Court File No. 19-CV- ____________

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**.

Applicants

APPLICATION RECORD

December 2, 2019

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Lawyers for the Applicants

Court File No. 19-CV- _____________

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

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Applicants

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TAB 1

Court File No.: 19-CV-_______________

ONTARIO
SUPERIOR COURT OF JUSTICE
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(each an **"Applicant"** and collectively, the **"Applicants"**)

NOTICE OF APPLICATION

TO THE RESPONDENT(S):

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicants. The claim made by the Applicant appears on the following pages.

THIS APPLICATION will come on for hearing before a Judge on December 2, 2019 at 10:00 am , or as soon after that time as the application can be heard at 330 University Avenue, in the City of Toronto, in the Province of Ontario, M5G 1E6.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2:00 p.m. on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, AN ORDER MAY BE MADE IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. If you wish to oppose this application but are unable to pay legal fees, legal aid may be available to you by contracting a Local Legal Aid office.

DATE: December 2, 2019

Issued by:

____

Address of Court office:
330 University Avenue
Toronto, Ontario M5G 1E6

TO: **THIS HONOURABLE COURT**

AND TO: **THE ATTACHED SERVICE LIST AT SCHEDULE "A"**

APPLICATION

THE APPLICANTS make this application for:

1. an Initial Order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") substantially in the form attached at Tab 3 to the Applicants' application record (the "**Application Record**"), *inter alia*:

   (a) abridging the time for service of this Notice of Application and the materials filed in support of the application and dispensing with further service thereof;

   (b) declaring that the Applicants are parties to which the CCAA applies;

   (c) appointing Ernst & Young Inc. (the "**Proposed Monitor**") as an officer of this Court to monitor the assets, business and financial affairs of the Applicants;

   (d) staying all proceedings taken or that might be taken in respect of the Applicants, their directors and officers, or the Proposed Monitor until December 12, 2019, subject to further Order of the Court (the "**Stay of Proceedings**");

   (e) approving the Applicants' ability to borrow up to the principal amount of $1,000,000 under a debtor-in-possession credit facility (the "**DIP Facility**") to finance their working capital requirements and other general corporate purposes, post-filing expenses and costs;

   (f) granting the following charges over the Applicants' property:

      i. a charge in favour of the Monitor, counsel to the Monitor, and counsel to the Applicants in the maximum amount of $250,000 (the "**Administration Charge**");

      ii. a charge in favour of the DIP Lender (as defined below) in the maximum principal amount of $1,000,000 (the "**DIP Lender's Charge**"); and

      iii. a charge in favour of the directors and officers of the Applicants in the maximum amount of $500,000 (the "**D&O Charge**");

2. Prior to the expiry of the Stay of Proceedings, the Applicants intend to seek an Amended and Restated Initial Order (the "**Amended and Restated Initial Order**"). Among other things, the Amended and Restated Initial Order will seek the following additional relief:

   (a) extending the Stay of Proceedings to March 6, 2020;

   (b) granting the Applicants the authority to file a plan of compromise or arrangement;

   (c) increasing the amount that the Applicants may borrow under the DIP Facility to $7,500,000;

   (d) granting and/or amending the following charges over the property of the Applicants:

      i. increasing the Administration Charge to $500,000;

      ii. increasing the Directors' Charge to $900,000; and

      iii. removing the explicit limit on the DIP Lender's Charge; and

3. Such further and other relief as this Honourable Court deems just.

THE GROUNDS FOR THE APPLICATION ARE:

Overview

(a) AgMedica Bioscience Inc. ("**AgMedica**"), the primary applicant is a private company that was incorporated under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, and maintains its registered head office in Chatham-Kent, Ontario. AgMedica is a licensed producer of cannabis and cannabis products regulated by the *Cannabis Act* (the "**Act**") and the *Cannabis Regulations* (the "**Regulations**"), whose principal activities are the production, distribution, and sale of dried cannabis flower, pre-rolled cannabis joints, cannabis soft gel capsules, and cannabis oil (collectively, the "**Cannabis Products**");

(b) the other Applicants are either wholly-owned subsidiaries of AgMedica or entities whose voting shares AgMedica controls and through which AgMedica, among other things, beneficially owns real and intellectual property;

(c) AgMedica holds a cannabis license from Health Canada (the "**License**") in accordance with the Act and Regulations in respect its indoor production and distribution facility located in Chatham-Kent, Ontario (the "**Riverview Facility**")

(d) AgMedica also obtained a medical sales license from Health Canada, pursuant to which AgMedica may undertake certain customer care activities at its head office;

(e) AgMedica has approximately 160 full-time employees, most of whom are located in Chatham-Kent, Ontario. Agmedica is an important employer in the Chetham-Kent region. None of AgMedica's employees are unionized or otherwise party to a collective agreement in connection with their employment with AgMedica. AgMedica does not sponsor, administer, or otherwise have any registered or unregistered pension plan for its employees;

(f) AgMedica and its subsidiaries are debtor companies to which the CCAA applies with total claims against them in excess of $5 million;

Immediate Need for a Stay of Proceedings

(g) this Application has been commenced as a result of the Applicants' current financial circumstances, which have resulted in a short-term liquidity shortfall;

(h) although AgMedica has significant business operations, assets and potential for future growth, a substantial amount of capital was committed to AgMedica's expansion in anticipation of a potential initial public offering (the "**IPO**"), which would have provided the additional capital necessary to finance the Applicants' operations and funded certain expansions that would have resulted in increased revenue;

(i) as a result of changing marking sentiments towards the cannabis industry, the IPO did not transpire. Although AgMedica was in talks to secure a substantial debt financing package as an alternative to the IPO, the potential lender in that transaction similarly withdrew due to the prevailing market conditions in the cannabis space;

(j) in the time since AgMedica's financing efforts fell through it has taken numerous steps to generate the cash required to fund its ongoing operations, including: (i) downsizing its workforce, (ii) securing several small bridge loans, (iii) listing some of its real property assets for sale, and (iv) pursuing alternate means of financing. However, it has become clear that such efforts will not be completed before the Applicants exhaust their current cash reserves;

(k) AgMedica has managed to secure debtor-in-possession financing (the "**DIP Financing**"), which will provide it with sufficient liquidity to operate through proceedings under the CCAA (the "**CCAA Proceedings**");

(l) the Applicants require the protection afforded by the CCAA to facilitate the DIP Financing and restructure their balance sheet and operations with a view to either a sale or refinancing of their business. The CCAA Proceedings and Stay of Proceedings will also provide the Applicants with the stability required to run a sales and investment solicitation process, which will allow the Applicants to preserve and maximize the value of their business for the benefit of the Applicants' secured creditors and other stakeholders;

(m) it is necessary and in the best interest of the Applicants and their stakeholders that the Applicants be afforded the protection provided by the CCAA as they attempt to restructure and/or sell their business;

Court Ordered Charges

(n) certain priority charges are required in order to obtain the DIP Financing, ensure the continued cooperation of the Applicants' directors and officers, and secure the professional services required to complete the CCAA Proceedings. Without these charges, it is unlikely that the beneficiaries thereof would assume the risks associated with the CCAA Proceedings;

Other Grounds

(o) Ernst & Young Inc. has consented to act as the Monitor in the CCAA Proceedings;

(p) the provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;

(q) Rules 2.03, 3.02, 14.05(2) and 16 of the Ontario *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended and section 106 of the Ontario *Courts of Justice Act*, R.S.O. 1990, c. C.43 as amended; and

(r) such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of this application:

(s) the Affidavit of Trevor Henry sworn December 1, 2019;

(t) the Pre-Filing Report of the Proposed Monitor, Ernst & Young Inc., dated December 1, 2019;

(u) the Consent of Ernst & Young Inc. to act as Monitor dated December 2, 2019; and

(v) such further and other evidence as counsel may advise and this Court may permit.

December 2, 2019

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Lawyers for the Applicants

Schedule "A"

SERVICE LIST

Court File No. 19-CV-

ONTARIO
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APPLICANTS

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(as at December 1, 2019)

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

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Court File No. 19-CV-

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

NOTICE OF APPLICATION

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Lawyers for the Applicants

TAB 2

Court File No. 19-CV

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

Applicants

AFFIDAVIT OF TREVOR HENRY
(Sworn December 1, 2019)

I, Trevor Henry, of the Municipality of Chatham-Kent, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

I. INTRODUCTION

1. I am the Chief Executive Officer ("**CEO**") of AgMedica Bioscience Inc. ("**AgMedica**"). As one of the founders of AgMedica, I have been with the company since 2014. I have served as its CEO since 2018.

2. In addition, I have been a licensed Doctor of Veterinary Medicine in good standing for over twenty-seven (27) years, and was the president and founding member of the Chatham-Kent Veterinary Professional Corporation.

3. As AgMedica’s CEO, my primary responsibilities include managing the overall operations and resources of the company, making major corporate decisions, and acting as the main point of contact between the board of directors and corporate operations team.

4. As such, I have knowledge of the matters hereinafter deposed to, save where I have obtained information from others. Where I have obtained information from others, I have stated the source of the information and believe it to be true.

5. This affidavit is sworn in support of an application by the Applicants (defined below) for an order (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) to facilitate the reorganization of the Applicants for the benefit of their stakeholders.

6. All monetary amounts referred to in this Affidavit are in Canadian dollars, unless otherwise noted.

II. OVERVIEW OF THE APPLICANTS

A. *Background*

7. AgMedica, the primary Applicant, is a licenced producer of cannabis located in Chatham-Kent, Ontario. AgMedica is currently in a liquidity crisis. The Applicants require immediate interim financing and the protections afforded under the CCAA in order to maintain the *status quo* and obtain the breathing room required to pursue and implement their restructuring strategy (discussed in further detail below).

8. With the benefit of the protection afforded by the CCAA, AgMedica will be able to maintain its value, preserve jobs for its employees, and generally stabilize its business operations for the benefit of all of the Applicants' stakeholders.

B. *Corporate Structure*

9. AgMedica is a private company that was federally incorporated on November 22, 2013, under the *Canada Business Corporations Act*, and maintains its registered head office at Suite 200, 111 Heritage Road, Chatham-Kent, Ontario (the "**Head Office**"). Copies of the corporate registry searches with respect to AgMedica and its Subsidiaries (defined below) (collectively, the "**Applicants**") are attached hereto as **Exhibit "A"**.

10. AgMedica controls multiple subsidiaries (each, a "**Subsidiary**" and collectively, the "**Subsidiaries**") through which it, among other things, beneficially owns various real and intellectual property. The following chart summarizes the Subsidiaries:

Name of Subsidiary	Jurisdiction of Incorporation	Ownership Interest
2472602 Ontario Inc. (formerly "Crosshair Ventures Inc.") ("**247**")	Ontario	100%
2642466 Ontario Inc. ("**264**")	Ontario	100%
Wellworth Health Corp. (formerly "11201336 Canada Inc.") ("**Wellworth**")	Canada	80%
8895309 Canada Inc. ("**889**")	Canada	100%
8050678 Canada Inc. ("**805**")	Canada	100%
8326851 Canada Inc. ("**832**")	Canada	100%
Unique Beverages (USA) Inc. ("**UB**")	U.S.	100%
WorldWide Beverages Innovations Inc. ("**WWB**")	Canada	100%

Tavivat Naturals Inc. ("**TN**")	Canada	100%
Eseela Inc. ("**Eseela**")	Canada	100%

11. A copy of the Applicants' organizational chart, which provides a brief description of the role of each Subsidiary, is attached hereto as **Exhibit "B"**.

12. While one of the Subsidiaries, UB, is a corporation incorporated under U.S. law, it was previously acquired as part of a larger transaction and is no longer operating.

C. *The Business*

13. AgMedica is a licensed producer of cannabis in accordance with the *Cannabis Act* (the "**Act**") and the *Cannabis Regulations* (the "**Regulations**"). The principal activities of AgMedica are the production, distribution, and sale of dried cannabis flower, pre-rolled cannabis joints, cannabis softgel capsules, and cannabis oil (collectively, the "**Cannabis Products**").

14. AgMedica obtained a cannabis license (the "**License**") from Health Canada in accordance with the Act and Regulations on June 15, 2018, in respect of zone 1 ("**Zone 1**") of its indoor production and distribution facility located at 566 Riverview Drive, Chatham-Kent, Ontario (the "**Riverview Facility**"). AgMedica beneficially owns the Riverview Facility through its Subsidiary, 247. The License was amended on August 3, 2018, to permit AgMedica to produce, distribute, and sell cannabis oil products effective May 31, 2019. A copy of the License is attached hereto as **Exhibit "C"**.

15. Zone 1 represents approximately 42% of the overall square footage of the Riverview Facility. The production capacity in Zone 1 is approximately 6,000 kilograms of Cannabis Products per year, which represents approximately $30,000,000 in annual revenues.

16. On August 30, 2019, AgMedica received approval from Health Canada to extend the License to an additional twelve (12) growing rooms within zone 2 ("**Zone 2**") of the Riverview Facility (the "**Additional Growing Rooms**"). AgMedica is not yet producing Cannabis Products in the Additional Growing Rooms. However, once the Additional Growing Rooms become fully operational, AgMedica's production capacity will increase to approximately 24,000 kilograms of Cannabis Products per year, which represents approximately $120,000,000 in forecasted annual revenue.

17. AgMedica also obtained a medical sales license (the "**Medical License**") from Health Canada in accordance with the Act and the Regulations on August 2, 2019, in respect of the Head Office. The Medical License permits AgMedica to undertake certain customer care activities at the Head Office. A copy of the Medical License is attached hereto as **Exhibit "D"**.

D. ***Cannabis Licensing & Regulations***

18. AgMedica is committed to regulatory and compliance excellence, and strictly adheres to all requirements under the Act and Regulations, along with all requirements and conditions under the License.

19. The License permits AgMedica to undertake the following activities (collectively, the "**Licensed Activities**") within Zones 1 and 2 of the Riverview Facility:

(a) possess cannabis;

(b) obtain dried cannabis, fresh cannabis, cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting cannabis;

(c) sell cannabis in accordance with subsection 11(5) of the Regulations;

(d) for the purpose of testing, obtain cannabis by altering its chemical or physical properties by any means;

(e) produce cannabis, other than by cultivating, propagating or harvesting it;

(f) sell cannabis in accordance with subsection 17(5) of the Regulations; and

(g) sell cannabis products in accordance with section 27, Part 14, Division 1 of the Regulations.

20. The License is subject to the following conditions:

(a) AgMedica must satisfy the requirements set out in the Health Canada document entitled “Mandatory cannabis testing for pesticide active ingredients – Requirements”;

(b) AgMedica may only sell or distribute to holders of a license for sale and persons that are authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, the following products: (i) cannabis plants; (ii) cannabis plant seeds; (iii) dried cannabis; (iv) fresh cannabis; (v) cannabis oil; (vi) cannabis topicals; (vii) cannabis extracts; and (viii) edible cannabis; and

(c) AgMedica may only send or deliver to a purchaser, at the request of holders of a license for sale and persons that are authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, the following products: (i) cannabis plants; (ii) cannabis plant seeds; (iii) dried cannabis; (iv) fresh cannabis; (v) cannabis oil; (vi) cannabis topicals; (vii) cannabis extracts; and (viii) edible cannabis.

21. The License expires on December 8, 2020 (the "**Expiry Date**"). AgMedica must apply for and obtain renewal prior to the Expiry Date in order to continue carrying on Licensed Activities after the Expiry Date. The License is critically important to AgMedica and its stakeholders. Without the License, AgMedica could not carry on its business.

22. At present, approximately 99% of the Cannabis Products sold by AgMedica are for domestic recreational consumption, with the remaining 1% of its Cannabis Products sold for domestic and international medicinal use.

23. AgMedica is aiming to bolster is domestic recreational and international medicinal sales through various licensing agreements and joint ventures (discussed in further detail below) with a view to becoming a global leader in the research, manufacture, and commercialization of innovative Cannabis Products that support the lifestyle, recreational pursuits, and wellness journey of AgMedica's customers.

24. AgMedica's recreational Cannabis Products are primarily sold directly to consumers through various provincial online stores, such as the Ontario Cannabis Store ("**OCS**"), or through provincially licensed retailers. Currently, AgMedica sells, or has agreements in place to sell, its

Cannabis Products in British Columbia, Alberta, Manitoba, Saskatchewan, Ontario, Prince Edward Island, Newfoundland, New Brunswick, Nunavut, and the Northwest Territories.

E. *Employees & Pension Plans*

25. AgMedica currently employs approximately 160 full-time employees. Most of AgMedica's employees are located in Chatham-Kent, Ontario. As such, AgMedica is a significant employer in the Chatham-Kent region. None of AgMedica's employees are unionized or otherwise party to a collective agreement in connection with their employment with AgMedica.

26. AgMedica does not sponsor, administer, or otherwise have any registered or unregistered pension plan for its employees. AgMedica provides a standard benefits plan to its employees, covering medical assistance and extended health services, dental care, AD&D insurance, life insurance, and critical illness insurance.

F. *Material Contracts*

(i) Herbolea License

27. AgMedica's business relationship with Herbolea S.r.l. ("**Herbolea**"), a corporation incorporated under the laws of Italy, and Herbolea Biotech S.r.l. ("**Biotech**"), a corporation incorporated under the laws of Italy, (collectively, the "**Herbolea Group**") is critical to the success of AgMedica's business.

28. Herbolea currently owns 75% of Biotech's outstanding shares, with the remaining 25% owned by AgMedica. Biotech owns the intellectual property rights with respect to certain

technology relating to the extraction, preservation, and stabilization of phyto-cannabinoids and terpenes from cannabis, hemp, and botanicals (the "**Technology**").

29. Biotech and AgMedica entered into a Technology Licensing Agreement, along with other ancillary documents, with respect to the Technology on February 28, 2019, as amended on November 20, 2019, (the "**TLA**"). The TLA provides AgMedica with an exclusive license to use the Technology in Canada and an option for a non-exclusive license to use the technology in Germany, which AgMedica is currently in the process of exercising. Currently, AgMedica does not have any assets or operations in Germany.

30. The Technology represents a key differentiating factor between AgMedica and other licensed producers of cannabis in Canada as it provides a competitive advantage with respect to the production of Cannabis Products. The Technology, among other things: (i) significantly reduces processing time, which results in faster Cannabis Product turnover; and (ii) yields a true cannabis extract that has been demonstrated to provide yields in excess of 90%, as compared to the "supercritical CO2 method" or the "ethanol method" used by most other licensed producers, which typically only provide yields between 50% and 85%.

31. Currently, AgMedica still employs the supercritical CO2 method as the Technology is still in the testing stage at the Riverview Facility. However, AgMedica's goal is to transition to employing the Technology for up to 100% of its ordinary course extraction in 2020.

(ii) <u>MMG License</u>

32. As discussed above, AgMedica is aiming to increase its international medicinal sales, particularly in respect of Cannabidiol ("**CBD**") based products. CBD is a naturally occurring

chemical compound derived from the cannabis plant and is increasingly prescribed in the medicinal context due to its potential to help treat, among other things, childhood epilepsy, inflammation, chronic pain, stress, anxiety, and insomnia.

33. Mercury Morpheus Designs, SL ("**MMG**"), a corporation incorporated under the laws of Spain, owns the intellectual property rights with respect to the production of certain world leading genetic strains of CBD-rich cannabis (the "**MMG Strains**").

34. Through its genetics license agreement with MMG dated January 24, 2019 (the "**GLA**"), AgMedica obtains the MMG Strains for commercial use in seed form. This allows AgMedica to produce high quality strains of Cannabis Products containing high percentages of CBD.

35. The GLA also provides AgMedica with an exclusive license to use the 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. AgMedica has not yet commenced any operations pursuant to the GLA in any of the above noted jurisdictions other than Canada.

(iii) Nutrasource Agreements

36. On September 13, 2018, AgMedica entered into a Master Services Agreement with Nutrasource Diagnostics Inc. ("**Nutrasource**"), as amended on January 28, 2019, (the "**MSA**").

37. Nutrasource works closely with AgMedica to assign substantiated claims, using the available data derived from appropriate human and animal trials, to various Cannabis Products for the primary purpose of product and brand differentiation. In addition, Nutrasource provides AgMedica with the following consulting services:

(a) global product development strategy;

(b) product portfolio planning;

(c) global regulatory consulting;

(d) global clinical strategy;

(e) operational clinical trial support;

(f) data management strategy; and

(g) intellectual property and publication strategy.

(iv) Med-C Biopharma

38. Although the overwhelming majority of AgMedica's Cannabis Products are currently sold for domestic recreational use, AgMedica is of the view that there are significant opportunities for growth in the international medicinal market.

39. To that end, AgMedica is in the process of developing various pharma-grade formulated medicinal products and formulations (for both human and veterinary use) focused on specific clinical targets with respect to oncology, inflammation, and psychological disorders through an exclusive joint venture and licensing agreement (the "**MedC Agreement**") with Med-C Biopharma Corp. ("**MedC**").

40. The MedC Agreement, among other things, provides AgMedica with indirect access to Israel's National Medicinal Cannabis Lab at the Agricultural Research Organization (the "**ARO**")

in specific therapeutic areas. The ARO holds one of the world's largest intellectual property repositories in pharmaceutical cannabis research.

41. Under the MedC Agreement, AgMedica and MedC will focus their management and scientific teams in Canada and Israel to accelerate the development of medicinal products. Clinical trials under the MedC Agreement will strategically take place in Israel, when appropriate, where such trials move considerably faster than in other jurisdictions, thus providing AgMedica with an opportunity to get new medicinal products to market faster than its global competitors.

42. The MedC Agreement further provides AgMedica with 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.

43. Pursuant to the MedC Agreement, AgMedica acquired a 9% ownership interest in MedC, with an option to increase its interest to 20%.

(v) <u>KD Pharma</u>

44. In September 2018, AgMedica entered into an exclusive joint venture agreement (the "**KD Pharma JV**") with O3 Holding GmbH, a corporation incorporated under the laws of Germany, along with its affiliated companies (collectively, "**KD Pharma**").

45. Under the KD Pharma JV, AgMedica and KD Pharma jointly created 10936812 Canada Inc., a corporation incorporated under the laws of Canada (the "**JV Company**"). KD Pharma and AgMedica each control 50% of the JV Company.

46. The principal purpose of the KD Pharma JV is to (through the JV Company) develop, market, distribute, and sell: (i) raw materials; (ii) dietary ingredients; (iii) active pharmaceutical ingredients; (iv) softgel capsules; and (v) cannabis oil-based products, with or without Omega-3, derived from the extraction, isolation, and purification of phytochemical cannabis components (collectively, the "**JV Activities**").

47. AgMedica and KD Pharma have each entered into licensing agreements with the JV Company that permit the JV Company to use certain intellectual property that is necessary in order for it to carry out the JV Activities.

48. KD Pharma is one of the largest producers of Omega-3 in the world with a global supply chain and client base. Omega-3 shares some similar clinical properties with cannabis and there is significant potential for market segment crossover between Omega-3 softgel capsules and cannabis softgel capsules.

49. The KD Pharma JV provides AgMedica with strong product and supply chain synergies for the development and commercialization of differentiated cannabis derived softgel capsules and oral cannabis liquids. In addition, KD Pharma, by virtue of its technical expertise and intellectual property, will provide AgMedica with proprietary commercial-scale separation, isolation, and extraction techniques with the potential to reduce the input costs associated with the production of AgMedica's products.

(vi) Battery Agreement

50. AgMedica consumes significant amounts of electricity in connection with producing Cannabis Products, which comes at a considerable cost. In an effort to reduce its energy costs, on

December 7, 2018, AgMedica entered into a Battery Energy Services Agreement, as amended on June 21, 2019, and as amended and restated on September 25, 2019, (the "**Battery Agreement**") with EDF Renewables LP, an Ontario limited partnership, c/o EDF Renewables Distributed Solutions, Inc., a corporation incorporated under the laws of Delaware (collectively, "**EDF**").

51. The term of the Battery Agreement is 15 years. The Battery Agreement generally provides that EDF will procure, construct, and operate a battery energy storage system (the "**BESS System**") at the Riverview Facility. The BESS system reduces AgMedica's electricity costs, resulting in energy savings (the "**GA Savings**").

52. Pursuant to the Battery Agreement, AgMedica will "share" the GA Savings with EDF by paying EDF 63% of the total GA Savings on an annual basis, which were estimated to range between $631,856 and $759,951 per annum until the term of the agreement expires in 2035.

G. *Cash Management*

53. The Applicants' primarily conduct their banking through Libro Credit Union ("**Libro**"). The Applicants have eleven (11) different accounts with Libro in order to address their day-to-day cash management requirements. In addition, the Applicants have six (6) business deposit accounts with the Royal Bank of Canada ("**RBC**").

III. FINANCIAL SITUATION OF THE APPLICANTS

A. *AgMedica's Financial Statements*

54. Full copies of AgMedica's most recent quarterly unaudited and annual audited financial statements are attached hereto as **Exhibits "E" and "F"**, respectively.

B. ***Assets of the Applicants***

55. As discussed herein, the majority of the Applicants' securable assets are various real property assets located in Ontario (the "**Real Property**"). The Real Property is subject to the interests of the Applicants' secured creditors, and therefore is discussed in more detail in the following section.

C. ***The Applicants' Secured Creditors***

(i) Stone Quest Secured Debt

56. On May 7, 2019, AgMedica entered into a loan agreement (the "**Stone Quest Loan Agreement**") with Stone Quest Capital Corp. ("**Stone Quest**"), wherein Stone Quest agreed to loan a maximum principal amount of $5,000,000 to AgMedica (the "**Stone Quest Loan**"). The term of the Stone Quest Loan was initially five months, expiring November 13, 2019, but was subsequently extended to December 31, 2019 (the "**Extension**"). A copy of the Stone Quest Loan Agreement is attached hereto as **Exhibit "G"**.

57. Interest under the Stone Quest Loan Agreement accrues at a rate of 18% per annum and is payable monthly. However, in consideration for the Extension, the interest accruing between November 13, 2019 and December 31, 2019, was paid up front.

58. The Stone Quest Loan was required to finance AgMedica's day-to-day working capital requirements until AgMedica obtained longer-term financing in order to, among other things, achieve sufficient liquidity to continue as a going concern.

59. The Stone Quest Loan is secured by the following documents (collectively, the "**Stone Quest Security**", copies of which are attached hereto as **Exhibits "H" to "J"**):

(a) a first charge mortgage and a general assignment of rents with respect to 1095 Wilton Grove, London, Ontario (the "**London Property**") granted in favour of Stone Quest;

(b) a General Security Agreement ("**GSA**") from AgMedica granted in favour of Stone Quest creating a security interest in all present and after acquired property of AgMedica; and

(c) a GSA from 247 granted in favour of Stone Quest creating a security interest in all present and after acquired property of 247.

60. The Stone Quest Loan is current and, prior to this CCAA filing, is not in default.

(ii) Stabilis Secured Debt

61. On May 31, 2019, 247 and 264 entered into a loan agreement (the "**Stabilis Loan Agreement**") with SF V Bridge III, LP, a Delaware Limited Partnership ("**Stabilis**"), wherein Stabilis agreed to loan a maximum principal amount of US$8,131,863 to AgMedica (the "**Stabilis Loan**"), which accrues interest at a rate of 12% per annum. Interest is payable on a monthly basis. A copy of the Stabilis Loan Agreement is attached hereto as **Exhibit "K"**.

62. The term of the Stabilis Loan Agreement is one year and will mature on May 31, 2020, upon which the full principal amount plus interest becomes due. The purpose of the Stabilis Loan was to allow certain of the Applicants to, among other things, refinance certain existing

indebtedness secured by the Riverview Property, 650 Riverview Drive ("**650 Riverview**"), 715 Richmond Street ("**715 Richmond**"), and 830 Richmond Street ("**830 Richmond**") in Chatham-Kent, Ontario.

63. The Stabilis Loan is evidenced by a Promissory Note and secured by the following documents (collectively, the "**Stabilis Security**", copies of which are attached hereto as **Exhibits "L" and "M"**):

(a) demand debentures for which the collateral is the Riverview Property, 650 Riverview, 715 Richmond, and 830 Richmond, which are secured by first-ranking mortgages in respect of same; and

(b) a corporate guarantee from AgMedica granted in favour of Stabilis secured by 100% of AgMedica's shares in 247 and 264.

64. The Stabilis Loan is current and, prior to this CCAA filing, is not in default.

(iii) Philipp Secured Debt

65. On October 23, 2019, AgMedica entered into a loan agreement (the "**Philipp Loan Agreement**") with Kathleen Glynn Philipp ("**Philipp**"), an individual residing in Florence, Italy, wherein Philipp agreed to loan a maximum principal amount of US$3,816,000 to AgMedica (the "**Philipp Loan**"), which accrues interest at a rate of 24% per annum. Interest is payable on a monthly basis. A copy of the Philipp Loan Agreement is attached hereto as **Exhibit "N"**.

66. The term of the Philipp Loan is three months and will mature on January 23, 2020, upon which the full principal amount plus any accumulated interest becomes due. The Philipp Loan is

a bridge loan, the purpose of which is to finance AgMedica's day-to-day working capital requirements until AgMedica obtains longer-term financing.

67. The Philipp Loan is secured by the following documents (collectively, the "**Philipp Security**", copies of which are attached hereto as **Exhibits "O" to "Q"**):

(a) a GSA from AgMedica in favour of Philipp creating a first-ranking security interest in all present and after acquired personal property of AgMedica;

(b) a limited recourse guarantee from 247, limited to 247's right, title, and interest in the London Property secured by a second collateral mortgage in respect of same; and

(c) a limited recourse guarantee (the "**Philipp Guarantee**") from Arthur VanderPol, Jeroen Buitenhuis, Nicholas John Roberts, Peter Van Mol, and Trevor Henry (each, a "**Philipp Guarantor**" and collectively, the "**Philipp Guarantors**") in favour of Philipp limited to each Philipp Guarantor's right, title, and interest in the shares of AgMedica owned by such Philipp Guarantor.

68. Pursuant to a subordination and postponement agreement executed by Philipp, Stone Quest, and AgMedica dated October 23, 2019 (the "**Stone Quest Subordination Agreement**"), Stone Quest agreed to subordinate and postpone the Stone Quest Security to the Philipp Security. A copy of the Stone Quest Subordination Agreement is attached hereto as **Exhibit "R"**.

69. The Philipp Loan is current and, prior to this CCAA filing, is not in default.

(iv) Summary of Security against the Real Property

70. As described above, the Applicants' three secured creditors (each, a "**Secured Creditor**" and collectively, the "**Secured Creditors**") are primarily secured as against the Real Property. The following table provides an overview of the Real Property and the registered mortgagees in respect of same:

Location	Lot Size (Acres)	Building Size (sq ft)	Owner	Registered Mortgagees
715 Richmond Street, Chatham-Kent, ON ("**715 Richmond**")	9.18	129,309	247	Stabilis: $20,000,000
830 Richmond Street, Chatham-Kent, ON ("**830 Richmond**")	5.04	38,191	247	Stabilis: $20,000,000
566 Riverview Drive, Chatham-Kent, ON ("**Riverview Property**")	12.59	242,706	247	Stabilis: $20,000,000
650 Riverview Drive, Chatham-Kent, ON ("**650 Riverview**")	25.27	272,326	264	Stabilis: $20,000,000
1095 Wilton Grove Road, London, ON ("**London Property**")	11.58	101,654	247	Stone Quest: $5,000,000 Philipp: $2,200,000

(v) Ontario Land Registry Registrations

71. Certified copies of the PIN searches with respect to the Real Property under the Ontario Land Registry are attached hereto as **Exhibit "S"**.

(vi) PPSA Registrations

72. Copies of a certified search of the Personal Property Security Registration System with respect to the Applicants is attached hereto as **Exhibit "T"**.

D. *Unsecured Creditors of the Applicants*

(i) Convertible Debentures

73. AgMedica has issued three tranches of unsecured convertible debentures (the "**Convertible Debentures**"). The Convertible Debentures accrue interest (prior to conversion) at a rate of 7%, compounded quarterly and paid semi-annually. Holders of the Convertible Debentures (the "**Convertible Debentureholders**") have the option to convert the Convertible Debentures into common shares of AgMedica at a conversion rate of 1.05:1 (the "**Conversion Rate**"). A redacted copy of a sample Convertible Debenture is attached hereto as **Exhibit "U"**.

74. A total of $12,049,000 was raised through the issuance of Convertible Debentures to seventy-two (72) individuals and corporations in three tranches. To date, approximately 69% of the Convertible Debentureholders (representing $8,258,000 in principal) have exercised the option to convert their Convertible Debentures into common shares in AgMedica at the Conversion Rate.

75. Accordingly, as at November 30, 2019, the total outstanding amount of unsecured debt (including interest) collectively owing under the Convertible Debentures to the remaining Convertible Debentureholders is $3,902,237.29.

(ii) Unsecured Notes

76. To date, AgMedica has issued three (3) unsecured promissory notes to certain related-parties (each, an "**Unsecured Note**" and collectively, the "**Unsecured Notes**"). The principal amount of each Unsecured Note is $1,000,000, accruing interest at a rate of 12% per annum. Each Unsecured Note matures in early 2020. A redacted sample copy of one of the Unsecured Notes is attached hereto as **Exhibit "V"**.

77. As of November 29, 2019, the total outstanding amount of unsecured debt collectively owing under the Unsecured Notes is approximately $3,360,000 (including interest).

78. In addition, AgMedica has issued five (5) unsecured promissory notes to its founders (each, a "**Founder Note**" and collectively, the "**Founder Notes**"). The Founder Notes were issued in September and October of 2019 in order to generate liquidity and fund AgMedica's operational costs. The total principal amount owing under the Founder Notes is $1,200,000. Each Founder Note accrues interest at a rate of 12% per annum. A redacted sample copy of one of the Founder Notes is attached hereto as **Exhibit "W"**.

E. *Litigation*

79. On September 6, 2019, Muskoka Grown Limited ("**Muskoka**"), a corporation incorporated under the laws of Ontario, filed an action against AgMedica in Ontario seeking, among other things, $1,397,810 in damages for alleged breach of contract (the "**Muskoka Action**"). Muskoka served AgMedica with a statement of claim in respect of the Muskoka Action (the "**Muskoka SOC**") on that same day. Muskoka's claim for damages under the Muskoka Action was subsequently amended to $939,000.

80. On October 8, 2019, AgMedica served Muskoka grown with its Statement of Defence (the "**AgMedica SOD**"), denying all of the allegations in the Muskoka Claim. Pleadings have now closed and the parties are currently in the process of formulating a discovery plan.

81. Copies of the Muskoka SOC and the AgMedica SOD are attached hereto as **Exhibits "X"** and **"Y"**, respectively.

F. *Ordinary Course Obligations*

82. As of November 29, 2019, AgMedica has approximately $12,000,000 in outstanding trade debt.

83. AgMedica's employees are paid biweekly in arrears. All payments to employees are currently being made, and are proposed to continue to be paid in the ordinary course if the DIP Facility Agreement and the DIP Charge (each defined below) are approved by the Court.

G. *Leases*

(i) Calgary Lease

84. On May 10, 2019, Wellworth (a Subsidiary) entered into a lease agreement (the "**Calgary Lease**") with Westcom Properties Inc. ("**Westcom**") with respect to units 5 and 6 located at 6325 – 12th Street SE, Calgary, Alberta (the "**Calgary Premises**"). AgMedica is an obligor under the Calgary Lease. The term of the Calgary Lease is from May 15, 2019 until April 30, 2024. A

85. The Calgary Premises is the principal office of Wellworth from which it operates a telehealth clinic specialized in Medical Cannabis. The Calgary Premises is 6,272 square feet. Base

rent is payable under the Calgary Lease on a monthly basis in accordance with the following schedule:

(a) $4,965.33 per month between September 15, 2019 and April 30, 2020;

(b) $5,226.67 per month between May 1, 2020 and April 30, 2022; and

(c) $6,010.67 per month between May 1, 2022 and April 30, 2024.

86. Westcom currently holds a $9,599.91 security deposit to secure payment and performance of Wellworth's obligations under the Calgary Lease.

(ii) Head Office Lease

87. On August 23, 2017, AgMedica entered into a lease agreement with 40 Centre Square Inc. ("**40 Centre**"), as amended on March 21, 2018 and May 29, 2019, with respect to the Head Office (the "**Head Office Lease**"). The term of the Head Office Lease is from September 1, 2017 until August 31, 2022.

88. The Head Office is 10,170 square feet and rent is payable on a monthly basis at a rate of $14,949.90 per month plus HST.

(iii) Mississauga Lease

89. On December 12, 2018, AgMedica entered into a lease agreement (the "**Mississauga Lease**") with Namaha Holdings Inc. ("**Namaha**") with respect to the premises located at suite 300 – 2800 Skymark Avenue, Mississauga, Ontario (the "**Mississauga Premises**"). The term of the Mississauga Lease is from January 1, 2019 until December 31, 2021.

90. The Mississauga Premises is 1,987 square feet and base rent is payable monthly in accordance with the following schedule:

(a) $1,500 per month between March 1, 2019 and December 31, 2019;

(b) $1,600 per month between January 1, 2019 and December 31, 2020; and

(c) $1,700 per month between January 1, 2021 and December 31, 2021.

91. Namaha currently holds a $4,428.27 security deposit to secure the payment and performance of AgMedica's obligations under the Mississauga Lease.

92. AgMedica no longer requires use of the Mississauga Premises and, accordingly, is in the process of finding a subtenant in respect of same.

IV. CASH FLOW FORECAST

93. Attached hereto as **Exhibit "Z"** is a statement of the projected 13 week cash flow forecast (the "**Cash Flow Forecast**") of AgMedica for the week ending November 29, 2019 to the week ending February 21, 2020. The Cash Flow Forecast was prepared by the Applicants with the assistance of Ernst & Young Inc. ("**EY**"), the proposed Monitor of the Applicants (in such capacity, the "**Proposed Monitor**").

94. The Cash Flow Forecast demonstrates that if the relief requested is granted, including approving the DIP Facility Agreement and the DIP Charge, AgMedica will have sufficient liquidity to meet its obligations during the initial 13 week period of the CCAA filing.

V. LIQUIDITY CRISIS & PRESSING NEED FOR RELIEF

95. While AgMedica has significant business operations, assets, and potential for future growth, a combination of external factors have created issues with respect to AgMedica's liquidity.

96. On October 17, 2018, Canada became the first major economy to legalize and regulate the recreational use of cannabis (the "**Legalization**"). Following the Legalization, AgMedica, like many other Canadian licensed producers, was in the process of preparing for an initial public offering ("**IPO**") in order to raise significant amounts of capital from public investors.

97. In anticipation of a potential IPO, AgMedica devoted significant amounts of capital to expansion efforts in order to keep pace with other licensed producers in a highly competitive and capital intensive industry.

98. AgMedica and its proposed underwriters in connection with the potential IPO had plans take AgMedica public in the second quarter of 2019. However, the proposed underwriters ultimately did not proceed with the IPO on the basis that the market did not support such a transaction due to insufficient public investment in licensed producers of cannabis.

99. As a result, AgMedica was forced to consider alternative long-term financing options.

100. In September 2019, AgMedica appeared to resolve its liquidity issues by executing an exclusive term sheet with a sophisticated lender in respect of a $60,000,000 senior secured debt financing package. However, in late October 2019, the prospective lender advised that it was no longer willing to lend into the cannabis space due to prevailing market conditions.

101. Since that time, AgMedica has continued to aim to generate sufficient cash flow to fund its operations. However, these efforts have been unsuccessful. In order to address its immediate liquidity issues, in October 2019 AgMedica terminated approximately 30 employees and secured small bridge loans, including the Founder Notes and the Philipp Loan. The Applicants have also listed for sale all of the Real Property, with the sole exception of the Riverview Facility, in order to generate liquidity and deleverage the business.

102. In addition, AgMedica has been actively pursuing longer-term financing from various hedge funds and cannabis real estate investment trusts ("**Cannabis REITs**"). However, it has become clear that such financing will not materialize prior to AgMedica exhausting its liquidity or completing any proposed sales of the Applicants' Real Property.

103. As the Cash Flow Forecast indicates, AgMedica will run out of cash by the week beginning December 2, 2019. The next payroll of AgMedica is payable on December 4, 2019. AgMedica requires emergency financing to remain in business.

104. Accordingly, AgMedica has sought interim debtor-in-possession financing ("**DIP Financing**") from various lenders. Ultimately, AgMedica was able to secure DIP Financing from Hillmount Capital Inc. (the "**DIP Lender**") pursuant to a Term Sheet executed by the parties on November 29, 2019 (the "**DIP Facility Agreement**"), wherein the DIP Lender agreed to loan a maximum principal amount of $7,500,000 to AgMedica (the "**DIP Facility**"), subject to the terms and conditions prescribed therein. A copy of the DIP Facility Agreement is attached hereto as **Exhibit "AA"**. Amounts drawn under the DIP Facility accrue interest at a rate of 9.5% per annum, payable on a monthly basis.

105. The DIP Facility is required in order for AgMedica to: (i) maintain operating cash; (ii) fund the costs of its operations and these proceedings; and (iii) pursue and implement its restructuring strategy.

VI. OBJECTIVE OF CCAA FILING

106. As described above, AgMedica is currently in a liquidity crisis. AgMedica immediately requires the protections afforded under the CCAA and DIP Financing in order to maintain the *status quo* and obtain the breathing room required to pursue and implement its restructuring strategy.

107. As part of its restructuring strategy, AgMedica intends to:

(a) restructure its balance sheet and deleverage the business;

(b) restructure AgMedica's operations by focusing efforts on expanding production capacity and reducing input costs with respect to the production of Cannabis Products at the Riverview Facility;

(c) investigate other cost savings measures in order to increase AgMedica's efficiency and profitability;

(d) sell the Real Property, with the exception of the Riverview Facility, in order to generate liquidity and deleverage the business; and

(e) with the support of the Proposed Monitor, conduct a court-supervised sales process and pursue all investment alternatives arising therefrom.

108. With the benefit of the protection afforded by the CCAA, AgMedica will be able to maintain its value, preserve jobs for its employees, and generally stabilize its business operations for the benefit of the Applicants' stakeholders.

VII. RELIEF BEING SOUGHT

A. *The Monitor*

109. EY has consented to act as the Court-appointed Monitor of the Applicants, subject to Court approval. A copy of EY's consent is attached hereto as **Exhibit "BB"**. I am advised by external counsel that EY is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and is not subject to any of the restrictions on who may be appointed as Monitor set out in section 11.7(2) of the CCAA.

B. *Proposed Treatment of Creditors*

110. The Applicants propose to stay their pre-filing trade obligations as part of its CCAA filing. However, if certain suppliers are deemed critical after the date of the Initial Order, I have been advised by counsel that AgMedica may seek to pay pre-filing amounts with the consent of the Proposed Monitor or leave of the Court.

C. *Administration Charge*

111. The Applicants seek a super-priority charge (the "**Administration Charge**") on the Property (as defined in the proposed form of the Initial Order) in the maximum amount of $250,000 to secure the fees and disbursements incurred in connection with services rendered to AgMedica both before and after the commencement of the CCAA proceedings by counsel to AgMedica, the

Proposed Monitor, and counsel to the Proposed Monitor. The Applicants will seek to amend the Administration Charge to $500,000 under the proposed Amended and Restated Initial Order.

