

**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**”)

**REPORT OF THE PROPOSED MONITOR
DATED DECEMBER 2, 2019**

INTRODUCTION

1. Ernst & Young Inc. (“**EY**” or the “**Proposed Monitor**”) understands that Applicants have brought an application (the “**CCAA Application**”) before this Court returnable on December 2, 2019, seeking an initial order (the “**Proposed Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (“**CCAA**”) to, among other things, obtain a stay of proceedings to allow them an opportunity to restructure their business and affairs. The Applicants propose that EY be appointed as Monitor of the Applicants in these CCAA proceedings (in such capacity, the “**Monitor**”).
2. This report (the “**Report**”) has been prepared by the Proposed Monitor prior to its appointment as Monitor, should this Court grant the Proposed Initial Order, to provide information to this Court for its consideration in respect of the Applicants’ CCAA Application.

PURPOSE

3. The purpose of this report is to provide information to the Court on:
 - a. EY's qualifications to act as Monitor;
 - b. an overview of the Applicants;
 - c. background on the circumstances leading to the Applicants' decision to commence CCAA proceedings;
 - d. an overview of the Applicants' 13 week cash flow forecast on a consolidated basis for all the Applicants (the "**Cash Flow Forecast**") and the Proposed Monitor's comments regarding the reasonableness thereof; and
 - e. certain relevant matters about the relief sought in the Proposed Initial Order.

TERMS OF REFERENCE

4. In preparing this Report and making the comments herein, the Proposed Monitor has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Applicants, discussions with management of the Applicants ("**Management**"), and information from other third-party sources (collectively, the "**Information**"). Except as described in this Report in respect of the Cash Flow Forecast:
 - a. the Proposed Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed 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 Proposed Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and

- b. some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.
- 5. Future oriented financial information referred to in this Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
- 6. Unless otherwise indicated, the Proposed Monitor's understanding of factual matters expressed in this Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Proposed Monitor.
- 7. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

EY'S QUALIFICATION TO ACT AS MONITOR

- 8. EY is a licensed insolvency trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act* (Canada). EY is not subject to any of the restrictions set out in section 11.7(2) of the CCAA on who may be appointed as Monitor.
- 9. As discussed in further detail later in this report, EY already has a detailed understanding of the Applicants' operations, and cash flow, and will be in a position to very quickly and seamlessly perform its responsibilities as Monitor, if appointed.
- 10. The Proposed Monitor has retained McCarthy Tetrault LLP to act as its independent counsel.

OVERVIEW OF THE APPLICANTS

- 11. This Report should be read in conjunction with the Affidavit of Trevor Henry sworn December 1, 2019 (the "**Henry Affidavit**") for additional background and financial

information with respect to the Applicants. Any terms not expressly defined herein are otherwise defined in the Henry Affidavit.

12. AgMedica Bioscience Inc. (“**AgMedica**”), the primary Applicant, is a licenced producer of cannabis in accordance with the *Cannabis Act* (the “**Act**”) and the *Cannabis Regulations* (the “**Regulations**”). The principal activities of AgMedica are the cultivation, processing, distribution, and sale of dried cannabis flower, pre-rolled cannabis, cannabis softgel capsules, and cannabis oil (collectively, the “**Cannabis Products**”).
13. AgMedica currently holds two site licenses:
 - a. 1st Site license permits the cultivation, processing, and sale 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).
14. Through its subsidiary, Wellworth Health Corp. (“**Wellworth**”), AgMedica offers a telehealth style service, assisting patients through an on-line portal, by phone or through kiosks at partner locations.
15. 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 Beverage (USA) Inc., a dormant corporation incorporated under U.S law. A brief description of each of the entities are attached as **Appendix “A”**.
16. AgMedica has various strategic relationships that form a significant part of its business strategy, as follows:

Herbolea S.r.l. (“ Herbolea ”)	AgMedica owns 25% of Herbolea Biotech S.r.l (“ Biotech ”) with the remaining 75% owned by Herbolea. Biotech holds intellectual property rights to technology relating to the extraction, preservation, and stabilization
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	<p>of phyto-cannabinoids and terpenes from cannabis, hemp, and botanicals (the “Technology”).</p> <p>AgMedica has exclusive rights to this Technology in Canada and is currently finalizing the testing of this Technology at its licensed operating facility.</p>
Mercury Morpheus Designs, SL (“ MMG ”)	<p>AgMedica has an exclusive license to use the MMG genetic strains of cannabis (“MMG Strains”) within Canada, Germany, France, Belgium, Portugal, Israel, Chile, Barbados, and the Bahamas, for the limited purpose and scope of cultivating, growing, developing, marketing, and selling products derived from the MMG Strains.</p>
Nutrasource Diagnostics Inc. (“ Nutrasource ”)	<p>A consulting firm that assists AgMedica with its global strategy and planning, and provides operational clinical trial support to assign substantiated claims to cannabis products.</p>
Med-C Biopharma Corp. (“ MedC ”)	<p>AgMedica currently owns 9% of MedC with the option to increase its interest to 20%. AgMedica and MedC are working towards the development of medicinal products for human and veterinary use. Clinical trials will be performed in Israel, where appropriate.</p> <p>AgMedica has the exclusive rights to commercialize therapeutics developed by MedC in Canada and a global right of first refusal with respect to commercialization outside of Israel.</p>
Bio Therapeutic Molecules Inc. (“ BTMI ”)	<p>BTMI is a third-party external provider of research and development management services with focused expertise in the pharmaceutical, nutraceutical, medical plant and agricultural disciplines. The service agreement between BTMI and AgMedica included a share-based compensation which resulted in BTMI owing approximately 9.6% of outstanding AgMedica common</p>

