		770,025	1,656,766	1,269,039	674,792	860,080	1,010,573	1,097,320	1,187,539	843,962	1,128,876	982,069	1,135,203	773,052	**770,025**
Receipts															
Sales receipts	1	46,704	27,701	62,891	511,228	705,798	234,223	705,768	232,382	1,010,961	202,868	766,050	656,605	150,915	**5,314,094**
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		52,557	51,248	194,969	517,081	705,798	234,223	729,792	364,460	1,016,814	202,868	790,074	705,064	156,768	**5,721,716**
Disbursements															
Production Costs	4	257,192	53,596	42,877	42,877	42,877	42,877	42,877	53,596	53,596	53,596	53,596	53,596	53,596	**846,750**
Payroll and expenses	5	357,176	-	237,176	-	317,176	-	237,176	-	237,176	80,000	237,176	-	237,176	**1,940,231**
Remittance to Receiver General	6	-	130,505	-	130,505	-	-	130,505	-	130,505	-	130,505	-	130,505	**783,031**
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	100,000	67,123	76,134	53,698	53,698	53,698	73,698	67,123	67,123	67,123	67,123	84,123	4,300	**834,962**
Rent, Utilities, Insurance	11	7,700	1,751	57,463	64,713	3,500	10,901	-	123,551	3,500	10,901	-	123,418	3,500	**410,895**
Fixed Assets and capital expenditures	12	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Duties and Taxes	13	140,424	-	-	-	-	-	-	127,080	-	-	-	469,390	-	**736,893**
Funding Agreements and contractual commitments	14	89,458	-	1,000,000	-	89,458	-	-	-	-	89,458	-	-	-	**1,268,375**
Restructuring Costs	15	-	160,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	**600,000**
DIP Interest Payments, Legal Fee, and Commitment Fee	16	200,000	-	33,250	-	-	-	-	33,250	-	-	-	33,250	-	**299,750**
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		1,365,817	438,974	1,789,217	331,793	555,305	147,475	639,573	708,038	731,900	349,674	636,940	1,067,214	469,077	**9,230,998**
															-
Net Cash flow from Operations		(1,313,260)	(387,726)	(1,594,247)	185,288	150,493	86,748	90,219	(343,577)	284,914	(146,806)	153,134	(362,151)	(312,309)	**(3,509,282)**
DIP Draw/(Payback) for Operations		2,200,000	-	1,000,000	-	-	-	-	-	-	-	-	-	-	**3,200,000**
Closing Cash / (Indebtedness)		**1,656,766**	**1,269,039**	**674,792**	**860,080**	**1,010,573**	**1,097,320**	**1,187,539**	**843,962**	**1,128,876**	**982,069**	**1,135,203**	**773,052**	**460,744**	**460,744**
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		-	3,200,000	3,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	-
Draw/(Payback) for Operations		3,200,000	-	1,000,000	-	-	-	-	-	-	-	-	-	-	4,200,000
Closing Balance		3,200,000	3,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000

SCHEDULE C

LONDON PROPERTY

Part Lot 13 and Part North ½ Lot 12 Concession 3; Designated Part 2, 33R3843; London/Westminster

SCHEDULE D

NON-ESSENTIAL REAL PROPERTY

650 Riverview Drive, Chatham, Ontario - Legal Description:

PIN 00528-0218(LT)

PT LT 19 CON 1 RALEIGH, DESIGNATED AS PTS 1 & 2 PL 24R5827 EXCEPT PT 5 PL 24R1370 & PTS 1 & 2 PL 24R10089; SUBJECT TO AN EASEMENT AS IN 277488; MUNICIPALITY CHATHAM-KENT

715 Richmond Street, Chatham, Ontario - Legal Description:

PIN 00528-0006(LT)

PT LT 20 CON 1 RALEIGH AS IN 628944 EXCEPT EASEMENT THEREIN; CHATHAM-KENT

830 Richmond Street, Chatham, Ontario - Legal Description:

PIN 00527-0019(R)

PT LT 20 CON 1 EASTERN BOUNDARY RALEIGH AS IN 586356; CHATHAM-KENT

APPENDIX “C”

AMENDED AND RESTATED INITIAL ORDER

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.	)	THURSDAY, THE 12th
	)	
JUSTICE MCEWEN	)	DAY OF DECEMBER, 2019