112. It is contemplated that each of the aforementioned parties: (i) will have extensive involvement during the CCAA proceedings; (ii) have contributed and will continue to contribute to the restructuring of the Applicants; and (iii) will ensure there is no unnecessary duplication of roles among the parties.

113. I am advised by legal counsel that the Proposed Monitor believes that the proposed quantum of the Administration Charge is reasonable and appropriate in light of the Applicants' CCAA proceedings and the services provided and to be provided by the beneficiaries of the Administration Charge.

D. *DIP Charge*

114. With AgMedica's cash resources projected to be exhausted by the week beginning December 2, 2019, AgMedica seeks Court approval of the DIP Facility Agreement as part of its restructuring strategy.

115. AgMedica's access to the DIP Facility is conditional upon the provision of an order of this Court, among other things, approving the DIP Facility Agreement and approving a super-priority charge on the Property in the amount of $1,000,000 subject to the terms of the DIP Facility Agreement (the "**DIP Charge**"). The Applicants will seek to amend the DIP Charge to $7,500,000 under the proposed Amended and Restated Initial Order.

116. The Applicants worked with the Proposed Monitor in determining the proposed quantum of the DIP Charge and believe that the DIP Charge is appropriate limited to what is reasonably

necessary in the circumstances. The DIP Charge is proposed to rank behind the Administration Charge, but ahead of the Directors' Charge (as defined below) and any existing security granted by the Applicants in favour of their secured creditors. I have been advised by counsel that the Proposed Monitor is of the view that the DIP Charge is appropriate and limited to what is reasonably necessary in the circumstances.

E. ***Directors' Charge***

117. To ensure the ongoing stability of AgMedica's business during the CCAA proceedings, the Applicants' require the continued participation of their directors and officers who manage the business and commercial activities of the Applicants. The directors and officers of the Applicants have considerable institutional knowledge and valuable experience.

118. There is a concern that certain directors and officers of the Applicants may discontinue their services during this restructuring unless the Initial Order grants the Directors' Charge (as defined below) to secure the Applicants' indemnity obligations to the directors and officers that may arise post-filing in respect of potential personal statutory liabilities.

119. The Applicants maintain directors' and officers' liability insurance (the "**D&O" Insurance**") for their directors and officers. The current D&O Insurance policy provides a total of $2,000,000 in coverage.

120. The proposed Initial Order contemplates the establishment of a super-priority charge on the Property in the amount of $500,000 (the "**Directors' Charge**") to protect the directors and officers against obligations and liabilities they may incur as directors and officers of the Applicants after the commencement of the CCAA proceedings, except to the extent that the obligation or

liability is incurred as a result of the director's or officer's gross negligence or wilful misconduct. The Applicants will to seek amend the Directors' Charge to $900,000 under the proposed Amended and Restated Initial Order.

121. The Applicants worked with the Proposed Monitor in determining the proposed quantum of the Directors' Charge and believe that the Directors' Charge is reasonable and appropriate in the circumstances. The Directors' Charge is proposed to rank behind the Administration Charge and the DIP Charge, but ahead of any existing security granted by the Applicants in favour of their secured creditors. I have been advised by counsel that the Proposed Monitor is of the view that the Directors' Charge is reasonable and appropriate in the circumstances.

122. Although the D&O Insurance is available, the directors and officers of the Applicants do not know whether the insurance providers will seek to deny any coverage on the basis that the D&O Insurance does not cover a particular claim or that coverage limits have been exhausted. The Applicants may not have sufficient funds to satisfy any contractual indemnities to the directors and officers should the directors or officers need to call upon those indemnities. It is proposed that the Directors' Charge will only be engaged if the D&O Insurance fails to respond to a claim.

F. *Proposed Ranking of Court-Ordered Charges*

123. To summarize, the proposed ranking of the Administration Charge, the DIP Charge, and the Directors' Charge (collectively, the "**Super-Priority Charges**") is as follows:

(a) First, the Administration Charge;

(b) Second, the DIP Charge; and

(c) Third, the Directors' Charge.

VIII. FORM OF ORDER

124. The Applicants seek an Initial Order under the CCAA in accordance with the recent amendments to the CCAA and intend to return to seek the Amended and Restated Initial Order within 10 days, substantially in the form of the Commercial List Model Order adopted for proceedings commenced in Toronto.

IX. CONCLUSION

125. This affidavit is sworn in support of the Applicants' application for protection pursuant to the CCAA and for no improper purpose.

SWORN before me at the Municipality of Chatham-Kent, in the Province of Ontario, this 1st day of December 2019. Commissioner for Taking Affidavits A NOTARY PUBLIC ONTARIO CANADA	TREVOR HENRY

EXHIBIT "A"

Government of Canada Gouvernement du Canada

Federal Corporation Information - 870512-7

Buy copies of corporate documents

Note

This information is available to the public in accordance with legislation (see Public disclosure of corporate information).

Corporation Number
870512-7

Business Number (BN)
837827179RC0001

Corporate Name
AgMedica Bioscience Inc.

Status
Active

Governing Legislation
Canada Business Corporations Act - 2013-11-22

Registered Office Address

111 Heritage Road, Suite 200
Chatham ON N7M 5W7
Canada

Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this

information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors

Minimum 1
Maximum 10

Peter VanMol
10714 Talbot Trail
Blenheim ON N0P 1A0
Canada

Jeroen Buitenhuis
21557 Huffman Road
Blenheim ON N0P 1A0
Canada

Arthur VanderPol
10075 Talbot Trail
Blenheim ON N0P 1A0
Canada

Nicholas John Roberts
10 James Street
Chatham-Kent ON N0P 1A0
Canada

Trevor Henry
19664 Charing Cross Road
Chatham-Kent ON N0P 1A0
Canada

Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings

Anniversary Date (MM-DD)
11-22

Date of Last Annual Meeting
2017-04-07

Annual Filing Period (MM-DD)
11-22 to 01-21

Type of Corporation
Non-distributing corporation with more than 50 shareholders

Status of Annual Filings
2019 - Not due
2018 - Filed
2017 - Filed

Corporate History

Corporate Name History	
2013-11-22 to 2014-02-18	8705127 CANADA INC.
2014-02-18 to 2017-12-06	AgriMed Botanicals Inc.
2017-12-06 to Present	AgMedica Bioscience Inc.

Certificates and Filings

Certificate of Incorporation
2013-11-22

Certificate of Amendment *

2014-02-18
Amendment details: Corporate name

Certificate of Amendment *

2017-06-09
Amendment details: Other

Certificate of Amendment *

2017-12-06
Amendment details: Corporate name

* Amendment details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed. For more information, contact Corporations Canada.

Buy copies of corporate documents

Start New Search Return to Search Results

Date Modified:
2019-10-08

Request ID:	023848869	Province of Ontario		Date Report Produced:	2019/11/18
Transaction ID:	73711912	Ministry of Government Services		Time Report Produced:	10:47:33
Category ID:	(C)CC/E			Page:	1

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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number
2472602

Corporation Name
2472602 ONTARIO INC.

Incorporation Date
2015/06/25

Jurisdiction
ONTARIO

Corporation Type
ONTARIO BUSINESS CORP.

Corporation Status
ACTIVE

Former Jurisdiction
NOT APPLICABLE

Registered Office Address

111 HERITAGE RD

Suite # 200
CHATHAM
ONTARIO
CANADA N7M 5W7

Mailing Address

111 HERITAGE RD

Suite # 200
CHATHAM
ONTARIO
CANADA N7M 5W7

Date Amalgamated	**Amalgamation Ind.**
NOT APPLICABLE	NOT APPLICABLE
New Amal. Number	**Notice Date**
NOT APPLICABLE	NOT APPLICABLE
	Letter Date
	NOT APPLICABLE
Revival Date	**Continuation Date**
NOT APPLICABLE	NOT APPLICABLE
Transferred Out Date	**Cancel/Inactive Date**
NOT APPLICABLE	NOT APPLICABLE
EP Licence Eff.Date	**EP Licence Term.Date**
NOT APPLICABLE	NOT APPLICABLE

Number of Directors Minimum	**Number of Directors Maximum**	**Date Commenced in Ontario**	**Date Ceased in Ontario**
00001	00010	NOT APPLICABLE	NOT APPLICABLE

Activity Classification
NOT AVAILABLE

Certified a true copy of the data as recorded on the Ontario Business Information System.

Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	**Corporation Name**
2472602	2472602 ONTARIO INC.

Corporate Name History	**Effective Date**
2472602 ONTARIO INC.	2018/11/26
CROSSHAIR VENTURES INC.	2015/06/25

Current Business Name(s) Exist: NO

Expired Business Name(s) Exist: NO

Administrator:

Name (Individual / Corporation)	**Address**
JEROEN WOUTER BUITENHIUS	21557 HUFFMAN ROAD R.R.#5 BLENHEIM ONTARIO CANADA N0P 1A0

Date Began	**First Director**	
2015/06/25	YES	

Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

Request ID:	023848869	Province of Ontario	Date Report Produced:	2019/11/18
Transaction ID:	73711912	Ministry of Government Services	Time Report Produced:	10:47:33
Category ID:	(C)CC/E		Page:	3

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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number | **Corporation Name**

2472602 | 2472602 ONTARIO INC.

Administrator:
Name (Individual / Corporation) | **Address**

JEROEN
WOUTER
BUITENHUIS

21557 HUFFMAN ROAD

BLENHEIM
ONTARIO
CANADA N0P 1A0

Date Began	**First Director**	
2015/06/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

Administrator:
Name (Individual / Corporation) | **Address**

JEROEN
WOUTER
BUITENHUIS

21557 HUFFMAN ROAD

BLENHEIM
ONTARIO
CANADA N0P 1A0

Date Began	**First Director**	
2015/06/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	SECRETARY	Y

Certified a true copy of the data as recorded on the Ontario Business Information System.

Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2472602	2472602 ONTARIO INC.

Administrator:
Name (Individual / Corporation)

JEROEN

BUITENHUIS

Address

21557 HUFFMAN ROAD

BLENHEIM
ONTARIO
CANADA N0P 1A0

Date Began	First Director	
2015/06/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

Administrator:
Name (Individual / Corporation)

JEROEN

BUITENHUIS

Address

21557 HUFFMAN ROAD

BLENHEIM
ONTARIO
CANADA N0P 1A0

Date Began	First Director	
2015/06/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	SECRETARY	Y

Certified a true copy of the data as recorded on the Ontario Business Information System.

Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2472602	2472602 ONTARIO INC.

Administrator:

Name (Individual / Corporation)	Address
TREVOR HENRY	19664 CHARRING CROSS ROAD BLENHEIM ONTARIO CANADA N0P 1A0

Date Began	First Director	
2018/06/28	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

Administrator:

Name (Individual / Corporation)	Address
NICHOLAS ROBERTS	10 JAMES STREET BLENHEIM ONTARIO CANADA N0P 1A0

Date Began	First Director	
2018/06/28	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2472602	2472602 ONTARIO INC.

Administrator: Name (Individual / Corporation)	Address
PETER FRANCIS VAN MOL	10714 TALBOT TRAIL R R #2 BLENHEIM ONTARIO CANADA N0P 1A0

Date Began	First Director	
2015/06/25	NOT APPLICABLE	

Designation	Officer Type	Resident Canadian
DIRECTOR		Y

Administrator: Name (Individual / Corporation)	Address
PETER FRANCIS VAN MOL	10714 TALBOT TRAIL R R #2 BLENHEIM ONTARIO CANADA N0P 1A0

Date Began	First Director	
2015/06/25	NOT APPLICABLE	

Designation	Officer Type	Resident Canadian
OFFICER	TREASURER	Y

Request ID: 023848869
Transaction ID: 73711912
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/11/18
Time Report Produced: 10:47:33
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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	**Corporation Name**
2472602	2472602 ONTARIO INC.

Administrator:

Name (Individual / Corporation)		**Address**
PETER VAN MOL		10714 TALBOT TRAIL BLENHEIM ONTARIO CANADA N0P 1A0
Date Began	**First Director**	
2015/06/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

Administrator:

Name (Individual / Corporation)		**Address**
PETER VAN MOL		10714 TALBOT TRAIL BLENHEIM ONTARIO CANADA N0P 1A0
Date Began	**First Director**	
2015/06/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	TREASURER	Y

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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	**Corporation Name**
2472602	2472602 ONTARIO INC.

Administrator:

Name (Individual / Corporation)	**Address**
ARTHUR VANDER POL	10075 TALBOT TRAIL R R #2 BLENHEIM ONTARIO CANADA N0P 1A0

Date Began	**First Director**	
2015/06/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

Administrator:

Name (Individual / Corporation)	**Address**
ARTHUR VANDER POL	10075 TALBOT TRAIL R R #2 BLENHEIM ONTARIO CANADA N0P 1A0

Date Began	**First Director**	
2015/06/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	PRESIDENT	Y

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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2472602	2472602 ONTARIO INC.

Administrator:
Name (Individual / Corporation)

ARTHUR

VANDERPOL

Address

10075 TALBOT TRAIL

BLENHEIM
ONTARIO
CANADA N0P 1A0

Date Began	First Director	
2015/06/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

Administrator:
Name (Individual / Corporation)

ARTHUR

VANDERPOL

Address

10075 TALBOT TRAIL

BLENHEIM
ONTARIO
CANADA N0P 1A0

Date Began	First Director	
2015/06/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	PRESIDENT	Y

Request ID:	023848869	Province of Ontario	Date Report Produced:	2019/11/18
Transaction ID:	73711912	Ministry of Government Services	Time Report Produced:	10:47:33
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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	**Corporation Name**
2472602	2472602 ONTARIO INC.

Last Document Recorded

Act/Code	**Description**	**Form**	**Date**
CIA	CHANGE NOTICE	1	2019/01/22

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this certified report in electronic form is authorized by the Ministry of Government Services.

Request ID:	023848881	Province of Ontario		Date Report Produced:	2019/11/18
Transaction ID:	73711938	Ministry of Government Services		Time Report Produced:	10:48:16
Category ID:	(C)CC/E			Page:	1

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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	**Corporation Name**	**Incorporation Date**
2642466	2642466 ONTARIO INC.	2018/06/25
		Jurisdiction
		ONTARIO
Corporation Type	**Corporation Status**	**Former Jurisdiction**
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE

Registered Office Address

JUNE WILLIAMSON
111 HERITAGE ROAD

Suite # 200
CHATHAM
ONTARIO
CANADA N7M 5W7

Mailing Address

111 HERITAGE ROAD

Suite # 200
CHATHAM
ONTARIO
CANADA N7M 5W7

Date Amalgamated	**Amalgamation Ind.**
NOT APPLICABLE	NOT APPLICABLE
New Amal. Number	**Notice Date**
NOT APPLICABLE	NOT APPLICABLE
	Letter Date
	NOT APPLICABLE
Revival Date	**Continuation Date**
NOT APPLICABLE	NOT APPLICABLE
Transferred Out Date	**Cancel/Inactive Date**
NOT APPLICABLE	NOT APPLICABLE
EP Licence Eff.Date	**EP Licence Term.Date**
NOT APPLICABLE	NOT APPLICABLE

Number of Directors Minimum	**Maximum**	**Date Commenced in Ontario**	**Date Ceased in Ontario**
00001	00010	NOT APPLICABLE	NOT APPLICABLE

Activity Classification

NOT AVAILABLE

Certified a true copy of the data as recorded on the Ontario Business Information System.

Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2642466	2642466 ONTARIO INC.

Corporate Name History	Effective Date
2642466 ONTARIO INC.	2018/06/25

Current Business Name(s) Exist:	NO
Expired Business Name(s) Exist:	NO

Administrator:

Name (Individual / Corporation)	Address
JEROEN BUITENHUIS	21557 HUFFMAN ROAD BLENHEIM ONTARIO CANADA N0P 1A0

Date Began	First Director	
2018/06/25	NOT APPLICABLE	

Designation	Officer Type	Resident Canadian
DIRECTOR		Y

Certified a true copy of the data as recorded on the Ontario Business Information System.

Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2642466	2642466 ONTARIO INC.

Administrator:
Name (Individual / Corporation) — **Address**

JEROEN
BUITENHUIS

21557 HUFFMAN ROAD

BLENHEIM
ONTARIO
CANADA N0P 1A0

Date Began	First Director	
2018/06/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	SECRETARY	Y

Administrator:
Name (Individual / Corporation) — **Address**

TREVOR
HENRY

19664 CHARRING CROSS ROAD

BLENHEIM
ONTARIO
CANADA N0P 1A0

Date Began	First Director	
2018/06/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

Certified a true copy of the data as recorded on the Ontario Business Information System.

Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2642466	2642466 ONTARIO INC.

Administrator:
Name (Individual / Corporation) — **Address**

NICHOLAS
ROBERTS

10 JAMES STREET

BLENHEIM
ONTARIO
CANADA N0P 1A0

Date Began	First Director	
2018/06/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

Administrator:
Name (Individual / Corporation) — **Address**

PETER
VAN MOL

10714 TALBOT TRAIL

BLENHEIM
ONTARIO
CANADA N0P 1A0

Date Began	First Director	
2018/06/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	**Corporation Name**
2642466	2642466 ONTARIO INC.

Administrator:

Name (Individual / Corporation)		**Address**
PETER VAN MOL		10714 TALBOT TRAIL BLENHEIM ONTARIO CANADA N0P 1A0
Date Began	**First Director**	
2018/06/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	TREASURER	Y

Administrator:

Name (Individual / Corporation)		**Address**
AUTHUR VANDERPOL		10075 TALBOT TRAIL BLENHEIM ONTARIO CANADA N0P 1A0
Date Began	**First Director**	
2018/06/25	YES	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2642466	2642466 ONTARIO INC.

Administrator:

Name (Individual / Corporation)		Address
ARTHUR VANDERPOL		10075 TALBOT TRAIL BLENHEIM ONTARIO CANADA N0P 1A0
Date Began	**First Director**	
2018/06/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

Administrator:

Name (Individual / Corporation)		Address
ARTHUR VANDERPOL		10075 TALBOT TRAIL BLENHEIM ONTARIO CANADA N0P 1A0
Date Began	**First Director**	
2018/06/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	PRESIDENT	Y

Certified a true copy of the data as recorded on the Ontario Business Information System.

Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2642466	2642466 ONTARIO INC.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	ANNUAL RETURN 2019	1C	2019/10/06 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

Request ID: 023850849
Transaction ID: 73717001
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/11/18
Time Report Produced: 13:40:43
Page: 1

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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2497011	ESEELA INC.	2015/12/18

Jurisdiction

ONTARIO

Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE

Registered Office Address

DAVID MACALEESE
98 MURIEL AVENUE

TORONTO
ONTARIO
CANADA M4J 2Y4

Mailing Address

DAVID MACALEESE
98 MURIEL AVENUE

TORONTO
ONTARIO
CANADA M4J 2Y4

Date Amalgamated	Amalgamation Ind.
NOT APPLICABLE	NOT APPLICABLE

New Amal. Number	Notice Date
NOT APPLICABLE	NOT APPLICABLE

Letter Date

NOT APPLICABLE

Revival Date	Continuation Date
NOT APPLICABLE	NOT APPLICABLE

Transferred Out Date	Cancel/Inactive Date
NOT APPLICABLE	NOT APPLICABLE

EP Licence Eff.Date	EP Licence Term.Date
NOT APPLICABLE	NOT APPLICABLE

Number of Directors Minimum	Number of Directors Maximum	Date Commenced in Ontario	Date Ceased in Ontario
00001	00010	NOT APPLICABLE	NOT APPLICABLE

Activity Classification

NOT AVAILABLE

Certified a true copy of the data as recorded on the Ontario Business Information System.

Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2497011	ESEELA INC.

Corporate Name History	Effective Date
ESEELA INC.	2015/12/18

Current Business Name(s) Exist: NO

Expired Business Name(s) Exist: NO

Administrator:
Name (Individual / Corporation) | **Address**

DAVID

MACALEESE

98 MURIEL AVENUE

TORONTO
ONTARIO
CANADA M4J 2Y4

Date Began	First Director	
2015/12/18	NOT APPLICABLE	

Designation	Officer Type	Resident Canadian
DIRECTOR		Y

Certified a true copy of the data as recorded on the Ontario Business Information System.

Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2497011	ESEELA INC.

Administrator:
Name (Individual / Corporation)

DAVID

MACALEESE

Address

98 MURIEL AVENUE

TORONTO
ONTARIO
CANADA M4J 2Y4

Date Began	First Director	
2015/12/18	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	PRESIDENT	

Administrator:
Name (Individual / Corporation)

DAVID

MACALEESE

Address

98 MURIEL AVENUE

TORONTO
ONTARIO
CANADA M4J 2Y4

Date Began	First Director	
2015/12/18	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	SECRETARY	

Request ID:	023850849	Province of Ontario	Date Report Produced:	2019/11/18
Transaction ID:	73717001	Ministry of Government Services	Time Report Produced:	13:40:43
Category ID:	(C)CC/E		Page:	4

Certified a true copy of the data as recorded on the Ontario Business Information System.

Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2497011	ESEELA INC.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	INITIAL RETURN	1	2015/12/24 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

Delaware.gov | Governor | General Assembly | Courts | Elected Officials | State Agencies

Department of State: Division of Corporations

Allowable Characters

HOME
About Agency
Secretary's Letter
Newsroom
Frequent Questions
Related Links
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Office Location

SERVICES
Pay Taxes
File UCC's
Delaware Laws Online
Name Reservation
Entity Search
Status
Validate Certificate
Customer Service Survey

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Entity Details

THIS IS NOT A STATEMENT OF GOOD STANDING

File Number:	**5539285**	Incorporation Date / Formation Date:	**5/23/2014** (mm/dd/yyyy)
Entity Name:	**UNIQUE BEVERAGES (USA) INC.**		
Entity Kind:	**Corporation**	Entity Type:	**General**
Residency:	**Domestic**	State:	**DELAWARE**

REGISTERED AGENT INFORMATION

Name:	**CORPORATION SERVICE COMPANY**		
Address:	**251 LITTLE FALLS DRIVE**		
City:	**WILMINGTON**	County:	**New Castle**
State:	**DE**	Postal Code:	**19808**
Phone:	**302-636-5401**		

Additional Information is available for a fee. You can retrieve Status for a fee of $10.00 or more detailed information including current franchise tax assessment, current filing history and more for a fee of $20.00.

Would you like ○ Status ○ Status,Tax & History Information

Submit

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Government of Canada | Gouvernement du Canada

Federal Corporation Information - 1120133-6

Buy copies of corporate documents

Note

This information is available to the public in accordance with legislation (see Public disclosure of corporate information).

Corporation Number
1120133-6

Business Number (BN)
716006085RC0001

Corporate Name
WELLWORTH HEALTH CORP.

Status
Active

Governing Legislation
Canada Business Corporations Act - 2019-01-16

Registered Office Address

200-111 Heritage Rd
Chatham ON N7M 5W7
Canada

Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this

information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors

Minimum 1
Maximum 10

Trevor Henry
19664 Charing Cross Rd
Chatham ON N0P 1A0
Canada

Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings

Anniversary Date (MM-DD)
01-16

Date of Last Annual Meeting
Not available

Annual Filing Period (MM-DD)
01-16 to 03-17

Type of Corporation
Not available

Status of Annual Filings
2020 - Not due

Corporate History

Corporate Name History

2019-01-16 to 2019-06-14	11201336 CANADA INC.
2019-06-14 to Present	WELLWORTH HEALTH CORP.

Certificates and Filings

Certificate of Incorporation
2019-01-16

Certificate of Amendment *

2019-04-17
Amendment details: Other

Certificate of Amendment *

2019-06-14
Amendment details: Corporate name

* Amendment details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed. For more information, contact Corporations Canada.

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Date Modified:
2019-10-08

Government of Canada / Gouvernement du Canada

Federal Corporation Information - 1056184-3

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Note

This information is available to the public in accordance with legislation (see Public disclosure of corporate information).

Corporation Number
1056184-3

Business Number (BN)
777403510RC0001

Corporate Name
TavivaT Naturals Inc.

Status
Active

Governing Legislation
Canada Business Corporations Act - 2018-01-02

Registered Office Address

111 Heritage Road
suite 200
Chatham ON N7M 5W7
Canada

Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors

Minimum 1
Maximum 10

Nicholas Roberts
10 James Street
Blenheim ON N0P 1A0
Canada

Jeroen Buitenhuis
21557 Huffman Road
Blenheim ON N0P 1A0
Canada

Trevor Henry
19664 Charing Cross Road
Blenheim ON N0P 1A0
Canada

Arthur Vanderpol
10075 Talbot Trail
Blenheim ON N0P 1A0
Canada

Peter Van Mol
10714 Talbot Trail
Blenheim ON N0P 1A0
Canada

Robert Andreas Berzins
58 Chester Avenue
Toronto ON M4K 2Z9
Canada

Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings

Anniversary Date (MM-DD)
01-02

Date of Last Annual Meeting
Not available

Annual Filing Period (MM-DD)
01-02 to 03-03

Type of Corporation
Non-distributing corporation with 50 or fewer shareholders

Status of Annual Filings
2019 - Filed

Corporate History

Corporate Name History	
2018-01-02 to Present	TavivaT Naturals Inc.

Certificates and Filings

Certificate of Incorporation
2018-01-02

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Date Modified:

2019-10-08

Government of Canada Gouvernement du Canada

Federal Corporation Information - 839389-3

Buy copies of corporate documents

Note

This information is available to the public in accordance with legislation (see Public disclosure of corporate information).

Corporation Number
839389-3

Business Number (BN)
835622531RC0001

Corporate Name
WORLDWIDE BEVERAGE INNOVATIONS INC.
INNOVATIONS BREUVAGE WORLDWIDE INC.

Status
Active

Governing Legislation
Canada Business Corporations Act - 2012-12-28

Registered Office Address

111 Heritage Road Suite 200
Chatham ON N7M 5W7
Canada

Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors

Minimum 1
Maximum 15

Arthur VanderPol
10075 Talbot Trail
Blenheim ON N0P 1A0
Canada

Jeroen Buitenhuis
21557 Huffman Road
Blenheim ON N0P 1A0
Canada

Peter VanMol
10714 Talbot Trail
Blenheim ON N0P 1A0
Canada

Trevor Henry
19664 Charing Cross Road
Chatham-Kent ON N0P 1A0
Canada

Nicholas John Roberts
10 James Street
Chatham-Kent ON N0P 1A0
Canada

Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings

Anniversary Date (MM-DD)
12-28

Date of Last Annual Meeting
2016-04-04

Annual Filing Period (MM-DD)
12-28 to 02-26

Type of Corporation
Non-distributing corporation with 50 or fewer shareholders

Status of Annual Filings
2019 - Not due
2018 - Overdue
2017 - Filed

Corporate History

Corporate Name History			
2012-12-28 to 2014-12-09	8393893 CANADA INC.		
2014-12-09 to Present	WORLDWIDE BEVERAGE INNOVATIONS INC.	2014-12-09 to Present	INNOVATIONS BREUVAGE WORLDWIDE INC.

Certificates and Filings

Certificate of Incorporation
2012-12-28

Certificate of Amendment *

2014-12-09
Amendment details: Corporate name

Certificate of Amendment *

2019-08-27
Amendment details: Province or Territory of Registered Office

* Amendment details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed. For more information, contact Corporations Canada.

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Date Modified:
2019-10-08

Government of Canada | Gouvernement du Canada

Federal Corporation Information - 832685-1

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Note

This information is available to the public in accordance with legislation (see Public disclosure of corporate information).

Corporation Number
832685-1

Business Number (BN)
841690647RC0001

Corporate Name
8326851 CANADA INC.

Status
Active

Governing Legislation
Canada Business Corporations Act - 2012-10-16

Registered Office Address

111 Heritage Rd. Suite 200
Chatham ON N7M 5W7
Canada

Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this

information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors

Minimum 1
Maximum 15

Nicholas John Roberts
10 James Street
Chatham-Kent ON N0P 1A0
Canada

Jeroen Buitenhuis
21557 Huffman Road
Blenheim ON N0P 1A0
Canada

Trevor Henry
19664 Charing Cross Road
Chatham-Kent ON N0P 1A0
Canada

Arthur VanderPol
10075 Talbot Trail
Blenheim ON N0P 1A0
Canada

Peter VanMol
10714 Talbot Trail
Blenheim ON N0P 1A0
Canada

Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings

Anniversary Date (MM-DD)
10-16

Date of Last Annual Meeting
2018-05-11

Annual Filing Period (MM-DD)
10-16 to 12-15

Type of Corporation
Non-distributing corporation with 50 or fewer shareholders

Status of Annual Filings
2019 - Due to be filed
2018 - Filed
2017 - Filed

Corporate History

Corporate Name History

2012-10-16 to Present	8326851 CANADA INC.

Certificates and Filings

Certificate of Incorporation
2012-10-16

Certificate of Amendment *

2019-08-27
Amendment details: Province or Territory of Registered Office

* Amendment details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed. For more information, contact Corporations Canada.

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Date Modified:

2019-10-08

Government of Canada / Gouvernement du Canada

Federal Corporation Information - 805067-8

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Note

This information is available to the public in accordance with legislation (see Public disclosure of corporate information).

Corporation Number
805067-8

Business Number (BN)
835959081RC0001

Corporate Name
8050678 CANADA INC.

Status
Active

Governing Legislation
Canada Business Corporations Act - 2011-12-12

Registered Office Address

111 Heritage Rd. Suite 200
Chatham ON N7M 5W7
Canada

Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this

information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors

Minimum 1
Maximum 15

Nicholas John Roberts
10 James Street
Chatham-Kent ON N0P 1A0
Canada

Jeroen Buitenhuis
21557 Huffman Road
Blenheim ON N0P 1A0
Canada

Trevor Henry
19664 Charing Cross Road
Chatham-Kent ON N0P 1A0
Canada

Peter VanMol
10714 Talbot Trail
Blenheim ON N0P 1A0
Canada

Arthur VanderPol
10075 Talbot Trail
Blenheim ON N0P 1A0
Canada

Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings

Anniversary Date (MM-DD)
12-12

Date of Last Annual Meeting
2016-04-05

Annual Filing Period (MM-DD)
12-12 to 02-10

Type of Corporation
Non-distributing corporation with 50 or fewer shareholders

Status of Annual Filings
2019 - Not due
2018 - Overdue
2017 - Filed

Corporate History

Corporate Name History	
2011-12-12 to Present	8050678 CANADA INC.

Certificates and Filings

Certificate of Incorporation
2011-12-12

Certificate of Amendment *

2019-08-27
Amendment details: Province or Territory of Registered Office

* Amendment details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed. For more information, contact Corporations Canada.

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Date Modified:

2019-10-08

Federal Corporation Information - 889530-9

Buy copies of corporate documents

Note

This information is available to the public in accordance with legislation (see Public disclosure of corporate information).

Corporation Number
889530-9

Business Number (BN)
811752179RC0001

Corporate Name
8895309 CANADA INC.

Status
Active

Governing Legislation
Canada Business Corporations Act - 2014-05-22

Registered Office Address

111 Heritage Rd. Suite 200
Chatham ON N7M 5W7
Canada

Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this

information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors

Minimum 1
Maximum 5

NICHOLAS ROBERTS
10 James Street
Blenheim ON N0P 1A0
Canada

PETER VAN MOL
10714 Talbot Trail
Blenheim ON N0P 1A0
Canada

ARTHUR VANDERPOL
10075 Talbot Trail
Blenheim ON N0P 1A0
Canada

JEROEN BUITENHUIS
21557 Huffman Road
Blenheim ON N0P 1A0
Canada

TREVOR HENRY
19664 Charing Cross Road
Blenheim ON N0P 1A0
Canada

Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings

Anniversary Date (MM-DD)
05-22

Date of Last Annual Meeting
Not available

Annual Filing Period (MM-DD)
05-22 to 07-21

Type of Corporation
Non-distributing corporation with 50 or fewer shareholders

Status of Annual Filings
2019 - Filed
2018 - Filed
2017 - Filed

Corporate History

Corporate Name History

2014-05-22 to Present	8895309 CANADA INC.

Certificates and Filings

Certificate of Incorporation
2014-05-22

Certificate of Amendment *

2015-09-01
Amendment details: Other

Certificate of Amendment *

2019-08-27
Amendment details: Province or Territory of Registered Office

* Amendment details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed. For more information, contact Corporations Canada.

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Date Modified:

2019-10-08

EXHIBIT "B"

Organizational Chart of Legal Entities

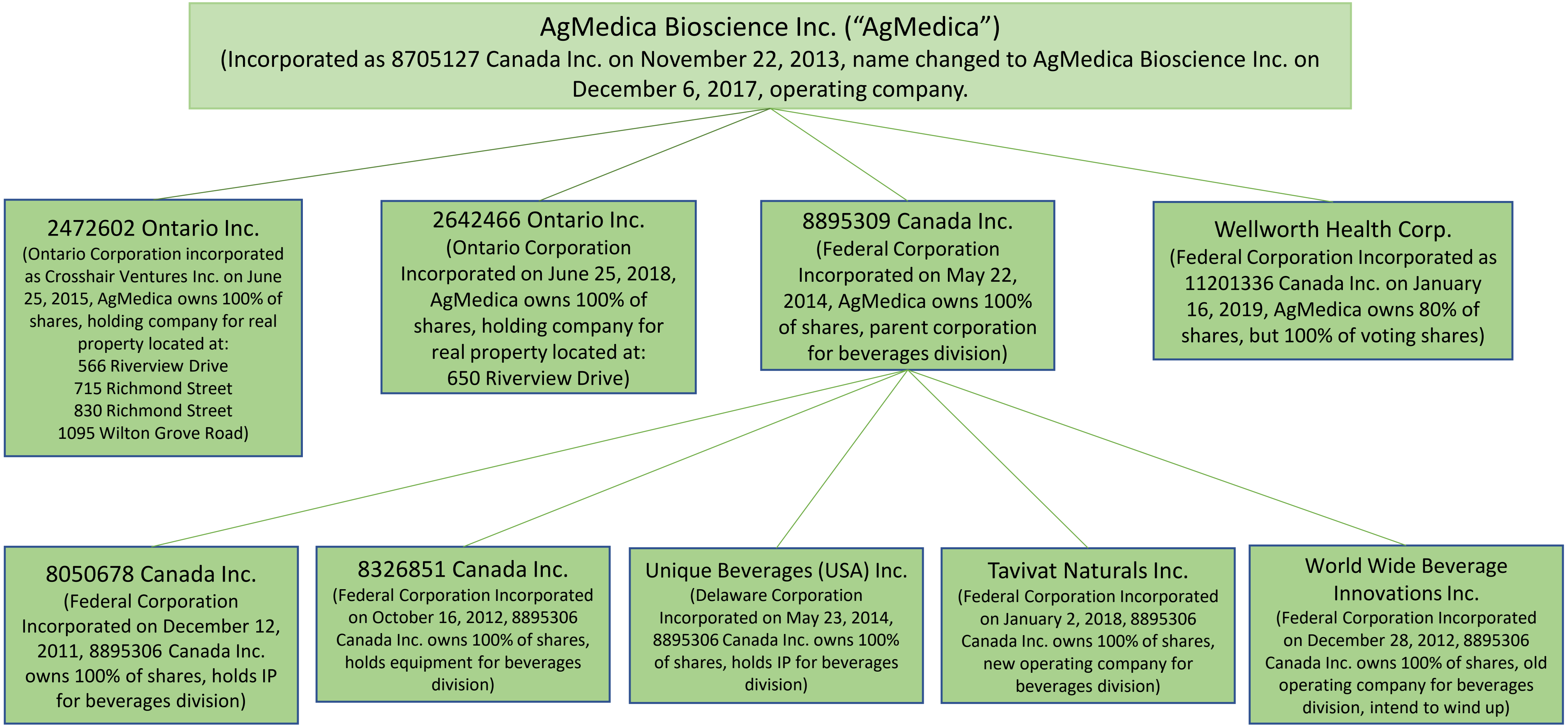

EXHIBIT “C”

Health Canada / Santé Canada

Licence No. - N° de licence
LIC-DYYUPRUYDP-2018-2

LICENCE

This licence is issued in accordance with the *Cannabis Act* and *Cannabis Regulations*

LICENCE

Cette licence est délivrée conformément à la *Loi sur le cannabis* et le *Règlement sur le cannabis*

Licence Holder / Titulaire de la licence :
AgMedica Bioscience Inc.

Licensed Site / Lieu autorisé :
566 RIVERVIEW DRIVE
CHATHAM, ON, CANADA, N7M 5J5

The above-mentioned person is authorized to conduct, at the site specified on this licence, the activities listed below for the following licence classes and subclasses:

- Standard Cultivation
- Standard Processing
- Sale for Medical Purposes

La personne susmentionnée est autorisée à effectuer, sur le site spécifié sur cette licence, les activités énumérées ci-dessous pour les catégories et les sous-catégories de licence suivantes:

- Culture standard
- Transformation standard
- Vente à des fins médicales

Indoor Area(s) / Zone(s) intérieure(s)

Building 1

Activities	Activités
• to possess cannabis • to obtain dried cannabis, fresh cannabis, cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting cannabis • to sell cannabis in accordance with subsection 11(5) of the *Cannabis Regulations* • for the purpose of testing, to obtain cannabis by altering its chemical or physical properties by any means • to produce cannabis, other than obtain it by cultivating, propagating or harvesting it • to sell cannabis in accordance with subsection 17(5) of the *Cannabis Regulations* • to sell cannabis products in accordance with section 27 and Part 14, Division 1 of the *Cannabis Regulations*	• avoir du cannabis en sa possession • obtenir du cannabis séché, du cannabis frais, des plantes de cannabis ou des graines provenant de telles plantes par la culture, la multiplication et la récolte de cannabis • vendre du cannabis en vertu du paragraphe 11(5) du *Règlement sur le cannabis* • afin d'effectuer des essais sur du cannabis, obtenir du cannabis par l'altération, par tout moyen, de ses propriétés physiques ou chimiques • produire du cannabis, sauf en l'obtenant par la culture, la multiplication et la récolte • vendre du cannabis en vertu du paragraphe 17(5) du *Règlement sur le cannabis* • vendre des produits du cannabis en vertu de l'article 27 et la section 1 de la partie 14 du *Règlement sur le cannabis*

Outdoor Area(s) / Zone(s) extérieure(s)

Conditions	Conditions
AgMedica Bioscience Inc. must meet the requirements set out in the Health Canada document entitled "Mandatory cannabis testing for pesticide active ingredients–Requirements".	AgMedica Bioscience Inc. doit respecter les exigences énoncées dans le document de Santé Canada intitulé « Analyse obligatoire du cannabis pour les résidus de principes actifs de pesticides-Exigences ».
The only cannabis products that AgMedica Bioscience Inc. may sell or distribute to (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; cannabis plant seeds; dried cannabis; fresh cannabis; cannabis oil; cannabis topicals; cannabis extracts; and edible cannabis.	Les seuls produits du cannabis que AgMedica Bioscience Inc. peut vendre ou distribuer (i) à un titulaire d'une licence de vente et (ii) à une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; graines provenant d'une plante de cannabis; cannabis séché; cannabis frais; huile de cannabis; cannabis pour usage topique; extrait de cannabis; et cannabis comestible.
The only cannabis products that AgMedica Bioscience Inc. may send or deliver to the purchaser at the request of (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; cannabis plant seeds; dried cannabis; fresh cannabis; cannabis oil; cannabis topicals;	Les seuls produits du cannabis que AgMedica Bioscience Inc. peut expédier ou livrer à l'acheteur à la demande (i) d'un titulaire d'une licence de vente et (ii) d'une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; graines provenant d'une plante de cannabis;

Authorized Official, Controlled Substances and Cannabis Branch
Officiel autorisé, Direction générale des substances contrôlées et du cannabis

Canada

cannabis extracts; and edible cannabis.	cannabis séché; cannabis frais; huile de cannabis; cannabis pour usage topique; extrait de cannabis; et cannabis comestible.

Effective date of the licence:

This licence is effective as of **October 21, 2019**

Date d'entrée en vigueur de la licence:

Cette licence entre en vigueur à compter du **21 octobre 2019**

Expiry date of the licence:

This licence expires on **December 8, 2020**

Date d'expiration de la licence:

La présente licence expire **le 8 décembre 2020**

Authorized Official, Controlled Substances and Cannabis Branch

Officiel autorisé, Direction générale des substances contrôlées et du cannabis

Health Canada Santé Canada

Address Locator 0300A
Ottawa ON K1A 0K9

Legacy #10-MM0393
Cannabis Regulations # LIC-DYYUPRUYDP-2018

August 30, 2019

AgMedica Bioscience Inc.
c/o Arthur Vander Pol
111 Heritage Road, Suite 200
Chatham, ON N7M 5W7

Subject: Minister's Approval under the *Cannabis Regulations*

Dear Arthur Vander Pol,

We have completed the review of your application in which you have requested the addition of Grow Rooms 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 and 18 as grow areas in Building 1.

This request has been approved by the Licensing and Security Division effective as of August 30, 2019 and may be verified at a future Health Canada inspection.

Additionally, we acknowledge receipt of the following notifications which have been reflected in the licence record:

- Change in nomenclature of Vegetative Room 1 to Grow Room 19
- Change in nomenclature of Vegetative Room 2 to Grow Room 20
- Change in nomenclature of Mother Room to Grow Room 21
- Change in nomenclature of Dry Room 3 to Processing Room 5
- Change in nomenclature of Oil Extraction Room to Processing Room 6

If you have any further questions, please do not hesitate to contact us by email at HC.licensing-cannabis-licences.SC@canada.ca.

Sincerely,

Joanne Garrah
Director, Licensing & Security Division/ Directrice,
Division des licences et de la sécurité
Health Canada / Santé Canada

Canada

Health Canada Santé Canada

Address Locator 0300A
Ottawa ON K1A 0K9

Cannabis Regulations #LIC-DYYUPRUYDP-2018

October 21, 2019

AgMedica Bioscience Inc.
c/o Arthur Vander Pol (Responsible Person)
Suite 200 - 111 Heritage Road
Chatham ON N7M 5W7

Subject: Minister's Approval under the *Cannabis Regulations*

Dear Arthur Vander Pol,

We have completed the review of your application in which you requested to amend the conditions on your processing licence to authorize the sale of cannabis extracts, cannabis topicals and edible cannabis products to provincially and territorially authorized retailors and to holders of a licence for sale for medical purposes.

Please find enclosed the amended standard processing licence authorizing the activity of sale of cannabis extracts, cannabis topicals and edible cannabis in addition to the previously granted licence for standard cultivation and licence for sale for medical purposes issued under the *Cannabis Regulations* for AgMedica Bioscience Inc. These licences are effective as of October 21, 2019 and valid until December 8, 2020. These licences authorize AgMedica Bioscience Inc. to conduct the activities specified on the licences, only for the site specified on the licences and in accordance with the conditions set out in the licences.