	shares. AgMedica continues to utilize BTMI's services for research and development.
O3 Holding GmbH (" KD Pharma ")	AgMedica entered into an exclusive joint venture agreement with KD Pharma (the " KD Pharma JV "). The principal purpose of the KD Pharma JV is to develop, market, distribute, and sell: (i) raw materials; (ii) dietary ingredients; (iii) active pharmaceutical ingredients; (iv) soft gel capsules; and (v) cannabis oil-based products, with or without Omega-3, derived from the extraction, isolation, and purification of phytochemical cannabis components.

CIRCUMSTANCES LEADING TO THE APPLICANTS' CCAA FILING

17. As further detailed in the Henry Affidavit, the Applicants' liquidity issues are a combination of various factors including:
 - a. external unfavourable factors that are affecting the entire cannabis industry, including price competition with the illicit market, challenges with the roll-out of retail models across the country, and learning curves to adjust product mix to match customer demands;
 - b. unfavourable performance in the capital markets led to the retraction of capital raised from public investors to complete an initial public offering; and
 - c. a proposed debt financing package, which required exclusivity during the negotiation phase, fell through in late October 2019 due to, among other things, the capital market conditions for the cannabis sector.
18. It is the Proposed Monitor's understanding that many other licensed producers of cannabis in Canada face similar pressures due to capital market conditions that have challenged the cannabis industry in recent months. The proposed CCAA proceedings will allow AgMedica to maintain its business operations, preserve supplier relationships and jobs for its employees, and provide stability for the benefit of all the Applicants' stakeholders.

OVERVIEW OF APPLICANTS' THIRTEEN WEEK CASH FLOW PROJECTION

19. The Applicants, with the assistance of the Proposed Monitor, have prepared a Cash Flow Forecast for the 13 week period from November 23, 2019 to the week ending February 21, 2020 (the “**Cash Flow Period**”) for the purpose of projecting the Applicants’ estimated liquidity needs during the Cash Flow Period. A copy of the Cash Flow Forecast is attached as **Appendix “B”** to this Report.
20. The Cash Flow Forecast is presented on a weekly basis during the Cash Flow Period and represents the estimates of Management of the projected cash flow during the Cash Flow Period. The Cash Flow Forecast has been prepared by the Applicants using probable and hypothetical assumptions (the “**Assumptions**”) set out in the notes to the Cash Flow Forecast.
21. The Proposed Monitor has reviewed the Cash Flow Forecast through inquiries, analytical procedures and discussions, and review of documents related to the Information supplied to it by certain key members of Management and employees of the Applicants. Based on the Proposed Monitor's review, nothing has come to its attention that causes it to believe, in all material respects, that:
 - a. the Assumptions are not consistent with the purpose of the Cash Flow Forecast;
 - b. as at the date of this Report, the Assumptions are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Cash Flow Forecast, given the probable and hypothetical assumptions; or
 - c. the Cash Flow Forecast does not reflect the Assumptions.
22. The Applicants maintain bank accounts with Libro Credit Union and Royal Bank of Canada for their operations. Currently, the Applicants have no bank credit or overdraft facilities.
23. The Cash Flow Forecast shows that during the Cash Flow Period, the Applicants project estimated total combined receipts of approximately \$5.7 million and project estimated total combined disbursements of approximately \$8.6 million. The Cash Flow Forecast projects

that the Applicants will have sufficient liquidity during the first 13 weeks of the CCAA proceedings, subject to Court approval of the interim financing agreement (the “**DIP Facility Agreement**”) and the related DIP Charge (discussed later herein).

24. The Proposed Initial Order has limited the initial DIP Charge to \$1,000,000. However, the Applicants will seek to amend the DIP Charge to \$7,500,000 under the proposed Amended and Restated Initial Order.

RELEVANT MATTERS ADDRESSED IN THE PROPOSED INITIAL ORDER

25. The Proposed Initial Order provides for three super-priority charges (collectively, the “**Super-Priority Charges**”) on the current and future assets, undertakings and properties of the Applicants, wherever located, including all proceeds thereof that rank in the following order:
 - a. first, the Administration Charge;
 - b. second, the DIP Charge; and
 - c. third, the Directors’ Charge.
26. The Proposed Monitor understands that the Applicants have provided their secured creditors with notice prior to commencing these CCAA proceedings. Such secured creditors will be included on the Service List in connection with these CCAA proceedings moving forward and, as such, will be provided with motion materials in connection with the comeback motion, upon which the Applicants will seek, among other things, a stay extension.

Administrative Charge

27. The Proposed Initial Order provides for a charge up to a maximum amount of \$250,000 (the “**Administration Charge**”) in favour of counsel to the Applicants, the Proposed Monitor and the Proposed Monitor’s independent counsel, as security for the professional fees and disbursements incurred prior to and after the commencement of the CCAA

proceedings. Professional fee obligations secured by the Administration Charge will be paid in the ordinary course from funding provided by, among other things, the DIP Facility.