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"**)

AMENDED AND RESTATED INITIAL ORDER

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavits of Trevor Henry sworn on December 1, 2019 and December 6, 2019 and the Exhibits thereto, and on hearing the submissions of counsel for the Applicants, the Monitor, the DIP Lender, and all other parties listed on the Counsel Slip, no one appearing for any other person, although duly served as it appears from the Affidavit of Service of Owen Gaffney sworn December 9, 2019, and on reading the consent of Ernst & Young Inc. to act as the Monitor.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place or, with the consent of the Monitor, replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank or credit union providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or

legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. **THIS COURT ORDERS** that any of the Applicants' existing depository and disbursement banks or credit unions (collectively, the "**Banks**") is authorized, with the consent of the Monitor, to debit the applicable Applicant's accounts in the ordinary course of business without the need for further order of this Court for: (i) all cheques drawn on the applicable Applicant's accounts which are cashed at such Bank's counters or exchanged for cashier's cheques by the payees thereof prior to the date of this Order; (ii) all cheques or other items deposited in one of the Applicants' accounts with such Bank prior to the date of this Order which have been dishonoured or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent an Applicant was responsible for such items prior to the date of this Order; and (iii) all undisputed pre-filing amounts outstanding as of the date hereof, if any, owing to any Bank as service charges for the maintenance of the Cash Management System.

7. **THIS COURT ORDERS** that any of the Banks may rely on the representations of the applicable Applicant with respect to whether any cheques or other payment order drawn or issued by the applicable Applicant prior to the date of this Order should be honoured pursuant to this or any other order of this Court, and such Bank shall not have any liability to any party for relying on such representations by the applicable Applicant as provided for herein.

8. **THIS COURT ORDERS** that (i) those certain existing deposit agreements between the Banks shall continue to govern the post-filing cash management relationship between the Applicants and the Banks, and that all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect, (ii) either any of the Applicants, with the consent of the Monitor, or the Banks may, without further Order of this Court, implement changes to the Cash Management Systems and procedures in the ordinary

course of business pursuant to the terms of those certain existing deposit agreements, including, without limitation, the opening and closing of bank accounts, and (iii) all control agreements in existence prior to the date of the commencement of these proceedings shall apply, including, as applicable, with respect to any debtor-in-possession financing facilities to be approved by this Court.

9. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after this Order:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

(b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

10. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course prior to, on or after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the Applicants following the date of this Order.

Payments for expenses incurred prior to this order shall require the consent of the Monitor or leave of this Court.

11. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

(b) all goods and services or other applicable sales or excise taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

12. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the relevant landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

13. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

14. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

(a) permanently or temporarily cease, downsize or shut down any of their business or operations, and to dispose of redundant or non-material assets not exceeding $500,000 in any one transaction or $1,000,000 in the aggregate;

(b) terminate the employment of such of their employees or temporarily lay off such of their employees as it deems appropriate; and

(c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "**Restructuring**").

15. **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the relevant Applicant, or by further Order of this Court upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in

accordance with Section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.

16. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

17. **THIS COURT ORDERS** that until and including March 12, 2020, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

18. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations,

actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

19. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

20. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

21. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

22. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

23. **THIS COURT ORDERS** that the Applicants shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

24. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of $900,000, as security for the indemnity provided in paragraph 23 of this Order. The Directors' Charge shall have the priority set out in paragraphs 41 and 43 herein.

25. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 23 of this Order.

APPOINTMENT OF MONITOR

26. **THIS COURT ORDERS** that Ernst & Young Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

27. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicants' receipts and disbursements;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(c) assist the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lender and its counsel, on a periodic basis to be agreed on with the DIP Lender, of financial and other information as agreed to between the Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;

(d) advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis as agreed to by the DIP Lender;

(e) advise the Applicants in their development of the Plan and any amendments to the Plan;

(f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;

(h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(i) perform such other duties as are required by this Order or by this Court from time to time.

28. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

29. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of (i) any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"); or (ii) any of the Property, the administration and control of which is subject to the provisions of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including, without limitation, the *Cannabis Act*, the *Controlled Drugs and Substances Act*, the *Excise Tax Act*, the Ontario *Cannabis Control Act*, or other such

applicable federal or provincial legislation (the "**Cannabis Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation or Cannabis Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation or the Cannabis Legislation, unless it is actually in possession.

30. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicants and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree

31. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

32. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a weekly basis.

33. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

34. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, if any, and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the

"**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $500,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 41 and 43 hereof.

DIP FINANCING

35. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from SF V Bridge III, LP (the "**DIP Lender**") in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed the principal amount of $7,500,000 unless permitted by further Order of this Court.

36. **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicants and the DIP Lender dated as of December 10, 2019 (the "**Commitment Letter**"), filed.

37. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

38. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge to the maximum principal amount of $7,500,000 (the "**DIP Lender's Charge**") on the Property including, without limiting the foregoing, the real property identified in Schedule "A" hereto (the "**Real Property**"), which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 41 and 43 hereof.

39. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;

(b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon 10 days' notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy or licensed insolvency trustee, interim receiver, receiver or receiver and manager of the Applicants or the Property.

40. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

41. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of $500,000);

Second – DIP Lender's Charge (to the maximum principal amount of $7,500,000); and

Third – Directors' Charge (to the maximum amount of $900,000).

42. **THIS COURT ORDERS** that the filing, registration or perfection of the Directors' Charge, the Administration Charge, or the DIP Lender's Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

43. **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

44. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

45. **THIS COURT ORDERS** that the Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively,

an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which they are a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicants entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and

(c) the payments made by the Applicants pursuant to this Order, the Commitment Letter or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

46. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

47. **THIS COURT ORDERS AND DECLARES** that this Order is subject to provisional execution and that if any of the provisions of this Order in connection with the Commitment Letter, the Definitive Documents or the DIP Lender's Charge shall subsequently be stayed, modified, varied, amended, reversed or vacated in whole or in part (collectively, a "**Variation**") whether by subsequent order of this Court, on or pending an appeal from this Order, such Variation shall not in any way impair, limit or lessen the priority, protections, rights or remedies of the DIP Lender whether under this Order (as made prior to the Variation), under the Commitment Letter and the Definitive Documents, with respect to any advances made prior to the DIP Lender being given notice of the Variation and the DIP Lender shall be entitled to rely on this Order as issued (including, without limitation, the DIP Lender's Charge) for all advances so made.

SERVICE AND NOTICE

48. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in The Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than $1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

49. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '<http://www.ey.com/ca/agmedica>'.

50. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

51. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

52. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

53. **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, 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.

54. **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, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

55. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

56. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

57. **THIS COURT ORDERS** that upon the registration in the Land Titles Division of the Real Property of the DIP Lender's Charge in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to register the DIP Lender's Charge on title of the Real Property.

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

DEC 13 2019

PER / PAR:

Schedule "A"
Real Property

(1) 510-566 Riverview Drive, Chatham-Kent, Ontario (PIN 005280224)
Legal Description: PT LT 19 CON 1 RALEIGH PT 2, 3 & 6, 24R7621; S/T & T/W 164642; S/T 340724, 576414; CHATHAM-KENT

(2) 650 Riverview Drive, Chatham-Kent, Ontario (PIN 005280218)
Legal Description: PT LT 19 CON 1 RALEIGH, DESIGNATED AS PTS 1 & 2 PL 24R5827 EXCEPT PT 5 PL 24R1370 & PTS 1 & 2 PL 24R10089 SUBJECT TO AN EASEMENT AS IN 277488 MUNICIPALITY CHATHAM-KENT

(3) 715 Richmond Street, Chatham-Kent, Ontario (PIN 005280006)
Legal Description: PT LT 20 CON 1 RALEIGH AS IN 628944 EXCEPT EASEMENT THEREIN; CHATHAM-KENT

(4) 830 Richmond Street, Chatham-Kent, Ontario (PIN 005270019)
Legal Description: PT LT 20 CON 1 EASTERN BOUNDARY RALEIGH AS IN 586356; CHATHAM-KENT

(5) 1095 Wilton Grove Road, London, Ontario (PIN 082030125)
Legal Description: PART LOT 13 AND PART NORTH ½ LOT 12 CONCESSION 3; DESIGNATED PART 2, 33R3843; LONDON/WESTMINSTER

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.**

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

AMENDED AND RESTATED INTIAL ORDER

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