Authorized activities appear on the licence under the building or area in which they are permitted to be conducted. If you are not authorized to cultivate cannabis outdoors, the space on your licence under "Outdoor Area(s)" will be left blank.

If you have any further questions, please do not hesitate to contact us by email at HC.licensing-cannabis-licences.SC@canada.ca.

Sincerely,

Joanne Garrah
Director, Licensing & Security Division/ Directrice, Division des licences et de la sécurité
Health Canada / Santé Canada

Canada

EXHIBIT "D"

Health Canada Santé Canada

109

Licence No. - N° de licence
LIC-SRZXK1SMFM-2019

LICENCE

This licence is issued in accordance with the *Cannabis Act* and *Cannabis Regulations*

LICENCE

Cette licence est délivrée conformément à la *Loi sur le cannabis* et le *Règlement sur le cannabis*

Licence Holder / Titulaire de la licence :
AgMedica Bioscience Inc.

Licensed Site / Lieu autorisé :
111 HERITAGE ROAD
SUITE 200
CHATHAM, ON, CANADA, N7M 5W7

The above-mentioned person is authorized to conduct, at the site specified on this licence, the activities listed below for the following licence classes and subclasses:

- Sale for Medical Purposes

La personne susmentionnée est autorisée à effectuer, sur le site spécifié sur cette licence, les activités énumérées ci-dessous pour les catégories et les sous-catégories de licence suivantes:

- Vente à des fins médicales

Authorized activities

Activités autorisées

Building 1

Activities	**Activités**
• to sell cannabis products in accordance with section 27 of the Cannabis Regulations	• vendre des produits du cannabis en vertu de l'article 27 du Règlement sur le cannabis

Conditions

Conditions

N/A	N/A

Effective date of the licence:

This licence is effective as of **August 2, 2019**

Date d'entrée en vigueur de la licence:

Cette licence entre en vigueur à compter du **2 août 2019**

Expiry date of the licence:

This licence expires on **August 2, 2022**

Date d'expiration de la licence:

La présente licence expire le **2 août 2022**

Director, Licensing & Security Division, CLRB, for and on behalf of the Minister
Directeur, Division des licences et sécurité, DGLRC, pour et de la part du Ministre

Canada

EXHIBIT "E"

AgMedica Bioscience Inc.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIODS ENDED June 30, 2019 AND 2018

Notice to Reader: These Condensed Consolidated Interim Statements have been prepared for Internal Purposes by the Company and are not for dissemination.

(Expressed in Canadian dollars)

AgMedica Bioscience Inc.
Condensed Consolidated Interim Statements of Financial Position
As at June 30, 2019 and March 31, 2019
UNAUDITED

	June 30, 2019	March 31, 2019
ASSETS		
CURRENT		
Cash and cash equivalents	$ 5,027,716	$ 1,143,859
Accounts receivable	4,732,676	4,740,151
Prepaid expenses and other current assets (Note 3)	3,140,827	1,991,752
Inventory (Note 4)	11,524,508	8,910,632
Biological assets (Note 5)	1,944,623	1,038,380
Loan receivable (Note 6)	1,294,188	628,296
	27,664,538	**18,453,070**
NON-CURRENT		
Property, plant & equipment (Note 11)	52,577,963	49,106,273
Convertible promissory note (Note 7)	1,829,226	1,772,322
Intangible assets (Note 10)	10,918,671	10,343,185
Derivatives (Note 8)	878,177	885,459
Investment in associates (Note 9)	19,245,463	19,295,313
	$ 113,114,038	**$ 99,855,622**
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 12)	$ 11,884,774	$ 9,211,699
Current portion of loans payable and long-term debt (Note 14)	14,908,625	1,185,989
Current portion of lease liabilities (Note 17)	181,820	146,021
Convertible debentures (Note 16)	14,265,714	14,066,510
Current portion of other long-term liabilities (Note 18)	200,000	200,000
Other current liabilities (Note 13)	18,711,362	19,236,608
Promissory notes (Note 15)	3,140,000	3,050,000
Income taxes receivable (Note 24)	79,280	79,280
Deposits	17,610	17,610
	63,389,185	47,193,717
NON-CURRENT		
Lease liabilities (Note 17)	570,891	375,858
Loans payable and long-term debt (Note 14)	73,990	1,055,496
Deferred income taxes (Note 24)	811,000	811,000
Other long-term liabilities (Note 18)	875,011	843,700
	65,720,077	50,279,772
EQUITY		
Share capital (Note 19a)	120,432,312	118,976,232
Contributed surplus (Note 19e)	5,304,889	4,474,912
Non-controlling interest	(168,560)	(46,758)
Accumulated other comprehensive income	(7,787)	17,662
Deficit	(78,166,892)	(73,846,197)
	47,393,962	49,575,851
	$ 113,114,038	**$ 99,855,622**

Subsequent events (Note 26)

APPROVED BY THE BOARD

_______________________________ Director

_______________________________ Director

AgMedica Bioscience Inc.
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
For the three months ended June 30, 2019, and June 30, 2018
UNAUDITED

		2019		2018
Revenue	$	4,652,173	$	-
Excise taxes		963,810		-
NET REVENUE		**3,688,363**		**-**
Cost of sales		2,297,224		-
GROSS PROFIT BEFORE FAIR VALUE ADJUSTMENTS		**1,391,139**		**-**
Realized fair value adjustments on inventory sold (Note 5)		1,006,045		-
Unrealized gain on changes in fair value of biological assets (Note 4)		(3,010,410)		(174,916)
GROSS PROFIT		3,395,504		174,916
OPERATING EXPENSES (Note 21)				
Research and development		631,693		2,929,126
General and administration		3,919,866		655,234
Sales and marketing		1,107,737		417,062
Operations and support		214,167		223,124
Amortization (Note 10 and 11)		787,697		170,835
Share based compensation		1,099,869		174,722
TOTAL OPERATING EXPENSES		**7,761,029**		**4,570,103**
OTHER (INCOME) EXPENSES				
Share of loss from investment in associates (Note 9)		24,401		-
Unrealized fair value changes on financial instruments		(7,982)		5,137
Finance costs		1,157,103		501,914
Finance income		(51,912)		(2,867)
Gain on foreign exchange		(276,571)		(4,597)
Other income		(768,067)		(238,570)
TOTAL OTHER (INCOME) EXPENSES		**76,972**		**261,017**
NET LOSS BEFORE INCOME TAXES		(4,442,497)		(4,656,204)
INCOME TAX				
Current (Note 25)		-		-
Deferred (Note 25)		-		-
NET LOSS	**$**	**(4,442,497)**	**$**	**(4,656,204)**
NET LOSS ATTRIBUTABLE TO:				
AgMedica Bioscience Inc.	**$**	**(4,320,695)**	**$**	**(4,656,204)**
Non-controlling interest		**(121,802)**		**-**
NET LOSS		**(4,442,497)**		**(4,656,204)**
OTHER COMPREHENSIVE INCOME (LOSS):				
Foreign exchange loss on translation of investment in associates (Note 8)		25,449		-
COMPREHENSIVE LOSS	**$**	**(4,467,946)**	**$**	**(4,656,204)**
COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
AgMedica Bioscience Inc.	**$**	**(4,346,144)**	**$**	**(4,656,204)**
Non-controlling interest		**(121,802)**		**-**
		(4,467,946)		**(4,656,204)**
INCOME (LOSS) PER SHARE - BASIC (Note 18e)	**$**	**(0.03)**	**$**	**(0.04)**
INCOME (LOSS) PER SHARE - DILUTED (Note 18e)		**(0.03)**		**(0.04)**
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC (Note 20e)		**147,392,544**		**104,431,994**

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

AgMedica Bioscience Inc.
Condensed Consolidated Interim Statements of Cash Flow
For the three months ended June 30, 2019, and June 30, 2018
UNAUDITED

	2019	2018
OPERATING ACTIVITIES		
Net loss for the year	$ (4,442,497)	$ (4,656,204)
Adjustments for:		
Deferred income taxes (Note 25)	-	-
Unrealized gain on changes in fair value of biological assets (Note 5)	(3,010,410)	(174,916)
Realized fair value gains in inventory sold (Note 4)	1,006,045	-
Share of loss from investment in associates	24,401	-
Amortization of intangible assets (Note 10)	233,764	717
Amortization of property, plant, and equipment (Note 11)	901,798	504,682
Unrealized fair value change on deriviate asset	7,282	-
Unrealized fair value change on loan receivable	(28,318)	
Unrealized fair value change on derivative liability on convertible debentures (Note 16)	21,375	40,173
Unrealized fair value change on convertible promissory note (Note 8)	(8,321)	(35,036)
Finance costs expensed	1,157,103	501,914
Finance costs paid	(402,341)	(312,217)
Finance income and foreign exchange gains earned	(328,483)	(7,464)
Finance income received, net of realized foreign exchange gain (loss)	(5,818)	7,464
Interest paid on lease liabilities (Note 17)	(11,188)	(8,155)
Share-based compensation - stock options (Note 19b)	1,099,868	174,722
Share-based compensation for advisory services (Note 19a)	560,942	3,000,000
Changes in non-cash working capital items (Note 22)	15,721	(2,842,907)
Cash used in operating activities	(3,209,077)	(3,807,227)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment (Note 11)	(4,101,297)	(2,495,490)
Purchase of intangible asset (Note 10)	(809,250)	-
Issuance of promissory note receivable	-	(630,000)
Advances on loan receivable (Note 6)	(666,666)	-
Cash used in investing activities	(5,577,213)	(3,125,490)
FINANCING ACTIVITIES		
Proceeds from share issuances, net of share issuance costs (Note 19a)	-	3,338,200
Proceeds from exercise of share options (Note 19a)	120	-
Proceeds from issuance of convertible debentures (Note 16)	-	2,491,000
Payment of principal portion of lease liability (Note 17)	(52,547)	(30,624)
Proceeds from long-term debt (Note 14)	15,977,202	-
Transaction fees on long-term debt (Note 14)	(882,151)	-
Repayment of long-term debt (Note 14)	(2,372,477)	(16,824)
Cash provided by financing activities	12,670,147	5,781,752
Effect of foreign exchange changes on cash and cash equivalants		
Change in cash	3,883,857	(1,150,965)
Cash, beginning of the year	1,143,859	3,515,147
Cash, end of the year	**$ 5,027,716**	**$ 2,364,182**

The accompanying notes to the consolidated financial statements are an integral part of these statements.

AgMedica Bioscience Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
For the three months ended June 30, 2019, and June 30, 2018

	Number of outstanding common shares –	Share capital	Number of outstanding common shares – restricted	Share capital - restricted	Contributed Surplus	Non-controlling interest	Deficit	Accumulated other comprehensive income	Total shareholders' equity
Balance, March 31, 2018	**103,063,752**	**$ 45,278,700**	**7,500,000**	**$11,260,000**	**$ 268,520**	**$ -**	**$ (42,673,146)**	**$ -**	**$ 14,134,074**
Share expense for service rendered (Note 19d)	-	-		2,750,000	-	-	-	-	2,750,000
Shares unreserved for services rendered	3,750,000	6,610,000	(3,750,000)	(6,610,000)	-	-	-	-	-
Private placements	1,858,335	3,343,199	-	-	-	-	-		3,343,199
Shares issued for services rendered	166,667	250,000	-	-	-	-	-	-	250,000
Share issuance costs	-	(4,999)	-	-	-	-	-	-	(4,999)
Share-based compensation (Note 19d)	-	-	-	-	174,722	-	-	-	174,722
Net loss for the period	-	-	-	-	-	-	(4,660,801)	-	(4,660,801)
Balance, June 30, 2018	**108,838,754**	**$ 55,476,900**	**$ 3,750,000**	**$ 7,400,000**	**$ 443,242**	**$ -**	**$ (47,333,947)**	**$ -**	**$ 15,986,195**
Balance, March 31, 2019	**147,392,544**	**$ 118,976,232**	**$ -**	**$ -**	**$ 4,474,912**	**$ (46,758)**	**$ (73,839,646)**	**$ 17,662**	**$ 49,582,402**
Share expense for service rendered (Note 19a(i))	-	560,942	-	-	-	-	-	-	560,942
Share expense for license agreement (Note 10)	-	625,127	-	-	-	-	-	-	625,127
Share-based compensation attributed to Contributed Surplus (Note 19d)	-	-	-	-	1,099,868	-	-	-	1,099,868
Exercise of stock options (Note 19b)	120,000	120	-	-	-	-	-	-	120
Exercise of share-based compensation options (Note 19e)	-	269,891	-	-	(269,891)	-	-	-	-
Non-controlling interest	-	-	-	-	-	(121,802)	-	-	(121,802)
Net loss for the period	-	-	-	-	-	-	(4,320,695)	(25,449)	(4,346,144)
Balance, June 30, 2019	**147,512,544**	**$ 120,432,312**	**$ -**	**$ -**	**$ 5,304,889**	**$ (168,560)**	**$ (78,160,341)**	**$ (7,787)**	**$ 47,400,513**

The accompanying notes to the Condensed Interim Consolidated Financial Statements are an integral part of these Condensed Interim Consolidated Financial Statements.

1. The Company and its Operations

AgMedica Bioscience Inc. (the "Company" or “AgMedica”) is a private company federally incorporated on November 22, 2013 in Canada under the Canada Business Corporations Act (“CBCA”). The Company changed its name to AgMedica Bioscience Inc., on December 6, 2017 (formerly AgriMed Botanicals Inc.). The principal activities of the Company are the production and sale of cannabis as regulated by the Access to Cannabis for Medical Purposes Regulations (Canada) (the "ACMPR") in Canada up to and including October 16, 2018. On October 17, 2018, the ACMPR was superseded by the Cannabis Act which regulates the production, distribution, and possession of cannabis for both medical and adult recreational access in Canada. The Company obtained a license authorizing the cultivation, processing and sale of substances listed in the license, issued by Health Canada to the Company on June 15, 2018 in respect of the Company's Riverview facility located in Chatham, Ontario (the "Riverview Facility", and such license is referred to as the "Riverview License"). On August 3, 2018, the Company received an amendment to its license allowing for the production of cannabis oils and effective May 31, 2019, the license was amended to allow for the sale of cannabis oil products. Prior to the receipt of the cultivation and sales licenses, the Company was focused on building out its infrastructure and research and development activities. Prior to the expiry of the term of each of the licenses, the Company must apply for renewal to Health Canada which contains information prescribed by the Cannabis Act. The Company’s Riverview License, if not renewed, will expire on December 8, 2020. The Company's head office is located at 111 Heritage Road, Suite 200, Chatham, Ontario, N7M 5W7.

Going Concern Assumption

These Condensed Interim Consolidated Financial Statements at June 30, 2019, have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has accumulated a deficit amounting to $78,160,341 as at June 30, 2019 (at March 31, 2019 – $73,839,646), including a net loss of $4,320,695 for the three months ended June 30, 2019 (for the three months ended June 30, 2018 – $4,656,204). Included in the net loss is non-cash expenses such as share-based compensation of $1,660,810 (for the three months ended June 30, 2018 – $3,174,722), and amortization of $787,697 (2018 - $170,835). The Company has a cash shortfall from operations of $3,209,077 (for the three months ended June 30, 2018 - $3,807,227) however, began sales of recreational cannabis in October 2018. In September 2019, the Company received Health Canada approval for its Phase 2 expansion of the Riverview production facility.

At June 30, 2019, the Company has net current liabilities of $35,628,647 (at March 31, 2019 – $28,644,647). During the year ended March 31, 2019, the Company received licenses for the production and sale of cannabis oil, in addition to the licenses already received for the production and sale of cannabis. Included in current liabilities are other current liabilities totaling $18,711,362 which includes termination rights of $18,000,000 related to the Company’s investment in Herbolea (Note 13). If exercised by Herbolea, the Company has the option to settle this liability by returning shares of the investee rather than rendering a cash payment. Current liabilities also include convertible debentures with a carrying value of $14,265,714. Although the debentures do not mature in the one-year period subsequent to June 30, 2019, the Company has classified them as current based on the expectation the debentures will be converted upon the Company completing an initial public offering.

The Company has invested in capital projects to increase the production capacity of the Company’s facilities to manage the propagation, cultivation and processing of Cannabis with cash outflows from investing activities for the three months ending June 30, 2019, of $4,101,297 (for the three months ended June 30, 2018 - $2,495,490). The Company considers these investments vital to the future growth and success of the business, but with respect to these investments, the Company has discretion with respect to the timing of further investing expenditures.

During the three months ended June 30, 2019, the Company raised a total of $15,977,202 through loan agreements secured by the company’s owned properties. Proceeds of the loan were used to repay existing debt totaling $2,241,485, provide capital for investment in the Company’s production facilities and general working capital.

1. The Company and its operations (continued)

Going Concern Assumption (continued)

The Company's ability to continue as a going concern depends on its ability to achieve positive cash flows from operations, raise additional financing to fund current and future operations while completing the expansion to its production facilities. While the Company has been successful in raising financing in the past, there is no assurance that it will be able to obtain additional financing or that such financing will be available on reasonable terms. These conditions combined with the accumulated losses to date indicate the existence of an uncertainty that cast significant doubt on the Company's ability to continue as a going concern.

While management believes that it will be able to raise additional necessary funds in the future there is no assurance the Company will be successful. These Condensed Interim Consolidated Financial Statements have been prepared on a going concern basis and do not reflect adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. Basis of presentation

a) Statement of compliance

These Condensed Interim Condensed Interim Consolidated Financial Statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Certain information and footnote disclosures normally included in the audited annual Condensed Interim Condensed Interim Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These condensed interim Condensed Interim Condensed Interim Consolidated Financial Statements should be read in conjunction with AgMedica Bioscience's March 31, 2019 audited annual Condensed Interim Condensed Interim Consolidated Financial Statements. These condensed interim Condensed Interim Condensed Interim Consolidated Financial Statements have been prepared on a basis consistent with the accounting policies disclosed in the March 31, 2019, audited annual Condensed Interim Condensed Interim Consolidated Financial Statements.

These Condensed Interim Condensed Interim Consolidated Financial Statements are unaudited and reflect adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary to provide a fair statement of results for the interim periods in accordance with IFRS.

The results reported in these condensed interim Condensed Interim Condensed Interim Consolidated Financial Statements should not be regarded as necessarily indicative of results that may be expected for an entire fiscal year. The policies set out below are consistently applied to all periods presented, unless otherwise noted. These condensed interim Condensed Interim Condensed Interim Consolidated Financial Statements were approved by the Board of Directors and authorized for issuance by the Board of Directors on XXXXX, 2019.

b) Basis of measurement

These Condensed Interim Consolidated Financial Statements have been prepared in Canadian dollars on a historical cost basis except for biological assets, derivatives and certain financial assets and liabilities which are measured at fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

2. Basis of presentation (continued)

c) Basis of consolidation

Subsidiaries

For the purpose of preparing these Condensed Interim Consolidated Financial Statements subsidiaries are entities controlled by the Company. Control exists when the Company has power over a subsidiary that exposes or give rights to variable returns that are related to its involvement in the subsidiary and is able to use its power to affect, either directly or indirectly, the amount of those returns. Each subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date when such control ceases.

The Condensed Interim Consolidated Financial Statements include the accounts and results of operations of the Company and its subsidiaries over which the Company has control.

As at June 30, 2019, subsidiaries over which the Company has control include:

Name of Subsidiary	**Jurisdiction of Incorporation**	**Ownership Interest**
2472602 Ontario Inc. (formerly "Crosshair Ventures Inc.")	Canada	100%
2642466 Ontario Inc.	Canada	100%
Wellworth Health Corp. (formerly "11201336 Canada Inc.")	Canada	80%
8895309 Canada Inc.	Canada	100%
8050678 Canada Inc.	Canada	100%
8326851 Canada Inc.	Canada	100%
Unique Beverages (USA) Inc.	USA	100%
WorldWide Beverage Innovations Inc.	Canada	100%
Tavivat Naturals Inc.	Canada	100%
Eseela Inc.	Canada	100%

All intercompany balances and transactions have been eliminated on consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The Company measures goodwill as the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquired business, less the fair value of the identifiable assets and liabilities assumed, all measured as of the acquisition date. Any excess of the fair value of the net assets acquired over the consideration paid is a gain on business acquisition and is recognized as a gain in the Condensed Interim Consolidated Statement of Operations and Comprehensive Loss. The Company elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities that the Company incurs in connection with a business combination, are expensed as incurred.

2. Basis of presentation (continued)

c) Basis of consolidation (continued)

Investment in associates

Associates are entities over which the Company exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but without control or joint control over those policies. Significant influence is presumed if the Company holds between 20% and 50% of the voting rights, unless evidence exists to the contrary. The Company accounts for associates using the equity method of accounting. Interests in associates accounted for using the equity method are initially recognized at cost. Subsequent to the initial recognition, the carrying value of the Company's interest in an associate is adjusted for the Company's share of net income (loss), comprehensive income (loss) and distributions of the investee. The carrying value of associates is assessed for impairment at each statement of financial position date.

Refer to Note 9 for additional information regarding Investments in Associates.

3. Prepaid expenses and other current assets

The Company's prepaid expenses and other current assets consists of the following:

	June 30, 2019	March 31, 2019
Prepaid expenses	$ 1,231,692	$ 725,966
Deposits	1,909,135	1,265,786
Total prepaid expenses and other current	**$ 3,140,827**	**$ 1,991,752**

4. Inventory

Inventory is comprised of:

	Kilograms at June 30, 2019	Capitalized cost	Fair value adjustments	June 30, 2019	Kilograms at March 31, 2019	March 31, 2019
Dry cannabis						
Finished goods	48.4	$ 225,545	$ 34,970	$ 260,515	68.9	$ 278,764
Work-in-process	1,429.1	2,819,523	2,812,204	5,631,727	1,462.8	5,339,042
Cannabis oil						
Finished goods		72,556		72,556		-
Work-in-process	609.4	1,667,534	1,658,469	3,326,003	335.9	1,733,012
Purchased dried cannabis	352.8	1,955,287	-	1,955,287	220.5	1,239,619
Packaging and supplies		278,420	-	278,420		320,195
		$ 7,018,865	**$ 4,505,643**	**$11,524,508**		**$ 8,910,632**

Inventory expensed in cost of sales during the three months ended June 30, 2019, was $3,124,291 (for the three months ended June 30, 2018 – nil). Inventory expensed includes realized fair value gains included in inventory of $1,006,045 (for the three months ended June 30, 2018 – nil).

5. Biological assets

The Company's biological assets consist of cannabis plants. The continuity of biological assets for the three months ended June 30, 2019 and the year ended March 31, 2019, is as follows:

		June 30, 2019		March 31, 2019
Biological assets, beginning	$	1,038,380	$	792,444
Production costs capitalized*		1,214,458		4,659,779
Increase in fair value less costs to sell due to biological transformation		3,010,410		4,203,463
Transfers to inventory upon harvest		(3,318,625)		(8,617,306)
Biological assets, ending	**$**	**1,944,623**	**$**	**1,038,380**

*includes amortization for the three months ended June 30, 2019, of $347,865 (for the year ended March 31, 2019 - $1,406,046).

The Company measures its biological assets at their fair value less costs to sell and harvest. This is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling prices per gram and also for any additional costs to be incurred, such as post-harvest costs. For in-process biological assets, the fair value at the point of harvest is adjusted based on the stage of growth. As at June 30, 2019, on average, in-process biological assets were 60% (March 31, 2019 – 50%) complete as to the expected harvest date.

The Company estimates the harvest yields for the plants at various stages of growth. As at June 30, 2019, it is expected that the Company's biological assets will yield approximately 848,700 grams of cannabis (at March 31, 2019 – 652,400). The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in unrealized gain on changes in fair value of biological assets in the future periods.

The Company accretes fair value on a straight-line basis according to stage of growth. As a result, a cannabis plant that is 50% through its 12-week growing cycle would be ascribed approximately 50% of its harvest date expected fair value (subject to any wastage adjustments).

The following significant unobservable inputs, all of which are classified as Level-3 on the fair value hierarchy, were used by management as part of this model:

- Selling price - based upon a weighted average historical selling price for all strains of dry cannabis produced by the Company upon the commencement of sales, which is expected to approximate future selling prices.
- Average growth cycle – represents the weighted average number of weeks out of the 12-week growing cycle that the biological assets have reached as of the measurement date;
- Stage of growth and value associated with each stage – Value for each stage of growth is determined by reference to the percentage of completion, based on the average growth cycle, and the total expected costs and selling price from inception to harvest;
- Yield by plant – represents the expected number of grams of finished cannabis inventory which are expected to be obtained from each harvested cannabis plant;
- Wastage – represents the weighted average percentage of biological assets which are expected to fail to mature into cannabis plants that can be harvested and;

5. Biological assets (continued)

- Post-harvest costs – calculated as the cost per gram of harvested cannabis to complete the sale of cannabis plants post-harvest, consisting of cost of direct and indirect materials and labour related to labelling and packaging.

The following table quantifies each significant unobservable input, and also provides the impact that a 10% increase and / or decrease in each input would have on the fair value of biological assets:

Level 3 Estimate	June 30, 2019	March 31, 2019	10% Change as at June 30, 2019	10% Change as at March 31, 2019
Selling price	$ 5.50	$ 4.60	$ 264,500	$ 157,500
Average growth cycle	12 weeks	12 weeks	141,000	149,000
Yield by plant	60 grams	64 grams	194,500	104,000
Wastage	1%	1%	1,500	1,500
Post-harvest costs	18%*	21%*	70,000	53,500

* percentage of selling price

6. Loan receivable

Changes in the balance of the Company's loan receivable for the three-month period ending June 30, 2019, consist of the following:

Balance as at March 31, 2019	**$**	**628,296**
Advances on loan to Herbolea Biotech S.r.l. ("Herbolea")		637,574
Add: Change in fair value		28,318
Balance as at June 30, 2019	**$**	**1,294,188**

At the option of Herbolea, the loan can be repaid by delivering a certain number of the Company's shares or in cash. The loan is measured at FVTPL as it fails the SPPI test.

7. Convertible promissory note

Changes in the balance of the Company's convertible promissory note for the three-month period ending June 30, 2019, consist of the following:

Balance as at March 31, 2019	**$**	**1,772,322**
Add: Change in fair value		56,904
Balance as at June 30, 2019	**$**	**1,829,226**

8. Derivatives

As at June 30, 2019, the carrying value of the derivative assets are as follows:

	Total
Balance, March 31, 2019	**$ 885,459**
Change in fair value	(7,282)
Balance, June 30, 2019	**$ 878,177**

9. Investment in associates

The following table outlines changes in the investments in associates that are accounted for under the equity method. In accordance with IAS 28 Investments in Associates and Joint Ventures in cases where the Company does not have the same reporting date as its associates the Company is permitted to account for its investment one quarter in arrears. Accordingly, the share of net income (loss) amounts in the following table are based on results to March 31, 2019 with adjustments for any significant transactions, as required. The Company's investment in Herbolea Biotech S.r.l. was purchased on February 28, 2019, and accordingly the Company has not accounted for its share of the investee's income in the period.

	MedC Biopharma Corporation (i)	Herbolea Biotech S.r.l. (ii)	Total
Balance, March 31, 2019	**$ 1,302,776**	**$ 18,031,088**	**$ 19,333,864**
Share of net loss	(24,401)	-	(24,401)
Other comprehensive income (loss) - Foreign exchange loss	(25,449)	-	(25,449)
Balance, June 30, 2019	**$ 1,252,926**	**$ 18,031,088**	**$ 19,284,014**
Ownership %, June 30, 2019	**9.0%**	**25.0%**	
Fiscal year-end date	**December 31**	**December 31**	

10. Intangible assets

A continuity of the intangible assets for the three months ended June 30, 2019 is as follows:

Cost	**Balance at March 31, 2019**	**Additions**	**Balance at June 30, 2019**
Software	$ 55,482	$ 56,400	$ 111,882
License agreements (i, ii)	5,713,301	752,850	6,466,151
Intangible assets acquired on acquisition	3,749,306	-	3,749,306
Total - cost	**$ 9,518,089**	**$ 809,250**	**$ 10,327,339**
Accumulated amortization			
Software	$ (7,268)	$ (6,204)	$ (13,472)
License agreements	(57,722)	(154,874)	(212,596)
Intangible assets acquired on acquisition	(96,914)	(72,686)	(169,600)
Total - accumulated amortization	**$ (161,904)**	**$ (233,764)**	**$ (395,668)**
Total - net book value	**$ 9,356,185**	**$ 575,486**	**$ 9,931,671**

10. Intangible assets (continued)

i. On May 15, 2019, the Company executed an option in the license agreement with Herbolea, at a cost of $752,850 (€500,000), to obtain a license to use the technology for expansion in the German market for a 10-year period. The license agreement is amortized straight-line over the term of the agreement.

ii. On February 28, 2019, the Company entered into a license agreement paid through issuance of common shares in the Company. At initiation the license cost of $4,500,000 is accounted for as equity settled except for $2,000,000, which the Company committed to advance as a loan until the Company completes an initial public offering. As advances are made pursuant to the loan agreement the Company recognizes a charge to share capital for the remaining equity settled portion of the license fee. For the period ending June 30, 2019, the amount recognized in share capital was $625,127.

11. Property, plant & equipment

Cost	Balance at March 31, 2019	Additions	Transfers	Balance at June 30, 2019
Land	$ 3,940,720	-	$ -	$ 3,940,720
Buildings	17,525,756	-	-	17,525,756
Production rooms	13,674,647	159,153	588,662	14,422,462
Production equipment	3,118,027	94,454	-	3,212,481
Furniture[1]	276,762	49,001	-	325,763
Leasehold improvements	45,255	-	-	45,255
Computer hardware	936,300	150,179	-	1,086,479
Vehicles	34,857	-	-	34,857
Right of use assets	638,940	272,191	-	911,131
Construction in process	12,149,021	3,648,510	(588,662)	15,208,869
Cost - total	**$ 52,340,285**	**$ 4,373,488**	**$ -**	**$ 56,713,773**

Accumulated amortization	Balance at March 31, 2019	Amortization	Transfers	Balance at June 30, 2019
Buildings	$ (859,475)	$ (239,174)	$ -	$ (1,098,649)
Production rooms	(1,537,606)	(359,292)	-	(1,896,898)
Production equipment	(315,891)	(156,226)	-	(472,117)
Furniture[1]	(48,840)	(14,169)	-	(63,009)
Leasehold improvements	(5,432)	(2,828)	-	(8,260)
Computer hardware	(328,108)	(82,072)	-	(410,180)
Vehicles	(3,631)	(1,743)	-	(5,374)
Right of use assets	(135,029)	(46,294)	-	(181,323)
Construction in process	-	-	-	-
Amortization - total	**$ (3,234,012)**	**$ (901,798)**	**$ -**	**$ (4,135,810)**
Net book value	**$ 49,106,273**	**$ 3,471,690**	**$ -**	**$ 52,577,963**

(1) Furniture and office equipment

11. Property, plant & equipment (continued)

The Company has right-of-use assets as follows:

Right-of-use assets	Office space	Equipment	Total
Balance at March 31, 2019	**$ 480,018**	$ **$ 23,893**	**$ 503,911**
Additions	272,191	-	272,191
Depreciation expense	(44,270)	(2,024)	(46,294)
Balance at June 30, 2019	**707,939**	**21,869**	**729,808**

12. Accounts payable and accrued liabilities

	June 30, 2019	March 31, 2019
Accounts payable	$ 9,433,813	$ 6,636,659
Accrued liabilities	1,139,723	1,733,991
Government remittances payable	299,270	322,616
Payroll liabilities	1,011,968	518,433
Total accounts payable and accrued liabilities	**$ 11,884,774**	**$ 9,211,699**

13. Other current liabilities

Other current liabilities are comprised of the following accrued liabilities related to the Investment in Associate:

	June 30, 2019	March 31, 2019
Associate shares purchase		
- Liability for repurchase of the Company's own shares (i)	$ 18,000,000	$ 17,901,286
- Contingent consideration	32,030	31,088
Loan commitment		
- Liability for repurchase of Company's shares	662,992	1,258,801
- Fair value of loan commitments	16,340	45,433
Total other current liabilities	**$ 18,711,362**	**$ 19,236,608**

i. The share purchase agreement grants Herbolea a right to terminate the agreement if the Company fails to file an application to list its shares with a stock exchange by April 15, 2019, or if the Company's shares are not listed within 6 months of filing a listing application. In the event one of these termination events transpire, Herbolea, if elected to terminate, is required to file a notice of termination to the Company within 60 days. If the termination right is exercised, the Company has the option to purchase the 25% interest in Herbolea for $18,000,000 cash or forfeit the shares in the associate and pay a $300,000 penalty to Herbolea. If Herbolea exercises the termination right, the Company will receive 8,000,000 shares of the Company initially issued in exchange for the investment in Herbolea. The Company did not file an application with a stock exchange by April 15, 2019, and as at June 30, 2019, the termination right was not exercised by Herbolea.

14. Loans payable and long-term debt

The Company has entered into multiple loans and long-term debt arrangements as summarized below:

		June 30, 2019	March 31, 2019
(i)	Mortgage payable with a five-year term and amortization period of 20 years bearing an annual interest rate of 4.31%.	$ -	$ 1,161,329
(ii)	Mortgage payable with a three-year term and interest only monthly payments bearing an annual interest rate of 5.0%.	-	1,000,000
(iii)	Loan payable with a one-year term and interest only monthly payments bearing interest at 12%, net of transaction costs.	10,041,607	
(iv)	Loan payable with a six-month term and interest only monthly payments bearing a monthly interest rate of 1.5%, net of transaction costs.	4,867,018	
(v)	Equipment financing with a 60-month term with an annual interest rate of 0.0%.	73,990	80,156
		$ 14,982,615	**$ 2,241,485**
Less: current portion		**(14,908,625)**	**(1,185,989)**
Long-term portion		**$ 73,990**	**$ 1,055,496**

(i) On May 31, 2019, the Company repaid this mortgage payable. A payment of $1,152,877 was made to settle the mortgage balance which included interest of $3,511.

Prior to settlement, the Company recorded interest expense for the three months ended June 30, 2019, in relation to the mortgage of $8,278 for the three months ended June 30, 2018 -$9,511).

(ii) On May 31, 2019, the Company repaid this mortgage payable. A payment of $1,000,407 was made to settle the mortgage balance which included interest of $407.

Prior to settlement, the Company recorded interest expense for the three months ended June 30, 2019, in relation to the mortgage of $8,148 (for the three months ended June 30, 2018 -$nil).

14. Loans payable and long-term debt (continued)

(iii) On May 31, 2019, 2472602 Ontario Inc. and 2642466 Ontario Inc., wholly owned subsidiaries of the Company, entered a $10,977,202 ($8,131,863 USD) loan agreement. Proceeds of the loan were used to repay existing debt, provide capital for investment in the Company's production facilities and for general working capital purposes. The loan and interest-only monthly payments are denominated in USD and the loan matures on May 31, 2020. Interest on the loan is charged at rate equal to the greater of the LIBOR interest rate + 9.5% or 12%. The Company incurred transaction costs totaling $709,807 related to this loan. The transaction costs have been included in the initial measurement of the loan which is accounted for at amortized cost using the effective interest rate method. The loan is secured by real property owned by the Company and its subsidiaries.

During the three months ended June 30, 2019, the Company recorded interest expense in relation to the mortgage of $170,949 (for the three months ended June 30, 2018 - $nil).

(iv) On May 13, 2019, 2472602 Ontario Inc., a wholly owned subsidiary of the Company, entered into a $5,000,000 loan agreement. The interest rate is charged at 1.5% per month on the loan balance and monthly interest-only payments are made until the loan matures on November 13, 2019. The Company incurred transaction costs totaling $172,344 related to this loan. The transaction costs have been included in the initial measurement of the loan which is accounted for at amortized cost using the effective interest rate method. The loan is secured by real property owned by the Company and its subsidiaries.

During the three months ended June 30, 2019, the Company recorded interest expense in relation to the mortgage of $133,325 (for the three months ended June 30, 2018 – nil).

(v) On June 19, 2017, the Company entered into two equipment finance arrangements to purchase equipment totaling $123,317. The financing agreements are secured by the equipment purchased and one of the founding shareholders of the Company has provided personal guarantees in connection with the loan facility. The carrying value of the equipment was $74,620 as at June 30, 2019 (at March 31, 2019 - $76,122). During the three months ended June 30, 2019, the Company recorded interest expenses of $nil (for the three months ended June 30, 2018 - $nil). The Company makes monthly principal payments on the financing loan of $2,055.

15. Promissory notes

	June 30, 2019	March 31, 2019
Promissory note issued January 1, 2019, with a 12-month term, interest payable at the end of the term at a rate of 12% per annum.	$ 1,060,000	$ 1,030,000
Promissory notes issued February 25, 2019, with a 12-month term, interest payable at the end of the term at a rate of 12% per annum.	2,080,000	2,020,000
Total	**$ 3,140,000**	**$ 3,050,000**

16. Convertible debentures

During the year ended March 31, 2018, the Company initiated a private placement of unsecured convertible debentures bearing annual interest of 7%, compounded quarterly and payable semi-annually with a maturity date being three years from the date of issuance.

The debentures and any accrued interest are automatically converted into common shares immediately prior to the completion of a Qualifying Go-Public ("QGP") Event at an automatic conversion price of 70% of the per share price paid per common share in a QGP Event. If a QGP Event is not completed within 18 months of issuing the unsecured convertible debentures, the holders may elect to convert their unsecured convertible debentures, including accrued interest into common shares of the Company. The conversion price is equal to the lesser of $1.05 per common share or the price per share equal to a 30% discount from the price per share paid in the QGP Event, if such an event has occurred prior to the date of maturity.

As at June 30, 2019, no debentures had been converted into common shares.

A continuity of the convertible debentures carrying values is as follows:

Balance at March 31, 2019	**$ 8,666,899**
Interest payments to debenture holders	(424,239)
Interest expense	602,068
Balance at June 30, 2019	**$ 8,844,728**

A continuity of the convertible debentures derivative liability automatic conversion is as follows:

Balance at March 31, 2019	**$**	**4,693,620**
Change in fair value of derivative liability		
Automatic conversion		18,617
Balance at June 30, 2019	**$**	**4,712,237**

A continuity of the convertible debentures derivative liability optional conversion is as follows:

Balance at March 31, 2019	**$ 705,991**
Change in fair value of derivative liability	
Optional conversion	2,758
Balance at June 30, 2019	**$ 708,749**
Total derivative liability on convertible debenture	**$ 5,420,986**
Total convertible debenture	**$ 14,265,714**

17. Lease Liabilities

The Company has lease liabilities as follows:

Lease liabilities	Office space	Equipment	Total
Balance at March 31, 2019	**$496,866**	**$25,013**	**$ 521,879**
Additions	272,191	-	272,191
Lease payments	(50,062)	(2,485)	(52,547)
Interest expenses	10,512	676	11,188
Balance at June 30, 2019	**$729,507**	**$23,204**	**$ 752,711**
Less: current portion			**$ 181,820**
Non-current			**$ 570,891**

During the three months ended June 30. 2019, the Company expensed $11,636 (for the three months ended June 30, 2018 - $nil) in variable lease payments related to operating costs for the lease of office space.

18. Other long-term liabilities

The Company has recorded the following long-term liabilities related to minimum royalty and processing fees payable under the terms of licensing agreements:

	Total
Balance, March 31, 2019	**$ 1,043,700**
Interest accretion on liability	31,311
Balance, June 30, 2019	**$ 1,075,011**
Less: current portion	**(200,000)**
Non-current portion	**875,011**

19. Share Capital

a. Common shares

Unlimited number of common shares without par value are authorized.

Common Shares Issued and Freely Tradeable		Number of Common Shares		Balance
Balance – March 31, 2019		**147,392,544**	**$**	**118,976,232**
Exercise of options	Note 19c	120,000		270,011
Share expense for license agreement				625,127
Shares issued for services rendered	(i)	-		560,942
Balance – June 30, 2019		**147,512,544**	**$**	**120,432,312**

(i) Shares issued for Services Rendered

a. Advisory Board Common Share Issuance

On July 18, 2018, the Company entered into an agreement with an individual to serve on its Advisory Board. Under terms of the agreement, the member of the Advisory Board will receive 2,555,556 common shares of the Company. On September 21, 2018, the Company amended the original Advisory Board agreement, whereby the Company agreed to issue an additional 1,295,556 common shares of the Company.

On August 2, 2018, in accordance with the agreement the Company is issued 1,555,556 common shares, valued at $1.80 per common share or $2,800,001. A second tranche of 1,295,556 common shares valued at $2.16 per common share, or $2,802,016, were issued on December 10, 2018, for services provided for the period of August 2, 2018 to December 10, 2018. The $2.16 per common share price was the average trading prices for the common shares for the Company during this period. The remaining 1,000,000 common shares are expected to be issued on July 18, 2019 per the terms and conditions of the amended Advisory Board agreement. During the three-months ended June 30, 2019, the Company expensed $560,942 (for the three months ended June 30, 2018 - $nil) and the value of the common shares issued are expensed to the Consolidated Statements of Operating and Comprehensive Loss upon issuance.

b) Stock Options

On September 18, 2018, the directors of the Company approved a stock option plan (the "Plan"). The Plan authorizes 15,000,000 common shares in the Company to be set aside and reserved for issuance upon the exercise of options granted under the Plan. Prior to the implementation of the Plan, the Company issued options outside of the Plan. All options issued outside of the Plan, (the "Nominal Options") were issued with an exercise price of $0.001. The Plan and the Nominal Options were granted to encourage ownership of the Company's common shares by its key officers, directors, employees and consultants.

During the three-months ended June 30, 2019 the Company granted 100,000 (for the three months ended June 30, 2018 – nil) options under the Plan and nil (for the three months ended June 30, 2018 – 112,500) Nominal Options. The Nominal Options were granted at an exercise price of $0.001 per Nominal Option.

19. Share Capital (continued)

b) Stock Options (continued)

The following table is a summary of the Plan and Nominal Options granted and changes for the periods then ended:

	June 30, 2019	
	Number of Outstanding	Weighted Average Exercise Price
Options outstanding, beginning of period	**4,472,500**	**0.20**
Granted	100,000	5.95[1]
Exercised	(120,000)	0.001
Forfeited and expired	-	-
Options outstanding, end of period	**4,452,500**	**0.34**
Options exercisable, end of period	**946,250**	**0.24**

(1) Exercise price is based on a weighted average probability outcome based on the terms of the granted options, for which the exercise price is to be determined at a later day based on the outcome of specific events.

The following table summarizes information about the Plan and Nominal Options outstanding as at:

	June 30, 2019				
	Options outstanding			Options exercisable	
Exercise Price ($)	Number of options outstanding	Weighted average life (years)	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
0.001	3,752,500	5.28	0.001	796,250	0.001
1.50	600,000	6.21	1.50	150,000	1.50
5.95[1]	100,000	5.91	5.95[1]	-	5.95[1]
	4,452,500	**5.42**	**0.34**	**946,250**	**0.24**

(1) Exercise price is based on a weighted average probability outcome based on the terms of the granted options, for which the exercise price is to be determined at a later day based on the outcome of specific events.