28. The Applicants, at the comeback hearing, will seek to amend the Administration Charge to \$500,000 under the proposed Amended and Restated Initial Order.
29. The Proposed Monitor is of the view that given the current liquidity constraints of the Applicants, the proposed Administration Charge is required and reasonable in the circumstances. The Proposed Monitor believes the quantum of the Administration Charge is reasonable in the circumstances based upon a review and assessment of the anticipated professional costs to be incurred during this matter.

DIP Charge

30. In order to provide the required liquidity needed to fund the operations of the AgMedica during the CCAA proceedings, the Applicants are seeking the approval of the DIP Facility Agreement, pursuant to which Hillmount Capital Inc. (the “**DIP Lender**”) agreed to provide the DIP financing (“**DIP Facility**”) required in the Cash Flow Forecast, subject to the terms of the DIP Facility Agreement. In addition to the approval of this proposed DIP Facility Agreement, the Proposed Initial Order also provides for the creation of a related charge of \$1,000,000 (the “**DIP Charge**”) to match the maximum allowable borrowing amount as proposed in Proposed Initial Order. However, the Applicants, at the comeback hearing will seek to amend the DIP Charge to \$7,500,000 under the proposed Amended and Restated Initial Order.
31. The DIP Charge will be secured by present and future real and personal, tangible and intangible property and assets including equipment, accounts receivable and inventories in favour of the DIP Lender in priority to all assignments, security interests, trusts, liens, mortgages, charges and encumbrances whatsoever, statutory or otherwise. A copy of the DIP Facility Agreement is attached as **Appendix “C”** to this Report.
32. The following is a summary of the material terms of the DIP Facility Agreement:

- a. the DIP Facility is a revolving credit facility with monies to be advanced in accordance with the Cash Flow Forecast;
- b. the maximum principal amount is \$7.5 Million with an outside term of 9 months;
- c. advances under the DIP Facility are as follows:
 - i. The initial advance shall be provided promptly upon request by AgMedica and approved by the Monitor. The first advancement shall be advanced less the Commitment Fee of 2.25% on the initial \$1 Million advance and wiring fees; and
 - ii. any subsequent advances shall be available on five business days prior written request to the DIP Lender and approved by the Monitor;
- d. the advancements of the loan are to be used for: (i) ordinary course working capital and other general corporate purposes of the Applicants in accordance with, and subject to the limitations set forth in, the Cash Flow Forecast, the Proposed Initial Order or any other order of the Court in these CCAA Proceedings; and (ii) paying the transaction costs, fees and expenses incurred in connection with the DIP Facility, the CCAA proceedings and the transactions;
- e. interest shall be compounded and payable monthly at the first of each month, at a rate of 9.5% per annum;
- f. repayment of any amounts owing will be at the discretion of the Applicants, and will be applied as follows:
 - i. first, to any accrued interest;
 - ii. second, to any Permitted Fees and Expenses (as that term is defined in DIP Facility Agreement); and
 - iii. third, to any outstanding principal.

33. The Applicants, with the assistance of their counsel and the Proposed Monitor, solicited offers to achieve competing proposals from various prospective DIP lenders. The Applicants, along with their counsel and the Proposed Monitor, reviewed terms submitted from prospective DIP lenders and the recommendation for this acceptance of the DIP Facility Agreement was based on, among other things, the maximum principal amount of the DIP loan, fees and costs, and ability for the Applicants to meet any additional terms and conditions prescribed under the various terms sheets received in connection with this process.
34. As described in the Cash Flow Forecast, the Applicants have a critical and immediate need for interim financing. Without access to the DIP Facility, the Applicants will exhaust their opening cash balance within the first week and will thus be unable to maintain their operations and effect a restructuring. Accordingly, the Proposed Monitor is of the view that the Applicants' request for approval of the DIP Facility Agreement and the DIP Charge is required and reasonable in the circumstances prior to the comeback hearing.

Directors' Charge

35. The Proposed Initial Order provides for a charge in an amount not to exceed \$500,000 (the "**Directors' Charge**") to secure an indemnity in favour of the current director and officers of the Applicants (the "**Director and Officers**") against obligations and liabilities that they may incur as director or officers of the Applicants after the commencement of these CCAA proceedings, except to the extent that the obligation or liability is incurred as a result of such director's or officer's gross negligence or willful misconduct. The Applicants, at the comeback hearing, will seek to amend the Directors' Charge to \$900,000 under the proposed Amended and Restated Initial Order.
36. The Director 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, to the extent such coverage is insufficient to pay an indemnified amount as described above, or to the extent that such coverage is denied by the insurance provider.

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

CONCLUSIONS AND RECOMMENDATIONS

39. The Proposed Monitor has reviewed the Applicants' CCAA application materials and has consented to act as the Monitor of the Applicants, should this Court grant the Proposed Initial Order.
40. For the reasons stated herein, the Proposed Monitor believes it is appropriate for the Applicants to be granted protection under the CCAA and respectfully request that the Court grants the Proposed Initial Order.

All of which is respectfully submitted this 2nd day of December, 2019.

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

per:

A handwritten signature in blue ink, appearing to read "Alex Morrison".

**Alex Morrison, CPA, CA
Senior Vice President**

APPENDIX “A”

Company	Description
AgMedica Bioscience Inc.	<p>Parent Company. Operating company currently licensed at the facility in 566 Riverview Drive (“Riverview Facility”) by Health Canada under the <i>Cannabis Act</i> and the <i>Cannabis Regulations</i> to cultivate, process, and sell plants and seeds (dried and fresh), oils, extracts edibles and topicals both for registered patients (medical use) and the recreational market (adult-use). If not renewed, the Company’s current license would expire on December 8, 2020.</p> <p>Effective August 2, 2019 the Company received a license in respect of the Head Office, which is now licensed for the sale of cannabis plants and seeds (dried and fresh) and cannabis oils for registered patients only (medical use). If not renewed, this license will expire August 2, 2022.</p>
2472602 Ontario Inc. (formerly “Crosshair Ventures Inc.”)	<p>Real estate holding company which owns the property located at:</p> <ul style="list-style-type: none"> ▪ 566 Riverview Drive, Chatham-Kent, Ontario ▪ 715 Richmond Street, Chatham-Kent, Ontario ▪ 830 Richmond Street Chatham-Kent, Ontario ▪ 1095 Wilton Grove, London, Ontario
2642466 Ontario Inc.	Real estate holding company, which owns the property located at 650 Riverview Drive.
Wellworth Health Corp. (formerly “11201336 Canada Inc.”) (“ Wellworth ”)	AgMedica currently owns 80% of Wellworth but holds 100% of the voting shares. Wellworth is a telehealth clinic specialized in Medical Cannabis.

8895309 Canada Inc.	Parent company for beverages division. This division is currently non-operating.
8050678 Canada Inc.	Non-operating company that holds the IP for the beverage division.
8326851 Canada Inc.	Non-operating company that holds the IP for the beverage division.
Unique Beverages (USA) Inc.	Non-operating company that holds the IP for the beverage division.
WorldWide Beverage Innovations Inc.	Non-operating company for the beverage division.
Tavivat Naturals Inc.	Non-operating company for the beverage division.
Eseela Inc.	Non-operating holding company

APPENDIX “B”
CASH FLOW FORECAST AND NOTES

AgMedica Bioscience Inc.
13-Week Cash Flow Forecast for the period
November 23, 2019 to February 21, 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
Note	29-Nov-19	6-Dec-19	13-Dec-19	20-Dec-19	27-Dec-19	3-Jan-20	10-Jan-20	17-Jan-20	24-Jan-20	31-Jan-20	7-Feb-20	14-Feb-20	21-Feb-20	
Consolidated														
Opening Available Cash	246,866	149,794	595,587	313,806	166,533	949,585	530,715	369,491	65,924	21,996	137,320	35,937	813,346	246,866
Receipts														
Sales receipts	74,454	596,129	68,934	456,376	55,875	385,110	668,111	771,738	103,548	734,268	656,130	506,850	202,868	5,280,390
HST Refunds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	132,078	5,853	-	23,547	132,078	5,853	-	-	24,024	132,078	5,853	-	461,365
Total Receipts	74,454	728,207	74,788	456,376	79,422	517,188	673,964	771,738	103,548	758,292	788,208	512,704	202,868	5,741,755
Disbursements														
Production Costs	4,238	53,596	53,596	53,596	53,596	42,877	42,877	42,877	42,877	42,877	53,596	53,596	53,596	593,795
Payroll and expenses	1,923	237,176	-	337,176	-	237,176	-	337,176	-	237,176	-	237,176	100,000	1,724,978
Remittance to Receiver General	145,000	-	133,900	-	133,900	-	133,900	-	-	133,900	-	133,900	-	814,500
EHT and WSIB	14,965	-	-	8,596	-	10,280	-	8,596	-	10,280	-	-	8,596	61,314
Group Benefits	-	35,000	-	-	-	35,000	-	-	-	-	35,000	-	-	105,000
Royalties and Commissions	-	-	-	-	-	-	-	-	-	-	-	200,000	-	200,000
SG&A	3,176	67,123	67,123	67,123	67,123	73,698	53,698	53,698	53,698	73,698	67,123	67,123	67,123	781,525
Rent, Utilities, Insurance	-	57,463	61,950	7,700	1,751	57,463	64,713	3,500	10,901	-	123,551	3,500	10,901	403,390
Fixed Assets and capital expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Duty and Taxes	2,224	523,307	-	-	-	218,694	-	-	-	-	378,049	-	-	1,122,274
Funding Agreements and contractual commitments	-	-	-	89,458	-	1,000,000	-	89,458	-	-	-	-	89,458	1,268,375
Restructuring Costs	-	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	480,000
DIP Interest Payments and Commitment Fee	-	168,750	-	-	-	15,833	-	-	-	-	15,833	-	-	200,417
Financing and loans - Principal and Interest	-	100,000	-	-	-	205,037	-	-	-	105,037	176,438	-	-	586,511
Total Disbursements	171,526	1,282,414	356,569	603,649	296,369	1,936,057	335,188	575,305	147,475	642,968	889,590	735,295	369,674	8,342,081
Net Cash flow from Operations	(97,072)	(554,207)	(281,781)	(147,273)	(216,948)	(1,418,870)	338,776	196,433	(43,927)	115,324	(101,383)	(222,591)	(166,806)	(2,600,326)
DIP Draw/(Payback) for Operations	-	1,000,000	-	-	1,000,000	1,000,000	(500,000)	(500,000)	-	-	-	1,000,000	-	3,000,000
Closing Cash / (Indebtedness)	149,794	595,587	313,806	166,533	949,585	530,715	369,491	65,924	21,996	137,320	35,937	813,346	646,540	646,540
DIP Facility														
Opening Balance	-	-	1,000,000	1,000,000	1,000,000	2,000,000	3,000,000	2,500,000	2,000,000	2,000,000	2,000,000	2,000,000	3,000,000	-
Draw/(Payback) for Operations	-	1,000,000	-	-	1,000,000	1,000,000	(500,000)	(500,000)	-	-	-	1,000,000	-	3,000,000
Closing Balance	-	1,000,000	1,000,000	1,000,000	2,000,000	3,000,000	2,500,000	2,000,000	2,000,000	2,000,000	2,000,000	3,000,000	3,000,000	3,000,000