19. Share Capital (continued)

b) Stock Options (continued)

	March 31, 2019				
	Options outstanding			Options exercisable	
Exercise Price ($)	Number of options outstanding	Weighted average life (years)	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
0.001	3,872,500	5.53	0.001	810,000	0.001
1.50	600,000	6.46	1.50	131,250	1.50
	4,472,500	**5.65**	**0.20**	**941,250**	**0.21**

In determining the amount of share-based compensation related to options issued by the Plan, the Company used the Black-Scholes option pricing model to establish the fair value of options commitments and grants during the three-months ended June 30, 2019 and 2018. The Company revalued committed options under the Plan for each reporting period until the Plan was established on September 18, 2018. On each of the measurement dates the Company applied the following assumptions at the time of the commitment, revaluation or grant of the Plan:

	June 30, 2019	**June 30, 2018**[2]
Risk-free rate	1.50%	2.04%
Expected life of options (years)	4.21	5.30
Expected annualized volatility	77.2%	68.7%
Expected dividend yield	Nil	Nil
Black-Scholes value of each option	$5.95[1]	1.14

(1) Exercised price is based on a weighted average probability outcome based on the terms of the granted options, for which the exercise price is to be determined at a later day based on the outcome of specific events.
(2) The assumptions relate to committed options not yet issued under the Plan which were revalued at the end of the three-months ended June 30, 2018 until ultimately granted upon the establishment of the Plan.

In determining the amount of share-based compensation related to Nominal Options, the Company used the Black-Scholes option pricing model to establish the fair value of options granted during the three-months ended June 30, 2019 and 2018, on their measurement date by applying the following weighted average assumptions:

	June 30, 2019[1]	**June, 30, 2018**
Risk-free rate	N/A	2.17%
Expected life of options (years)	N/A	4.21
Expected annualized volatility	N/A	68.7%
Expected dividend yield	N/A	Nil
Black-Scholes value of each option	N/A	$1.80

(1) N/A as no Nominal Options were granted during the three-months ended June 30, 2019.

As the Company does not have historical trading data for which to calculate volatility, the Company used Level 2 reporting metrics, by utilizing the volatility calculations reported by other comparable cannabis issuers. The expected life in years represents the period of time that options were granted or committed are expected to

19. Share Capital (continued)

c) Stock Options (continued)

be outstanding. The risk-free rate was based on the zero-coupon Canada government bonds with a term similar to the expected life of the options.

For the three-months ended June 30, 2019, the Company recorded $1,099,869 (for the three months ended June 30, 2018 - $174,722) in share-based compensation expense related to the grant or commitment of stock options to employees.

No stock options relating to the Plan have been exercised by option holders during the three-months ended June 30, 2019 or 2018, whereas 120,000 (for the three months ended June 30, 2018 - nil) Nominal Options were exercised at $0.001 for proceeds of $120.

d) Reconciliation of share-based compensation

	For the Three-Months Ended	
	June 30, 2019	June 30, 2018
Total Share-based Compensation	**$ 1,660,811**	**$ 2,924,722**
Statements of Cash Flows		
Stock options	1,099,869	174,722
Advisory services	560,942	2,750,000
Total per Statement of Cash Flows	**$ 1,660,811**	**$ 2,924,722**
Statements of Operation and Comprehensive Loss		
Share-based compensation	1,099,869	174,722
Research and development	-	2,750,000
General and administration	560,942	-
Total per Statements of Operation and Comprehensive Loss	**$ 1,660,811**	**$ 2,924,722**

e) Contributed surplus

Balance – March 31, 2019	**$ 4,474,912**
Share-based compensation	1,099,869
Exercise of options	(269,891)
Balance – June 30, 2019	**$ 5,304,890**

f) Loss per share

There were no dilutive items outstanding as at June 30, 2019 or 2018. Diluted losses per share does not take into account any outstanding convertible debentures or stock options as their effect would be anti-dilutive for these periods. As at June 30, 2019, there were convertible debentures and accrued unpaid interest outstanding that could be converted into 11,475,238 common shares (for the three months ended June 30, 2018 – 11,158,921) and 4,435,611 stock options outstanding (for the three months ended June 30, 2018 – 55,417).

20. Related Party Transactions

Summary of key management personnel compensation:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole.

The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel made during the three months ended June 30, 2019 and 2018, totaled $312,173 (for the three months ended June 30, 2018 - $235,618) and was comprised of salaries and benefits.

As at June 30, 2019 $47,509 (at March 31, 2019- $68,225) is included in accounts payable and accrued liabilities from amounts owing to related parties for reimbursement of expenses incurred in the normal course of business.

The related parties to the Company as at June 30, 2019 and 2018, are the founders of the Company. As a result, they have offered personal guarantees in respect to the equipment financing (note 11). One of the properties owned by the Company is in a separate entity of a related party, and a trust agreement exists whereby the property is held by the related party's entity in trust for the Company.

21. Expenditures by Nature

The following is a reconciliation of expenditures by function to expenditures by nature:

Presentation by Nature	June 30, 2019	June 30, 2018
Salaries, wages and other employee benefits	$ 2,135,801	$ 457,522
Raw materials and consumables	334,022	11,564
Equipment costs	2,321	28,800
Share-based compensation	1,660,812	2,924,722
Amortization	787,697	170,835
Legal and professional fees	216,259	46,689
Consultants	1,379,216	243,796
Facility expenses	278,994	248,386
Insurance	149,320	28,360
Marketing and promotion	404,613	254,163
Office expenses	200,403	98,456
Travel and other employee expenses	209,230	56,094
Bank and payment processor fees	2,341	716
Total	**$ 7,761,029**	**$ 4,570,103**

22. Changes in Non-Cash Working Capital Items

	June 30, 2019	June 30, 2018
Accounts receivable	$ 7,475	$ (500,700)
Prepaid expenses and other current assets	(1,149,075)	(267,324)
Inventory	(1,032,809)	(2,425,870)
Biological assets	(482,945)	638,948
Accounts payable and accrued liabilities	2,673,075	(287,962)
Total	**$ 15,721**	**$ (2,842,908)**

23. Segmented Information

The Company operates as one segment, the production and sale of cannabis and cannabis related products.

All property, plant and equipment and intangible assets are located in Canada.

All revenues were generated in Canada during the three-months ending June 30, 2019.

24. Financial instruments and fair value disclosures

(a) Fair value of financial assets and liabilities that are measured at fair value on a recurring basis

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value hierarchy requires the use of observable market inputs whenever such inputs exist.

24. Financial instruments and fair value disclosures (continued)

(a) Fair value of financial assets and liabilities that are measured at fair value on a recurring basis (continued)

The following table summarizes the valuation techniques and significant unobservable inputs in the fair value measurement of Level 3 financial instruments:

Financial asset / financial liability	Valuation techniques	Significant observable inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Convertible debentures (Note 16)	Probability weighted expected return method ("PWERM") for the automatic and optional conversion features.	Quoted discount rates in the public markets.	Share price, expected timing of an IPO, probability of completing an IPO.	Increase or decrease in the share price will result in a related increase or decrease in the fair value of the debentures conversion features. A change to the expected timing of an IPO will change the present value of the derivative liability.
Convertible promissory notes (Note 7)	PWERM for the for the automatic and optional conversion features and value of holding promissory note to maturity.	Terms of promissory note, discount rates quoted in public market.	Estimated recoverability of the promissory note based on the financial performance of the issuer of the note. Value of the issuer's shares underlying the conversion option and timing of the issuer's QGP Event.	A decrease in the probability the counterparty will complete an IPO event, postponement of the IPO event or a decline in future share price will decrease the value promissory notes receivable. A change in the credit risk of the issuer will increase or decrease the value of the promissory note.

24. Financial instruments and fair value disclosures (continued)

(a) Fair value of financial assets and liabilities that are measured at fair value on a recurring basis (continued)

Financial asset / financial liability	Valuation techniques	Significant observable inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Loan receivable (Note 6)	Expected present value of loan receivable and optional share settlement.	Quoted discount rates in the public markets.	Share price, expected timing of an IPO, probability of completing an IPO, recoverability of loan receivable, probability borrower will exercise share settlement option.	A decrease in the probability that the Company's share price at IPO will be greater than $2.25 per share will decrease the fair value of loan receivable. A change in the Company's assumption for timing of the IPO will decrease fair value of loan receivable and increase probability borrower will exercise share settlement option.
Other current liabilities (Note 13)	PWERM for the variable share consideration and fair value of loan commitment derivative	Company's share price in private placement financing, discount rate based on Company's cost of capital	Company's share price at IPO, and timing of IPO.	A decrease in the probability that the Company's share price at IPO will be greater than $2.25 per share will increase the fair value of the variable share consideration and the loan commitment derivative.
Derivative assets (Note 8)	PWERM for the fair value of share purchase options on unissued debentures.	Quoted discount rates in the public markets.	Share price at IPO, timing of counterparty achieving milestones triggering debenture purchases, expected timing of an IPO, probability of completing an IPO.	Changes in the assumptions will result in an increase or decrease in the fair value of the purchase options

24. Financial instruments and fair value disclosures (continued)

(a) Fair value of financial assets and liabilities that are measured at fair value on a recurring basis (continued)

During the year, there were no transfers of amounts between the hierarchy levels.

(b) Fair value of financial assets and liabilities that are not measured at fair value, but fair value disclosures are required

The carrying values of cash and equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity. The fair value of the promissory notes, loans payable and long-term-term debt approximate their fair value.

25. Income taxes

The provision for income taxes differs from the amount that would have resulted in applying the combined federal and provincial statutory tax rate as follows:

	March 31, 2019	March 31, 2018	March 31, 2017
Comprehensive loss	$ (22,403,870)	$ (22,403,870)	$ (5,203,345)
Statutory income tax rate	26.5%	26.5%	26.5%
Expected tax benefit at statutory income tax rates	(5,937,000)	(5,937,000)	(1,379,000)
Non-deductible expenses	4,715,000	4,715,000	1,310,000
Other	38,000	38,000	-
Change in unrecognized tax differences	1,192,000	1,192,000	69,000
Income tax expense	$ 8,000	$ 8,000	$ -

Temporary differences that give rise to the following deferred tax assets and liabilities are:

	March 31, 2019	March 31, 2018	March 31, 2017
Deferred tax assets			
Non-capital loss carry forwards	$ 51,000	$ 51,000	$ -
Other	28,000	28,000	-
	79,000	79,000	-
Deferred tax liabilities			
Property, plant and equipment	(31,000)	(31,000)	-
	$ 48,000	$ 48,000	$ -

25. Income taxes (continued)

The unrecognized temporary differences of the Company are comprised of:

	March 31, 2019	March 31, 2018	March 31, 2017
Deferred tax assets			
Non-capital loss carry forwards	$ 1,585,000	$ 1,585,000	$ 81,000
Property, plant and equipment	-	-	2,000
Share issuance costs	50,000	50,000	-
	1,635,000	1,635,000	83,000
Deferred tax liabilities			
Biological assets	(28,000)	(28,000)	-
Property, plant and equipment	(332,000)	(332,000)	-
	(360,000)	(360,000)	-
	$ 1,275,000	$ 1,275,000	$ 83,000

In assessing the ability to realize the benefit of the deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. Management considers the likelihood of future profitability, the character of the deferred tax assets and available tax planning strategies in making this assessment. To the extent that management believes it is probable the deferred tax assets will be realized, that portion of the deferred tax assets is recognized in the financial statements. The estimated average annual rate used for the three-months ended June 30, 2019, and 2018, by the Company, ranged from X% to X%.

Based on this assessment, a portion of the deferred tax assets as at March 31, 2019 and 2018 have not been recognized in the Condensed Interim Consolidated Financial Statements.

As at March 31, 2019, the Company had non-capital loss carry-forwards of approximately $6,175,000 that expire between 2034 and 2038.

26. Subsequent Events

a. As at September 30, 2019, the Company has made additional loan advances totaling $333,333 to Herbolea pursuant to the terms of the loan agreement accounted for in Note 6.

b. On July 26, 2019 and September 16, 2019, the first and second tranches of the convertible debenture had exceeded the 18 months from the date of issuance and were convertible into common shares of the Company, including accrued interest at the time of conversion. The conversion price was $1.05 for all of the exercised options. As at September 30, 2019, the debenture holders had converted $4,647,000 and $2,251,000 which accrued interest of $35,761 and $29,285 for first and second tranches respectively. The total principal and accrued interest was $6,963,046 which converted into 6,631,453 common shares of the Company.

   On August 1, 2019 and September 3, 2019, the Company had 300,000 and 462,500 options exercised respectively by employees into common shares. The weighted average exercise price of the exercised options was $0.001 per common share.

c. On September 5, 2019, the Company received approval from Health Canada to expand its existing cultivation and processing facility for Phase II at the Riverview facility. Additionally, effective August 2, 2019, the Company receives its sales license for the Heritage Road site in Chatham.

d.

EXHIBIT "F"

AgMedica Bioscience Inc.

CONSOLIDATED STATEMENTS PREPARED FOR INTERNAL PURPOSES

FOR THE YEARS ENDED MARCH 31, 2019, 2018 AND 2017

Notice to Reader: These Consolidated Statements have been prepared for Internal Purposes by the Company and are not for dissemination.

(Expressed in Canadian dollars)

AgMedica Bioscience Inc.
Consolidated Statements of Financial Position
As at March 31, 2019 and March 31, 2018
(in Canadian Dollars)

		2019		2018
ASSETS				
CURRENT				
Cash and cash equivalents	$	1,143,859	$	3,515,147
Accounts receivable (Note 28b)		4,985,151		2,162,411
Current portion of convertible promissory note (Note 9)		-		1,000,000
Prepaid expenses and other current assets (Note 5)		1,991,752		201,793
Inventory (Note 6)		8,910,632		669,081
Biological assets (Note 7)		1,038,380		792,444
Loan receivable (Note 8)		628,296		-
		18,698,070		**8,340,876**
NON-CURRENT				
Property, plant & equipment (Note 12)		49,106,273		19,346,028
Deferred income taxes (Note 30)		-		48,000
Convertible promissory note (Note 9)		1,772,322		-
Intangible assets (Note 11)		10,343,185		6,932
Derivatives (Note 10)		885,459		-
Investment in associates (Note 10)		19,295,313		-
	$	**100,100,622**	**$**	**27,741,836**
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities (Note 13)	$	9,508,149	$	2,346,431
Current portion of long-term debt (Note 15)		1,185,989		68,230
Current portion of lease liabilities (Note 18)		146,021		-
Current portion of convertible debentures (Note 17)		14,066,510		242,455
Current portion of other long-term liabilities (Note 19)		200,000		-
Other current liabilities (Note 14)		19,236,608		-
Promissory notes (Note 16)		3,050,000		-
Income taxes payable (Note 30)		79,280		-
Deposits		17,610		27,908
		47,490,167		2,685,024
NON-CURRENT				
Convertible debentures (Note 17)		-		9,681,079
Lease liabilites (Note 18)		375,858		-
Long-term debt (Note 15)		1,055,496		1,241,659
Deferred income taxes (Note 30)		811,000		-
Other long-term liabilities (Note 19)		843,700		-
		50,576,221		13,607,762
EQUITY				
Share capital (Note 20a)		118,976,232		56,538,700
Contributed surplus (Note 20e)		4,474,912		268,520
Non-controlling interest		(46,758)		-
Accumulated other comprehensive income		17,662		-
Deficit		(73,897,647)		(42,673,146)
		49,524,401		14,134,074
	$	**100,100,622**	**$**	**27,741,836**

Going concern (Note 1)
Commitments and Contingencies (Note 31)
Subsequent events (Note 32)

APPROVED BY THE BOARD

____________________ Director

____________________ Director

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

AgMedica Bioscience Inc.
Consolidated Statements of Operations and Comprehensive Loss
For the years ended March 31, 2019, March 31, 2018, and March 31, 2017

(in Canadian Dollars, except for number of common shares)

	2019	2018	2017
Revenue	$ 4,286,967	$ -	$ -
Excise taxes	631,087	-	-
NET REVENUE	**3,655,880**	**-**	**-**
Cost of sales	3,470,505	-	-
GROSS PROFIT BEFORE FAIR VALUE ADJUSTMENTS	**185,375**	**-**	**-**
Realized fair value adjustments on inventory sold	829,969	-	-
Unrealized gain on changes in fair value of biological assets (Note 7)	(4,203,463)	(106,455)	-
GROSS PROFIT	3,558,869	106,455	-
OPERATING EXPENSES (Note 22)			
Research and development (Note 20a(ii))	5,726,494	18,597,735	4,940,000
General and administration	9,509,806	2,306,435	51,468
Sales and marketing	2,555,550	479,763	7,473
Operations and support	588,316	433,790	190,440
Amortization (Notes 11 and 12)	1,328,809	501,219	1,822
Share based compensation	13,516,147	268,520	-
TOTAL OPERATING EXPENSES	**33,225,121**	**22,587,462**	**5,191,203**
OTHER EXPENSES (INCOME)			
Share of loss from investment in associates (Note 10)	92,119	-	-
Change in fair value of derivatives	221,644	123,079	-
Finance costs (Note 25)	2,498,043	394,050	27,493
Finance income (Note 25)	(93,888)	(21,623)	-
Gain on foreign exchange	(64,090)	-	-
Other income (Note 24)	(1,016,821)	(572,643)	(15,351)
TOTAL OTHER EXPENSES (INCOME)	**1,637,007**	**(77,137)**	**12,142**
NET LOSS BEFORE INCOME TAXES	**(31,303,259)**	**(22,403,870)**	**(5,203,345)**
INCOME TAXES			
Current (Note 30)	96,000	-	-
Deferred (Note 30)	(128,000)	8,000	-
NET LOSS	**$ (31,271,259)**	**$ (22,411,870)**	**$ (5,203,345)**
NET LOSS ATTRIBUTABLE TO:			
AgMedica Bioscience Inc.	**$ (31,224,501)**	**$ (22,411,870)**	**$ (5,203,345)**
Non-controlling interest	**(46,758)**	**-**	**-**
NET LOSS	**(31,271,259)**	**(22,411,870)**	**(5,203,345)**
OTHER COMPREHENSIVE INCOME:			
Foreign exchange gain on translation of investment in associates (Note 10)	17,662	-	-
COMPREHENSIVE LOSS	**$ (31,253,597)**	**$ (22,411,870)**	**$ (5,203,345)**
COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
AgMedica Bioscience Inc.	**$ (31,206,839)**	**$ (22,411,870)**	**$ (5,203,345)**
Non-controlling interest	**(46,758)**	**-**	**-**
	(31,253,597)	**(22,411,870)**	**(5,203,345)**
LOSS PER SHARE - BASIC	**$ (0.25)**	**$ (0.28)**	**$ (10,407)**
LOSS PER SHARE - DILUTED	**(0.25)**	**(0.28)**	**(10,407)**
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED (Note 20f)	**123,716,929**	**79,638,337**	**500**

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

AgMedica Bioscience Inc.
Consolidated Statements of Cash Flow
For the years ended March 31, 2019, March 31, 2018, and March 31, 2017
(expressed in Canadian Dollars)

	2019	2018	2017
OPERATING ACTIVITIES			
Net loss for the year	$ (31,271,259)	$ (22,411,870)	$ (5,203,345)
Adjustments for:			
Deferred income taxes (Note 30)	(128,000)	8,000	-
Unrealized gain on changes in fair value of biological assets (Note 7)	(4,203,463)	(106,455)	-
Realized fair value adjustments on inventory sold	829,969	-	-
Share of loss from investment in associates (Note 10)	92,119	-	-
Gain on disposal of property, plant and equipment	-	(939)	-
Amortization of intangible assets (Note 11)	160,231	1,673	-
Amortization of property, plant, and equipment (Note 12)	2,574,622	569,748	1,822
Unrealized fair value change on derivative assets (Note 10)	(13,320)	-	-
Unrealized fair value change on convertible debentures (Note 25)	285,259	123,079	-
Unrealized fair value change on convertible promissory note (Note 9)	(50,295)	-	-
Finance costs (Note 25)	2,498,043	394,050	27,493
Finance costs paid	(824,857)	(151,595)	(27,493)
Finance income and foreign exchange gains	(157,978)	(21,623)	-
Finance income received	97,326	20,693	-
Interest paid on lease liabilities (Note 18)	(31,715)	-	-
Share-based compensation - stock options (Note 20 c and d)	6,455,931	268,520	-
Share-based compensation for advisory services (Note 20a)	11,310,463	17,510,000	4,940,000
Changes in non-cash working capital items (Note 23)	(2,468,732)	(1,622,743)	249,675
Cash used in operating activities	(14,845,656)	(5,419,462)	(11,848)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment (Note 12)	(31,692,290)	(15,076,282)	(239,246)
Proceeds on disposal of property, plant and equipment (Note 12)	-	10,000	-
Purchase of intangible assets (Note 11)	(46,877)	(8,605)	-
Acquisition of business, net of cash acquired (Note 4)	(2,780,202)	19,518	-
Royalty payments made on licenses (Note 19)	(200,000)	-	-
Acquisition of derivative assets (Note 10)	(636,665)	-	-
Acquisition of investment in associates (Note 10)	(1,338,682)	-	-
Advances on loan receivable (Note 10)	(666,666)	-	-
Issuance of promissory note receivable (Note 10)	(1,957,502)	(1,000,000)	-
Repayment of promissory note receivable (Note 9)	1,000,000	-	-
Cash used in investing activities	(38,318,884)	(16,055,369)	(239,246)
FINANCING ACTIVITIES			
Proceeds from share issuances, net of share issuance costs (Note 20a)	44,430,617	15,652,096	-
Proceeds from exercise of share options	1,090	-	-
Proceeds from issuance of convertible debentures (Note 17, 26)	2,489,528	9,558,000	-
(Repayment) proceeds of shareholder loans	-	(346,657)	304,000
Proceeds from issuance of promissory notes (Note 16, 26)	3,000,000	-	-
Payment of principal portion of lease liabilities (Note 26)	(117,061)	-	-
Proceeds from long-term debt (Note 26)	1,000,000	123,317	-
Repayment of long-term debt (Note 26)	(68,404)	(53,573)	-
Cash provided by financing activities	50,735,770	24,933,183	304,000
Effect of foreign exchange changes on cash and cash equivalents	57,482	931	-
Change in cash and cash equivalents	(2,371,288)	3,459,283	52,906
Cash and cash equivalents, beginning of the year	3,515,147	55,864	2,958
Cash and cash equivalents, end of the year	**$ 1,143,859**	**$ 3,515,147**	**$ 55,864**

The accompanying notes to the consolidated financial statements are an integral part of these statements.

AgMedica Bioscience Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended March 31, 2019, March 31, 2018, and March 31, 2017

	Number of outstanding common shares – freely tradeable	Share capital	Number of outstanding common shares – restricted	Share capital - restricted	Contributed Surplus	Non-controlling interest	Deficit	Accumulated other comprehensive income	Total shareholders' equity
Balance, April 1, 2016	**500**	**$ 500**	**-**	**$ -**	**$ -**	**$ -**	**$ (15,057,931)**	**$ -**	**$ (15,057,431)**
Shares issued for services to be rendered (Note 20a(ii))	-	-	-	4,940,000	-	-	-	-	4,940,000
Net loss for the year	-	-	-	-	-	-	(5,203,345)	-	(5,203,345)
Balance, March 31, 2017	**500**	**$ 500**	**-**	**$ 4,940,000**	**$ -**	**$ -**	**$ (20,261,276)**	**$ -**	**$ (15,320,776)**
Share consolidation (Note 20a(i))	72,738,500	-	-	-	-	-	-	-	-
Shares issued for services to be rendered (Note 20a(ii))	-	-	15,000,000	17,510,000	-	-	-	-	17,510,000
Shares unreserved for services rendered (Note 20a(ii))	7,500,000	11,190,000	(7,500,000)	(11,190,000)	-	-	-	-	-
Shares issued to retire promissory note (Note 20a(iv))	2,290,536	3,435,804	-	-	-	-	-	-	3,435,804
Common Shares issued for Redemption of Class A Preferred Shares (Note 20a(v))	10,000,000	15,000,000	-	-	-	-	-	-	15,000,000
Common Shares issued for Redemption of Class B Preferred Shares (Note 20a(v))	200	300	-	-	-	-	-	-	300
Private placements (Note 20a(vi))	10,534,016	15,652,096	-	-	-	-	-	-	15,652,096
Share-based compensation (Note 20d)	-	-	-	-	268,520	-	-	-	268,520
Net loss for the year	-	-	-	-	-	-	(22,411,870)	-	(22,411,870)
Balance, March 31, 2018	**103,063,752**	**$ 45,278,700**	**7,500,000**	**$ 11,260,000**	**$ 268,520**	**$ -**	**$ (42,673,146)**	**-**	**$ 14,134,074**

AgMedica Bioscience Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended March 31, 2019, March 31, 2018, and March 31, 2017

	Number of outstanding common shares – freely tradeable	Share capital	Number of outstanding common shares – restricted	Share capital - restricted	Contributed Surplus	Non-controlling interest	Deficit	Accumulated other comprehensive income	Total shareholders' equity
Balance, March 31, 2018	**103,063,752**	**$ 45,278,700**	**7,500,000**	**$ 11,260,000**	**$ 268,520**	**$ -**	**$ (42,673,146)**	**-**	**$ 14,134,074**
Shares issued for investment in associates (Note 10)	10,000,000	3,445,823	-	-	-	-	-	-	3,445,823
Shares issued for acquisition (Note 4)	444,445	1,000,000	-	-	-	-	-	-	1,000,000
Expense for services rendered (Note 20a(ii))	-	-	-	3,590,000	-	-	-	-	3,590,000
Shares unreserved for services rendered (Note 20a(ii))	7,500,000	14,850,000	(7,500,000)	(14,850,000)	-	-	-	-	-
Shares issued for services rendered (Note 20a(iii))	3,245,557	7,720,463	-	-	-	-	-	-	7,720,463
Private placements (Note 20a(vii))	21,990,458	45,158,807	-	-	-	-	-	-	45,158,807
Exercise of options (Note 20c)	1,090,000	2,250,629	-	-	(2,249,539)	-	-	-	1,090
Share issuance costs (Note 20a)	58,332	(728,190)	-	-	-	-	-	-	(728,190)
Share-based compensation (Note 20d)	-	-	-	-	6,455,931	-	-	-	6,455,931
Non-controlling interest loss for the year	-	-	-	-	-	(46,758)	-	-	(46,758)
Net loss for the year	-	-	-	-	-	-	(31,224,501)	17,662	(31,206,839)
Balance, March 31, 2019	**147,392,544**	**$ 118,976,232**	**-**	**$ -**	**$ 4,474,912**	**$ (46,758)**	**$ (73,897,647)**	**$ 17,662**	**$ 49,524,401**

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

1. The Company and its Operations

AgMedica Bioscience Inc. (the "Company" or “AgMedica”) is a private company federally incorporated on November 22, 2013 in Canada under the Canada Business Corporations Act (“CBCA”). The Company changed its name to AgMedica Bioscience Inc., on December 6, 2017 (formerly AgriMed Botanicals Inc.). The principal activities of the Company are the production and sale of cannabis as regulated by the Access to Cannabis for Medical Purposes Regulations (Canada) (the "ACMPR") in Canada up to and including October 16, 2018. On October 17, 2018, the ACMPR was superseded by the Cannabis Act which regulates the production, distribution, and possession of cannabis for both medical and adult recreational access in Canada. The Company obtained a license authorizing the cultivation, processing and sale of substances listed in the license, issued by Health Canada to the Company on June 15, 2018 in respect of the Company's Riverview facility located in Chatham, Ontario (the "Riverview Facility", and such license is referred to as the "Riverview License"). On August 3, 2018, the Company received an amendment to its license allowing for the production of cannabis oils and effective May 31, 2019, the license was amended to allow for the sale of cannabis oil products. Prior to the receipt of the cultivation and sales licenses, the Company was focused on building out its infrastructure and research and development activities. Prior to the expiry of the term of each of the licenses, the Company must apply for renewal to Health Canada which contains information prescribed by the Cannabis Act. The Company’s Riverview License, if not renewed, will expire on December 8, 2020. The Company's head office is located at 111 Heritage Road, Suite 200, Chatham, Ontario, N7M 5W7.

Going Concern Assumption

These consolidated financial statements at March 31, 2019, have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has accumulated a deficit amounting to $73,897,647 as at March 31, 2019 (2018 – $42,673,146), including a net loss of $31,224,501 for the year ended March 31, 2019 (2018 – $22,411,870; 2017 – $5,203,345). Included in the net loss is non-cash expenses such as share-based compensation of $17,767,484 (2018 – $17,778,520, 2017 - $4,940,000), and amortization of $2,734,853 (2018 - $571,421, 2017 - $1,822).

The Company has a cash shortfall from operations of $14,846,080 (2018 - $5,419,462, 2017 - $11,848) however, began sales of recreational cannabis in October 2018. During the year ended March 31, 2019, the Company received licenses for the production and sale of cannabis oil, in addition to the licenses already received for the production and sale of cannabis. In September 2019, the Company received Health Canada approval for its Phase 2 expansion of the Riverview production facility.

At March 31, 2019, the Company has net current liabilities of $28,792,097 (2018 – net current assets of $5,655,852). Included in current liabilities are other current liabilities totaling $19,236,608 which includes termination rights of $17,901,286 related to the Company’s investment in Herbolea (Note 14). If exercised by Herbolea, the Company has the option to settle this liability by returning shares of the investee rather than rendering a cash payment.

The Company has invested in capital projects to increase the production capacity of the Company’s facilities to manage the propagation, cultivation and processing of Cannabis with cash outflows from investing activities of $31,692,290 (2018 - $15,076,282, 2017 - $239,246). The Company considers these investments vital to the future growth and success of the business, but with respect to these investments, the Company has discretion with respect to the timing of further investing expenditures.

During the year ended March 31, 2019, the Company raised a total of $44,430,617 from the issuance of shares, net of share issuance costs, $2,489,528 million from the issuance of convertible notes, $3,000,000 million from issuance of promissory notes, and $1,000,000 million proceeds from long-term debt. In May 2019, the Company obtained additional debt financing totaling $15,977,202 and repaid long-term debt totaling $2,241,485 demonstrating the Company’s ability to raise funds as required to operate the business.

1. The Company and its operations (continued)

Going Concern Assumption (continued)

The Company's ability to continue as a going concern depends on its ability to achieve positive cash flows from operations, raise additional financing to fund current and future operations while completing the expansion to its production facilities. While the Company has been successful in raising financing in the past, there is no assurance that it will be able to obtain additional financing or that such financing will be available on reasonable terms. These conditions combined with the accumulated losses to date indicate the existence of an uncertainty that cast significant doubt on the Company's ability to continue as a going concern.

These Consolidated Financial Statements have been prepared on a going concern basis and do not reflect adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. Basis of Presentation

a) Statement of compliance

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretation Committee ("IFRIC") for all periods presented.

The Company has reclassified certain immaterial items on the comparative Consolidated Statement of Financial Position, Statements of Operations and Comprehensive Loss, and Consolidated Statements of Cash Flows to conform with the current period's presentation.

These Consolidated Financial Statements were authorized for issue by the Board of Directors on September XX, 2019.

b) Basis of measurement

These Consolidated Financial Statements have been prepared in Canadian dollars on a historical cost basis except for biological assets and financial assets and liabilities which are measured at fair as included in Note 3(m). Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

2. Basis of Presentation (continued)

c) Basis of consolidation

Subsidiaries

For the purpose of preparing these Consolidated Financial Statements subsidiaries are entities controlled by the Company. Control exists when the Company has power over a subsidiary that exposes or give rights to variable returns that are related to its involvement in the subsidiary and is able to use its power to affect, either directly or indirectly, the amount of those returns. Each subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date when such control ceases.

The Consolidated Financial Statements include the accounts and results of operations of the Company and its subsidiaries over which the Company has control.

As at March 31, 2019, subsidiaries over which the Company has control include:

Name of Subsidiary	Jurisdiction of Incorporation	Ownership Interest
2472602 Ontario Inc. (formerly "Crosshair Ventures Inc.")	Canada	100%
2642466 Ontario Inc.	Canada	100%
Wellworth Health Corp. (formerly "11201336 Canada Inc.")	Canada	80%
8895309 Canada Inc.	Canada	100%
8050678 Canada Inc.	Canada	100%
8326851 Canada Inc.	Canada	100%
Unique Beverages (USA) Inc.	USA	100%
WorldWide Beverage Innovations Inc.	Canada	100%
Tavivat Naturals Inc.	Canada	100%
Eseela Inc.	Canada	100%

All intercompany balances and transactions have been eliminated on consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The Company measures goodwill as the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquired business, less the fair value of the identifiable assets and liabilities assumed, all measured as of the acquisition date. Any excess of the fair value of the net assets acquired over the consideration paid is a gain on business acquisition and is recognized as a gain in the Consolidated Statement of Operations and Comprehensive Loss. The Company elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities that the Company incurs in connection with a business combination, are expensed as incurred.

2. Basis of Presentation (continued)

c) Basis of consolidation (continued)

Investment in associates

Associates are entities over which the Company exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but without control or joint control over those policies. Significant influence is presumed if the Company holds between 20% and 50% of the voting rights, unless evidence exists to the contrary. The Company accounts for associates using the equity method of accounting. Interests in associates accounted for using the equity method are initially recognized at cost. Subsequent to the initial recognition, the carrying value of the Company's interest in an associate is adjusted for the Company's share of net income (loss), comprehensive income (loss) and distributions of the investee. The carrying value of associates is assessed for impairment at each statement of financial position date.

Refer to Note 10 for additional information on investments in associates.

d) Critical accounting estimates and judgements

The preparation of the Consolidated Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected. Significant estimates and judgements used in the preparation of these Consolidated Financial Statements include the following:

i. Valuation of biological assets:

The Company measures its biological assets, consisting of cannabis plants, at their fair value less costs to sell. This is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling prices per gram and also for any additional costs to be incurred, such as post-harvest costs. The following are the significant estimates in determining the fair value of the Company's biological assets:

- Selling price
- Stage of growth and value associated with the stage
- Yield by plant
- Wastage
- Post-harvest costs

Further information on biological asset estimates is available in Note 7.

ii. Estimated useful lives and amortization of property, plant and equipment and finite life intangible assets:

Amortization of property, plant and equipment and intangible assets with finite lives is dependent upon estimates of useful lives, which are determined through the exercise of judgment. Property, plant and equipment and finite-lived intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. Management is required to exercise judgement in determining whether there are factors indicating an impairment in the value of an asset, and if so, management will use judgement in the estimates of recoverable amounts which considers factors such as economic and market conditions and the useful lives of assets.

2. Basis of Presentation (continued)

d) Critical accounting estimates and judgements (continued)

iii. Share-based compensation:

In calculating the share-based compensation expense, key estimates such as the value of the common shares, the rate of forfeiture of options granted, the expected life of the option, the probability factor for milestone achievements, the expected milestone achievement dates, the volatility of the value of the Company's common shares and the risk-free interest rate are used.

iv. Non-interest-bearing shareholder loans:

Non-interest-bearing shareholder loans are initially recorded at fair value and subsequently are recorded at amortized cost, using estimates of rates that would be charged for similar instruments. The determination of a market interest rate considers loans with similar maturities, cash flow patterns, currency, credit risk and interest rates. If there are no specified repayment dates on the shareholder loans, estimates of maturity and repayment are taken into consideration.

v. Income taxes:

The Company estimates the amount of current and deferred income tax expenses, liabilities and assets, each reporting period. In estimating tax expense, management must use judgement in making estimates and assumptions including but not limited to, the timing of when future tax assets or liabilities will be realized, the tax rates expected to be in effect and applicable to temporary differences when they reverse, taxable income, and the utilization of tax loss carry forwards and credits available, if any.

vi. Financial assets and financial liabilities:

Certain of the Company's financial assets and liabilities are measured at fair value. In estimating fair value, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company will use valuation techniques and unobservable inputs as disclosed in Note 28(d)

vii. Business combinations:

In determining the appropriate basis of accounting for an acquisition, judgement is used to determine if an acquisition is a business combination or an asset acquisition.

In determining the fair value of all identifiable assets and liabilities acquired, the most significant estimates relate to intangible assets. Estimates of fair value for intangible assets are prepared using valuation techniques, which are generally based on a forecast of the total expected future net cash flows. Management exercises judgement in projecting cash flows used as the basis for estimating fair value, including the future performance of these assets and the discount rate applied to future cash flows.

viii. Control, joint interest, or level of influence:

In determining the appropriate basis of accounting for the Company's interests in investees, judgment is applied regarding the degree to which the Company exerts influence directly or indirectly over the investees' financial and operating activities.

2. Basis of Presentation (continued)

d) Critical accounting estimates and judgements (continued)

ix. Inventory net realizable value:

Inventory is valued at the lower of cost and net realizable value. Determining the net realizable value requires the Company to make assumptions about the estimated selling price in the ordinary course of business, the estimated costs of packaging and the estimated variable costs to sell.

x. Variable consideration in revenue from contracts with customers:

The determination of the amount of variable consideration to recognize is dependent on management's estimate of the most likely amount to which the Company will be entitled and the probability of a significant reversal in that amount. These determinations require management to make estimates based on historical amounts received.

3. Significant Accounting Policies

The accounting policies described below have been applied consistently to all years presented in these Consolidated Financial Statements.

(a) Revenue recognition

Revenue is recognized at the transaction price, which is the amount of consideration to which the Company expects to be entitled in exchange for transferring control of promised goods to a customer. Gross revenue includes excise taxes, which the Company pays as principal, but excludes duties and taxes collected on behalf of third parties. Net revenue from sale of goods, as presented in the Consolidated Statement of Operations and Comprehensive Loss, represents revenue from the sale of goods less applicable excise taxes, expected price discounts, and allowances for customer returns. Excise taxes are a production tax which become payable when a cannabis product is delivered to the customer and are not directly related to the value of revenue.

The Company's contracts with customers for the sale of dried cannabis and cannabis oil consist of one performance obligation. The Company has concluded that revenue from the sale of these products should be recognized at the point in time when control is transferred to the customer, which is on shipment or delivery of these products, depending on the contract.

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated as the most likely amount, based on the Company's historical information, at the inception of the contract.

The Company's payment terms vary by the type of customer. For individual consumer sales, payment is due prior to the transfer of control. For non-consumer sales, payment terms range from 30 – 60 days after the transfer of control.

3. Significant Accounting Policies (continued)

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term investments with original maturities of three months or less, and are stated at cost, which approximates fair value.

(c) Biological assets

While the Company's biological assets are accounted for within the scope of IAS 41, *Agriculture*, the direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria outlined in IAS 2, *Inventories*. They include the direct cost of seeds and growing materials as well as other indirect costs such as utilities and supplies used in the growing process. Indirect labour for individuals involved in the growing and quality control process is also included, as well as depreciation on production rooms, buildings, equipment and overhead costs such as utilities, to the extent it is associated with the growing space. All direct and indirect costs of biological assets are capitalized as they are incurred, and they are all subsequently recorded as cost of sales on the Consolidated Statements of Operations and Comprehensive Loss in the period that the related product is sold. Biological assets are measured at their fair value less costs to sell in the Consolidated Statements of Financial Position. Unrealized fair value gains on growth of the biological assets are recorded separately in the Consolidated Statements of Operations and Comprehensive Loss.

The Company received its cannabis sales license on June 15, 2018, as a result there are no realized gains or losses on sales during the year-ended March 31, 2018, or March 31, 2017. Further information on estimates used in determining the fair value of biological assets can be found in Note 7.

(d) Inventory

Inventories of harvested dried cannabis, and cannabis oil, work-in-process and finished goods are valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value at harvest, which becomes the initial deemed cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories of purchased dried cannabis and packaging and supplies are valued at the lower of cost and net realizable value, with cost determined using the average cost basis. Upon the sale of inventory, the capitalized production costs and processing costs are recorded in cost of sales before fair value adjustments in the Consolidated Statements of Operations and Comprehensive Loss. The related realized fair value adjustments on inventory sold in the year is recorded separately in the Consolidated Statements of Operations and Comprehensive Loss.

At March 31, 2018, the Company had not yet harvested its first crop of cannabis, therefore the Company had not capitalized any post-harvest costs to inventory for the year-ended March 31, 2018, and March 31, 2017.

3. Significant Accounting Policies (continued)

(e) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, including any related capitalized borrowing costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Amortization is recognized on a straight-line basis, over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Land is not amortized as its useful life is deemed to be indefinite. Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted, prospectively, if appropriate.

The estimated useful lives are as follows:

Computer hardware	3 years
Leasehold improvements	5 years
Vehicles	5 years
Furniture and office equipment	5 years
Production equipment	5 years
Production rooms	10 years
Buildings	20 years

Construction in process is transferred to the appropriate property, plant and equipment account at the time when it is available for productive use. Upon transfer, the Company begins to amortize the asset over its useful life.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognized in the Consolidated Statements of Operations and Comprehensive Loss.

3. Significant Accounting Policies (continued)

(f) Intangible assets

Intangible assets are recorded at cost less any accumulated amortization and accumulated impairment loss. Intangible assets acquired through a business combination are measured at fair value at the acquisition date.

Intangible assets with finite useful lives are amortized over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

License agreements	Term of agreement
Computer software	3 years

Amortization begins when assets become available for use. The estimated useful life, amortization method, and rate are reviewed at the end of each reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

(g) Leases

Effective April 1, 2018, the Company adopted IFRS 16, *Leases.* Under IFRS 16, the Company recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment. In addition, the

ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

3. Significant Accounting Policies (continued)

(g) Leases (continued)

Lease payments included in the measurement of the lease liability comprise:

i. fixed payments, including in-substance fixed payments
ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date
iii. amounts expected to be payable under a residual value guarantee; and
iv. the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

The Company presents ROU assets within property, plant and equipment and lease liabilities separately in the Statement of Financial Position.

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

3. Significant Accounting Policies (continued)

(h) Impairment of non-financial assets

Indefinite lived intangible assets are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Long-lived assets with finite lives are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

For purposes of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash inflows ("cash-generating units" or "CGU"). The recoverable amount is the greater of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of the recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

(i) Income taxes

Income tax expense comprises current and deferred taxes. Current and deferred taxes are recognized in the Consolidated Statements of Operations and Comprehensive Loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the years, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. Significant Accounting Policies (continued)

(j) Research and development

Research costs are expensed as incurred. Development costs are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in the Consolidated Statements of Operations and Comprehensive Loss. To date, no development costs have been capitalized.

(k) Share-based payment transactions

Where equity-settled share based payments are awarded to management, employees and non-employees, the fair value of the equity instruments at the date of grant is recognized over the vesting period and charged to the Consolidated Statements of Operations and Comprehensive Loss. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of shares that eventually vest. Non-vesting conditions are factored into the fair value of the common shares ("Shares") and/or options granted. The cumulative expense is not adjusted where a non-vesting condition is not satisfied. Where the terms and conditions are modified before they vest, any increase in the fair value of the Shares, measured immediately before and after the modification, is also charged to the Consolidated Statements of Operations and Comprehensive Loss over the vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received unless that fair value cannot be estimated reliably in which case, they are measured at the fair value of the equity instruments granted. Amounts related to the issuance costs of Shares are recorded as a reduction of share capital. If the fair value of the goods or services received cannot be estimated reliably, the goods or services received, and the corresponding increase in equity are measured, indirectly, by reference to the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders service.