IN THE MATTER OF THE CCAA OF AGMEDICA BIOSCIENCE INC., 2472602 ONTARIO INC., 2642466 ONTARIO INC., 8895309 CANADA INC., WELLWORTH HEALTH CORP., 8050678 CANADA INC., 8326851 CANADA INC., TAVIVAT NATURALS INC., WORLD WIDE BEVERAGE INNOVATIONS INC., and UNIQUE BEVERAGES (USA) INC. (each an “Applicant” and collectively, the "Applicants")

Notes to the Unaudited Cash Flow Forecast of the Applicants

Disclaimer

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

Overview

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

The Cash Flow Forecast assumes that the Applicants file for protection under the CCAA in the week beginning December 2, 2019.

Assumptions:

1.	Sales Receipts	Includes the estimated sales of Cannabis Products based on existing and projected sales orders. It is assumed collections continues on existing terms with the current customers. New customers are assumed to have terms ranging from pre-paid to 60 days. Receipt amounts include excise tax but not HST. The HST impact of sales is considered a flow through. Amounts are net of any credits from Customers. Majority of AgMedica customers are provincial crown corporations responsible for distribution of Cannabis Products in their respective provinces.
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2	HST Refund	AgMedica is typically in a refund position. For the purpose of the forecast, it is assumed that the HST refunds will not be collected as there is outstanding balances for Excise Taxes payable by the Company for months prior to this cash flow period.
3	Other Receipts	AgMedica receives rental income from its existing properties.
4	Production Costs	This includes all costs to cultivate, process and package Cannabis Products. This is based on historical run rates.
5	Payroll and Expenses	This is the net amount payable to employees and employee reimbursements.
6	Remittance to Receiver General	Withholding taxes and employer portions of EI and CPP, based on payroll.
7	EHT and WSIB	Employer Health Tax and WSIB, based on payroll.
8	Group Benefits	Include group health care benefits, short-term and long term disability benefits and life insurance.
9	Royalties and Commissions	AgMedica currently holds a genetic license agreement with Mercury Morpheus Designs ("MMG") for use of its proprietary strains. AgMedica is required to pay a minimum royalty payment annually at \$200,000. AgMedica has a technology license agreement with Herbolea which requires a processing fee based on the tonnage processed.
10	SG&A	This includes office supplies, health and safety supplies, insurance, employee training, postage, repairs and maintenance to the properties and other sale, general and administrative costs. These costs were based on historical run rates.
11	Rent, Utilities, Insurance	Utilities and Insurance amounts will change if underlying properties are sold/leased. AgMedica leases three offices, one in Chatham, Toronto and Calgary.
12	Fixed Assets and Capital Expenditures	Capital expenditures are currently being reviewed, therefore there no amount has been included in this Cash Flow Forecast.
13	Duties and Taxes	Excise tax is based on estimated sales as well as outstanding receivables. It is assumed these will be paid to continue to avoid potential disruption of the receipt of excise stamp or potential impact to their Health Canada license.
14	Funding Agreements and commitments	AgMedica has entered into contract with Bio Therapeutic Molecules Inc. ("BTMI"), an external research and development management services. Its services are necessary to continue to assist AgMedica with the development of future products. AgMedica has equity ownership of an extraction company in Italy called Herbolea. In addition, it has a technology licensing agreement for exclusive use of this technology in Canada. As part of this agreement, AgMedica is required to make an investment of \$2 Million in Herbolea. This payment is included in the Cash Flow Forecast as it is necessary part of a business decision not only to preserve the exclusivity and business relationship with Herbolea, but also to ensure the viability of Herbolea post-filing as it forms an integral part of AgMedica's future business plan.
15	Restructuring Costs	Cost of legal counsel, monitor and the monitor's legal counsel.

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

**APPENDIX “C”
DIP FACILITY AGREEMENT**



Term Sheet

November 27, 2019

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

Attention: _____


Dear Sirs:

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

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

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

- LENDER: Hillmount Capital Inc. (the "**Lender**")
- BORROWER(S): AgMedica Bioscience Inc. (the "**Borrower**")
- REAL PROPERTY:
1. 566 Riverview Drive, Chatham-Kent, ON
 2. 650 Riverview Drive, Chatham-Kent, ON
 3. 715 Richmond Street, Chatham-Kent, ON
 4. 830 Richmond Street, Chatham-Kent, ON
 5. 1095 Wilton Grove Road, London, ON (the "**London Property**")
(collectively, the "**Real Property**")
- PRIORITY / SECURITY:
1. DIP Loan Agreement.
 2. All supporting authorizations, certificates, acknowledgments and legal opinions as the Lender may reasonably require including, without limitation, satisfactory legal opinions of the Lender's lawyer relating to any business style registration or incorporation, organization and corporate powers of the Borrower and to the enforceability and priority of the security.
 3. A super-priority court ordered charge pursuant to the Initial Order over the Real Property (as defined above) and the Borrower's present and future real and personal, tangible and intangible property and assets including equipment, accounts receivable and inventories in favour of the Lender in priority to all assignments, security interests, trusts, liens, mortgages, charges and encumbrances whatsoever, statutory or otherwise (the "**DIP Charge**") subject only to the super-priority court ordered Administration Charge pursuant to the Initial Order in the amount of \$500,000.