3. Significant Accounting Policies (continued)

(l) Foreign currency

The Consolidated Financial Statements are presented in Canadian dollars ("CAD"), the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in currencies other than an Entity's functional currency are recognized in the Consolidated Statements of Operations and Comprehensive Loss, except for gains and losses resulting from intercompany balances included in the net investment in foreign operations, for which foreign exchange gains and losses are recorded in accumulated other comprehensive (loss) income.

The Company translates the assets and liabilities of consolidated entities with differing functional currencies to the CAD at the prevailing exchange rate at the statement of financial position date and revenues and expenses of those operations using the average rates of exchange during the period. Gains and losses resulting from this translation are recorded in Accumulated Other Comprehensive Income, in the period in which they arise.

(m) Financial Instruments

The Company adopted *IFRS 9 Financial Instruments* effective April 1, 2018, replacing *IAS 39 Financial Instruments: Recognition and Measurement.* IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the previous financial instrument requirements of IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets (except for trade receivables without significant financing components) are initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs and are subsequently measured at either:

(i) amortized cost;
(ii) fair value through other comprehensive income ("FVTOCI"), or
(iii) at fair value through profit or loss ("FVTPL")

3. Significant Accounting Policies (continued)

(m) Financial Instruments (continued)

The classification at amortized cost is based on whether the contractual cash flow characteristics meet the SPPI test as well as the business model under which the financial assets are managed. Financial assets are required to be reclassified only when the business model under which they are managed has changed. All reclassifications are to be applied prospectively from the reclassification date.

Debt investment financial assets are only recorded at amortized cost if they are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows and meet the SPPI test.

The assessment of the Company's business models for managing the financial assets was made as of the date of initial application of April 1, 2018 or on initial recognition, if later. The assessment of whether contractual cash flows on debt instruments meet the SPPI test was made based on the facts and circumstances as at the initial recognition of the financial assets.

Consistent with IAS 39, all financial liabilities held by the Company under IFRS 9, other than the embedded derivative liabilities on convertible debentures, are initially measured at fair value, plus transaction costs, and subsequently measured at amortized cost using the effective interest rate method.

Embedded derivatives are separated from the host contract upon initial recognition and accounted for separately at FVTPL when the host contract is not a financial asset and certain conditions are met.

The Company classifies derivative assets, convertible promissory notes held, and certain loan receivable as financial assets at FVTPL. At initial recognition, these financial assets are recognized at fair value. If the transaction price does not equal to fair value, management measures the fair value of each financial instrument and any unrealized gains or losses at inception is either recognized in profit or loss or deferred, depending on whether the valuation inputs are based on observable market data. The subsequent changes in fair value are recognized in profit or loss for the period. Directly attributable transaction costs on acquisition are expensed as incurred.

3. Significant Accounting Policies (continued)

(m) Financial Instruments (continued)

The following table summarizes the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities:

Financial asset / liability	**IAS 39**	**IFRS 9**
Cash and cash equivalents	FVTPL	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Loan receivable	Not applicable	FVTPL
Convertible promissory note	FVTPL	FVTPL
Derivatives and embedded derivatives	Not applicable	FVTPL
Other financial assets	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Promissory note	Other liabilities	Amortized cost
Other current liabilities	Not applicable	Amortized cost and FVTPL
Long-term debt	Other liabilities	Amortized cost
Lease liability	Other liabilities	Amortized cost
Other long-term liabilities	Not applicable	Amortized cost
Promissory notes payable	Not applicable	Amortized cost
Convertible debentures – liability component	Other liabilities	Amortized cost
Derivative liability on convertible debentures	FVTPL	FVTPL

(n) Impairment of financial assets

Under IFRS 9, the Company is required to apply an expected credit loss ("ECL") model to all financial assets not held at FVTPL, where credit losses that are expected to transpire in future years are provided for, irrespective of whether a loss event has occurred or not as at the date of Statement of Financial Position. For all trade receivables, the Company has applied the simplified approach under IFRS 9 and has calculated ECLs based on lifetime ECLs. ECLs are probability-weighted estimates of credit losses. They are measured at the present value of all cash shortfalls (the difference between contractual cash flows and expected cash flows) discounted at the effective interest rate of the financial asset. The Company estimates ECL taking into consideration historical credit loss experience and financial factors specific to the debtors and general economic conditions.

Evidence that a financial asset is credit impaired may include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it is becoming probable that the borrower will enter bankruptcy or reorganization.

3. Significant Accounting Policies (continued)

(n) Impairment of financial assets (continued)

The gross carrying amount of financial assets is reduced through the use of an allowance account. When a financial asset is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the Consolidated Statements of Operations and Comprehensive Loss.

(o) Corporate reorganization

Transactions whereby the Company exchanges its own equity interest for those of the receiving entity, and the assets and liabilities of the original entity and new entity remain the same immediately before and after the transaction, are considered reorganizations. These transactions are accounted for using predecessor accounting. The acquired net assets are included in the Company's consolidation on carrying value. Any difference between the consideration given and the net assets acquired is recognized in deficit.

(p) Basic and diluted loss per share

The Company presents basic loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options, convertible debentures and similar instruments outstanding that may add to the total number of common shares. As at March 31, 2019, 2018, and 2017, the Company's diluted loss per share does not include the effect of stock options and convertible debentures as they would be considered anti-dilutive.

3. Significant Accounting Policies (continued)

(q) New standards adopted in the current year

i. IFRS 9 Financial Instruments

In July 2014, the IASB issued the final publication of IFRS 9. IFRS 9 introduces new requirements for the classification and measurement of financial instruments, a single forward-looking expected loss impairment model and a substantially reformed approach to hedge accounting. IFRS 9 was adopted by the Company on April 1, 2018. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements.

ii. IFRS 15 Revenue from Contracts with Customers

IFRS 15 *Revenue from Contracts with Customers* was issued by the IASB in June 2014. The Company adopted IFRS 15 effective April 1, 2018. The objective of IFRS 15 is to provide a single, comprehensive revenue recognition model for all contracts with customers. The underlying principle is that an entity will recognize revenue to depict the transfer control of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It also contains new disclosure requirements.

The model features a five-step contract-based analysis to:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

Some customer contracts for the sale of cannabis give rise to variable consideration payable to distributors. Where consideration in a contract includes a variable amount, the Company estimates the most likely amount of the variable consideration based on historical information and contract terms.

The Company recognizes revenue in an amount that reflects the consideration that the Company expects to receive taking into account any variation that may result from rights of return.

The adoption of IFRS 15 did not have a material impact on the Company's consolidated financial statements.

3. Significant Accounting Policies (continued)

(q) New standards adopted in the current year (continued)

iii. IFRS 16 Leases

On January 13, 2016, the IASB issued IFRS 16 *Leases* ("IFRS 16"), which requires entities to recognize lease assets and lease obligations on the balance sheet. For lessees, IFRS 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. As a practical expedient, the Company may exclude certain short-term leases (less than 12 months) and leases of low-value assets from the above recognition requirements and may continue to be treated as operating leases.

Lessors will continue with a dual lease classification model. Classification will determine how and when a lessor will recognize lease revenue, and what assets would be recorded.

IFRS 16 is effective for years beginning on or after January 1, 2019 and may be applied retrospectively or using a modified retrospective approach. The Company has chosen to early adopt the standard with an effective date of April 1, 2018, which coincides with the Company's adoption of *IFRS 15 Revenue from Contracts with Customers*. The Company has selected to use the modified retrospective approach which does not require restatement of prior period financial information as the cumulative effect of applying the standard to prior periods is recorded as an adjustment to opening retained earnings. On initial adoption, management has elected to use the following practical expedients permitted under the standard:

- Apply a single discount rate to a portfolio of leases with similar characteristics;
- Account for leases with a remaining term of less than 12 months as at April 1, 2018 as short-term leases;
- Not separating non-lease components from lease components and instead accounting for each lease component and any associated non-lease component as a single lease component;
- Account for lease payments as an expense and not recognize a right-of-use ("ROU") asset if the underlying asset is of low dollar value; and
- The use of hindsight in determining the lease term where the contract contains terms to extend or terminate the lease.

Upon the adoption of IFRS 16, the Company recognized lease liabilities in relation to leases under the principles of the new standard measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate for similar assets, as at April 1, 2018. The associated ROU assets are measured at the amount equal to the lease liability on April 1, 2018. When measuring the lease liabilities, the Company discounted lease payments using the incremental borrowing rate at April 1, 2018. The weighted average rate applied is 6.14%.

Adoption of the new standard has resulted in the recognition, as at April 1, 2018, of lease liabilities and ROU assets of approximately $573,394 and $573,394, respectively. Management has identified ROU assets and lease liabilities related to the lease of office space and equipment.

3. Significant Accounting Policies (continued)

(q) New standards adopted in the current year (continued)

iv. IFRS 16 Leases (continued)

The table below provides a reconciliation of the operating lease commitments reported as at March 31, 2018, to the lease liability at April 1, 2018:

Operating lease commitment balance, March 31, 2018	$635,338
Adjustment to present value undiscounted lease payments	(61,944)
Lease liabilities under IFRS 16, April 1, 2018	**$** 573,394

(r) New IFRS standards in issue but not yet effective

IFRIC 23 *Uncertainty over income tax treatments* clarifies the application of recognition and measurement requirement in IAS 12, Income Taxes, when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers each tax treatment independently or collectively, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax credits and tax rates, and how an entity considers changes in facts and circumstances.

IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. The Company is continuing to assess the impact of this new standard on its financial position and financial performance.

4. Acquisitions

During the year ended March 31, 2019:

Worldwide Beverages Group

On November 27, 2018, the Company purchased 100% of the issued and outstanding shares of 8895309 Canada Inc. ("Worldwide Beverages Group"), a holding company that owns patents, trademarks and specialized equipment that can be utilized by the Company to expand its product offerings. Consideration for the transaction included $1,850,292 cash, assumed debt of $941,045 and 444,445 common shares issued at closing at a price of $2.25 per share for a total consideration of $3,791,337. The $2.25 per share value was determined based on the closing price for the most recent private placement of shares which closed on November 20, 2018.

The following table summarizes the preliminary statement of financial position impact on the acquisition date of the business combination:

Cash	$	11,135
Accounts receivable		36,472
Income tax receivable		16,720
Sales tax receivable		70,285
Property and equipment		3,637
Accounts payable		(96,218)
Identifiable net assets acquired	**$**	**42,031**
Intangible assets		**4,736,306**
Deferred tax liability on intangible assets		**(987,000)**
Net assets Acquired	**$**	**3,791,337**
Consideration paid in cash	$	1,850,292
Payment of debt assumed on acquisition		941,045
Consideration paid in shares		1,000,000
Total consideration	**$**	**3,791,337**

The accounting for this acquisition has been provisionally determined as at March 31, 2019. The fair value of the assets and liabilities acquired, including the identifiable intangible assets such as patents and trademarks, will be completed and the purchase price allocation finalized once all the information is available.

Acquisition related costs are recorded within operating expenses in the Consolidated Statements of Operations and Comprehensive Loss and totaled $39,423.

4. Acquisitions (continued)

The acquisition of the Worldwide Beverage Group included the following wholly owned subsidiaries:

- 8050678 Canada Inc.
- 8326851 Canada Inc.
- Unique Beverages (USA) Inc.
- WorldWide Beverage Innovations Inc.

Subsequent to the acquisition, the Company discontinued the existing business activities of Worldwide Beverage Group, while developing a strategy to repurpose the assets acquired. Accordingly, for the year-ended March 31, 2019, Worldwide Beverages Group accounted for $nil in revenues and $nil of expenses since November 27, 2018. If the acquisition had been completed on April 1, 2018, the Company estimates that it would have recorded $nil in revenues and $nil for expenses for the year-ended March 31, 2019.

During the year ended March 31, 2018:

2472602 Ontario Inc. (formerly “Crosshair Ventures Inc.”)

On June 9, 2017 the Company acquired all of the outstanding shares of 2472602 Ontario Inc. (“Crosshair”) that was controlled by a related party as disclosed in Note 21. The purchase price was an aggregate of $300, which was paid by the issuance of 3,000 Class B Preferred Shares in the Company at a price of $0.10 per preferred share. The Class B Preferred Shares carried a redemption value of $0.10 per Class B Preferred Share. The Class B Preferred Shares upon providing the necessary notice were redeemable at the option of the Company or the holder of the Class B Preferred Shares. The acquisition resulted in AgMedica consolidating the Crosshair entity, which owns the real-estate properties. The impact of the Crosshair acquisition was other income of $558,302 and a net loss of $26,710 for the period ended June 9, 2017 to March 31, 2018. If the Company had purchased Crosshair as at April 1, 2017 the impact to other income and net income would have been $627,277 and $63,047 respectively for the year ended March 31, 2018. Other income includes Crosshair’s tenant rental fees paid. The Company did not have any subsequent revaluations to the originally disclosed preliminary purchase price allocation which has now been finalized.

The acquisition of Crosshair is accounted for using the acquisition method whereby AgMedica is identified as the acquirer. The following table summarizes the fair value of the assets acquired and liabilities assumed, and consideration paid at the date of acquisition. The transaction did not result in any goodwill or intangible assets being recognized. The costs associated with the acquisition of Crosshair were not significant.

4. Acquisitions (continued)

The identifiable net assets of Crosshair that were acquired at fair value as at June 9, 2017 were as follows:

Cash	$	19,818
Other current assets excluding cash		89,925
Property plant and equipment		4,612,070
Deferred tax assets		56,207
Current liabilities		(110,075)
Long-term debt		(1,240,145)
Due to purchaser		(1,627,500)
Due to shareholder		(1,800,000)
Net assets acquired	**$**	**300**

AgMedica Preferred Shares – Class B	$	300
Total consideration	**$**	**300**

5. Prepaid expenses and other current assets

The Company's prepaid expenses and other current assets consists of the following:

	March 31, 2019	**March 31, 2018**
Prepaid expenses	$ 725,966	$ 140,013
Deposits	1,265,786	61,780
Total prepaid expenses and other current assets	**$ 1,991,752**	**$ 201,793**

6. Inventory

Inventory is comprised of:

	Kg at March 31, 2019	Capitalized cost	Fair value adjustments	March 31, 2019	Kg at March 31, 2018	March 31, 2018
Dried cannabis						
Finished goods	68.9	$ 196,572	$ 82,192	$ 278,764		$ -
Work-in-process	1,462.8	3,193,186	2,145,856	5,339,042		-
Cannabis oil						
Work-in-process	335.9	1,036,484	696,528	1,733,012		-
Purchased dried	220.5	1,239,619	-	1,239,619	100.8	630,000
Packaging and supplies		320,195	-	320,195		39,081
		$ 5,986,056	**$ 2,924,576**	**$8,910,632**		**$ 669,081**

At March 31, 2018 and March 31, 2017, the Company had not produced any finished cannabis product from its existing growing facilities, which resulted in all the amortization related to growing facilities being expensed or capitalized to biological assets, rather than being capitalized to inventory. The Company, on February 1, 2018, purchased dried cannabis from another licenced producer ("LP"). On June 15, 2018, the Company obtained its licence to sell cannabis.

Inventory expensed in cost of sales during the year ended March 31, 2019, was $2,354,842 (2018 – $nil). Inventory expensed includes realized fair value gains included in inventory of $829,969 (2018 – $nil).

7. Biological Assets

The Company's biological assets consist of cannabis plants. As at March 31, 2018, the Company had not yet completed a harvest of the cannabis plants. The continuity of biological assets for the years ended March 31, 2019 and March 31, 2018, is as follows:

	March 31, 2019	March 31, 2018
Biological assets, beginning	$ 792,444	$ -
Production costs capitalized*	4,659,779	685,989
Increase in fair value less costs to sell due to biological transformation	4,203,463	106,455
Transfers to inventory upon harvest	(8,617,306)	-
Biological assets, ending	**$ 1,038,380**	**$ 792,444**

*includes amortization of $1,406,046 (2018 - $68,529, 2017 - $nil) (Note 12).

The Company measures its biological assets at their fair value less costs to sell and harvest. This is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling prices per gram and also for any additional costs to be incurred, such as post-harvest costs. For in-process biological assets, the fair value at the point of harvest is adjusted based on the stage of growth. As at March 31, 2019, on average, in-process biological assets were 50% (2018 – 33%) complete as to the expected harvest date.

7. Biological Assets (continued)

The Company estimates the harvest yields for the plants at various stages of growth. As of March 31, 2019, it is expected that the Company's biological assets will yield approximately 652,400 grams of cannabis (2018 – 438,700). The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in unrealized gain on changes in fair value of biological assets in the future periods.

The Company accretes fair value on a straight-line basis according to stage of growth. As a result, a cannabis plant that is 50% through its 12-week growing cycle would be ascribed approximately 50% of its harvest date expected fair value (subject to any wastage adjustments).

The following significant unobservable inputs, all of which are classified as Level-3 on the fair value hierarchy, were used by management as part of this model:

- Selling price - based upon a weighted average historical selling price for all strains of dry cannabis produced by the Company upon the commencement of sales, which is expected to approximate future selling prices. In the year ended March 31, 2018, selling price was based on the price the Company incurred to acquire its initial cannabis inventory;
- Average growth cycle – represents the weighted average number of weeks out of the 12-week growing cycle that the biological assets have reached as of the measurement date;
- Stage of growth and value associated with each stage – Value for each stage of growth is determined by reference to the percentage of completion, based on the average growth cycle, and the total expected costs and selling price from inception to harvest;
- Yield by plant – represents the expected number of grams of finished cannabis inventory which are expected to be obtained from each harvested cannabis plant;
- Wastage – represents the weighted average percentage of biological assets which are expected to fail to mature into cannabis plants that can be harvested and;
- Post-harvest costs – calculated as the cost per gram of harvested cannabis to complete the sale of cannabis plants post-harvest, consisting of cost of direct and indirect materials and labour related to labelling and packaging.

The following table quantifies each significant unobservable input, and also provides the impact that a 10% increase and / or decrease in each input would have on the fair value of biological assets:

Level 3 Estimate	March 31, 2019	March 31, 2018	10% Change as at March 31, 2019	10% Change as at March 31, 2018
Selling price	$ 4.60	$ 6.25	$ 157,500	$ 80,000
Average growth cycle	12 weeks	12 weeks	149,000	89,000
Yield by plant	64 grams	45 grams	104,000	80,000
Wastage	1%	5%	1,500	80,000
Post-harvest costs	21%*	5%*	53,500	13,000

* percentage of selling price

8. Loan receivable

	March 31, 2019	March 31, 2018
Advances on loan to Herbolea Biotech S.r.l. ("Herbolea") (Note 10)	$ 625,127	$ -
Add: Change in fair value	3,169	-
Total loan receivable	**$ 628,296**	**$ -**

At the option of Herbolea, the loan can be repaid by delivering a certain number of the Company's shares or in cash. The loan is measured at FVTPL as it fails the SPPI test. Information about the Company's exposure to market and credit risk for loan receivable is included in Note 28.

9. Convertible Promissory Note

Balance, March 31, 2017	$ -
Purchase of convertible promissory note (i)	1,000,000
Balance, March 31, 2018	1,000,000
Repayment of convertible promissory note (i)	(1,000,000)
Purchase of convertible promissory notes (note 10i a and e)	2,380,552
Conversion of convertible promissory note (note 10i)	(658,525)
Change in fair value of convertible promissory note	50,295
Balance, March 31, 2019	**$ 1,772,322**

i. On October 6, 2017, the Company was issued an unsecured convertible promissory note in the amount of $1,000,000 with an annual interest rate of 0.0% and a maturity date of October 6, 2018 from a biosciences company operating in the cannabis sector. The instrument was a hybrid instrument, containing a debt host component and multiple embedded derivatives. The entire hybrid instrument was classified as FVTPL as it failed the SPPI test. The principal amount of the promissory note was due on the maturity date except if an agreement had been reached between the parties to convert the note into an equity investment in the issuer of the promissory note. The issuer of the promissory note, with prior written consent of AgMedica, could prepay all or any portion of the outstanding principal balance of the promissory note. In the event of a conversion event, all of the principal amount outstanding on the promissory note would be automatically converted into a number of shares in a qualified equity financing as outlined in the terms of the note. On October 26, 2018, the Company was repaid the entire amount of the promissory note from the issuer.

Information about the Company's exposure to market and credit risk for convertible promissory note is included in Note 28.

10. Investment in Associates

The following table outlines changes in the investments in associates that are accounted for under the equity method. In accordance with IAS 28 *Investments in Associates and Joint Ventures* in cases where the Company does not have the same reporting date as its associates the Company is permitted to account for its investment one quarter in arrears. Accordingly, the share of net income (loss) amounts in the following table are based on results to December 31, 2018 with adjustments for any significant transactions, as required. The Company's investment in Herbolea Biotech S.r.l. was purchased on February 28, 2019, and accordingly the Company has not accounted for its share of the investee's income in the period.

	MedC Biopharma Corporation (i)	Herbolea Biotech S.r.l. (ii)	Total
Balance, March 31, 2018	**$ -**	**$ -**	**$ -**
Additions	1,338,682	18,031,088	19,369,770
Share of net loss	(92,119)	-	(92,119)
Other comprehensive income - Foreign exchange gain	17,662	-	17,662
Balance, March 31, 2019	**$ 1,264,225**	**$ 18,031,088**	**$ 19,295,313**
Ownership %, March 31, 2019	**9.0%**	**25.0%**	
Fiscal year-end date	**December 31**	**December 31**	

The table below presents current and non-current assets, current and non-current liabilities as well as revenues and net loss of the Company's investment in associates investees adjusted for fair value adjustments and differences in accounting policies. The financial results for MedC Biopharma Corporation are as at and for the period from acquisition (September 7, 2018) to December 31, 2018. Figures for Herbolea Biotech S.r.l. have not been presented as the Company did not have an investment in the investee as at December 31, 2018. At acquisition Herbolea Biotech S.r.l. was not generating revenue and net assets primarily consisted of intangible assets with a finite useful life, including patents and licenses.

	MedC Biopharma Corporation (i)
Current assets (including cash and cash equivalents of $779,942)	$ 1,644,045
Non-current assets	13,736,096
Current liabilities (including financial liabilities of $77,095)	77,095
Non-current liabilities (including financial liabilities of $1,343,095)	1,343,095
Revenue	-
General and administrative expense	192,818
Research and development expense	541,364
Other expenses and fair value adjustments	656,982
Interest expense	18,853
Income tax expense	-
Net loss	(1,410,017)
Other comprehensive income	2,691
Total comprehensive loss	(1,412,708)
AgMedica share of net loss (6.5% ownership for the period ending December 31, 2018)	(92,119)

10. Investment in Associates (continued)

i. MedC Biopharma Corporation ("MedC") is a private corporation focused on developing and commercializing pharmaceutical grade solutions for cannabis-related intellectual property. On September 7, 2018, the Company and MedC entered into a *Strategic Investment and Cooperation Agreement* (the "Agreement") to leverage the exclusive licensing agreements that MedC has with Israel's Agricultural Research Organization ("ARO") in specific therapeutic areas. The Agreement provides the Company with the exclusive rights to commercialize therapeutics developed by MedC in Canada and the right of first refusal for global commercialization outside of Israel.
The investment is accounted for as follows:

Transaction – MedC		**Value at initial recognition**
1. **Investment in Associate and Derivative Assets**		
Assets acquired:		
Investment in Associate:		
- Initial share purchase (a, c)	$	548,682
- Additional share purchase (b)		790,000
Total Additions to Investment in Associate	$	1,338,682
Derivative Assets:		
- Share purchase options (a, d)	$	1,295,189
Total Additions to Derivative Assets	$	1,295,189
Total assets acquired	**$**	**2,633,871**
Consideration paid:		
- Conversion of convertible promissory note (a)	$	658,525
- Cash – initial share purchase (a)		1,185,346
- Cash – additional share purchase (b)		790,000
Total consideration paid	**$**	**2,633,871**
2. **Purchase of convertible promissory note**		
Consideration paid:		
Convertible promissory note (e)	$	1,327,500

1. *Investment in Associate - MedC*

a. On September 7, 2018, the Company entered into the Agreement with MedC. The Company received 1,400,000 shares, which represented approximately 6.5% of MedC's shares outstanding, with options to increase this position to 20% through the exercise of share purchase options and conversion of promissory notes held by the Company. The total amount paid for the investments was $1,843,871 ($1,400,000 USD), which was allocated between the initial share purchase valued at $548,682 and the option to acquire convertible debentures and shares valued at $1,295,189.

10. Investment in Associates (continued)

On April 13, 2018, the Company purchased an unsecured convertible promissory note in the amount of $630,000 from MedC at an interest rate of 5.0% and with a maturity date of July 13, 2018. The convertible promissory note was classified as FVTPL, as it failed the SPPI test, and fair value changes were recorded through profit and loss. This convertible promissory note was converted to an equity investment in MedC. At the time of conversion, the convertible promissory note had a fair value of $658,525. The total compensation paid for the investment of $1,843,871 is comprised of the conversion of the convertible promissory note and the cash paid on the initial share purchase of $1,185,346.

b. On February 1, 2019, the Company purchased an additional 600,000 shares in MedC for cash consideration of $790,000 ($600,000 USD). Upon completion of this purchase, the Company owned approximately 9% of the current outstanding shares in MedC.

c. Based on an analysis of factors in the Agreement the Company has determined the investment in MedC amounts to significant influence and has accordingly accounted for the investment using the equity method. Key factors indicating significant influence include the option to increase ownership percentage through conversion of the promissory note and exercise of share purchase options, as well as the Company's representation on MedC's board of directors.

2. *Purchase of Convertible Promissory Note - MedC*

d. Under the terms of the Agreement with MedC, the Company is committed to purchase three promissory notes, each for consideration of $1,000,000 USD, upon meeting of specified milestones by MedC. The principal amount of the promissory note is due upon the maturity date unless previously converted into shares of MedC. The promissory notes and any accrued interest are automatically converted into common shares immediately prior to the completion of a Qualifying Go-Public Event ("QGP Event") by MedC at an automatic conversion price of 70% of the per share price paid per common share in a QGP Event. If a QGP Event is not completed by MedC within 36 months of issuing the unsecured promissory notes, the Company may elect to convert its convertible promissory notes, including accrued interest, into common shares of the MedC. The conversion price is equal to the lesser of $1.00 USD per common share or the price per share in the closing of an equity financing event or sales transaction, if such an event has occurred prior to the date of maturity. Upon issuance, the convertible promissory note is accounted for as a hybrid financial instrument with multiple embedded derivatives and accordingly is measured at FVTPL.

10. Investment in Associates (continued)

The terms of the Agreement also provide that upon MedC completing an QGP event, to the extent that the promissory notes have not been issued prior to the QGP date, the Company has the option to acquire up to that number of additional shares that is equal to the aggregate principal amount of the unissued promissory notes at a reduced price. The derivative asset for unissued promissory notes and share purchase options are recorded at fair value of $1,295,189 on issuance, and subsequently measured at FVTPL. The cost of the investment in MedC has been reduced by this value as these options were entered into as part of the Agreement.

As at March 31, 2019, the carrying value of the derivative asset is as follows:

		Total
Balance, March 31, 2018	**$**	**-**
Additions allocated from cost of investment in associates		1,295,189
Value of purchase option allocated to convertible promissory note upon issuance (e)		(423,050)
Changes in fair value		13,320
Balance, March 31, 2019	**$**	**885,459**

e. On November 27, 2018, MedC met the first milestone and the Company purchased a $1,000,000 USD convertible promissory note, with an annual interest rate of 5.0% and maturity date of November 27, 2021. The convertible promissory note was valued at $1,750,550 upon issuance including the fair value of the purchase option of $423,050. The Company paid cash consideration of $1,327,500.

ii. Herbolea Biotech S.r.l. ("Herbolea") is a private corporation, incorporated in Italy, that specializes in oil extraction technology. On October 15, 2018, the Company entered into a share purchase agreement and a technology licensing agreement with Herbolea.

The share purchase and the technology license agreement are accounted for as follows:

Transaction – Herbolea	Value at initial recognition			
1. Investment in Associate		**Assets Acquired**		**Liability Assumed or Equity Issued**
- Initial share purchase (a, c)	$	18,031,088		
- Other current liability – liability for repurchase of the Company's own shares (b)			$	(17,724,045)
- Other current liability – variable share consideration (e)				(31,088)
- Share capital				(275,955)
Total	**$**	**18,031,088**	**$**	**18,031,088**
2. License Agreement				
- Intangible asset – license agreement (c, d)	$	4,500,000		
- Other current liability – liability for repurchase of Company's own shares (d)			$	(1,864,832)
- Other current liability – fair value of loan commitments (d)				(90,426)
- Share capital				(2,544,742)
Total	**$**	**4,500,000**	**$**	**4,500,000**

10. Investment in Associates (continued)

1. *Investment in Associate - Herbolea*

a. Under the terms of the share purchase agreement, the Company agreed to purchase 25% of the existing shares of Herbolea in exchange for 8,000,000 common shares of the Company and a variable number of additional shares contingently payable in the future, if the Company’s share price falls below $2.25 per share on an initial public offering (“IPO”), for a total estimated value of $18,031,088. The transaction closing date and transfer of consideration took place on February 28, 2019.

b. The share purchase agreement grants Herbolea a right to terminate the agreement if the Company fails to file an application to list its shares with a stock exchange by April 15, 2019, or if the Company’s shares are not listed within 6 months of filing a listing application. In the event one of these termination events transpire, Herbolea, if elected to terminate, is required to file a notice of termination to the Company within 60 days. If the termination right is exercised, the Company has the option to purchase the 25% interest in Herbolea for $18,000,000 cash or forfeit the shares in the associate and pay a $300,000 penalty to Herbolea. If Herbolea exercises the termination right, the Company will receive 8,000,000 shares of the Company initially issued in exchange for the investment in Herbolea. Subsequent to March 31, 2019, the Company did not file an application with a stock exchange by April 15, 2019, and the termination right was not exercised by Herbolea.

   The Company has accounted for this termination right as a liability, recorded at the fair value of the consideration payable in the event the termination right is exercised, which was $17,724,046, and presented the amount in other current liabilities on the Consolidated Statements of Financial Position. When the Company has satisfied the requirements of the share purchase agreement, whereby the termination rights can no longer be exercised, the liability will be considered settled and the value of the consideration will be recorded as share capital.

2. *License agreement - Herbolea*

c. On February 28, 2019, the Company entered into a licensing agreement, where Herbolea, granted the Company an exclusive right to operate its technology in Canada for a period of 10 years and subject to certain conditions to the agreement, the Company has the right to sublicense the technology. The Canadian license was valued at $4,500,000. The $4,500,000 license cost was paid through the issuance of 2,000,000 common shares in the Company.

10. Investment in Associates (continued)

d. Until such time that Herbolea is not restricted from selling the shares in the Company on a public stock exchange, the Company has agreed to provide an interest-free loan in the amount of $2,000,000 to Herbolea. The loan may be repaid, at Herbolea's option, in cash or in shares of the Company resulting in a liability which is included in other current liabilities. If the loan is repaid in shares each share will be valued at a deemed price of $2.25 per share. The Company measures the loan commitment and loan advances at FVTPL. At initial recognition, the fair value of the loan, valued at $1,864,832, has been recorded by the Company as a cost of the license agreement and is included in intangible assets. In addition, the loans are issued with a stated interest rate of 0%, and accordingly, the Company has recorded a liability for the discount on below interest rate loans of $86,972 at initial recognition. The loans are to be advanced in monthly installments of $333,333, beginning February 28, 2019. As at March 31, 2019, the Company has advanced $666,666 to Herbolea under the terms of this agreement. In addition, for the undrawn portion of the loan commitment, the Company recognizes a liability in other current liabilities for the potential buy back of its own shares in the event Herbolea elects to settle the loans by delivering the Company's shares.

e. If the price of shares issued in connection with the Company's IPO is below $2.25 per share, the number of shares issued to Herbolea will be increased so that the total number of shares issued to Herbolea equals $4,500,000 divided by the IPO share price. In the event the Company does not complete an IPO and Herbolea elects to terminate share purchase agreement, then the Company is obligated to repurchase the shares issued at a valuation of $2.25 per common share.

f. The Company will pay on-going processing fees on all cannabis and other products processed using the licensed technology. The terms of the license agreement include minimum annual processing fees of $1,250,000, beginning April 1, 2021, through to the end of the agreement. The License Agreement can be terminated, at the option of Herbolea, if minimum annual processing fees are not fulfilled. Processing fees are recorded as a cost to produce inventory in the period incurred and expensed to cost of sales on the Consolidated Statement of Operations and Comprehensive Loss in the period inventory is sold.

11. Intangible Assets

Cost	**Balance at March 31, 2018**	**Additions**	**Balance at March 31, 2019**
Software	$ 8,605	$ 46,877	$55,482
License agreements (i, ii)	-	5,713,301	5,713,301
Intangible assets acquired on acquisition (Note 4)	-	4,736,306	4,736,306
Total - cost	**$ 8,605**	**$ 10,496,484**	**$ 10,505,089**
Accumulated amortization			
Software	$ (1,673)	$ (5,595)	$ (7,268)
License agreements	-	(57,722)	(57,722)
Intangible assets acquired on acquisition	-	(96,914)	(96,914)
Total - accumulated amortization	**$ (1,673)**	**$ (160,231)**	**$ (161,904)**
Total - net book value	**$ 6,932**	**$ 10,336,253**	**$ 10,343,185**

11. Intangible Assets (continued)

Cost	Balance at March 31, 2017	Additions	Balance at March 31, 2018
Software	$ -	$ 8,605	$8,605
Total - cost	**$ -**	**$ 8,605**	**$8,605**
Accumulated amortization			
Software	$ -	$ (1,673)	$ (1,673)
Total - accumulated amortization	**$ -**	**$ (1,673)**	**$ (1,673)**
Total - net book value	**$ -**	**$ 6,932**	**$ 6,932**

i. On January 24, 2019, the Company entered into an exclusive license agreement for certain specific strains of cannabis. Under the terms of the agreement, the Company has exclusive rights to the strains for cultivation, growing, developing, marketing, and selling products derived from the strains, for the ten-year term of the agreement. In accordance with the agreement, the Company is obligated to pay the greater of i) a minimum annual royalty fee of $200,000; and ii) 3% of Gross Sales from products derived from the strains and 50% of any fees generated from sublicensing these specific cannabis strains. After initial recognition, the license agreement is measured using the cost model and is amortized straight-line over term of the agreement. The Company has valued the license agreement at $1,213,301, which is the present value of the minimum annual royalty fees payable over the term of the agreement. All variable fees paid under the terms of the agreement will be expensed through the Consolidated Statement of Operations and Comprehensive Loss as incurred.

ii. On February 28, 2019, the Company entered into a licensing agreement with Herbolea to utilize the Bio-Herbolysis™ process for Canadian operations. Refer to Note 10 (ii) for information on this agreement.

12. Property, Plant & Equipment

Cost	Balance at March 31, 2018	Additions	Adoption of IFRS 16	Adjustments	Acquired from Business Combination	Transfers	Balance at March 31, 2019
Land	$1,165,874	$ 2,774,846	$ -	$ -	$ -	$ -	$ 3,940,720
Buildings	5,527,381	11,910,555	-	87,820	-	-	17,525,756
Production rooms	11,632,575	292,945	-	-	-	1,749,127	13,674,647
Production equipment	447,053	2,286,047	-	-	3,637	381,290	3,118,027
Furniture[1]	116,719	160,043	-	-	-	-	276,762
Leasehold improvements	-	45,255	-	-	-	-	45,255
Computer hardware	604,487	331,813	-	-	-	-	936,300
Vehicles	-	34,857	-	-	-	-	34,857
Right of use assets	-	65,546	573,394	-	-	-	638,940
Construction in process	423,509	13,855,929	-	-	-	(2,130,417)	12,149,021
Cost - total	**$ 19,917,598**	**$ 31,757,836**	**$573,394**	**$ 87,820**	**$ 3,637**	**$ -**	**$ 52,340,285**

Accumulated amortization	Balance at March 31, 2018	Amortization	Adoption of IFRS 16	Adjustments	Acquired from Business Combination	Transfers	Balance at March 31, 2019
Buildings	$ (214,194)	$ (557,461)	$ -	$ (87,820)	$ -	$ -	$ (859,475)
Production rooms	(229,622)	(1,307,984)	-	-	-	-	(1,537,606)
Production equipment	(29,172)	(286,719)	-	-	-	-	(315,891)
Furniture[1]	(13,289)	(35,551)	-	-	-	-	(48,840)
Leasehold improvements	-	(5,432)	-	-	-	-	(5,432)
Computer hardware	(85,293)	(242,815)	-	-	-	-	(328,108)
Vehicles	-	(3,631)	-	-	-	-	(3,631)
Right of use assets		(135,029)	-	-	-	-	(135,029)
Construction in process	-	-	-	-	-	-	-
Amortization - total	**$ (571,570)**	**$ (2,574,622)**	**$ -**	**$ (87,820)**	**$ -**	**$ -**	**$ (3,234,012)**
Net book value	**$ 19,346,028**	**$ 29,183,214**	**$ 573,394**	**$ -**	**$ 3,637**	**$ -**	**$ 49,106,273**

(1) Furniture and office equipment

12. Property, Plant & Equipment (continued)

Cost	Balance at March 31, 2017	Additions	Disposals	Acquired from Business Combination	Transfers	Balance at March 31, 2018
Land	$ -	$ 20,000	$ -	$ 1,145,874	$ -	$ 1,165,874
Buildings	5,321	171,442	(10,000)	3,466,196	1,894,422	5,527,381
Production rooms	187,225	40,496	-	-	11,404,854	11,632,575
Production equipment	-	447,053	-	-	-	447,053
Furniture[1]	14,086	102,633	-	-	-	116,719
Computer hardware	27,930	576,557	-	-	-	604,487
Construction in process	4,684	13,718,101	-	-	(13,299,276)	423,509
Cost - total	**$ 239,246**	**$ 15,076,282**	**$ (10,000)**	**$ 4,612,070**	**$ -**	**$ 19,917,598**

Accumulated amortization	Balance at March 31, 2017	Amortization	Disposals	Acquired from Business Combination	Transfers	Balance at March 31, 2018
Buildings	$ (121)	$ (214,073)	$ -	$ -	$ -	$ (214,194)
Production rooms	-	(229,622)	-	-	-	(229,622)
Production equipment	-	(29,172)	-	-	-	(29,172)
Furniture[1]	(793)	(12,496)	-	-	-	(13,289)
Computer hardware	(908)	(84,385)	-	-	-	(85,293)
Construction in process	-	-	-	-	-	-
Amortization - total	**$ (1,822)**	**$ (569,748)**	**$ -**	**$ -**	**$ -**	**$ (571,570)**
Net book value	**$ 237,424**	**$ 14,506,534**	**$ (10,000)**	**$ 4,612,070**	**$ -**	**$ 19,346,028**

(1) Furniture and office equipment

Total amortization expense for the year ended March 31, 2019 was $2,574,622 (2018 - $569,748, 2017 - $1,822), of which $1,315,147 (2018 - $nil, 2017 - $nil) has been capitalized in inventory (Note 6) and $90,897 (2018 - $68,529, 2017 - $nil), is included in biological assets (Note 7).

As at March 31, 2019, construction in process with a carrying value of $12,149,021 (2018 - $423,509) was not yet available for use. As such, the cost associated with these assets has been capitalized, but not yet amortized.

The Company has right-of-use assets as follows:

Right-of-use assets	Office space	Equipment	Total
Balance at April 1, 2018	**$ 557,801**	**$ 15,593**	**$ 573,394**
Additions	50,370	15,176	65,546
Depreciation expense	(128,153)	(6,876)	(135,029)
Balance at March 31, 2019	**$ 480,018**	**$ 23,893**	**$ 503,911**

The Company recognized right-of-use assets on April 1, 2018 upon the implementation of IFRS 16. Accordingly, there were no right-of-use assets recognized as at March 31, 2018.

13. Accounts Payable and Accrued Liabilities

	March 31, 2019	March 31, 2018
Accounts payable	$ 6,636,659	$ 1,596,401
Accrued liabilities	1,733,991	520,141
Government remittances payable	619,066	-
Payroll liabilities	518,433	229,889
Total accounts payable and accrued liabilities	**$ 9,508,149**	**$ 2,346,431**

14. Other Current Liabilities

Other current liabilities are comprised of the following accrued liabilities related to the Investment in Associate (Note 10 (ii)):

	March 31, 2019	March 31, 2018
Associate shares purchase		
- Liability for repurchase of the Company's own shares	$ 17,901,286	-
- Variable share consideration	31,088	-
Loan commitment		-
- Liability for repurchase of Company's shares	1,258,801	-
- Fair value of loan commitments	45,433	-
Total other current liabilities	**$ 19,236,608**	**$ -**

15. Long-Term Debt

The Company has entered into multiple long-term debt arrangements as summarized below:

		March 31, 2019	March 31, 2018
(i)	Mortgage payable with a five-year term and amortization period of 20 years bearing an annual interest rate of 4.31%.	$ 1,161,329	$ 1,205,069
(ii)	Mortgage payable with a three-year term and interest only monthly payments bearing an annual interest rate of 5.0%	1,000,000	-
(iii)	Equipment financing with a 60-month term with an annual interest rate of 0.0%.	80,156	104,820
		$ 2,241,485	**$ 1,309,889**
Less: current-portion		**(1,185,989)**	**(68,230)**
Long-term portion		**$ 1,055,496**	**$ 1,241,659**

15. Long-Term Debt (continued)

(i) On August 30, 2016, 2472602 Ontario Inc., a wholly owned subsidiary as of June 9, 2017, entered into a mortgage loan agreement for a $1,267,500. The loan bears interest at 4.31% per annum with a five-year term and 20-year amortization. The Company paid a fee of $5,000 in connection with the loan and founding shareholders of the Company provided personal guarantees in connection with the loan facility. The mortgage has certain reporting requirements and financial covenants, such as maintaining a debt service ratio of 1.25:1. As at March 31, 2019 the Company was not in compliance with the debt servicing ratio financial covenant and accordingly the debt was presented as a current liability in the consolidated financial statements. The Company repaid the entire loan as discussed in Subsequent Event Note 32e. The carrying value of the security on the loan was $2,050,443 as a March 31, 2019.

During the year ended March 31, 2019, the Company recorded interest expense in relation to the mortgage of $47,740 (2018 - $52,941, 2017 - $nil). The Company makes monthly principal and interest payments on the mortgage of $7,889.

(ii) On August 31, 2018, 2642466 Ontario Inc., a wholly owned subsidiary, acquired a property for a total purchase price of $6,500,000. The vendor entered into a $1,000,000 mortgage on the property with the Company at an interest rate of 5%, for a term of three years and interest only monthly payments of $4,074. The acquired property includes an approximate 300,000 square foot building and 25 acres of land. As of March 31, 2019, the building is fully occupied by unrelated parties.