Borrower(s)/Guarantor(s) Initials: 

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

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

FEES: Lender Commitment Fee – 2.25%
Lender Legal Fees, Disbursements and HST – To be determined by Lender's solicitor
The Lender Commitment Fee shall be earned and payable on the date of the definitive agreement governing the financing transaction contemplated by this Term Sheet (the "**DIP Loan Agreement**").

ADVANCES: Provided that (i) the Initial Order including the DIP Charge has been made; (ii) an Event of Default has not occurred; and (iii) demand for payment has not been made, the DIP Facility shall be available by one or, at the option of the Borrower, multiple advances each in the minimum amount of \$1,000,000. The initial advance shall be provided promptly upon request by the Borrower and approved by the Monitor, and any subsequent advances shall be available on 5 business days prior written request to the Lender and approved by the Monitor. The proceeds of the first advance on the DIP Facility shall be advanced less the following:

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

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

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

PERMITTED FEES & EXPENSES: Permitted Fees and Expenses includes:

- (a) All reasonable costs, fees and expenses incurred by the Lender in connection with the administration of the DIP Facility including any enforcement of the DIP Charge (all such fees and expenses shall be added to the DIP Facility and secured by the DIP Charge);
- (b) All reasonable and documented fees and expenses of counsel for the Borrower in connection with the DIP Facility and the CCAA Proceedings; and
- (c) The Administration Charge as defined in the Initial Order which charge shall not exceed \$500,000.

LENDER'S SOLICITOR: Joseph Fried - Fogler Rubinoff LLP Tel: (416) 941-8836 Fax: (416) 941-8852
Email: jfried@foglers.com

Vern DaRe – Fogler Rubinoff LLP Tel: (416) 941-8842 Fax: (416) 941-8852

Borrower(s)/Guarantor(s) Initials: _____



Email: vdare@foglers.com

**TERMS OF LOAN &
PREPAYMENT PRIVILEGE:**

The DIP Facility matures on the earliest of ("**Maturity**"):

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

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

The DIP Facility can be permanently repaid in whole or in part at any time upon 15 days written notice to the Lender. Partial discharge provisions will be discussed and determined with the Borrower and the Monitor, as required, and based on the Borrower's cash flows and plan. The Lender agrees to allow the net sale proceeds (which shall equal to gross sale price less taxes, usual closing adjustments, legal expenses for conveyancing of the property and realty commissions commensurate with industry standards) from the sale of the London Property to be held in Trust with the Monitor until such time as the DIP Facility is fully paid.

PURPOSE OF LOAN:

The Loan has been requested by the Borrower for: (i) ordinary course working capital and other general corporate purposes of the Borrower in accordance with, and subject to the limitations set forth in, the cash flow projections, the Initial Order or any other order of the Court in the CCAA Proceedings; and (ii) to pay transaction costs, fees and expenses incurred in connection with the DIP Facility, the CCAA Proceedings and the transactions contemplated thereunder.

DEFAULT:

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

- (a) If the Borrower fails to pay to the Lender when due any amount of principal, interest or other amounts under the DIP Facility, this Term Sheet or otherwise, whether by acceleration or otherwise;
- (b) If the Borrower defaults, in the observance or performance of any other non-financial term, covenant or condition in this Term Sheet or any other agreement between the Lender and the Borrower entered into on or after the date of the DIP Loan Agreement;
- (c) If the Lender determines, in its sole discretion, acting reasonably, that a material adverse change has occurred after the date hereof in respect of the business, affairs or financial condition of the Borrower;
- (d) If the Borrower fails to pay wages to the Borrower's employees or to remit source deductions as they become due from time to time but only with respect to those priority payments which rank ahead of the Lender;
- (e) If the Borrower fails to remit provincial sales taxes or goods and services taxes as they become due from time to time but only with respect to those priority payments which rank ahead of the Lender;

Borrower(s)/Guarantor(s) Initials: 



- (f) If (i) the Initial Order is varied without the consent of the Lender or any other order is made which is or may be prejudicial to the Lender's interests, acting reasonably; (ii) the Initial Order is appealed or leave to appeal is granted; or (iii) the stay of proceedings contained in the Initial Order is terminated or lifted;
- (g) If a receiver is appointed over any property of the Borrower or any judgment or order or process of any court becomes enforceable against the Borrower or any property of the Borrower or any creditor takes possession of any property of the Borrower;
- (h) If the Borrower ceases to carry on business; and
- (i) If the Borrower becomes a bankrupt under the *Bankruptcy and Insolvency Act*.