During the year ended March 31, 2019, the Company recorded interest expense in relation to the mortgage of $28,519 (2018 - $nil, 2017 - $nil). The Company makes monthly principal and interest payments on the mortgage of $7,889.

(iii) On June 19, 2017, the Company entered into two equipment finance arrangements to purchase equipment totaling $123,317. The financing arrangement has an interest rate of 0.0% per annum and is repayable over a 60-month term. The financing agreement is secured by the equipment purchased and one of the founding shareholders of the Company provided personal guarantees in connection with the loan facility. The carrying value of the equipment was $76,122 as at March 31, 2019 (2018 - $100,160, 2017 - $nil). During the year ended March 31, 2019, the Company recorded interest expenses of $nil (2018 - $nil, 2017 - $nil). As of March 31, 2019, the balance of the principal is $80,156 (2018 - $104,820). The Company makes monthly principal payments on the financing loan of $2,055.

Principal repayments required on the long-term debt in the next five fiscal years are as follows:

2020	$	1,185,562
2021		24,660
2022		1,024,660
2023		6,603
2024 and beyond		-
	$	**2,241,485**

16. Promissory notes

	March 31, 2019	March 31, 2018
Promissory note issued January 1, 2019, with a 12-month term, interest payable at the end of the term at a rate of 12% per annum.	$ 1,030,000	$ -
Promissory notes issued February 25, 2019, with a 12-month term, interest payable at the end of the term at a rate of 12% per annum,	2,020,000	-
Total	**$ 3,050,000**	**$ -**

17. Convertible Debentures

During the year ended March 31, 2018, the Company initiated a private placement of unsecured convertible debentures bearing annual interest of 7%, compounded quarterly and payable semi-annually with a maturity date being three years from the date of issuance. The first closing was on January 26, 2018 and raised $6,597,000. A second closing on February 16, 2018 raised $2,961,000. On April 13, 2018 the Company completed a third and final closing raising an additional $2,491,000 for the Company, bringing the total debenture raised to $12,049,000. The costs associated with the issuance of the convertible debentures were not significant.

The debentures and any accrued interest are automatically converted into common shares immediately prior to the completion of an IPO Event at an automatic conversion price of 70% of the per share price paid per common share in a IPO Event. If a IPO Event is not completed within 18 months of issuing the unsecured convertible debentures, the holders may elect to convert their unsecured convertible debentures, including accrued interest into common shares of the Company. The conversion price is equal to the lesser of $1.05 per common share or the price per share equal to a 30% discount from the price per share paid in the IPO Event, if such an event has occurred prior to the date of maturity.

The “Automatic Conversion” and “Optional Conversion” features are not separately classified as equity as the options provide the holder with a variable number of shares on conversion. The Company accounts for the conversion features as derivative liabilities that are separated from the debt host liability and accounted for at FVTPL.

In estimating the fair value of the “Automatic Conversion” derivative liability on initial recognition, the Company calculated the implied intrinsic value of the conversion feature, then discounted the intrinsic value using a risk-free rate, and then probability adjusted it for the likelihood of the event occurring to calculate a fair value of $969,956 (2018 - $3,733,322). As the financial instrument is measured at FVTPL it is revalued at each reporting date. As at March 31, 2019, the value of the derivative liability increased by $4,252 (2018 – decreased by $13,911) with the fair value movement being recognized in the Consolidated Statement of Operations and Comprehensive Loss.

In estimating the fair value of the “Optional Conversion” derivative liability on initial recognition, the Company calculated the implied intrinsic value of the conversion feature, then discounted the intrinsic value using a risk-free rate, and then probability adjusted it for the likelihood of the event occurring to calculate a fair value of $87,419 (2018 - $200,575). As the financial instrument is measured at FVTPL it is revalued at each reporting date. As at March 31, 2019, the value of the derivative liability increased by $281,007 (2018 – increased by $136,990) with the fair value movement being recognized in the Consolidated Statement of Operations and Comprehensive Loss.

17. Convertible Debentures (continued)

The residual value from the instrument is assigned to the debt host liability which is valued on an amortized cost basis. During the year ended March 31, 2019, interest expense of $2,106,905 (2018 - $242,455, 2017 - $nil) was recognized in the Consolidated Statements of Operations and Comprehensive Loss and as at March 31, 2019 the debt host liability amounts to $7,298,711 (2018 - $5,624,103). As at March 31, 2019 the current portion of the convertible debenture was $202,821 which was the accumulated interest less semi-annual interest payments.

As at March 31, 2019, the debentures had not been converted into common shares. Assuming the $1.05 per common share conversion price, as at March 31, 2019, the convertible debentures and accrued unpaid interest could have been converted into 11,673,304 (2018 - 9,333,767) common shares of the Company.

A continuity of the convertible debentures carrying values is as follows:

	March 31, 2019	March 31, 2018
Balance at the beginning of the year	$ 5,866,558	$ -
Proceeds from issuance of convertible debentures	2,489,528	9,558,000
Amount allocated upon issuance:		
Automatic conversion	(969,956)	(3,733,322)
Optional conversion	(87,419)	(200,575)
Carrying value of convertible debenture	**$ 7,298,711**	**$ 5,624,103**
Converted into shares	-	-
Interest payments to debenture holders	(738,717)	-
Interest expense	2,106,905	242,455
Balance at the end of the year	**$ 8,666,899**	**$ 5,866,558**

A continuity of the convertible debentures derivative liability automatic conversion is as follows:

	March 31, 2019	March 31, 2018
Balance at the beginning of the year	$ 3,719,411	$ -
Amount allocated upon issuance:		
Automatic conversion	969,956	3,733,322
Change in fair value of derivative liability		
Automatic conversion	4,253	(13,911)
Balance at the end of the year	**$ 4,693,620**	**$ 3,719,411**

A continuity of the convertible debentures derivative liability optional conversion is as follows:

	March 31, 2019	March 31, 2018
Balance at the beginning of the year	$ 337,565	$ -
Amount allocated upon issuance:		
Optional conversion	87,419	200,575
Change in fair value of derivative liability		
Optional conversion	281,007	136,990
Balance at the end of the year	**$ 705,991**	**$ 337,565**
Total derivative liability on convertible debenture	**$ 5,399,611**	**$ 4,056,976**
Total convertible debenture	**14,066,510**	**9,923,534**
Less: current portion	**(14,0466,510)**	**(242,455)**
	$ -	**$ 9,681,079**

17. Convertible Debentures (continued)

Principal payments[1] required in the next five years and thereafter are as follows:

2020	$	-
2021		9,558,000
2022		2,491,000
2023		-
2024		-
Balance at the end of the year	**$**	**12,049,000**

(1) The principal payment amount assumes that a conversion event does not occur before maturity.

18. Lease Liabilities

The Company has lease liabilities as follows:

Lease liabilities	Office space	Equipment	Total
Impact of adoption at April 1, 2018	$557,801	$15,593	$ 573,394
Additions	50,370	15,176	65,546
Lease payments	(140,400)	(8,376)	(148,776)
Interest expenses	29,095	2,620	31,715
Balance at March 31, 2019	**$496,866**	**$25,013**	**$ 521,879**
Current			$ 146,021
Non-current			$ 375,858

During the year the Company expensed $3,819 (2018 - $29,313, 2017 - $nil) in variable lease payments related to operating costs for the lease of office space.

The Company recognized the lease liabilities on April 1, 2018 upon the implementation of IFRS 16. Accordingly, there were no lease liabilities recognized as at March 31, 2018.

19. Other long-term liabilities

The Company has recorded the following long-term liabilities related to minimum royalty and processing fees payable under the terms of licensing agreements (Note 11):

		Total
Balance, March 31, 2018	**$**	**-**
Additions		1,213,301
Interest accretion on liability		30,399
Fees paid		(200,000)
Balance, March 31, 2019	**$**	**1,043,700**
Less: current portion		**(200,000)**
Long-term portion		**843,700**

20. Share Capital

a. Common shares

Unlimited number of common shares without par value are authorized.

Common Shares Issued and Freely Tradeable		Number of Common Shares	Balance
Balance – March 31, 2017		**500**	**$ 500**
Share reorganization	(i)	72,738,500	-
Shares unreserved for services rendered	(ii)	7,500,000	11,190,000
Issuance of Common Shares to retire outstanding Promissory Note	(iv)	2,290,536	3,435,804
Issuance of Common Shares in Exchange for Preferred Shares	(v)	10,000,200	15,000,300
Issuance of Common Shares for in private placements, net of share issuance costs of $148,929[1]	(vi)	10,534,016	15,652,096
Balance – March 31, 2018		**103,063,752**	**$ 45,278,700**
Shares unreserved for services rendered	(ii)	7,500,000	14,850,000
Shares issued for services rendered	(iii)	3,245,557	7,720,463
Exercise of options (Note 20c)		1,090,000	2,250,629
Investment in associates (Note 10)		10,000,000	3,445,823
Acquisition of World Wide Beverages (Note 4)		444,445	1,000,000
Issuance of Common Shares in private placements, net of share issuance costs of $728,190[1]	(vii)	22,048,790	44,430,617
Balance – March 31, 2019		**147,392,544**	**$ 118,976,232**

(1) The proceeds have been recorded net of the issuance costs.

Common Shares Reserved Reconciliation		Number of Common Shares - Reserved	Balance
Balance – March 31, 2016		**-**	**$ -**
Share capital for services rendered	(ii)	-	4,940,000
Balance – March 31, 2017		**-**	**$ 4,940,000**
Shares issued for services to be rendered – shares reserved	(ii)	15,000,000	17,510,000
First milestone achievement – shares unreserved	(ii)	(3,750,000)	(5,630,000)
Second milestone achievement – shares unreserved	(ii)	(3,750,000)	(5,560,000)
Balance – March 31, 2018		**7,500,000**	**$ 11,260,000**
Share expense for services rendered – shares reserved	(ii)	-	3,590,000
Third milestone achievement – shares unreserved	(ii)	(3,750,000)	(6,610,000)
Fourth milestone achievement – shares unreserved	(ii)	(3,750,000)	(8,240,000)
Balance – March 31, 2019		**-**	**$ -**

20. Share Capital (continued)

Common shares issued

(i) Share Reorganization

On June 9, 2017, the Company undertook a reorganization that resulted in a share split whereby the existing 500 common shares of the Company were swapped for 72,739,000 new shares, which had the net impact of issuing an additional 72,738,500 common shares in the Company.

(ii) Research Product Development Advisors ("RPDA") Common Share Issuance

On June 9, 2017, the Company executed an agreement with RPDA to provide research and development management services focused on pharmaceutical, nutraceutical, medical plant and agricultural disciplines. The Company issued 15,000,000 restricted common shares to RPDA on June 9, 2017, to satisfy the terms of the agreement. The common shares issued were restricted from transfer or trade until they become unrestricted through the performance of various milestones.

The agreement identifies four milestones whereby the 15,000,000 common shares issued to RPDA would become unrestricted in four separate milestone tranches of 3,750,000 common shares. Below represents the milestones and their achievement dates:

#	MILESTONE / TRANCHE	PROBABILITY FACTOR	ACHIEVEMENT DATE
1	Execution and delivery of agreement	100%	June 9, 2017
2	Access to Cannabis for Medical Purposes Regulations ("ACMPR") Cultivation Licence granted from Health Canada	80%	December 8, 2017
3	ACMPR Sales Licence granted from Health Canada	95%	June 15, 2018
4	On closing of financing resulting in cumulative gross proceeds of not less than $10,000,000	95%	July 31, 2018

The Company has determined that this agreement results in an equity settled share-based payment transaction whereby the Company received goods and services in exchange for common shares. The Company could not reliably estimate the fair value of the goods and services being received, therefore the Company measured the value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, being the common shares. The Company determined that the service commencement date was January 30, 2017, the grant date was June 9, 2017 and calculated the risk-free rate at the date of grant to be 2.0%.

The first milestone had a commencement date of January 30, 2017 and the Company assigned a probability factor of 100% to the achievement of this milestone. The Company recorded a share-based payment expense to research and development in the Consolidated Statements of Operations and Comprehensive Loss of $2,590,000 from the commencement date to March 31, 2017. On June 9, 2017, the first milestone was achieved. The Company recorded an additional share-based payment.

20. Share Capital (continued)

Common shares issued (continued)

(ii) Research Product Development Advisors ("RPDA") Common Share Issuance (continued)

expense of $3,040,000 during fiscal 2018. The total value recorded to share capital upon achieving the first milestone was $5,630,000.

The second milestone had a commencement date of January 30, 2017 and the Company assigned a probability factor of 80% to the achievement of this milestone. The Company recorded a share-based payment expense to research and development on the Consolidated Statements of Operations and Comprehensive Loss of $800,000 from the commencement date to March 31, 2017. On December 8, 2017 the second milestone was achieved. The Company recorded an additional share-based payment expense of $4,760,000 during fiscal 2018. The total value recorded to share capital upon achieving the second milestone was $5,560,000.

The third milestone had a commencement date of January 30, 2017 and the Company assigned a probability factor of 95% to the achievement of this milestone. The Company recorded a share-based payment expense recorded to research and development on the Consolidated Statements of Operations and Comprehensive Loss of $690,000 from the commencement date to March 31, 2017. The Company recorded an additional share-based payment expense of $4,460,000 during the year-ended March 31, 2018 and $1,460,000 during the year-ended March 31, 2019. On June 15, 2018 the third milestone was completed. The total value recorded to share capital as at March 31, 2019 for the third milestone was $6,610,000.

The fourth milestone had a commencement date of January 30, 2017 and the Company assigned a probability factor of 95% to the achievement of this milestone. The Company recorded a share-based payment expense recorded to research and development on the Consolidated Statements of Operations and Comprehensive Loss of $860,000 from the commencement date to March 31, 2017. The Company recorded an additional share-based payment expense of $5,250,000 during the year-ended March 31, 2018 and $2,130,000 during the year-ended March 31, 2019. On July 31, 2018 the fourth milestone was achieved. The total value recorded to share capital as at March 31, 2019 for the fourth milestone was $8,240,000.

For the RPDA agreement, the Company issued 15,000,000 shares, of which the Company unreserved 7,500,000 shares and $14,850,000 during the year-ended March 31, 2019 (2018 – 7,500,000 and $11,190,000).

20. Share Capital (continued)

Common shares issued (continued)

(iii) Shares issued for Services Rendered

#	SUMMARY - SHARES ISSUED FOR SERVICES RENDERED	SHARES ISSUE	VALUE OF SHARES ISSUED
a.	Advisory Board Common Share Issuance	2,851,112	$ 7,060,463
b.	Strategic Advisory Firm Common Share Issuance	227,778	$ 410,000
c.	Pharmaceutical and Diagnostic Services Common Share Issuance	166,667	$ 250,000
	Totals for Services Rendered	**3,245,557**	**$ 7,720,463**

a. Advisory Board Common Share Issuance

On July 18, 2018, the Company entered into an agreement with an individual to serve on its Advisory Board. Under terms of the agreement, the member of the Advisory Board will receive 2,555,556 common shares of the Company. On September 21, 2018, the Company amended the original Advisory Board agreement, whereby the Company agreed to issue an additional 1,295,556 common shares of the Company.

On August 2, 2018, in accordance with the agreement the Company issued 1,555,556 common shares, valued at $1.80 per common share or $2,800,001. A second tranche of 1,295,556 common shares valued at $2.16 per common share, or $2,802,016, were issued on December 10, 2018, for services provided for the period of August 2, 2018 to December 10, 2018. The $2.16 per common share price was the average trading prices for the common shares for the Company during this period. The remaining 1,000,000 common shares will be issued on July 18, 2019 per the terms and conditions of the amended Advisory Board agreement. During the year-ended March 31, 2019, the Company expensed $1,458,449 and the value of the common shares issued are expensed to the Consolidated Statements of Operations and Comprehensive Loss upon issuance.

20. Share Capital (continued)

Common shares issued (continued)

(iii) Shares issued for Services Rendered (continued)

b. Strategic Advisory Firm Common Share Issuance

On June 26, 2017, the Company entered into an agreement with a strategic advisory firm (“Firm”). The purpose of the agreement was to assist the Company with general financial and strategic advisory services, public listing, financing, capital markets and public company advice. The Company paid a monthly advisory service fee to Firm of $15,000 per month, for the initial term of 12 months, which jointly the parties can agree to extend for an additional 6 months. The agreement can be terminated by either party with 30 days written notice. In the event of termination, the Company would still be obligated to Firm for a success fee for a period of 12 months after the agreement has been terminated.

The parties agreed to a success fee of $1,000,000 in the event the Company achieves a public listing or public financing by way of an initial public offering, listing or reverse take-over, or alternative qualifying transactions takes place. The success fee is payable 50% in cash, and at the Company’s option, the remaining 50% can be paid in cash or by issuing the equivalent value of common shares of the Company measured at the public listing price. All advisory fees charged to the Company will be credited from the success fee if a success fee obligating event transpires.

On September 21, 2018, the $1,000,000 success fee qualified as earned and the parties entered into an amending agreement to its original contractual commitment. Under the terms of the amendment, the monthly fees paid since the origination of the agreement have been applied to the $1,000,000 success fee and the balance owing, $820,000, was agreed to be paid in the following manner. The Company agreed to pay the Firm $205,000, in addition to a December 7, 2018 issuance of 113,889 common shares valued at $205,000 in the Company. Additionally, on March 21, 2019 the Company rendered payment of $205,000 and issued an additional tranche of 113,889 common shares valued at $205,000 in the Company. The total share-based compensation expense of $410,000 for the Firm was recorded to research and development expenditures on the Consolidated Statements of Operations and Comprehensive Loss. The common shares issued pursuant to the agreement were valued at $1.80 per common share which was the most recent share price on the date of the agreement.

c. Pharmaceutical and Diagnostic Services Common Share Issuance

On April 13, 2018, the Company issued a total of 166,667 common shares at a price of $1.50 per common share for gross proceeds of $250,000 to a “Service Provider” which was recorded to research and development expenditures on the Consolidated Statements of Operations and Comprehensive Loss. The share issuance served as a prepayment of certain pharmaceutical and diagnostic services to be performed by the Service Provider for the Company. The Service Provider is a third-party entity and is considered a non-employee to the Company. The Company valued the prepayment on the date of issuance and the Company did not pay a finder’s fee in connection with this share issuance.

20. Share Capital (continued)

Common shares issued (continued)

(iv) Issuance of Common Shares to Retire the Outstanding Promissory Notes

On June 12, 2017, the Company issued 2,260,800 common shares, valued at $1.50 per common share, in the Company to retire an outstanding promissory note due to related parties which had an outstanding balance of $3,391,200.

On March 1, 2018, the Company issued 29,736 common shares, valued at $1.50 per common share, in the Company to settle an outstanding interest obligation of $44,604. The promissory notes were cancelled on July 5, 2017 upon the issuance of common shares.

(v) Issuance of Common Shares in Exchange for Preferred Shares

On June 12, 2017 the Company issued 10,000,000 common shares in order to retire $15,000,000 worth of Class A Preferred Shares.

On June 12, 2017 the Company issued 200 common shares in order to retire $300 worth of Class B Preferred Shares.

(vi) Issuance of Common Shares in Private Placements for the Year-ended March 31, 2018

During the year ended March 31, 2018, the Company completed a private placement of common shares over three tranches. The Company issued a total of 10,534,016 common shares at a price of $1.50 per common share for gross proceeds of $15,801,025. The Company paid share capital issuance costs of $148,929 which included finder's fees of $68,750 in connection with the subscriptions for common shares, which have been presented net of the proceeds from issuance.

a) On July 5, 2017 the Company issued a total of 8,520,341 common shares at a price of $1.50 per common share for gross proceeds of $12,780,512. The Company did not pay finder's fees in connection with this round of financing.

b) On December 5, 2017 the Company issued a total of 1,163,668 common shares at a price of $1.50 per common share for gross proceeds of $1,745,502. The Company did not pay finder's fees in connection with this round of financing.

c) On January 26, 2018 the Company issued a total of 850,007 common shares at a price of $1.50 per common share for gross proceeds of $1,275,011. The Company paid finder's fees in the aggregated amount of $68,750 in connection with certain subscriptions for common shares, representing 5.4% of the gross proceeds of such subscriptions.

(vii) Issuance of Common Shares in Private Placements for the Year-ended March 31, 2019

a. On June 1, 2018, July 18, 2018 and August 1, 2018, the Company issued a total of 1,858,335, 2,026,402 and 5,611,111 common shares respectively at a price of $1.80 per common share for gross proceeds of $17,090,719. The Company incurred finder's fees in the aggregated amount of $268,309 in connection with certain subscriptions for common shares, representing 1.6% of the gross proceeds of the subscriptions. Of the $268,309 in finder's fees, $163,308 was agreed to be paid in cash with the balance of $105,001 being settled through the issuance of 58,332 common shares.

20. Share Capital (continued)

Common shares issued (continued)

b. On September 21, 2018 and November 20, 2018, the Company issued 5,974,031 and 6,520,579 common shares respectively at a price of $2.25 per common share for gross proceeds of $28,068,088. The Company incurred finder's fees in the aggregate amount of $276,624 and $288,258 respectively in connection with subscriptions for common shares, representing 2.0% and 1.5% of the gross proceeds of the subscriptions respectively.

b) Preferred Shares

Unlimited number of Class A and Class B Preferred Shares.

Preferred Shares – Class A, non-voting

Preferred Shares – Class A Reconciliation		Number of Preferred Shares		Balance
Balance – March 31, 2017	(i)	**3,000**	**$**	**15,000,000**
Exchange of Class A Preferred Shares for common shares	(ii)	(3,000)		(15,000,000)
Balance – March 31, 2018 and 2019		**-**	**$**	**-**

i) On June 3, 2015, the Company issued a total of 3,000 Class A Preferred Shares at a price of $0.10 per preferred share for gross proceeds of $300. The Class A Preferred Shares carried a redemption value of $5,000 per Class A Preferred Share and are redeemable at the option of the Company or holder. As a result, the Class A Preferred Shares were presented as a liability of the Company for $15,000,000.

ii) On June 12, 2017 the Company issued 10,000,000 common shares at a price of $1.50 per common share to exchange all of the outstanding Class A Preferred Share Debt obligation, which had outstanding balance of $15,000,000. This share exchange eliminated all of the issued and outstanding Class A Preferred Shares of the Company.

Preferred Shares – Class B, non-voting

Preferred Shares – Class B Reconciliation		Number of Preferred Shares		Balance
Balance – March 31, 2017		-	$	-
Issuance of Class B Preferred Shares	(iii)	3,000		300
Exchange of Class B Preferred Shares for common shares	(iv)	(3,000)		(300)
Balance – March 31, 2018 and 2019		**-**	**$**	**-**

iii) On June 9, 2017 the Company issued a total of 3,000 Class B Preferred Shares at a price of $0.10 per preferred share for gross proceeds of $300. The Company issued these preferred shares as the consideration for the 2472602 Ontario Inc. transaction as previously disclosed in Note 4. The Class B Preferred Shares carried a redemption value of $0.10 per Class B Preferred Share and were redeemable at the option of the Company or the holder of the Class B Preferred Shares.

iv) On June 12, 2017 the Company issued 200 common shares with a fair market value of $300, or $1.50 per common share, in the Company. This share exchange eliminated all of the issued and outstanding Class B Preferred Shares of the Company.

20. Share Capital (continued)

c) Stock Options

On September 18, 2018, the directors of the Company approved a stock option plan (the "Plan"). The Plan authorizes 15,000,000 common shares in the Company to be set aside and reserved for issuance upon the exercise of options granted under the Plan. Prior to the implementation of the Plan, the Company issued options outside of the Plan. All options issued outside of the Plan, (the "Nominal Options") were issued with an exercise price of $0.001. The Plan and the Nominal Options were granted to encourage ownership of the Company's common shares by its key officers, directors, employees and consultants.

As at March 31, 2018, no options had been granted as the Company had not implemented or approved the Plan. During the year-ended March 31, 2018, the Company made commitments to employees to grant stock options upon the implementation of the Plan. These commitments resulted in an obligation by the Company to issue 600,000 stock options, at an exercise price of $1.50 per stock option, under the Plan. Upon implementation of the Plan on September 18, 2018, 600,000 options were granted. During the year-ended March 31, 2019 the Company granted 4,962,500 Nominal Options, at an exercise price of $0.001 per Nominal Option.

The following table is a summary of the Plan and Nominal Options granted and changes for the periods then ended:

	March 31, 2019		March 31, 2018	
	Number of Outstanding	Weighted Average Exercise Price	Number of Outstanding	Weighted Average Exercise Price
Options outstanding, beginning of period	**-**	**-**	**-**	**-**
Granted	5,562,500	0.163	-	-
Exercised	1,090,000	0.001	-	-
Forfeited and expired	-	-	-	-
Options outstanding, end of year	**4,472,500**	**0.20**	**-**	**-**
Options exercisable, end of year	**941,250**	**0.21**	**-**	**-**

The following table summarizes information about the Plan and Nominal Options outstanding as at:

	March 31, 2019				
		Options outstanding		Options exercisable	
Exercise Price ($)	Number of options outstanding	Weighted average life (years)	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
0.001	3,872,500	5.53	0.001	810,000	0.001
1.50	600,000	6.46	1.50	131,250	1.50
	4,472,500	**5.65**	**0.20**	**941,250**	**0.21**

20. Share Capital (continued)

c) Stock Options (continued)

In determining the amount of share-based compensation related to options issued by the Plan, the Company used the Black-Scholes option pricing model to establish the fair value of options commitment during the year ended March 31, 2018 and granted during the year-ended March 31, 2019. The Company revalued committed options under the Plan for each reporting period until the Plan was established on September 18, 2018. On each of the measurement dates the Company applied the following assumptions at the time of the commitment, revaluation or grant of the Plan options to the employees:

	March 31, 2019	March 31, 2018
Risk-free rate	2.30%	1.54%
Expected life of options (years)	5.30	6.25
Expected annualized volatility	69.7%	64.0%
Expected dividend yield	nil	nil
Black-Scholes value of each option	$1.54	$0.89

In determining the amount of share-based compensation related to Nominal Options, the Company used the Black-Scholes option pricing model to establish the fair value of options granted during the year-ended March 31, 2019, on their measurement date by applying the following weighted average assumptions:

	March 31, 2019
Risk-free rate	2.20%
Expected life of options (years)	3.82
Expected annualized volatility	71.0%
Expected dividend yield	Nil
Black-Scholes value of each option	$2.10

As the Company does not have historical trading data for which to calculate volatility, the Company used Level 2 reporting metrics, by utilizing the volatility calculations reported by other comparable cannabis issuers. The expected life in years represents the period of time that options were granted or committed are expected to be outstanding. The risk-free rate was based on the zero-coupon Canada government bonds with a term similar to the expected life of the options.

For the year-ended March 31, 2019, the Company recorded $6,455,931 (2018 - $268,520, 2017 - $nil) in share-based compensation expense related to the grant or commitment of stock options to employees.

No stock options relating to the Plan have been exercised by option holders during the year-ended March 31, 2019 or 2018, whereas 1,090,000 (2018- Nil) Nominal Options were exercised at $0.001 for proceeds of $1,090.

20. Share Capital (continued)

d) Reconciliation of share-based compensation

	For the Year-Ended	
	March 31, 2019	**March 31, 2018**
Total Share-based Compensation Expense	**$ 17,766,394**	**$ 17,778,521**
Statements of Cash Flows		
Stock options	6,455,931	268,520
Advisory services	11,310,463	17,510,001
Total per Statement of Cash Flows	**$ 17,766,394**	**$ 17,778,521**
Statements of Operations and Comprehensive Loss		
Share-based compensation	13,516,147	268,520
Research and development	3,590,000	17,510,001
General and administration	660,247	-
Total per Statements of Operations and Comprehensive Loss	**$ 17,766,394**	**$ 17,778,521**

e) Contributed surplus

Balance –March 31, 2017	**$ -**
Share-based compensation	268,520
Balance – March 31, 2018	**$ 268,520**
Share-based compensation	6,455,931
Exercise of options	(2,249,539)
Balance – March 31, 2019	**$ 4,474,912**

f) Loss per share

There were no dilutive items outstanding as at March 31, 2019, 2018, or 2017. Diluted loss per share does not take into account any outstanding convertible debentures or stock options as their effect would be anti-dilutive for these periods. As at March 31, 2019, there were convertible debentures and accrued unpaid interest outstanding that could be converted into 11,673,304 common shares (2018 – 9,333,767, 2017 – nil) and 4,472,500 stock options outstanding (2018 and 2017 – nil).

21. Related Party Transactions

Summary of key management personnel compensation:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole.

The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel made during the years ended March 31, 2019, 2018, and 2017 is set out below:

	March 31, 2019	March 31, 2018	March 31, 2017
Salaries and benefits	$ 1,090,314	$ 986,755	$ 166,686
Interest on promissory notes	-	26,506	21,575
	$ 1,090,314	**$ 1,013,261**	**$ 188,261**

As at March 31, 2019, $68,225 (2018 - $86,069), is included in accounts payable and accrued liabilities from amounts owing to related parties for reimbursement of expenses incurred in the normal course of business.

The related parties to the Company as at March 31, 2019, 2018, and 2017 are the founders of the Company. As a result, they have offered personal guarantees in respect to the outstanding mortgage and equipment financing. One of the properties owned by the Company is in a separate entity of a related party, and a trust agreement exists whereby the property is held by the related party's entity in trust for the Company.

Summary of transactions with related company:

On June 9, 2017, the Company acquired Crosshair as disclosed in Note 4. Prior to the acquisition Crosshair was a related party to the Company as a result of similar ownership between Crosshair and the Company. The Company invoiced Crosshair for expenses incurred by the Company for the benefit of Crosshair. For the period April 1, 2017 to June 9, 2017 the Company invoiced Crosshair $11,500. As at June 9, 2017 the Company had an outstanding balance owing from Crosshair of $26,500 related to these transactions. In addition, the Company had an outstanding non-interest-bearing loan receivable from Crosshair for $1,600,000 as at June 9, 2017.

As at March 31, 2019, $225,000 (2018 - nil), is included in accounts receivable for withholding taxes owing from Herbolea. Herbolea is a related party as a result of the Company's significant influence investment (Note 10). The withholding taxes are payable to the Government of Canada and accordingly the Company has a payable included in accounts payable and accrued liabilities in the same amount.

22. Expenditures by Nature

The following is a reconciliation of expenditures by function to expenditures by nature:

Presentation by Nature	**March 31, 2019**	**March 31, 2018**	**March 31, 2017**
Salaries, wages and other employee benefits	$ 6,067,208	$ 1,309,480	$ 143,780
Raw materials and consumables	71,600	101,723	-
Equipment costs	84,491	169,931	10,330
Share-based compensation	17,106,147	17,778,520	4,940,000
Amortization	1,328,809	501,219	1,822
Legal and professional fees	1,144,051	295,335	35,451
Consultants	4,397,011	1,377,211	12,183
Facility expenses	726,888	400,427	19,075
Insurance	371,744	48,703	-
Marketing and promotion	762,629	215,446	7,473
Office expenses	478,733	262,934	5,071
Travel and other employee expenses	488,667	124,228	15,848
Bank and payment processor fees	9,176	2,305	170
Other acquisition related costs	136,000	-	-
Other	51,967	-	-
Total	**$ 33,225,121**	**$ 22,587,462**	**$ 5,191,203**

23. Changes in Non-Cash Working Capital Items

	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Accounts receivable	$ (2,715,983)	$ (2,107,866)	$ (25,400)
Prepaid expenses and other current assets	(1,789,959)	(155,238)	(50)
Inventory	(5,316,975)	(669,081)	-
Biological assets	202,982	(685,989)	-
Income taxes payable	96,000	-	-
Accounts payable and accrued liabilities	7,065,501	1,967,523	275,125
Deposits	(10,298)	27,908	-
Total	**$ (2,468,732)**	**$ (1,622,743)**	**$ 249,675**

24. Other Income

The Company generated $1,016,821 of Other Income during the year-ended March 31, 2019 (2018 - $572,643, 2017 - $15,351) and of that total $1,000,991 (2018 - $558,302, 2017 - $nil) relates to rental income earned from operating leases with third party tenants in the Company's owned properties. These properties are carried at amortized cost and included in property, plant & equipment on the Consolidated Statements of Financial Position.

The Company expects to generate other income from lease payments under non-cancellable operating leases within the next five years as follows:

2020	$ 651,000
2021	595,000
2022	152,000
2023	-
2024	-
	$ 1,398,000

25. Net Finance Costs

(i) Finance Costs

The Company incurred finance costs as detailed below for the years ended:

	March 31, 2019	March 31, 2018	March 31, 2017
Interest expense convertible debenture (Note 17)	$ 2,106,905	$ 242,455	$ -
Interest expense promissory note	50,000	98,654	27,493
Interest accretion on other long-term liabilities valued at amortized cost	223,283	-	-
Interest expense on lease liabilities (Note 18)	31,715	-	-
Interest expense on the long-term debt (Note 15)	76,259	52,941	-
Interest on insurance premiums	9,611	-	-
Other	270	-	-
Total	**$ 2,498,043**	**$ 394,050**	**$ 27,493**

(ii) Finance Income

The Company earned finance income as detailed below for the years ended:

	March 31, 2019	March 31, 2018	March 31, 2017
Interest income from cash on hand	$ 50,949	$ 21,623	$ -
Interest on sales tax refunds	42,939	-	-
Total	**$ 93,888**	**$ 21,623**	**$ -**

26. Reconciliation of Liabilities Arising from Financing Activities

	March 31, 2018	Cash flows	Non-cash changes on adoption of IFRS 16	Non-cash addition to lease liability	Non-cash fair value changes	Interest accretion	March 31, 2019
Long-term debt	$1,309,889	$ 931,596	$ -	$ -	$ -	$ -	$ 2,241,485
Lease liabilities	-	(148,776)	573,394	65,546	-	31,715	521,879
Promissory notes	-	3,000,000	-	-	-	50,000	3,050,000
Convertible debentures including derivative liability	9,923,534	2,489,528	-	-	285,259	1,368,189	14,066,510
Total	**$11,233,423**	**$6,272,348**	**$573,394**	**$65,546**	**$285,259**	**$1,449,904**	**$19,879,874**

26. Reconciliation of Liabilities Arising from Financing Activities (continued)

	March 31, 2017	Cash flows	Non-cash changes acquisition	Non-cash fair value changes	Interest accretion	March 31, 2018
Long-term debt	$ -	$ 69,744	$ 1,240,145	$ -	$ -	$ 1,309,889
Convertible debentures including derivative liability	-	9,558,000	-	123,079	242,455	9,923,534
Total	**$ -**	**$9,627,744**	**$ 1,240,145**	**$123,079**	**$ 242,455**	**$ 11,233,423**

27. Capital Management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or issue new debt. As disclosed in Note 15, the Company is subject to certain externally imposed financial covenants related to a secured loan it has in place.

The Company considers its capital under management to be total debt and equity of $68,940,397 (2018 – $25,367,497, 2017 – ($13,743,576)), as shown below:

	March 31, 2019	March 31, 2018
Total Debt		
Promissory notes	$ 3,050,000	$ -
Convertible debentures	8,666,899	5,866,558
Derivative liability	5,399,611	4,056,976
Due to related parties	-	-
Long-term debt	2,241,485	1,309,889
Total Debt	**$ 19,357,995**	**$ 11,233,423**
Equity		
Equity	$ 49,524,401	$ 14,134,074
Total Equity	**$ 49,524,401**	**$ 14,134,074**

28. Financial Instruments

(a) Market risk

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices. Market risk includes the risk of changes in interest rates, currency exchange rates and changes in market prices due to other factors including changes in equity prices.

(i) Currency risk

As at March 31, 2019, $2,725,942 of the Company's financial assets (2018 – $327,025, 2017 – $nil) and nil of the Company's financial liabilities (2018 – $nil, 2017 – $nil) are denominated in U.S. dollars.

The Company is exposed to the U.S. dollar and a 10% strengthening or weakening in the U.S. dollar against the Canadian dollar on financial assets and financial liabilities would result in a decrease or increase of approximately $272,594 in net loss and comprehensive loss for the year ended March 31, 2019. At March 31, 2019, the Company has not entered into any hedging agreements or purchased any financial instruments to hedge its foreign currency risk.

(ii) Interest rate risk

Fair value sensitivity

The following table shows the impact on net loss and comprehensive loss of changes in interest rates at the reporting date due to changes in fair values of financial assets and financial liabilities measured at fair value through profit or loss:

	March 31, 2019	**March 31, 2018**
100 basis point increase	8,296	22,520
100 basis point decrease	29,768	(22,891)

Cash flow sensitivity

Interest rate risks on the interest-bearing financial liabilities are limited due to the fact that they are fixed rate interest instruments carried at amortized cost.

(iii) Other market risk

The Company has financial assets and liabilities in the form of loans receivable, convertible promissory notes, derivatives and embedded derivatives and variable share consideration that are measured at FVTPL. The Company is exposed to the risk of variability in fair value due to movements in equity prices. Information regarding the fair value of financial assets and liabilities that are measured at fair value on a recurring basis, and the relationship between the unobservable inputs used in the valuation of these financial assets and liabilities and their fair value is presented in part (d) of this Note.

28. Financial Instruments (continued)

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk principally impacts the Company's cash and cash equivalents, accounts receivable and other financial assets measured at FVTPL. The Company is exposed to credit-related losses in the event of non-performance by the counterparties.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. The Company has assessed that it has limited customer credit risk due to the fact that accounts receivable are primarily from the sale of cannabis to government agencies and large retail outlets and have a payment terms of 30 – 60 days. For smaller customers, payment is fulfilled through the processing of a credit card or obtaining payment in advance of delivery, therefore limiting the Company's credit risk exposure on these types of transactions.

As at March 31, 2019, $1,843,753 (2018 - $2,148,999, 2017 - $28,526) of HST receivable owing from the CRA is included in the consolidated accounts receivables. Trade accounts receivable are reported net of expected credit losses of $nil (2018 - $nil, 2017 - $nil).

During the year ended March 31, 2019, the Company earned a total gross revenue of $3,539,405 from four major customers (2018 and 2017 – $nil). These customers each had revenues of over 10% of the Company's total revenue for the year ended March 31, 2019. Total amounts receivable owing from these customers at March 31, 2019, was $2,682,063 (2018 - $nil).

The carrying amount of cash and cash equivalents, accounts receivable, convertible promissory notes, loan receivable and derivative assets represents the maximum exposure to credit risk on the statement of financial position, and at March 31, 2019, this amounted to $9,170,087 (2018 - $6,677,558, 2017 - $84,390). Maximum exposure to credit risk in relation to loan commitments amounts to $1,333,332.

Since the inception of the Company, no credit losses have been incurred in relation to cash held by the bank or on any other amounts receivables.

As at March 31, 2019, the Company's aging of receivables was approximately as follows:

	March 31, 2019	March 31, 2018
Current	$ 4,833,061	$ 13,412
61 – 120 Days	152,090	-
Greater than 121 Days	-	2,148,999
Total	**$ 4,985,151**	**$ 2,162,411**

28. Financial Instruments (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements and raises capital as required to support investment in production facilities and working capital requirements. During the year ended March 31, 2019, the Company completed several equity financings for gross cash proceeds of $45,158,807. In the year ended March 31, 2018, the Company completed equity and debt financings for gross cash proceeds of $25,359,025 (2017 - $nil). Additionally, see the Subsequent Events Note 32, as the Company obtained mortgage financing subsequent to March 31, 2019.

In addition to the commitments disclosed in Note 31, the Company is obligated to the following contractual maturities of undiscounted cash flows:

As at March 31, 2019	Carrying amount	Contractual cash flows	Year 1	Year 2 - 3	Year 4 -5 and thereafter
Accounts payable and accrued liabilities	$ 9,508,149	$ 9,508,149	$ 9,508,149	$ -	$ -
Promissory notes	3,050,000	3,360,000	3,360,000	-	-
Other current liabilities	19,236,608	1,333,332	1,333,332	-	-
Long-term debt	2,241,485	2,371,885	1,234,889	1,130,820	6,176
Lease liabilities	521,879	548,176	172,086	338,567	37,523
Deposits held	17,610	17,610	17,610	-	-
Other long-term liabilities	1,043,700	1,800,000	200,000	400,000	1,200,000
Convertible debenture including derivative liability	14,066,510	13,725,428	850,810	12,874,618	-
Total	**$ 49,685,941**	**$ 32,664,580**	**$ 16,676,876**	**$14,744,005**	**$ 1,243,699**

As at March 31, 2018	Carrying amount	Contractual cash flows	Year 1	Year 2 - 3	Year 4 -5 and thereafter
Accounts payable and accrued liabilities	$ 2,346,431	$ 2,346,431	$ 2,346,431	$ -	$ -
Long-term debt	1,309,889	1,856,271	119,337	238,673	1,498,261
Deposits held	27,908	27,908	27,908	-	-
Convertible debenture including derivative liability	9,923,554	612,960	1,413,632	10,971,632	-
Total	**$ 13,607,782**	**$ 4,843,570**	**$ 3,907,308**	**$11,210,305**	**$ 1,498,261**

28. Financial Instruments (continued)

(d) Fair value of financial assets and liabilities that are measured at fair value on a recurring basis

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. Further information on fair value measurements is available in Note 2.

The following table summarizes the valuation techniques and significant unobservable inputs in the fair value measurement of Level 3 financial instruments:

Financial asset / financial liability	**Valuation techniques**	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value**
Convertible debentures (Note 17)	Probability weighted expected return method ("PWERM") for the automatic and optional conversion features.	Share price, expected timing of an IPO, probability of completing an IPO.	Increase or decrease in the share price will result in a related increase or decrease in the fair value of the debentures conversion features. A change to the expected timing of an IPO will change the fair value of the derivative liability.
Convertible promissory notes (Note 9)	PWERM for the for the automatic and optional conversion features and value of holding promissory note to maturity.	Estimated recoverability of the promissory note based on the financial performance of the issuer of the note. Value of the issuer's shares underlying the conversion option and timing of the issuer's QGP Event.	An increase or decrease in the probability the counterparty will complete an QGP event, postponement of the QGP event or a decline in future share price will decrease the fair value of the promissory notes receivable. A change in the credit risk of the issuer will increase or decrease the value of the promissory note.

28. Financial Instruments (continued)

(d) Fair value of financial assets and liabilities that are measured at fair value on a recurring basis (continued)

Financial asset / financial liability	Valuation techniques	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Loan receivable (Note 8)	Discounted cash flow	Expected timing of an IPO and probability of completing an IPO, discount rate, and recoverability of loan receivable	A change in the Company's assumption for timing of the IPO will change fair value of loan receivable and change probability borrower will exercise share settlement option.
Other current liabilities (Note 14)	PWERM for the fair value of variable share consideration and fair value of loan commitment derivative	Company's share price at IPO, and timing of IPO.	A change in the probability that the Company's share price at IPO will be greater than $2.25 per share will change the fair value of the variable share consideration and the loan commitment derivative.
Derivative assets (Note 10)	PWERM for the fair value of share purchase options on unissued debentures.	Share price at QGP event, timing of counterparty achieving milestones triggering debenture purchases, expected timing of a QGP event, probability of completing a QGP event.	Changes in the assumptions will result in an increase or decrease in the fair value of the purchase options

During the year, there were no transfers of amounts between the hierarchy levels.

(e) Fair value of financial assets and liabilities that are not measured at fair value, but fair value disclosures are required

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity. The fair value of the promissory notes and long-term debt and equipment financings approximate their fair value.

29. Segmented Information

The Company operates in one segment, the production and sale of cannabis and cannabis related products.

All property, plant and equipment and intangible assets are located in Canada.

All revenues were generated in Canada during the year-ended March 31, 2019.

30. Income taxes

The provision for income taxes differs from the amount that would have resulted in applying the combined federal and provincial statutory tax rate as follows:

	March 31, 2019	March 31, 2018	March 31, 2017
Comprehensive loss before income taxes	$ (31,285,597)	$ (22,403,870)	$ (5,203,345)
Statutory income tax rates	26.5%	26.5%	26.5%
Expected tax benefit at statutory income tax rates	(8,291,000)	(5,937,000)	(1,379,000)
Non-deductible expenses	4,581,000	4,715,000	1,310,000
Other	92,000	38,000	-
Share issuance costs	(221,000)	-	-
Convertible debt and derivatives	685,000	-	-
Change in unrecognized tax differences	3,122,000	1,192,000	69,000
Income tax expense	$ (32,000)	$ 8,000	$ -

Temporary differences that give rise to the following deferred tax assets and liabilities are:

	March 31, 2019	March 31, 2018	March 31, 2017
Deferred tax assets			
Non-capital loss carryforwards	$ 96,000	$ 51,000	$ -
Property, plant and equipment	69,000	-	-
Other	-	28,000	-
	165,000	79,000	-
Deferred tax liabilities			
Property, plant and equipment	-	(31,000)	-
Acquisition	(960,000)	-	-
Other	(16,000)	-	-
	$ (811,000)	$ 48,000	$ -

30. Income taxes (continued)

The unrecognized temporary differences of the Company are comprised of:

	March 31, 2019	March 31, 2018	March 31, 2017
Deferred tax assets			
Non-capital loss carryforwards	$ 6,035,000	$ 1,585,000	$ 81,000
Property, plant and equipment	-	-	2,000
Other	77,000	-	-
License agreement	270,000	-	-
Share issuance costs	438,000	50,000	-
	6,820,000	1,635,000	83,000
Deferred tax liabilities			
Biological assets and inventory	1,295,000	(28,000)	-
Property, plant and equipment	1,125,000	(332,000)	-
	2,420,000	(360,000)	-
	$ 4,400,000	$ 1,275,000	$ 83,000

In assessing the ability to realize the benefit of the deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. Management considers the likelihood of future profitability, the character of the deferred tax assets and available tax planning strategies in making this assessment. To the extent that management believes it is probable the deferred tax assets will be realized, that portion of the deferred tax assets is recognized in the financial statements.

Based on this assessment, a portion of the deferred tax assets as at March 31, 2019 and 2018 have not been recognized in the consolidated financial statements.

As at March 31, 2019, the Company had non-capital loss carry-forwards of approximately $23,041,079 that expire between 2034 and 2038.

31. Commitments and Contingencies

Contractual Commitments

Processing fees

The Company will pay on-going processing fees on all cannabis and other products processed using the licensed technology (Note 10). The terms of the license agreement include minimum annual processing fees of $1,250,000, beginning April 1, 2021, through to the end of the agreement which is February 27, 2029 (Note 10 2(f)).

Royalty fees

In accordance with a license agreement to utilize specific strains of cannabis, the Company is obligated to pay the greater of i) a minimum annual royalty fee of $200,000; and ii) 3% of Gross Sales from products derived from the strains and 50% of any fees generated from sublicensing these specific cannabis strains. The agreement was executed January 24, 2019 and expires January 23, 2029.

Energy services agreement

Effective December 7, 2018, the Company entered an energy services agreement with a company to provide a battery energy storage system. The operating term of the agreement commences May 1, 2020, and ending April 30, 2036, or unless terminated early by the Company. Early termination is subject to an early termination payment equal to $9,125,430 as of the effective date, declining to zero throughout the term of the contract.

Monthly service fees under the energy services agreement are based on the seller being paid 63% of the actual battery savings calculated as calculated according to terms in the agreement.

Upon execution of the agreement the Company has committed to provide the service provider cash deposits on the dates indicated in the table below, and a mortgage on the Company's owned properties. Deposits are included in prepaid expenses and other current assets on the Consolidated Statements of Financial Position. The mortgage is subject to a subordination agreement.

Cash deposits under this agreement are due as follows:

Date	**Cash amount paid on deposit**	**Total deposit after amount paid**
December 7, 2018	$600,000	$600,000
June 21, 2019	$600,000	$1,200,000
November 1, 2019	$415,000	$1,615,000
November 15, 2019	$410,000	$2,025,000

On or before April 30, 2020, the Company must provide the service provider with a performance surety in the amount of $4,250,000. The performance surety will be in the form of a letter of credit or the Company will increase cash deposits to total the performance surety amount whereupon the deposits will be deemed the performance surety. The mortgage will be released upon the Company providing the service provider with the performance surety or termination of this agreement.

31. Commitments and Contingencies (continued)

Lease commitments

Extension option:

One of the Company's lease agreements for office space contains an extension option exercisable by the Company up to six months before the end of the contract period. Where practicable, the Company seeks to include extension options in the new leases to provide operational flexibility. The extension option is exercisable only by the Company and not by the lessors. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. It reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant change in circumstances within its control. As at March 31, 2019, the value of future lease payments not included in lease liabilities discounted by the incremental borrowing rate is $337,911 (2018 - $nil, 2017 - $nil).

32. Subsequent Events

a. On April 1, 2019, the Company issued 120,000 shares pursuant to the exercise of options at an exercise price of $0.001 per share for total proceeds of $120.

b. On May 13, 2019, the Company obtained mortgage financing in the amount of $5,000,000. Interest on the mortgage is payable monthly and accrues at a rate of 1.5% monthly. The mortgage matures on November 13, 2019, and the principal amount is due on the maturity date. The loan is secured by a property owned by the Company in London, Ontario, and general assignment of rents and leases related to the property.

c. On May 15, 2019, the Company entered into a lease agreement for office space. The lease is a five-year term expiring April 30, 2024. Minimum rent during the lease term ranges from $9,931 - $12,021 per month.

d. On May 15, 2019, the Company executed an option in the license agreement with Herbolea, at a cost of $752,850 (€500,000), to obtain a license to use the technology for expansion in the German market for a 10-year period.

e. On May 31, 2019, the Company obtained mortgage financing in the amount of $10,977,202 ($8,131,863 USD). Interest on the mortgage is payable monthly and is charged at a variable rate that is the greater of:
   i) 12% per annum
   ii) LIBOR interest rate + 9.5% per annum

   The mortgage is denominated in USD, matures on May 31, 2020, and the principal amount is due on the maturity date. The loan is secured by properties owned by the Company in Chatham, Ontario. The Company paid transaction costs totaling $710,466 directly attributable to this financing.

   The Company used the proceeds from this financing to repay both mortgages outstanding as at March 31, 2019. At March 31, 2019, the repaid mortgages had a carry value of $2,161,329.

f. On May 27, 2019, and July 15, 2019, the Company issued 500,000 and 100,000 share options to employees of the Company.

g. On May 31, 2019, the Company received an amendment to its license allowing for the sale of cannabis oil products. In addition, on August 30, 2019, the Company received approval from Health Canada to expand its existing cultivation and processing facility. Additionally, effective August 2, 2019, the Company receives its sales license for the Heritage Road site in Chatham.

32. Subsequent Events (continued)

h. On July 15, 2019, the Company entered into an agreement to purchase a 40% of the issued and outstanding shares in a company specializing in research and development of cannabis plant strains, for cash consideration totaling $17,597. The purchase is set to close on October 2, 2019.

i. On July 26, 2019, September 16, 2019 and October 13, 2019, the first, second and third tranches of the convertible debenture had exceeded the 18 months from the date of issuance and were convertible into common shares of the Company, including accrued interest at the time of conversion. The conversion price was $1.05 for all of the converted debentures. As at October 30, 2019, the debenture holders had converted $4,647,000, $2,251,000 and $400,000, which had accrued interest on the date of conversion of $35,761, $29,285 and $8,937 for the first, second and third tranches respectively. The total principal and accrued interest was $7,371,983 which converted into 7,020,916 common shares of the Company.

   Between April 1, 2019, and October 30, 2019, the Company had 1,143,594 options exercised by employees into common shares. The weighted average exercise price of the exercised options was $0.001 per common share.

j. As at September 30, 2019, the Company has made additional loan advances totaling $999,999 to Herbolea pursuant to the terms of the loan agreement disclosed in Note 10(ii)(2)(d).

k. On October 23, 2019, the Company obtained a term loan in the amount of $5,000,000. Interest on the loan is payable monthly and charged at an annual rate of 24%.

   The loan is denominated in USD, matures on January 23, 2020, and the principal is due on the maturity date. The loan is secured by a general security agreement and properties owned by the Company. The Company paid transaction costs totaling $100,000 directly attributable to this financing.

EXHIBIT "G"

Commitment for 2452602 Ontario Inc.

StoneQuest Capital

April 26, 2019

2472602 Ontario Inc.
c/o AgMedica Bioscience Inc.
111 Heritage Rd., Suite 200
Chatham, ON
N7M 5W7

StoneQuest Capital Corp ("StoneQuest") is pleased to advise that it has authorized the following credit facility for 2472602 Ontario Inc. on the terms and conditions outlined in this Commitment Letter. The Schedules attached form part of this Commitment Letter.

Borrower:	2472602 Ontario Inc. (the "Borrower")
Guarantor:	AgMedica Bioscience Inc. (the "Guarantor" or "AgMedica")
Lender:	StoneQuest Capital Corp. (the "Lender" or "StoneQuest")

Facility #1:

Facility Amount:	$5,000,000 CAD
Type of Loan:	Mortgage over 1095 Wilton Grove Rd., London, ON ("Mortgaged Property")
Purpose:	Working capital and leasehold improvements
Interest Rate:	1.5% monthly (subject to change)
Repayments:	Interest only, payable monthly in arrears. The balance of the loan, together with all accrued and unpaid interest, shall be due and payable at the end of the term of the loan.
Term:	6 months
Amortization:	N/A
Prepayment:	Prepayment of any principal amount in whole or in part is not permitted.

Initials ______ ______

Conditions Precedent to Advances:

Lender will have no obligation to make any Advance to the Borrower unless and until each of the conditions set out below and in Schedule B has been completed to the Lender's satisfaction.

- Receipt of satisfactory legal opinions relating to all matters considered relevant by the Lender, including, without limitation, the due authorization, execution, delivery and enforceability of the loan and Security documentation by and against the Borrower and each Guarantor.

Covenants:

As long as any Advance remains outstanding under or in connection with this Commitment Letter, or so long as any commitment under this Commitment Letter remains in effect, the Borrower and any Guarantor will perform and comply with the covenants set out in Schedule C.

Security:

Each of the following documents, instruments, agreements and other assurances (collectively, the "Security") shall be delivered prior to any Advance of funds, in form and substance acceptable to the Lender and its solicitors, acting reasonably:

To be Obtained

For Guarantor

1. Corporate guarantee from AgMedica Bioscience Inc. in the amount of $5,000,000, along with enabling resolution

For Real Property

1. Registered first-ranking Collateral Mortgage in the amount of $5,000,000 registered over the Mortgaged Property
2. Title insurance in respect of the Mortgaged Property naming the lender as beneficiary
3. Registered General Assignment of leases, rent, income and profits arising from or in connection with the Mortgaged Property
4. Assignment of Insurance

Any other documents, instruments or agreements as may be required by the Lender, acting reasonably

Initials ___ ___

Other Fees:	Placement & lender fee of 3% of the facility amount. A $10,000 retainer is held, with the balance to be due and payable at time of advance. The following Schedules are attached to and form part of this Commitment Letter: Schedule A – General Terms & Conditions Schedule B – Conditions Precedent to Advances Schedule C – Covenants Schedule D – Representations and Warranties Schedule E – Events of Default
Title and Title Insurance:	Receipt of all documents and legal opinions required by the Lender with respect to the beneficial (true) owner of the Mortgaged Property and the charge of such interest delivered to the Lender's legal counsel along with title insurance from an issuer acceptable to the Lender
Governing Law:	Province of Ontario and the federal laws of Canada applicable therein.
Lender's Legal Counsel:	Derek Van Doorn of Loopstra Nixon LLP

Initials ________ ______

In accepting this commitment you acknowledge that if, in the opinion of StoneQuest, a material adverse change in risk occurs including, without limitation, any material adverse change in the financial condition, business, property or prospects of the Borrower or any Guarantor, the rights and remedies of StoneQuest, or the ability of the Borrower or any Guarantor to perform its obligations to StoneQuest, any obligation to advance some or all of the above Facilities may be withdrawn or cancelled.

Yours truly,

StoneQuest Capital Corp.

Nick Cvetas
President
T: 905-637-0592
M : 647-458-8642

E: ncvetas@stonequestcapital.com

Dated April 30, 2019

BORROWER:

2452602 Ontario Inc.

By:
Name: Peter Van Mol
Title: Treasurer

GUARANTOR:

AgMedica Bioscience Inc.

By:
Name: Trevor Henry
Title: CEO

Initials

SCHEDULE A

Assignment: This Commitment Letter shall be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns. The Borrower shall not assign any of its rights or obligations hereunder without the prior written consent of StoneQuest. StoneQuest may assign all or part of its rights or obligations under this Commitment Letter or in respect of any Facility or any Security to any person.

Confidentiality: The Borrower and each Guarantor agrees that, without the prior written consent of StoneQuest, it shall not provide this Commitment Letter to, nor discuss the terms and structure of this offering with, any party other than its employees, lawyers and financial advisors (but not commercial lenders).

Conflicts: All terms and conditions of StoneQuest's usual and customary security documents and supporting documents shall be deemed to be incorporated in and form part of this commitment. In the event of any conflict or inconsistency between this Commitment Letter and the terms of any security or supporting document given in connection with this Commitment Letter, any Facility or the Security, the terms of the security or supporting documents shall prevail.

Expenses: All costs and expenses incurred by StoneQuest in establishing, documenting and operating the Facilities (including, but not limited to, legal, appraisal ~~and consulting fees and~~ costs) and in connection with the enforcement of the loan documentation are for the account of the Borrower and the Borrower agrees to pay the same in full whether or not this transaction is completed as contemplated herein.

Holdbacks: In the event the Borrower fails to satisfy any condition hereunder which is required to be met prior to receiving any Advance under a Facility, StoneQuest may, at its option and in its sole discretion, provide such Advance to the Borrower subject to a holdback of funds to address such failure.

Indemnification The Borrower and each Guarantor jointly and severally (solidarily) agree to indemnify StoneQuest from and against any and all losses, claims, damages and liabilities arising from activities under or contemplated under this Commitment Letter, any Facility or the Security other than those arising solely as a result of StoneQuest's gross negligence or wilful misconduct.

Language: It is the express wish of the parties that this agreement and any related documents be drawn up and executed in English.

SCHEDULE B

CONDITIONS PRECEDENT TO ADVANCES

- Signed Commitment Letter
- Evidence of corporate (or other) status and authority
- Completion and registration (as applicable) of all Security (defined herein) and other supporting documents
- Completion of all facility documentation and account agreements and authorities, as applicable
- Compliance with all representations and warranties contained herein
- Compliance with all covenants (financial and non-financial) contained herein
- No Event of Default (defined herein) shall have occurred and be continuing
- Payment of all fees and expenses
- Satisfactory due diligence (including, without limitation, anti-money laundering, proceeds of crime and "know your customer" requirements and procedures, environmental and insurance due diligence)
- Disclosure of all material contingent obligations
- Any other document or action which StoneQuest may reasonably require

SCHEDULE C

COVENANTS

- Payment of all indebtedness due in connection with this Commitment Letter or any Facility
- Maintenance of corporate existence and status
- Maintenance of property and assets in good working condition
- Use of proceeds to be consistent with the approved purpose
- Access by StoneQuest to books and records; StoneQuest to have right to inspect property to which its security applies

SCHEDULE D - REPRESENTATIONS AND WARRANTIES

- It has the corporate status, power and authority to enter into this Commitment Letter and any agreement executed in connection with a Facility or any Security to which it is a party, and to performs its obligations hereunder and thereunder
- It is in compliance with all applicable laws (including environmental laws) and its existing agreements
- All factual information that has been provided to StoneQuest for purposes of or in connection with this Commitment Letter or any transaction contemplated herein is true and complete in all material respects on the date as of which such information is dated or certified
- There is no material litigation pending against it or, to its knowledge, threatened against or affecting it
- It has timely filed or caused to be filed all required tax returns and reports and has paid or caused to be paid all required taxes
- It maintains insurance policies and coverage that provides sufficient insurance coverage in at least such amounts and against at least such risks as are usually insured against in the same general area by persons in the same or a similar business
- It is not in default nor has any event or circumstance occurred which, but for the passage of time or the giving of notice, or both, would constitute a default under any loan, credit or security agreement, or under any material instrument or agreement, to which it is a party

SCHEDULE E – EVIDENCE OF DEFAULT

- Failure to pay any interest, principal, fees or other amounts due in connection with this Commitment Letter or any of the Facilities
- Breach by the Borrower or any Guarantor of any covenant or agreement under or in connection with this Commitment Letter or any of the Facilities
- The occurrence of an event of default under any document executed in connection with a Facility or any of the Security
- Inaccurate or false representations or warranties made by the Borrower or any Guarantor under or in connection with this Commitment Letter
- The Commitment Letter or any document executed in connection therewith or in connection with a Facility or the Security is repudiated by the Borrower or any Guarantor or is no longer in force and effect
- The Borrower or any Guarantor (i) becomes insolvent, (ii) is unable generally to pay its debts as they become due, (iii) makes a proposal in bankruptcy or files a notice of intention to make such a proposal, (iv) makes an assignment in bankruptcy, (v) brings a court action to have itself declared insolvent or bankrupt, or another person brings an action for such a declaration, or (vi) defaults under any payment obligation to another creditor or breaches any agreement with another creditor in respect of a payment obligation
- A material adverse change occurs in the financial condition, business, property or prospects of the Borrower or any Guarantor, as determined by StoneQuest
-

EXHIBIT "H"

LRO # 33 **Charge/Mortgage** **Receipted as ER1233648** on 2019 05 13 at 15:50

The applicant(s) hereby applies to the Land Registrar. yyyy mm dd Page 1 of 1

Properties

PIN	08203 - 0125 LT *Interest/Estate* Fee Simple
Description	PART LOT 13 AND PART NORTH 1/2 LOT 12 CONCESSION 3; DESIGNATED PART 2, 33R3843; LONDON/WESTMINSTER
Address	1095 WILTON GROVE ROAD LONDON

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name	2472602 ONTARIO INC.
Address for Service	111 Heritage Road, Suite 200, Chatham, Ontario N7M 5W7

I, Peter Van Mol, Treasurer, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Chargee(s) *Capacity* *Share*

Name	STONE QUEST CAPITAL CORP.
Address for Service	5096 South Service Road, Suite 102, Burlington, Ontario L7L 5H4

Provisions

Principal	$5,000,000.00	*Currency*	CDN
Calculation Period			
Balance Due Date	2019/11/13		
Interest Rate	1.5% per month		
Payments	$75,000.00		
Interest Adjustment Date	2019 05 13		
Payment Date	13th day of each and every month		
First Payment Date	2019 06 13		
Last Payment Date	2019 11 13		
Standard Charge Terms	200033		
Insurance Amount	Full insurable value		
Guarantor	AgMedica Bioscience Inc.		

Signed By

Rejean David Theriault	135 Queens Plate Drive Suite 600 Etobicoke M9W 6V7	acting for Chargor(s)	Signed	2019 05 13

Tel 416-746-4710

Fax 416-746-8319

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

Loopstra Nixon LLP	135 Queens Plate Drive Suite 600 Etobicoke M9W 6V7	2019 05 13

Tel 416-746-4710

Fax 416-746-8319

Fees/Taxes/Payment

Statutory Registration Fee	$64.40
Total Paid	$64.40

File Number

Chargor Client File Number : 23118-0001

LRO # 33 **Notice Of Assignment Of Rents-General** **Receipted as ER1233652** on 2019 05 13 at 15:55

The applicant(s) hereby applies to the Land Registrar. yyyy mm dd

Properties

PIN	08203 - 0125 LT
Description	PART LOT 13 AND PART NORTH 1/2 LOT 12 CONCESSION 3; DESIGNATED PART 2, 33R3843; LONDON/WESTMINSTER
Address	1095 WILTON GROVE ROAD LONDON

Applicant(s)

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or affects a valid and existing estate, right, interest or equity in land.

Name	2472602 ONTARIO INC.
Address for Service	111 Heritage Road, Suite 200, Chatham, Ontario N7M 5W7

I, Peter Van Mol, Treasurer, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Party To(s) *Capacity* *Share*

Name	STONE QUEST CAPITAL CORP.
Address for Service	5096 South Service Road, Suite 102, Burlington, Ontario L7L 5H4

Statements

The applicant applies for the entry of a notice of general assignment of rents.

This notice may be deleted by the Land Registrar when the registered instrument, ER1233648 registered on 2019/05/13 to which this notice relates is deleted

Schedule: See Schedules

This document relates to registration number(s)ER1233648

Signed By

Rejean David Theriault	135 Queens Plate Drive Suite 600 Etobicoke M9W 6V7	acting for Applicant(s)	Signed	2019 05 13

Tel 416-746-4710

Fax 416-746-8319

I have the authority to sign and register the document on behalf of all parties to the document.

Rejean David Theriault	135 Queens Plate Drive Suite 600 Etobicoke M9W 6V7	acting for Party To(s)	Signed	2019 05 13

Tel 416-746-4710

Fax 416-746-8319

I have the authority to sign and register the document on behalf of all parties to the document.

Submitted By

Loopstra Nixon LLP	135 Queens Plate Drive Suite 600 Etobicoke M9W 6V7	2019 05 13

Tel 416-746-4710

Fax 416-746-8319

Fees/Taxes/Payment

Statutory Registration Fee	$64.40
Total Paid	$64.40

File Number

Party To Client File Number : 23118-0001

GENERAL ASSIGNMENT OF RENTS AND LEASES

THIS AGREEMENT dated the 7 day of May, 2019.

BETWEEN:

2472602 ONTARIO INC., a corporation incorporated under the laws of the Province of Ontario,

(hereinafter called the "**Assignor**")

OF THE FIRST PART

- and -

STONE QUEST CAPITAL CORP., a corporation incorporated under the laws of the Province of Ontario,

(hereinafter called the "**Assignee**")

OF THE SECOND PART

WHEREAS the Assignor is the owner of the lands under PIN 08203-0125 (LT) and legally described as PART LOT 13 AND PART NORTH 1/2 LOT 12 CONCESSION 3; DESIGNATED PART 2, 33R3843; LONDON/WESTMINSTER, and municipally known as 1095 Wilton Grove Road, London, Ontario (the "**Property**") subject to a charge/mortgage made by the Assignor in favour of the Assignee securing the principal amount of $5,000,000.00 registered on the 13th day of May, 2019, at the Land Titles Office for the Middlesex County (No. 33) as No. ER1233648 (herein referred to as the "**Charge**");

AND WHEREAS the Assignor may from time to time lease or grant a right of use or occupation or licence with respect to the whole or parts of the Property;

1. WITNESSETH that in consideration of ONE DOLLAR ($1.00) and other good and valuable consideration, the receipt of which is hereby acknowledged by the Assignor, the Assignor hereby ASSIGNS, TRANSFERS AND SETS OVER UNTO the Assignee, its successors and assigns, as security for payment of the principal and interest and other monies secured by the Charge and for performance of the obligations of the Assignor thereunder:

(a) all rents, charges and other monies (herein called "**the rents**") now due and payable or hereafter to become due and payable:

i. under each and every present and future tenancy, right of use or occupation of or licence granted by the Assignor, its successors and assigns (herein called "**the leases**") in respect of the whole or any portion of the Property (whether or not pursuant to any lease or agreement to lease or licence; and,

ii. under each and every present and future guarantee of all or any of the obligations under the leases;

with full power and authority to demand, collect, sue for, recover, receive and give receipts for rents, and to enforce payment of the same in the name of the Assignor, its successors and assigns or otherwise; and,

(b) the leases together with the benefit of all covenants, agreements and proviso contained in the leases.

2. Provided and it is hereby expressly agreed that the Assignor shall be permitted to collect and receive the rents as and when the same shall become due and payable according to the terms of the leases unless and until the Assignor is in default under any of the provisions of the Charge and thereafter the Assignee gives notice to each of the tenants, user, occupier, licensee or grantor thereunder requiring the same to pay the rents to the Assignee and which notice shall be binding upon the Assignor and may not be contested by it.

3. The Assignor represents, warrants, covenants and agrees that:

(a) none of the leases or the Assignor's rights thereunder (including the right to receive the rental) have been or will be amended, assigned, encumbered, discounted or anticipated in priority to this assignment without the prior written consent of the Assignee;

(b) the Assignor will observe and perform all of its obligations under the leases;

(c) none of the rents under any of the leases has been or will be paid prior to the due date for payment thereof except rent for the ensuing month and except rent for the last month of the term of any lease.

4. Provided further and it is hereby expressly agreed that nothing herein contained shall have the effect of making the Assignee, its successors or assigns, responsible for the collection of the rents or any of them or for the performance of any of the obligations or provisions under or in respect of the leases or any of them to be observed and performed by the Assignor and that the Assignee shall not, by virtue of this assignment or its receipt of the rents or any of them, become or be deemed to be a mortgagee in possession and that the Assignee shall not be under any obligation to take any action or exercise any remedy in the collection or recovery of the rents or any of them or to see to or enforce the performance of the obligations and liabilities of any person under or in respect of the leases or any of them and that the Assignee shall be liable to account only for such monies as shall actually come into its hands, less proper collection charges and that such monies may be applied on account of any indebtedness of the Assignor to the Assignee.

5. If the Assignee shall have exercised its rights under Paragraph 2 and shall have received any of the rents and if the Assignor shall cure the default under the Charge which gave rise to such exercise and shall have resumed collection of the rents, the Assignee will provide the Assignor with details of all rents received by it prior to such resumption.

6. The Assignor covenants and agrees that upon the request of the Assignee made at any time, it will assign, transfer and set over unto the Assignee the leases or such of them so requested by a valid first assignment thereof and the Assignor hereby irrevocably appoints the Assignee its attorney to effect and execute such assignment.

7. It is understood and agreed that only a full and complete discharge of the Charge described herein, to which this assignment is collateral security, shall operate as a full and complete release of all the Assignee's rights and interest hereunder and that after the Charge have been fully released and discharged, this assignment shall be void and of no further effect.

8. This Agreement shall be construed in accordance with the laws of the Province of Ontario.

IN WITNESS WHEREOF the Assignor has executed this general assignment of rents and leases as of the date first above written.

2472602 ONTARIO INC.

Per:____________________
Name: Peter Van Mol
Title: Treasurer

I have authority to bind the corporation.

ecore Powered by oncorp

ONTARIO PPSA New Registration 1C CONFIRMATION

PPSA Ref File No.: 751105755
Registration Number: 20190510 1544 1590 6519
REGISTRATION TYPE: Personal Property Security Act
TERM OF REGISTRATION (YEARS): 1

Expiry Date: 2020-05-10

CAUTION FILING: N
MOTOR VEHICLE SCHEDULE: N

DEBTORS

Business Debtors

	BUSINESS NAME ONTARIO CORPORATION NUMBER	ADDRESS
1	2472602 ONTARIO INC. 2472602	111 HERITAGE ROAD, SUITE 200 CHATHAM ON N7M 5W7

SECURED PARTIES

Secured Parties

	NAME	ADDRESS
1	STONE QUEST CAPITAL CORP.	5096 SOUTH SERVICE ROAD, SUITE 102 BURLINGTON ON L7L 5H4

COLLATERAL

Collateral Classification Selected			MATURITY DATE	AMOUNT SECURED
Consumer Goods __	Inventory __	Equipment __		
Accounts x	Other x	Motor Veh Incl __		

General Collateral

GENERAL ASSIGNMENT OF RENTS WITH RESPECT TO THE PROPERTY IDENTIFIED AS PIN 08203-0125 (LT), LEGALLY DESCRIBED AS PART LOT 13 AND PART NORTH 1/2 LOT 12 CONCESSION 3, DESIGNATED PART 2, 33R3843, LONDON/WESTMINSTER, AND MUNICIPALLY KNOWN AS 1095 WILTON GROVE ROAD, LONDON, ONTARIO

REGISTERING AGENT

NAME	ADDRESS
LOOPSTRA NIXON LLP / REXLAW (NICKY)	600-135 QUEENS PLATE DRIVE ETOBICOKE ON M9W 6V7

EXHIBIT "I"

GENERAL SECURITY AGREEMENT

1. SECURITY INTEREST

(a) For value received, the undersigned AgMedica Bioscience Inc. (the "**Debtor**"), hereby grants to STONE QUEST CAPITAL CORP. (the "**Secured Party**"), by way of mortgage, charge, assignment and transfer, a security interest (the "**Security Interest**") in the undertaking of Debtor and in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles and Securities now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively called "Collateral"), including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

(i) all inventory of whatever kind and wherever situate ("**Inventory**");

(ii) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;

(iii) all book accounts and book debts and generally all accounts, debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advises of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("**Debts**");

(iv) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;

(v) all contractual rights and insurance claims and all goodwill, patents, trademarks, copyrights, and other industrial property;

(vi) all monies other than trust monies lawfully belonging to others;

(vii) all property described in any schedule now or hereafter annexed hereto.

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms "Goods", "Chattel Paper", "Documents of Title", "Instruments", "Intangibles", "Securities", "proceeds", "Inventory", and "accession" whenever used herein shall be interpreted pursuant to their respective meanings when used in the *Personal Property Security Act* of Ontario, as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "**P.P.S.A.**". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A. Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and satisfaction of any and all obligations, indebtedness and liability of Debtor to the Secured Party (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "**Indebtedness**").

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges or other encumbrances (hereinafter collectively called "**Encumbrances**"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing, prior to their creation or assumption, by the Secured Party;

(b) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "**Account Debtor**"), and the amount represented by Debtor to the Secured Party from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against the Secured Party whether in any proceeding to enforce Collateral or otherwise; and

(c) the locations specified in Schedule "B" as to business operations and records are accurate and complete and, with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations.

4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect, Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to keep the Collateral free from all Encumbrances, except for the Security Interest and those shown on Schedule "A" or hereafter approved in writing, prior to their creation or assumption by the Secured Party; and not to sell, exchange, transfer, assign, lease, or otherwise dispose of Collateral or any interest therein without the prior written consent of the Secured Party; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use monies available to Debtor;

(b) to notify the Secured Party promptly of:

(i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral;

(ii) the details of any significant acquisition of Collateral;

(iii) the details of any claims or litigation affecting Debtor or Collateral;

(iv) any loss of or damage to Collateral;

(v) any default by any Account Debtor in payment or other performances of his obligations with respect to Collateral; and

(vi) the return to or repossession by Debtor of Collateral;

(c) to keep the Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;

(d) to do, execute, acknowledge and deliver such financing statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by the Secured Party of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

(f) to insure the Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as the Secured Party shall reasonably direct with loss payable to the Secured Party and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at the Secured Party's request so as to indicate the Security Interest;

(i) to deliver to the Secured Party from time to time promptly upon request:

i. any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral;

ii. all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying same;

iii. all financial statements prepared by or for Debtor regarding Debtor's business;

iv. all policies and certificates of insurance relating to Collateral; and

v. such information concerning Collateral, the Debtor and Debtor's business and affairs as the Secured Party may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that the Secured Party shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner the Secured Party may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as the Secured Party may reasonably request in connection therewith and for such purpose to grant to the Secured Party or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. SECURITIES

If Collateral at any time includes Securities, Debtor authorizes the Secured Party to transfer the same or any part thereof into its own name or that of its nominee(s) so that the Secured Party or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, the Secured Party shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by the Secured Party or its nominee(s) as such registered owner and agrees that no proxy issued by the Secured Party to Debtor or its order as aforesaid shall thereafter be effective.

7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, the Secured Party may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to the Secured Party. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement shall be received and held by Debtor in trust for the Secured Party and shall be turned over to the Secured Party upon request.

8. INCOME FROM AND INTEREST ON COLLATERAL

(a) Until default, Debtor reserves the right to receive any monies constituting income from or interest on Collateral and if the Secured Party receives any such monies prior to default, the Secured Party shall either credit the same to the account of Debtor or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any monies constituting income from or interest on Collateral and if Debtor receives any such monies without any request by it, Debtor will pay the same promptly to the Secured Party.

9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

(a) Whether or not default has occurred, Debtor authorizes the Secured Party:

(i) to receive any increase in or profits on Collateral (other than money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly;

(ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as part of Collateral;

(b) If Debtor receives any such increase or profits (other than money) or payments or distributions, Debtor will deliver the same promptly to the Secured Party to be held by the Secured Party as herein provided.

10. DISPOSITION OF MONIES

Subject to any applicable requirements of the P.P.S.A., all monies collected or received by the Secured Party pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as the Secured Party deems best or, at the option of the Secured Party, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of the Secured Party hereunder, and any surplus shall be accounted for as required by law.

11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or Perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and the Secured Party;

(b) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an unauthorized assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor; or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;

(c) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

(d) if any Encumbrance affecting Collateral becomes enforceable against Collateral;

(e) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;

(f) if an execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if a distress or analogous process is levied upon the assets of Debtor or any part thereof;

(g) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to the Secured Party to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to the Secured Party at or prior to the time of such execution;

(h) the death or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual.

12. ACCELERATION

The Secured Party, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or, if the Secured Party in good faith believes that the prospect of payment of all or any part of Indebtedness or performance of Debtor's obligations under this Security Agreement or any other agreement now or hereafter in effect between Debtor and the Secured Party is impaired. The provisions of this clause are not intended in any way to affect any rights of the Secured Party with respect to Indebtedness which may now or hereafter be payable on demand.

13. REMEDIES

(a) Upon default, the Secured Party may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of the Secured Party or not, to be a receiver or receivers (hereinafter called a "**Receiver**", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his stead. Any such Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of Debtor and not the Secured Party, and the Secured Party shall not be in any way responsible for any misconduct, negligence, or non-feasance on the part of any such Receiver, his servants, agents or employees. Subject to the provisions of the instrument appointing him, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable him to carry on Debtor's business or otherwise, as such Receiver shall, in his discretion, determine. Except as may be otherwise directed by the Secured Party, all monies received from time to time by such Receiver in carrying out his appointment shall be received in trust for and paid over to the Secured Party. Every such Receiver may, in the discretion of the Secured Party, be vested with all or any of the rights and powers of the Secured Party.

(b) Upon default, the Secured Party may, either directly or through its agents or nominees, exercise all the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) The Secured Party may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, the Secured Party may sell, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to the Secured Party may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and the Secured Party, and in addition to any other rights the Secured Party, may have at law or in equity, the Secured Party shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that the Secured Party shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, the Secured Party shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper, whether Collateral or proceeds and whether or not in the Secured Party's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that the Secured Party or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from the Secured Party or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to pay all costs, charges and expenses reasonably incurred by the Secured Party or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses together with any monies owing as a result of any borrowing by the Secured Party or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) Unless the Collateral in question is perishable or unless the Secured Party believes on reasonable grounds that the Collateral in question will decline speedily in value, the Secured Party will give Debtor such notice of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made, as may be required by the P.P.S.A.

14. MISCELLANEOUS

(a) Debtor hereby authorizes the Secured Party to file such financing statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as the Secured Party may deem appropriate to perfect and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints any officer or director of the Secured Party from time to time of the Secured Party the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of the Secured Party, whenever Indebtedness is immediately due and payable or the Secured Party has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), the Secured Party may, in its sole discretion, set off against Indebtedness any and all monies then owed to Debtor by the Secured Party in any capacity, whether or not due, and the Secured Party shall be deemed to have exercised such right of setoff immediately at the time of making its decision to do so even though any charge therefor is made or entered on the Secured Party's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, the Secured Party may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to the Secured Party, forthwith upon written demand therefor, an amount equal to the expense incurred by the Secured Party in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 18% per annum.

(d) The Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as the Secured Party may see fit without prejudice to the liability of Debtor or the Secured Party's right to hold and realize the Security Interest. Furthermore, the Secured Party may demand, collect and sue on Collateral in either Debtor's or the Secured Party's name, at the Secured Party's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.

(e) No delay or omission by the Secured Party in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, the Secured Party may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of the Secured Party granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any Instrument constituting Collateral at any time held by the Secured Party on which Debtor is in any way liable and, subject to Clause 13(g) hereof, notice of any other action taken by the Secured Party.

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against the Secured Party. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

(h) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(i) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario as the same may from time to time be in effect, including, where applicable, the P.P.S.A.

(j) Subject to the requirements of clauses 13(g) and 14(k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given only if delivered to the party for whom it is intended at the principal address of such party herein set forth or as changed pursuant hereto or if sent by prepaid registered mail addressed to the party for whom it is intended at the principal address of such party herein set forth or as changed pursuant hereto. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof:

Principal address of Debtor:	111 Heritage Road, Suite 200, Chatham, Ontario N7M 5W7
Principal address of the Secured Party:	5096 South Service Road, Suite 102, Burlington, Ontario L7L 5H4

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by the Secured Party, and is, and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Secured Party shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by the Secured Party, and any extension or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate the Secured Party to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to the Secured Party.

15. COPY OF AGREEMENT

Debtor hereby acknowledges receipt of a copy of this Security Agreement.

IN WITNESS WHEREOF Debtor has executed this Security Agreement, this 7 day of May, 2019.

AGMEDICA BIOSCIENCE INC.

Name: Trevor Henry
Title: Director

I have authority to bind the corporation.

SCHEDULE "A"

(ENCUMBRANCES AFFECTING COLLATERAL)

1. Any security interests to any chartered bank or other financial institution with respect to indebtedness incurred by the Debtor in the ordinary course of financing its business operations.

2. Any prior security interests granted in favour of third parties existing as of the date hereof as evidenced by registered financing statements under the *Personal Property Security Act*.

3. Liens for taxes, assessments, governmental charges or levies not due at the date hereof.

4. Rights reserved to or vested in any municipality or government or other public authority by the terms of any lease, licence, franchise, grant or permit, or by any statutory provision, to terminate the same or to require annual or periodic payments as a condition to the continuance thereof.

5. Any lien or encumbrance, the validity of which is being contested by the Debtor in good faith and in respect of which the Secured Party acting reasonably shall be satisfied that its interests are not prejudiced thereby.

6. Any security given by the Debtor in the nature of a purchase money security interest as defined under the *Personal Property Security Act*.

SCHEDULE "B"

1. ***Locations of Debtor's Business Operations***

   a) 200-111 Heritage Road, Chatham, Ontario N7M 5W7
   b) 1095 Wilton Grove Road, London, Ontario N6N 1C9

2. ***Locations of Records relating to Collateral***

   a) 200-111 Heritage Road, Chatham, Ontario N7M 5W7

3. ***Locations of Collateral***

   This Corporation does not own any real property

SCHEDULE "C"

DESCRIPTION OF PROPERTY PURSUANT TO SECTION 1(a)(vii) OF GENERAL SECURITY AGREEMENT

1095 Wilton Grove Road, London, Ontario being all of PIN 08203-0125 (LT) and legally described as PART LOT 13 AND PART NORTH 1/2 LOT 12 CONCESSION 3; DESIGNATED PART 2, 33R3843; LONDON/WESTMINSTER

{L1456923.1}

R E C E I P T

TO: STONE QUEST CAPITAL CORP.

AND TO: LOOPSTRA NIXON LLP
Its solicitors herein.

RE: Stone Quest Capital Corp. (the "Lender") credit facilities to 2472602 Ontario Inc. (the "Borrower") secured, *inter alia*, by a $5,000,000.00 Collateral First Charge/Mortgage and General Assignment of Rents and Leases on the property municipally known as 1095 Wilton Grove Road, London, Ontario (the "Property"), and guaranteed by AgMedica Bioscience Inc.

THE UNDERSIGNED hereby acknowledges receipt of a copy of the attached financing statement registered against the undersigned pursuant to the *Personal Property Security Act* (Ontario), filed as File No. 751105791.

DATED this 7 day of May, 2019.

AGMEDICA BIOSCIENCE INC.

Per:________________
Name: Trevor Henry
Title: Director

I have authority to bind the corporation.

{L1457145 1}

ecore
Powered by oncorp

ONTARIO PPSA New Registration 1C CONFIRMATION

PPSA Ref File No.: 751105791
Registration Number: 20190510 1545 1590 6520
Expiry Date: 2020-05-10

REGISTRATION TYPE: Personal Property Security Act
TERM OF REGISTRATION (YEARS): 1
CAUTION FILING: N
MOTOR VEHICLE SCHEDULE: N

DEBTORS

Business Debtors

	BUSINESS NAME ONTARIO CORPORATION NUMBER	ADDRESS
1	AGMEDICA BIOSCIENCE INC.	111 HERITAGE ROAD, SUITE 200 CHATHAM ON N7M 5W7

SECURED PARTIES

Secured Parties

	NAME	ADDRESS
1	STONE QUEST CAPITAL CORP.	5096 SOUTH SERVICE ROAD, SUITE 102 BURLINGTON ON L7L 5H4

COLLATERAL

Collateral Classification Selected			MATURITY DATE	AMOUNT SECURED
Consumer Goods ___	Inventory _x_	Equipment _x_		
Accounts _x_	Other _x_	Motor Veh Incl _x_		

General Collateral

GENERAL SECURITY AGREEMENT

REGISTERING AGENT

NAME	ADDRESS
LOOPSTRA NIXON LLP / REXLAW (NICKY)	600-135 QUEENS PLATE DRIVE ETOBICOKE ON M9W 6V7

EXHIBIT "J"

GENERAL SECURITY AGREEMENT

1. SECURITY INTEREST

(a) For value received, the undersigned 2472602 ONTARIO INC. (the "**Debtor**"), hereby grants to STONE QUEST CAPITAL CORP. (the "**Secured Party**"), by way of mortgage, charge, assignment and transfer, a security interest (the "**Security Interest**") in the undertaking of Debtor and in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles and Securities now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively called "Collateral"), including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

(i) all inventory of whatever kind and wherever situate ("**Inventory**");

(ii) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;

(iii) all book accounts and book debts and generally all accounts, debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advises of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("**Debts**");

(iv) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;

(v) all contractual rights and insurance claims and all goodwill, patents, trademarks, copyrights, and other industrial property;

(vi) all monies other than trust monies lawfully belonging to others;

(vii) all property described in any schedule now or hereafter annexed hereto.