REMEDIES:

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

- (a) All amounts outstanding under the DIP Facility and this Term Sheet shall, at the option of the Lender, immediately become due and payable; and
- (b) Upon seeking an order of the Court on 10 days prior notice, enforce, without further notice, demand or delay all of its rights and remedies against the Borrower and its property, assets and undertaking including without limitation, by way of appointment of a receiver.

ADDITIONAL CONDITIONS AND REPRESENTATIONS:

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

1. The Borrower obtaining the Initial Order on terms acceptable to the Lender, including an Order:
 - a. authorizing the Borrower to enter into and authorizing the Borrower and the Monitor to perform their obligations under this Term Sheet and a DIP Loan Agreement;
 - b. authorizing the Lender to effect such registrations, filings and recordings that it deems appropriate, in its sole discretion, regarding the security granted to the Lender under the DIP Charge;
 - c. granting the Lender a super-priority court ordered charge over all of the present and future real and personal, tangible and intangible property and assets of the Borrower which is only subordinate to the Administration Charge;
 - d. granting the Lender the right, upon the occurrence of an Event of Default (as defined below) and pursuant to the Initial Order, to enforce the rights and remedies available to it under the security documentation and pursuant to the law;
 - e. prohibiting any further borrowing by the Borrower, without the prior written consent of the Lender;
 - f. prohibiting the granting of any additional liens, charges, security interests or any other encumbrances upon the Real Property or assets of the Borrower;
 - g. requiring the Borrower to provide the Lender such reports, schedules and cash flows as is currently being provide to the Monitor; and
 - h. declaring the Order, and the DIP Charge granted thereunder, binding upon a trustee in bankruptcy of the Borrower, receiver, receiver-manager or other officer of the Court.
2. Satisfactory due diligence review of the following:
 - a. Confirmation that the Borrower is current on all its filings and all its deemed trust payments (i.e. WSIB, source deductions, HST).

Borrower(s)/Guarantor(s) Initials: _____

[Handwritten Signature]

- b. Confirmation that the Borrower is compliant with all applicable material federal, provincial and municipal laws, regulations and policies in relation to their activities.
3. All property taxes on the Real Property to be current at the time of closing. Any arrears in property taxes must be paid in full prior to closing or from the proceeds of this Loan. Borrower(s) to pay property taxes directly and provide confirmation to the Lender, on a quarterly basis, that the property taxes are up to date.
4. Please see Schedule "A" for additional terms of the DIP Loan Agreement which are not necessarily preconditions to the closing.
5. Satisfactory review of adequate fire and building "all risk" insurance on the Real Property by Lender or its independent insurance advisor. The Lender is to be designated as loss payee. The cost of the insurance review by the advisor is the responsibility of the Borrower.
6. It is hereby agreed by and between the Lender and the Borrower that any monies tendered in respect of the DIP Facility payments or other payments due shall be paid by 1 p.m. on the business day upon which they are due. If received after that time (i.e. for computing interest), the monies will be deemed to be received the next business day.
7. Satisfactory inspection of the Property and review of the appraisal by the Lender and its agent. Borrower to be responsible for inspection / review fees and letter of transmittal. Property values are to be no less than the following on an "as is" basis":
 - a. \$5,000,000 - 566 Riverview Drive, Chatham-Kent, ON
 - b. \$5,800,000 - 650 Riverview Drive, Chatham-Kent, ON
 - c. \$4,525,000 - 715 Richmond Street, Chatham-Kent, ON
 - d. \$1,500,000 - 830 Richmond Street, Chatham-Kent, ON
 - e. \$6,600,000 - 1095 Wilton Grove Road, London, ON
8. Satisfactory review of the leases in place and (tenant acknowledgements, if so required by Lender's solicitor, in a form satisfactory to the Lender's solicitor).
 - a. Satisfactory review of the: (a) rent roll indicating the tenant names, details of leases (lease start date, lease expiry, lease amount (on a net basis), TMI collected, SF of tenanted space, etc.); and (b) operating statements.
 - b. Any related party leases (if any) shall agree to postpone and subordinate their interests to the Dip facility.
9. Satisfactory review of the Phase 1 environmental reports and / or Phase 2 environmental reports on 566 Riverview Drive and 650 Riverview Drive by a Lender approved environmental consultant. The environmental reviews are to be addressed to the Lender indicating a non-contaminated site. Borrower will be responsible for consultant fees. Should the Phase 2 indicate any contamination, the report should include the cost to remedy.

POST-CLOSING
CONDITION:

SCHEDULES ATTACHED:

The following attached schedule(s) form a part of this Term Sheet:
Schedule A – Conditions

Borrower(s)/Guarantor(s) Initials:

In order to proceed, kindly indicate your acceptance of the above terms and conditions by signing below and returning this Term Sheet to the Lender by **4:30pm on November 29, 2019**, along with a non-refundable deposit payable to the Lender in the amount of **\$20,000.00** (the "**Deposit**"), representing a portion of the non-refundable application fee. The Deposit will be applied against processing a DIP Loan Agreement substantially in accordance with the terms and conditions outlined in this Term Sheet. **Please note that this Term Sheet does not constitute a DIP Loan Agreement but is rather an expression of interest.**

Yours truly,

Hillmount Capital
416-849-0322
Lic. #10453 and #11925

ACCEPTANCE OF TERM SHEET BY BORROWER

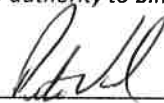
The Borrower hereby consents to the Lender obtaining credit and/or personal information on the Borrower from any source and each source is hereby authorized to provide such information to the Lender.


I / We accept this Term Sheet and post with the Lender **\$20,000.00** representing a portion of the underwriting application and work fees. The Deposit will be non-refundable. The Borrower acknowledges that the Deposit is a reasonable estimate of work costs incurred in sourcing, investigating, underwriting and preparing the DIP Loan Agreement. The Lender will issue a DIP Loan Agreement substantially in accordance with the terms and conditions outlined in this Term Sheet and we agree to forfeit the Deposit as liquidated damages, if because of our / my default for any reason (including discrepancies from application), the loan is not advanced. Providing the loan is advanced fully, the Deposit will be applied towards the Lender Commitment Fee.


Accepted this 29 day of November 2019.

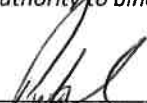
Borrowers

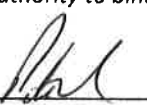

Name: AgMedica Bioscience Inc.
A.S.O.
I have authority to bind the corporation.



Name: 2472602 Ontario Inc.
A.S.O.
I have authority to bind the corporation.


Name: 2642466 Ontario Inc.
A.S.O.
I have authority to bind the corporation.


Name: Wellworth Health Corp.
A.S.O.
I have authority to bind the corporation.


Name: 8050678 Canada Inc.
A.S.O.
I have authority to bind the corporation.


Name: 8326851 Canada Inc.
A.S.O.
I have authority to bind the corporation.

Borrower(s)/Guarantor(s) Initials: 



Name: 8895309 Canada Inc.

A.S.O.

I have authority to bind the corporation.



Name: World Wide Beverage Innovations Inc.

A.S.O.

I have authority to bind the corporation



Name: Eseela Inc.

A.S.O.

I have authority to bind the corporation



Name: Tavivat Naturals Inc.

A.S.O.

I have authority to bind the corporation.



Name: Unique Beverages (USA) Inc.

A.S.O.

I have authority to bind the corporation.

Borrower(s)/Guarantor(s) Initials: _____



SCHEDULE A – CONDITIONS

ACCRUED AND EARNED INTEREST	Accrued interest calculated from the date that this DIP Facility is advanced to the Interest Adjustment Date will be deducted from the initial gross funds advanced. The Interest Adjustment Date is set at the Lender's option. The Borrower shall not be entitled to receive interest, if any, on any funds held in trust by the Lender. Any interest earned shall accrue to the Lender.
REGULATIONS	The Real Property must comply with all municipal, provincial and federal statutes, regulations and requirements.
SURVEY REQUIREMENTS	Prior to any advance of funds under the DIP Facility, Lender may require a survey acceptable to it, showing the lands and the location of the Real Property to be secured by this DIP Charge. This survey is to be prepared, dated, signed and sealed by a duly qualified Provincial Land Surveyor and is to indicate the land area of the property and the location of all improvements and easements or rights-of-way. At the sole discretion of the Lender's lawyer, the survey requirement may not apply with title insurance.
ASSIGNMENT BY LENDER	The Lender shall have 7 normal business days following: the acceptance of the DIP Loan Agreement, and upon receipt of all requested underwriting information to assign all or part of the of the DIP Facility in an amount to be determined by the Lender at its discretion and subject to terms satisfactory to the Lender.
TITLE INSURANCE	At the Lender's sole option, the Borrower may be required to provide title insurance for the Real Property. The cost of the title insurance shall be at the Borrower's expense.
ADDITIONAL PROVISIONS	Our current schedule of administration and servicing fees include (but not limited to) the following charges:
\$500.00	Missed payment fee: Payable for each missed or late installment payment and for replacing and processing each NSF cheque or returned payment for any charge on this property (ie 1 st and / or 2 nd mortgagee) or any other creditor (ie utility company, property taxes, etc).
\$300.00	Insurance: Payable for dealing with each cancellation, premium payment or other non-compliance with insurance requirements.
\$5,000.00	Default: Payable for each act or proceeding instituted.
\$100.00	Loan Statements: For preparation of each statement.
\$5,000.00	Possession: For attending to take possession following default.
\$300.00	Administration: For administering maintenance and security of the property in our possession, per day.
\$300.00	Loan Discharge & Statement Fee: For discharge on one property. \$100.00 for each additional property.
\$250.00	Tax Default Fee: For failure by the Borrower to provide satisfactory confirmation of tax payments.
\$200.00	Annual Tax Account Administration Fee: For administering and maintaining the tax account
\$300.00	For each written request necessitated by the Lender not replacing dishonoured cheques forthwith
\$250.00	Failure to notify Lender of registration of lien by the Condominium Corporation for common maintenance arrears
\$495.00	For each hour of administrative time spent by the Lender or its agent in dealing with issues of default related to this loan. This rate does not apply to solicitor services
\$300.00	Inspection Fee (per property)
\$90.00	Bank Wire Transfer Fee

The Lender reserves the right to charge reasonable fees for other administrative services. Renewal and renewal fee to be at the discretion of the Lender. In the event of a further occurrence of the administrative fees as set out herein, the administrative fees shall increase by a further sum of \$50.00 and this shall be on a cumulative basis.

Borrower(s)/Guarantor(s) Initials: _____

[Handwritten Signature]