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms "Goods", "Chattel Paper", "Documents of Title", "Instruments", "Intangibles", "Securities", "proceeds", "Inventory", and "accession" whenever used herein shall be interpreted pursuant to their respective meanings when used in the *Personal Property Security Act* of Ontario, as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "**P.P.S.A.**". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A. Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and satisfaction of any and all obligations, indebtedness and liability of Debtor to the Secured Party (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "**Indebtedness**").

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges or other encumbrances (hereinafter collectively called "**Encumbrances**"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing, prior to their creation or assumption, by the Secured Party;

(b) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "**Account Debtor**"), and the amount represented by Debtor to the Secured Party from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against the Secured Party whether in any proceeding to enforce Collateral or otherwise; and

(c) the locations specified in Schedule "B" as to business operations and records are accurate and complete and, with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations.

4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect, Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to keep the Collateral free from all Encumbrances, except for the Security Interest and those shown on Schedule "A" or hereafter approved in writing, prior to their creation or assumption by the Secured Party; and not to sell, exchange, transfer, assign, lease, or otherwise dispose of Collateral or any interest therein without the prior written consent of the Secured Party; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use monies available to Debtor;

(b) to notify the Secured Party promptly of:

(i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral;

(ii) the details of any significant acquisition of Collateral;

(iii) the details of any claims or litigation affecting Debtor or Collateral;

(iv) any loss of or damage to Collateral;

(v) any default by any Account Debtor in payment or other performances of his obligations with respect to Collateral; and

(vi) the return to or repossession by Debtor of Collateral;

(c) to keep the Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;

(d) to do, execute, acknowledge and deliver such financing statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by the Secured Party of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

(f) to insure the Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as the Secured Party shall reasonably direct with loss payable to the Secured Party and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at the Secured Party's request so as to indicate the Security Interest;

(i) to deliver to the Secured Party from time to time promptly upon request:

i. any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral;

ii. all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying same;

iii. all financial statements prepared by or for Debtor regarding Debtor's business;

iv. all policies and certificates of insurance relating to Collateral; and

v. such information concerning Collateral, the Debtor and Debtor's business and affairs as the Secured Party may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that the Secured Party shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner the Secured Party may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as the Secured Party may reasonably request in connection therewith and for such purpose to grant to the Secured Party or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. SECURITIES

If Collateral at any time includes Securities, Debtor authorizes the Secured Party to transfer the same or any part thereof into its own name or that of its nominee(s) so that the Secured Party or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, the Secured Party shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by the Secured Party or its nominee(s) as such registered owner and agrees that no proxy issued by the Secured Party to Debtor or its order as aforesaid shall thereafter be effective.

7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, the Secured Party may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to the Secured Party. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement shall be received and held by Debtor in trust for the Secured Party and shall be turned over to the Secured Party upon request.

8. INCOME FROM AND INTEREST ON COLLATERAL

(a) Until default, Debtor reserves the right to receive any monies constituting income from or interest on Collateral and if the Secured Party receives any such monies prior to default, the Secured Party shall either credit the same to the account of Debtor or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any monies constituting income from or interest on Collateral and if Debtor receives any such monies without any request by it, Debtor will pay the same promptly to the Secured Party.

9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

(a) Whether or not default has occurred, Debtor authorizes the Secured Party:

(i) to receive any increase in or profits on Collateral (other than money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly;

(ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as part of Collateral;

(b) If Debtor receives any such increase or profits (other than money) or payments or distributions, Debtor will deliver the same promptly to the Secured Party to be held by the Secured Party as herein provided.

10. DISPOSITION OF MONIES

Subject to any applicable requirements of the P.P.S.A., all monies collected or received by the Secured Party pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as the Secured Party deems best or, at the option of the Secured Party, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of the Secured Party hereunder, and any surplus shall be accounted for as required by law.

11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or Perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and the Secured Party;

(b) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an unauthorized assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor; or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;

(c) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

(d) if any Encumbrance affecting Collateral becomes enforceable against Collateral;

(e) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;

(f) if an execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if a distress or analogous process is levied upon the assets of Debtor or any part thereof;

(g) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to the Secured Party to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to the Secured Party at or prior to the time of such execution;

(h) the death or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual.

12. ACCELERATION

The Secured Party, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or, if the Secured Party in good faith believes that the prospect of payment of all or any part of Indebtedness or performance of Debtor's obligations under this Security Agreement or any other agreement now or hereafter in effect between Debtor and the Secured Party is impaired. The provisions of this clause are not intended in any way to affect any rights of the Secured Party with respect to Indebtedness which may now or hereafter be payable on demand.

13. REMEDIES

(a) Upon default, the Secured Party may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of the Secured Party or not, to be a receiver or receivers (hereinafter called a "**Receiver**", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his stead. Any such Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of Debtor and not the Secured Party, and the Secured Party shall not be in any way responsible for any misconduct, negligence, or non-feasance on the part of any such Receiver, his servants, agents or employees. Subject to the provisions of the instrument appointing him, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable him to carry on Debtor's business or otherwise, as such Receiver shall, in his discretion, determine. Except as may be otherwise directed by the Secured Party, all monies received from time to time by such Receiver in carrying out his appointment shall be received in trust for and paid over to the Secured Party. Every such Receiver may, in the discretion of the Secured Party, be vested with all or any of the rights and powers of the Secured Party.

(b) Upon default, the Secured Party may, either directly or through its agents or nominees, exercise all the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) The Secured Party may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, the Secured Party may sell, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to the Secured Party may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and the Secured Party, and in addition to any other rights the Secured Party, may have at law or in equity, the Secured Party shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that the Secured Party shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, the Secured Party shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper, whether Collateral or proceeds and whether or not in the Secured Party's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that the Secured Party or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from the Secured Party or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to pay all costs, charges and expenses reasonably incurred by the Secured Party or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses together with any monies owing as a result of any borrowing by the Secured Party or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) Unless the Collateral in question is perishable or unless the Secured Party believes on reasonable grounds that the Collateral in question will decline speedily in value, the Secured Party will give Debtor such notice of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made, as may be required by the P.P.S.A.

14. MISCELLANEOUS

(a) Debtor hereby authorizes the Secured Party to file such financing statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as the Secured Party may deem appropriate to perfect and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints any officer or director of the Secured Party from time to time of the Secured Party the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of the Secured Party, whenever Indebtedness is immediately due and payable or the Secured Party has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), the Secured Party may, in its sole discretion, set off against Indebtedness any and all monies then owed to Debtor by the Secured Party in any capacity, whether or not due, and the Secured Party shall be deemed to have exercised such right of setoff immediately at the time of making its decision to do so even though any charge therefor is made or entered on the Secured Party's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, the Secured Party may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to the Secured Party, forthwith upon written demand therefor, an amount equal to the expense incurred by the Secured Party in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 18% per annum.

(d) The Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as the Secured Party may see fit without prejudice to the liability of Debtor or the Secured Party's right to hold and realize the Security Interest. Furthermore, the Secured Party may demand, collect and sue on Collateral in either Debtor's or the Secured Party's name, at the Secured Party's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.

(e) No delay or omission by the Secured Party in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, the Secured Party may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of the Secured Party granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any Instrument constituting Collateral at any time held by the Secured Party on which Debtor is in any way liable and, subject to Clause 13(g) hereof, notice of any other action taken by the Secured Party.

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against the Secured Party. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

(h) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(i) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario as the same may from time to time be in effect, including, where applicable, the P.P.S.A.

(j) Subject to the requirements of clauses 13(g) and 14(k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given only if delivered to the party for whom it is intended at the principal address of such party herein set forth or as changed pursuant hereto or if sent by prepaid registered mail addressed to the party for whom it is intended at the principal address of such party herein set forth or as changed pursuant hereto. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof:

Principal address of Debtor:	111 Heritage Road, Suite 200, Chatham, Ontario N7M 5W7
Principal address of the Secured Party:	5096 South Service Road, Suite 102, Burlington, Ontario L7L 5H4

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by the Secured Party, and is, and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Secured Party shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by the Secured Party, and any extension or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate the Secured Party to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to the Secured Party.

15. COPY OF AGREEMENT

Debtor hereby acknowledges receipt of a copy of this Security Agreement.

IN WITNESS WHEREOF Debtor has executed this Security Agreement, this 7 day of May, 2019.

2472602 ONTARIO INC.

Name: Peter Van Mol
Title: Treasurer

I have authority to bind the corporation.

SCHEDULE "A"

(ENCUMBRANCES AFFECTING COLLATERAL)

1. Any security interests to any chartered bank or other financial institution with respect to indebtedness incurred by the Debtor in the ordinary course of financing its business operations.

2. Any prior security interests granted in favour of third parties existing as of the date hereof as evidenced by registered financing statements under the *Personal Property Security Act*.

3. Liens for taxes, assessments, governmental charges or levies not due at the date hereof.

4. Rights reserved to or vested in any municipality or government or other public authority by the terms of any lease, licence, franchise, grant or permit, or by any statutory provision, to terminate the same or to require annual or periodic payments as a condition to the continuance thereof.

5. Any lien or encumbrance, the validity of which is being contested by the Debtor in good faith and in respect of which the Secured Party acting reasonably shall be satisfied that its interests are not prejudiced thereby.

6. Any security given by the Debtor in the nature of a purchase money security interest as defined under the *Personal Property Security Act*.

SCHEDULE "B"

1. ***Locations of Debtor's Business Operations***

   a) 200-111 Heritage Road, Chatham, Ontario N7M 5W7
   b) 1095 Wilton Grove Road, London, Ontario N6N 1C9

2. ***Locations of Records relating to Collateral***

   a) 200-111 Heritage Road, Chatham, Ontario N7M 5W7

3. ***Locations of Collateral***

   a) 566 Riverview Drive, Chatham, Ontario N7M 0N2
   b) 510 Riverview Drive, Chatham, Ontario N7M 0N2
   c) 715 Richmond Street, Chatham, Ontario N7M 5J5
   d) 830 Richmond Street, Chatham, Ontario N7M 5J5
   e) 1095 Wilton Grove Road, London, Ontario N6N 1C9

SCHEDULE "C"

DESCRIPTION OF PROPERTY PURSUANT TO SECTION 1(a)(vii) OF GENERAL SECURITY AGREEMENT

1095 Wilton Grove Road, London, Ontario being all of PIN 08203-0125 (LT) and legally described as PART LOT 13 AND PART NORTH 1/2 LOT 12 CONCESSION 3; DESIGNATED PART 2, 33R3843; LONDON/WESTMINSTER

{L1456625.1}

RECEIPT

TO: STONE QUEST CAPITAL CORP.

AND TO: LOOPSTRA NIXON LLP
Its solicitors herein.

RE: Stone Quest Capital Corp. (the "Lender") credit facilities to 2472602 Ontario Inc. (the "Borrower") secured, *inter alia*, by a $5,000,000.00 Collateral First Charge/Mortgage and General Assignment of Rents and Leases on the property municipally known as 1095 Wilton Grove Road, London, Ontario (the "Property")

THE UNDERSIGNED hereby acknowledges receipt of a copy of the attached financing statement registered against the undersigned pursuant to the *Personal Property Security Act* (Ontario), filed as File No. 751105692 and 751105755.

DATED this 7 day of May, 2019.

2472602 ONTARIO INC.

Per: ______________________
Name: Peter Van Mol
Title: Treasurer

I have authority to bind the corporation.

e core
Powered by oncorp

ONTARIO PPSA New Registration
1C CONFIRMATION

PPSA Ref File No.: 751105692
Expiry Date: 2020-05-10
Registration Number: 20190510 1543 1590 6517

REGISTRATION TYPE: Personal Property Security Act
CAUTION FILING: N
TERM OF REGISTRATION (YEARS): 1
MOTOR VEHICLE SCHEDULE: N

DEBTORS

Business Debtors

	BUSINESS NAME ONTARIO CORPORATION NUMBER	ADDRESS
1	2472602 ONTARIO INC. 2472602	111 HERITAGE ROAD, SUITE 200 CHATHAM ON N7M 5W7

SECURED PARTIES

Secured Parties

	NAME	ADDRESS
1	STONE QUEST CAPITAL CORP.	5096 SOUTH SERVICE ROAD, SUITE 102 BURLINGTON ON L7L 5H4

COLLATERAL

Collateral Classification Selected	MATURITY DATE	AMOUNT SECURED
Consumer Goods ___ Inventory x Equipment x Accounts x Other x Motor Veh Incl x		

General Collateral

GENERAL SECURITY AGREEMENT

REGISTERING AGENT

NAME	ADDRESS
LOOPSTRA NIXON LLP / REXLAW (NICKY)	600-135 QUEENS PLATE DRIVE ETOBICOKE ON M9W 6V7

EXHIBIT "K"

LOAN AGREEMENT

THIS LOAN AGREEMENT ("**Agreement**") is dated and effective as of May 31, 2019, by and among **2472602 ONTARIO INC.**, an Ontario corporation ("**Ontario I**"), **2642466 ONTARIO INC.**, an Ontario corporation ("**Ontario II**"; and together with Ontario I being sometimes referred to collectively as the "**Borrowers**" and individually as a "**Borrower**"), **AGMEDICA BIOSCIENCE INC.**, a Canadian corporation, in its capacity as Guarantor ("**Guarantor**") and **SF V BRIDGE III, LP**, a Delaware limited partnership ("**Lender**") and has reference to the following facts and circumstances:

WITNESSETH:

WHEREAS, Borrowers have requested that Lender make a loan available to Borrowers in the amount of EIGHT MILLION ONE HUNDRED THIRTY-ONE THOUSAND EIGHT HUNDRED SIXTY-THREE AND NO/100 UNITED STATES DOLLARS ($8,131,863.00) in order to (i) refinance certain existing indebtedness secured by the Real Property, (ii) provide a dividend payment to Guarantor; and (iii) pay any and all fees related to this transaction; and

WHEREAS, Lender is willing to provide the financing requested by Borrowers on the terms, and subject to the conditions, hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE 1.
DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

"**Affiliate**" shall mean, with respect to all Persons, any other Person directly controlling, controlled by, or under direct common control with, such Person. A Person shall be deemed to control another Person if such first Person possesses directly the power to direct or cause the direction of the management and policies of such other Person, whether through ownership of voting securities, by contract or otherwise. With respect to a Borrower, Affiliates includes but is not limited to (a) subsidiaries of Borrower, (b) members and managers of Borrower, and (c) any Person who or which directly or beneficially owns or holds 10% or more of the membership interests in Borrower.

"**Applicable Laws**" shall mean all laws, statutes, ordinances, rules, regulations, judgments, decrees or orders of any state, province, federal, municipal or local government, agency, regulatory authority, board, commission, court or instrumentality which are applicable to Borrowers or the Project.

"**Award**" shall mean any compensation paid by any governmental authority in connection with a Condemnation.

"**Business Day**" shall mean each day excluding Saturdays, Sundays and any other day on which 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.

"**Change Date**" shall mean the first day of each month during the Term.

"**Closing**" shall mean the funding of the Loan.

"**Closing Date**" shall mean the date hereof.

"**Collateral**" shall mean, collectively, all real and personal property, including without limitation, the Project, with respect to which liens and security interest in favor of the Lender are granted (or were intended to be granted) pursuant to and in accordance with the terms of the Loan Documents.

"**Debt**" shall mean the Loan Amount together with all interest accrued and unpaid thereon and all other sums due to Lender from time to time in respect of the Loan under the Note, this Agreement, the Mortgage, the Environmental Indemnity or any other Loan Document.

"**Default Interest**" shall mean all Interest that accrues at the Default Rate.

"**Default Rate**" shall mean twenty-four percent (24%) per annum, but in no event in excess of the Maximum Legal Rate.

"**Disbursement**" shall mean the disbursement of proceeds of the Loan to or for the benefit of Borrowers pursuant to the terms and provisions of this Agreement.

"**Disbursement Date**" shall mean the date on which the Disbursement is made by Lender.

"**Environmental Indemnity**" means the Environmental Indemnity Agreement, dated of even date with this Agreement, to be made by Borrowers and Guarantor in favor of Lender.

"**Environmental Indemnity Agreements**" shall mean (i) the indemnity obligations of Borrower under this Agreement, (ii) the Mortgages, and (iii) the Environmental Indemnity.

"**Environmental Law**" or "**Environmental Laws**" shall mean any current or future federal, state, provincial, municipal or local legal requirement, or Applicable Laws, pertaining to:

(i) the conservation, management or use of natural resources and wildlife; (ii) the protection or use of surface water and groundwater; (iii) the management, manufacture, possession, presence, use, generation, transportation, treatment, storage, disposal, release, threatened release, abatement, removal, remediation or handling of, or exposure to, any Hazardous Material; or (iv) pollution (including any release to air, land, surface water and groundwater), and includes, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §9601 *et seq.*, Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§6901 *et seq.*, Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 U.S.C. §§1251 *et seq.*, Clean Air Act of 1966, as amended, 42 U.S.C. §§7401 *et seq.*, Toxic Substances Control Act of 1976, 15 U.S.C. §§2601 *et seq.*, Hazardous Materials Transportation Act, 49 U.S.C. App. §§5101 *et seq.*, Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§651 *et seq.*, Oil Pollution Act of 1990, 33 U.S.C. §§2701 *et seq.*, Oil Pollution Act of 1990, 33 U.S.C. §§2701 *et seq.*, Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§11001 *et seq.*, National Environmental Policy Act of 1969, 42 U.S.C. §§4321 *et seq.*, Safe Drinking Water Act of 1974, as amended, 42 U.S.C. §§300(f) *et seq.*, the Canadian Environmental Protection Act, 1999, the Environmental Protection Act (Ontario), any similar, implementing or successor law, and any amendment, rule, regulation, order or directive issued thereunder.

"**Event of Default**" shall have the meaning ascribed to it in Article 8 of this Agreement.

"**Excluded Taxes**" means any of the following taxes imposed on or with respect to the Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrowers hereunder, 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.

"**First Interest Accrual Period**" shall mean the period from and including the date hereof through June 1, 2019.

"**Foreclosure Event**" shall mean: (a) any foreclosure under the Mortgage, (b) any other exercise by Lender of rights and remedies (whether under any Loan Document or under Applicable Law, including any insolvency laws) as holder of the Loan and/or the Mortgage, as a result of which Lender (or its designee or nominee) or a third party purchaser becomes owner of all or any part of the Land or (c) delivery by either Borrower to Lender (or its designee or nominee) of a deed or other conveyance of Borrower's interest in the Land in lieu of any of the foregoing.

"**Governmental Authority**" means the government of any nation or any political subdivision thereof, whether state, local, territory, province or otherwise, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"**Guaranty**" shall mean that certain Guaranty (Payment), dated of even date of this Agreement, to be made by Guarantor in favor of Lender.

"**Guarantor**" shall mean AgMedica Bioscience, Inc., a federal Canadian corporation.

"**Hazardous Materials**" shall mean any substance, chemical, compound, product, solid, gas, liquid, waste, by-product, pollutant, contaminant or material which is regulated under any Environmental Law, and includes, without limitation: (a) asbestos, polychlorinated biphenyls, mold and petroleum (*including crude oil or any fraction thereof*); and (b) any material classified or regulated as "hazardous" or "toxic" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§9601 *et seq.*, Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§6901 *et seq.*, Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 *et seq.*, Clean Air Act of 1966, as amended, 42 U.S.C. §§7401 *et seq.*, Toxic Substances Control Act of 1976, 15 U.S.C. §§2601 *et seq.*, Hazardous Materials Transportation Act, 49 U.S.C. App. §§5101 *et seq,* the Canadian Environmental Protection Act, 1999 or the Environmental Protection Act (Ontario),. Without intending to limit the scope or breadth of the foregoing definition, the term Hazardous Materials shall include asbestos, urea formaldehyde, polychlorinated biphenyls, crude, oil, radioactive materials and underground storage tanks. Hazardous Materials shall not include those materials that are used or stored at the Real Property in the ordinary course of business operations in compliance with Environmental Laws.

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

"**Improvements**" shall mean the buildings and other improvements now on the Land.

"**Indebtedness**" shall mean the principal of, interest on, and all other amounts due at any time under the Loan, the Note, the Mortgage, or any other Loan Document, including, without limitation, any prepayment premiums, late charges, interest charged at the Default Rate, and accrued Interest and this Loan, advances, costs and expenses to perform the obligations of Borrowers or to protect the Land or the security of the Mortgage, all other monetary obligations of Borrowers under the Loan Documents, and this Loan, any and all other Loan Documents including amounts due as a result of any indemnification obligations, and any enforcement costs.

"**Interest**" shall mean the interest due and payable on the Principal Balance accruing at the Interest Rate or Default Rate, as applicable.

"**Interest Accrual Period**" shall mean the First Interest Accrual Period and, thereafter, the period from the first (1st) day of each calendar month through and including the last day of such calendar month.

"**Interest Payment Date**" shall mean the first (1^{st}) day of each calendar month during the term of the Loan.

"**Interest Rate**" means the greater of (a) the LIBOR Interest Rate plus the Margin, or (b) twelve percent (12%). The Interest Rate will be subject to change monthly on each Change Date based on the LIBOR Interest Rate which is reported two (2) Business Days prior to the Change Date.

"**Land**" shall mean the real property described on Exhibit A attached hereto.

"**LIBOR Interest Rate**" means the annual rate as reported in The Wall Street Journal for the offering to leading banks in the London interbank market of Dollars for a one month period; provided that the LIBOR Interest Rate shall never fall below zero percent (0.0%) regardless of whether the LIBOR Interest Rate would otherwise be less than zero percent (0.0%).

"**Loan**" shall mean the Loan provided for hereunder.

"**Loan Advance**" shall mean a disbursement of all or any portion of the Loan.

"**Loan Amount**" shall mean EIGHT MILLION ONE HUNDRED THIRTY-ONE THOUSAND EIGHT HUNDRED SIXTY-THREE AND NO/100 UNITED STATES DOLLARS ($8,131,863.00), the original principal amount of the Loan.

"**Loan Documents**" shall mean this Agreement, the Mortgage, the Note, the Environmental Indemnity, the Pledge Agreement, the Guaranty, and every other document now or hereafter evidencing, securing or otherwise executed in conjunction with the Loan, together with all amendments and modifications thereof.

"**Loan Expenses**" shall mean the expenses, charges, costs and fees relating to the making, administration, negotiation, and documentation or any other aspect of the Loan or relating to the performance of any work, including, without limitation, Lender's attorneys' fees and costs in connection with the Loan, all recording fees and charges, title insurance charges and premiums, escrow fees, costs of surveys and of other bonds required by the Title Company in connection with clearing title to the Project or the issuance of title reports, binders, policies and the like, appraisal fees, environmental report fees, and all other costs, expenses, charges and fees referred to in or necessitated by the terms of this Agreement or any of the other Loan Documents.

"**Margin**" means nine and one-half percent (9.5%).

"**Maturity Date**" shall mean May 31, 2020.

"**Maximum Legal Rate**" shall mean the maximum non-usurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness evidenced by the Note and as provided for herein or the other Loan Documents, under the laws of such state or states or province or provinces whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Loan, including without limitation, under the Criminal Code (Canada).

"**Mortgage**" shall mean, collectively, each of the Debentures, executed by a Borrower for the benefit of Lender, dated of even date with this Agreement.

"**Net Proceeds**" shall have the meaning set forth in Section 10.3 of this Agreement.

"**Note**" shall mean the Promissory Note, dated of even date with this Agreement, made by Borrowers to the order of Lender, in the original principal amount of EIGHT MILLION ONE HUNDRED THIRTY-ONE THOUSAND EIGHT HUNDRED SIXTY-THREE AND NO/100 UNITED STATES DOLLARS ($8,131,863.00) and all renewals, amendments, replacements, or substitutions thereof.

"**Other Connection Taxes**" means, with respect to the Lender and any other recipient of any payment to be made by or on account of any obligation of Borrowers hereunder, 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 Loan Document, or from the sale or assignment of an interest in any Loan or Loan 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 Loan Document or from the execution, delivery or enforcement of, or performance under or otherwise with respect to this Agreement or any other Loan Document (other than Excluded Taxes and Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 11.9)).

"**Permitted Exceptions**" shall mean the exceptions to the title of the Land listed on Exhibit B attached hereto.

"**Person**" shall mean any individual, firm, corporation, limited liability company, business enterprise, trust, association, joint venture, partnership, limited partnership, governmental body or other entity, whether acting in an individual, fiduciary or other capacity.

"**Pledge Agreement**" shall mean the Pledge and Security Agreement dated of even date of this Agreement, to be made by Guarantor in favor of Lender, together with an acknowledgment from Borrowers.

"**PPSA**" shall mean the Personal Property Security Act (Ontario), as in effect from time to time.

"**Principal Balance**" shall mean the unpaid principal balance of the Loan outstanding from time to time.

"**Project**" shall mean the Real Property, all easements and appurtenances thereto and all personal property owned by Borrowers and located on or in the Land or such buildings and other Improvements.

"**Real Property**" the Land, Improvements, all other buildings and other improvements now or hereafter located thereon.

"**Restoration**" shall mean the repair and restoration of the Project after a casualty or condemnation as nearly as possible to the condition the Project was in immediately prior to such casualty or condemnation (or better condition), with such alterations as may be reasonably approved by Lender.

"**Restricted Payment**" means (a) any dividend or other distribution, direct or indirect, on account of any shares (or equivalent) of any class of equity of a Borrower or any of its subsidiaries, now or hereafter outstanding, (b) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares (or equivalent) of any class of any equity of a Borrower or any of its subsidiaries, now or hereafter outstanding, (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of any equity of a Borrower or any of its subsidiaries, now or hereafter outstanding, and (d) any payment or prepayment of principal of, premium, if any, or interest on, redemption, purchase, retirement, defeasance, sinking fund or similar payment with respect to, any indebtedness of a Borrower or any of its subsidiaries.

"**Survey**" shall mean the plat of survey of the Land as described in Section 3.1(b) below.

"**Taxes**" means any and all present or future income, stamp or other taxes, levies, imposts, duties, deductions, charges, fees or withholdings imposed, levied, withheld or assessed by any Governmental Authority, together with any interest, additions to tax or penalties imposed thereon and with respect thereto.

"**Title Company**" shall mean First Canadian Title Insurance Company.

"**Title Policy**" shall mean the title insurance policy described in Section 3.1(c) below.

"**Unmatured Default**" shall mean an event or circumstance which with the giving of notice, the passage of time, or both, would constitute an Event of Default.

ARTICLE 2.
LOAN

Section 2.1 Loan Amount. At the times and in the manner set forth in this Article 2, Lender agrees to lend to Borrowers, and Borrowers agree to borrow from Lender, an amount not to exceed the Loan Amount in order to (a) refinance existing indebtedness secured by the Real Property, (b) provide a dividend payment to Guarantor, and (c) pay any and all fees related to this transaction.

Section 2.2 Loan Advances Evidenced by Note. All Loan Advances hereunder shall be evidenced by the Note, which shall be executed and delivered by Borrowers simultaneously with the execution of this Agreement. The Loan shall be made in a single advance subject to the terms of this Agreement.

Section 2.3 Payment of Interest and Principal. The payment of all Interest and principal shall be governed by the provisions of the Note and this Agreement.

Section 2.4 Interest Payments. Prior to the Maturity Date, Interest accruing on the Principal Balance of the Loan shall be payable to Lender on each Interest Payment Date. The outstanding Principal Balance of the Loan shall bear Interest (subject to Section 2.6 below) at the Interest Rate, calculated on the basis of a 360 day year, based on actual days elapsed.

Section 2.5 Maturity Date Payment. On the Maturity Date, Borrowers shall make payments to Lender in the amount of (i) the accrued Interest for the month in which the Maturity Date occurs, (ii) any Interest accrued and unpaid, and (iii) the outstanding Principal Balance of the Loan, and (iv) any other amounts owed to Lender in connection with this Agreement or any of the other Loan Documents.

Section 2.6 Default Rate. At any time (i) after the Maturity Date, (ii) upon acceleration of the Loan, and/or (iii) otherwise when an Event of Default exists under this Agreement or any of the other Loan Documents, then, in any such case, the Principal Balance and any other amounts then owing by Borrowers to Lender shall bear Interest at the Default Rate to the extent permitted by applicable law.

Section 2.7 Late Charge. If any payment required under any of the Loan Documents (including without limitation the payment of Interest or principal due under the Note) is not made within five (5) Business Days after such payment is due, then, in addition to the payment of the amount so due, Borrowers shall pay to Lender a "late charge" of ten cents (10¢) for each whole dollar so overdue to defray part of the cost of collecting and handling such late payment.

Section 2.8 Prepayments.

(a) Voluntary Prepayment. Provided no Event of Default has occurred and is continuing, Borrowers shall, subject to this Section 2.8, have the right to prepay the Loan in whole or in part on any Interest Payment Date, provided Borrowers shall provide Lender with a prepayment notice at least thirty (30) days prior to the date of prepayment. In the event of such applicable prepayment, Borrowers shall pay to Lender (i) an amount equal to the portion of the Principal Balance the Borrowers intend to prepay (the "**Prepaid Principal**"), (ii) all interest accrued on such Prepaid Principal through the Interest Payment Date on which such prepayment is being made, and (iii) an amount equal to the difference between Interest actually paid on the Loan as of the date of such prepayment and the amount of Interest that would have been payable on the Loan had the Loan been outstanding through and including November 1, 2019 ("**Make Whole Payment**"). The Make Whole Payment shall be due and owing at any time the Loan is being prepaid prior to the Maturity Date regardless of whether such payment is voluntarily, involuntarily, upon any acceleration (automatic or otherwise) of the Loan and/or after the occurrence of an Event of Default.

(b) Mandatory Prepayments. On the next occurring Interest Payment Date following the date on which Lender actually receives any Net Proceeds, if Lender does not elect to make such Net Proceeds available to Borrowers for Restoration, pursuant to Section 10.3, Borrowers authorize Lender, at Lender's option, to apply Net Proceeds as a prepayment of the Principal Balance of the Note. Any partial prepayment under this Section 2.8(b) shall be applied to the last payments of principal due under the Loan. If an Event of Default exists and is continuing, Lender may apply such Net Proceeds to the payment of the Loan in any order, proportion and priority as Lender may determine in its sole and absolute discretion.

(c) Prepayments After Default. If, following an Event of Default, payment of all or any part of the Loan is tendered by Borrowers or otherwise recovered by Lender, such tender or recovery shall be made on the next occurring Interest Payment Date together with the Interest then due and payable and Borrowers shall pay all required payments due under the Loan, including, without limitation, the amounts set forth in Section 2.8(a) above, any Default Interest and any late charges, and if such prepayment is made on a date other than an Interest Payment Date, all Interest which would have accrued for the full Interest Accrual Period during which such prepayment occurs.

Section 2.9 Taxes; Insurance; Utility Bills. Borrowers shall provide proof of timely payment for all Borrowers taxes, insurance payments, and utility bills.

Section 2.10 Consistent Reporting. Notwithstanding anything to the contrary contained herein, for U.S. federal (and applicable state and local) income tax purposes, the parties agree to treat (and report) all amounts described herein, including, without limitation pursuant to Sections 2.7 and 2.8 as prepaid "interest", and shall not take any position inconsistent therewith on any tax return, proceeding, audit or otherwise.

Section 2.11 Usury Savings. This Agreement, the Note and the other Loan Documents are subject to the express condition that at no time shall Borrowers be obligated or required to pay interest on the Principal Balance of the Loan at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate. If, by the terms of this Agreement or the other Loan Documents, Borrowers are at any time required or obligated to pay interest on the Principal Balance due hereunder at a rate in excess of the Maximum Legal Rate, the Interest Rate or the Default Rate, as the case may be, shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the sums due under the Loan, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the Maximum Legal Rate of interest from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

Section 2.12 Interest Act (Canada). For the purposes of the Interest Act (Canada), (i) whenever a rate of interest or fee rate hereunder is calculated on the basis of a year (the "deemed year") that contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest or fee rate shall be expressed as a yearly rate by multiplying such rate of interest or fee rate by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year, (ii) the principle of deemed reinvestment of interest shall not apply to any interest calculation hereunder and (iii) the rates of interest stipulated herein are intended to be nominal rates and not effective rates or yields. Each Borrower hereby irrevocably agrees not to plead or assert, whether by way of defense or otherwise, in any proceeding relating to this Agreement, the Note and the other Loan Documents, that the interest payable under this Agreement, the Note and the other Loan Documents and the calculation thereof has not been adequately disclosed to it, whether pursuant to section 4 of the Interest Act (Canada) or any other applicable law or legal principle.

Section 2.13 Alternative Interest Rate. In the event Lender determines (which determination shall be conclusive absent manifest error) that: (i) the LIBOR Interest Rate has been discontinued for any reason or is no longer being published by a reliable source reasonably available to and used by Lender, (ii) the interest rate applicable to advances hereunder is not ascertainable or does not adequately and fairly reflect the cost of making or maintaining such advances and such circumstances are unlikely to be temporary, (iii) ICE Benchmark Administration (or any Person that takes over the administration of such rate) discontinues its administration and publication of interest settlement rates for deposits in Dollars, or (iv) the supervisor for the administrator of such interest settlement rate or a Governmental Authority having jurisdiction over Lender has made a public statement identifying a specific date after which such interest settlement rate shall no longer be used for determining interest rates for loans, then Lender shall determine (which determination shall be conclusive absent manifest error) an alternate rate of interest to the LIBOR Interest Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for comparable commercial loans in the United States at such time. At Lender's request, Borrowers shall enter into an amendment to the Note to reflect such alternate rate of interest and such other related changes to the Note and the Loan Documents as may be applicable. Such alternate rate shall be adjusted for any reserve requirement and any subsequent costs arising from a change in government regulation. If Lender determines an alternate rate of interest, Lender shall also determine and make any change necessary to the Margin to ensure that the alternate rate of interest plus the Margin will measure interest rates in a manner similar to the Interest Rate, and for the avoidance of doubt, any such change to the Margin shall not reduce the applicable annual rate of interest.

Section 2.14 U.S. Currency. All payments required hereunder shall be payable in lawful money of the United States of America. If any currency conversion shall be required in connection with the calculation of any amounts due hereunder, such conversion shall be made using the selling exchange rate for conversion of the foreign currency into U.S. Dollars, quoted for current transactions reported in The Wall Street Journal for the last business day of the period to which such calculation pertains.

Section 2.15 Tax Indemnity. Any and all payments by or on account of any obligation of any Borrower hereunder or under any other Loan Document shall be made free and clear of and without reduction or withholding for any taxes; provided that if any Borrower is required by applicable law (as determined in the good faith discretion of the Borrower) to deduct or withhold any taxes from such payments, then:

(a) if such tax is an Indemnified Tax, the amount payable by the Borrower 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 Lender receives an amount equal to the amount it would have received had no such deductions or withholdings been made, and

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

In addition, Borrowers shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law. The Borrowers shall indemnify the 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 Lender on or with respect to an amount payable by the Borrowers under or in respect of this Agreement or under any other Loan 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 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 Lender. If the 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 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 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 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 Lender in the event the Lender is required to repay such refund or credit in lieu of refund to such Governmental Authority. Notwithstanding the foregoing, the 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.

Section 2.16 Judgement Currency. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder in U.S. 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 Lender could purchase U.S. 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 Lender hereunder and under the other Loan Documents shall, notwithstanding any judgment in a currency other than U.S. Dollars, be discharged only to the extent that on the Business Day following receipt by the Lender of any sum adjudged to be so due in such other currency the Lender may, in accordance with normal banking procedures, purchase U.S. Dollars with such other currency. If the amount of U.S. Dollars so purchased is less than the sum originally due to the Lender in U.S. 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 Lender against such loss. If the amount of U.S. Dollars so purchased exceeds the sum originally due to the Lender in U.S. Dollars, the Lender shall remit such excess to the Borrowers.

ARTICLE 3.
LOAN DOCUMENTS

Section 3.1 Closing. Prior to or on the Closing Date, Borrowers shall execute and deliver to Lender those of the following documents required to be executed by Borrowers and shall cause to be executed and delivered to Lender those of the following documents required to be executed by others, all of which documents shall contain such provisions as shall be required to conform to this Agreement and otherwise shall be satisfactory in form and substance to Lender:

(a) The Loan Documents.

(b) Current as built surveys (collectively, the "**Survey**") of the Project, showing all utility easements and access easements benefiting the Project, prepared and certified by a registered and duly licensed surveyor.

(c) ALTA equivalent Loan Policy of Title Insurance and a title commitment issued by the Title Company in the amount of the Loan insuring that the Mortgage will be a first priority lien upon the Land subject to no liens, claims, exceptions or encumbrances except the Permitted Exceptions and containing such endorsements as required by Lender.

(d) Copies of such documents, if any, Borrowers have provided the Title Company in connection with the issuance of the Title Policy.

(e) Copies of all recorded or registered documents described in the Title Policy.

(f) Evidence that the following insurance coverages are in effect and each Borrower covenants that such insurance coverage shall be maintained throughout the term of the Loan until the Maturity Date with respect to the Project and in a form and amount satisfactory to Lender:

(i) Earthquake insurance with no less than $10,000,000 coverage;

(ii) Casualty insurance (*special form*) against all risk of physical loss, without deduction for depreciation and for an amount not less than replacement cost;

(iii) Comprehensive general public liability insurance with no less than \$10,000,000 combined single limit coverage per occurrence, with a minimum aggregate limit of \$10,000,000 or such other amounts as may be reasonably required by Lender, together with blanket building coverage of not less than \$10,000,000;

(iv) Workers' compensation insurance and employer's liability insurance for all contractors and subcontractors (if any) in such amounts as may be required by law; and

(v) Flood Insurance if the Project is located in an area designated as a special flood hazard area by any governmental or applicable authority having jurisdiction over the Project.

All insurance shall be in amounts satisfactory to the Lender, and all to be maintained in such form and with such companies as shall be reasonably approved by the Lender. Borrowers shall deliver to and keep deposited with the Lender ACORD-28 forms evidencing such insurance, together with original certificates and certified copies of all policies of such insurance and renewals thereof, with premiums prepaid, and with (i) standard non-contributory lender's loss payable clauses satisfactory to the Lender entitling Lender to collect any and all proceeds payable under such insurance, (ii) clauses providing for not less than thirty (30) days prior written notice to the Lender of cancellation or material modification of such policies, attached thereto in favor of the Lender and (iii) standard waiver of subrogation endorsements. Lender shall be an additional named insured, first mortgagee and loss-payee of all policies of insurance delivered by Borrowers pursuant to the Mortgage (other than workers compensation). All of the above-mentioned original ACORD-28 forms, certificates of insurance and certified copies of such policies, together with receipts for the payment of premiums thereon, shall be delivered to and held by Lender, which delivery shall constitute assignment to Lender of all return premiums, to be held as additional security hereunder. All renewal and replacement policies shall be delivered to Lender at least thirty (30) days before the expiration of the expiring policies.

(g) Certificate of an authorized officer of each Borrower containing certified copies of (i) the Articles of Incorporation of each Borrower, (ii) the Bylaws for each Borrower; (iii) certificate of status issued by the Province of Ontario relative to each Borrower, and (iv) resolutions authorizing this transaction.

(h) Certificate of an authorized officer of Guarantor containing certified copies of (i) the Articles of Incorporation of Guarantor, (ii) the Bylaws for Guarantor; (iii) certificate of compliance issued by Industry Canada relative to the Guarantor, and (iv) resolutions authorizing the execution by Guarantor of the Loan Documents to which it is a party.

(i) Opinion letter from counsel for the Borrowers and Guarantor to the effect that, without limitation: (i) the Loan Documents are valid, binding and enforceable in accordance with their terms; (ii) Borrowers and Guarantor have all requisite authority to execute, deliver and perform all Loan

Documents to which each is a party to; (iii) each Borrower is qualified to do business in Ontario, Canada and all other places it does business; and (iv) except as otherwise provided for on Schedule 5.4, there is no litigation pending or, to the best of such counsel's knowledge, threatened with respect to or against Borrowers, Guarantor or the Project.

(j) Evidence that (i) none of the Improvements on the Project are located in an area as identified by the applicable conservation authority as an area having special flood hazards or being subject to its regulations or, if so located, evidence that flood insurance is in effect and (ii) no portion of the Project is located in a federally, state, provincially or locally designated wetland or other type of government protected area.

(k) Such other assignments, certificates, opinions, licenses, permits and other documents, instruments and information affecting or relating to Borrowers' and/or Lender's interest in the Project or the use, operation, development or construction of the Project or Borrowers' business as Lender may reasonably require.

(l) PPSA and Bank Act (Canada) searches and executions searches in the Province of Ontario and any other applicable jurisdictions, all relative to the Borrowers.

(m) A copy of the payoff letter(s), together with lien releases, from the Borrowers' current lender(s) or any other lender holding a lien on the Real Property and Improvements (if any).

(n) Evidence satisfactory to the Lender that the Borrowers have good and marketable title to the Real Property free and clear of all liens and encumbrances; and

(o) Such further and additional information, documents or verifications as the Lender may require in its sole but reasonable discretion.

ARTICLE 4.
DISBURSEMENT OF THE LOAN

Section 4.1 Conditions Precedent. The Disbursement under this Agreement shall be conditioned upon and subject to the payment to Lender of any loan fees and expenses then owing from Borrowers to Lender and to satisfaction of all of the following conditions:

(a) All representations and warranties contained in this Agreement and in the other Loan Documents shall be true in all material respects.

(b) Borrowers shall have delivered to Lender the documents identified in Section 3.1, which documents shall be properly executed and satisfactory in form and substance to Lender.

(c) Each Borrower shall have performed in all material respects all of its obligations under all Loan Documents which are required to be performed on or prior to the date of such Disbursement.

(d) There shall have been no material adverse change in the financial condition of the Borrowers, the Guarantor or the Project from that reflected in the financial statements of the Borrowers, the Guarantor or the Project most recently furnished to Lender.

(e) Neither the Project nor any part thereof shall have suffered any casualty or be subject to any condemnation or eminent domain proceeding.

(f) There shall be no material pending or threatened litigation against the Borrowers, the Guarantor or the Project, except as set forth on Schedule 5.4, each of which shall be paid and satisfied in full at Closing.

(g) There shall be no Event of Default or Unmatured Default under this Agreement or any of the other Loan Documents.

(h) Borrowers shall have provided evidence to Lender that any and all claims made by any brokers, finders or similar parties who were or who claim to have been engaged in procuring the Loan have released any and all claims for compensation in connection therewith.

(i) Evidence satisfactory to Lender that all outstanding liabilities of Borrowers (including those in connection with the Closing) have been satisfied and paid in full.

(j) Borrowers shall have provided evidence to Lender that all real estate taxes that are now owing or that will become due within sixty (60) days of the date hereof, have been paid in full, or same shall be paid at Closing from the proceeds of the Loan.

(k) Borrowers shall have provided evidence to Lender that all insurance required under this Agreement is in full force and effect.

(l) Borrowers shall have provided evidence to Lender that all insurance premiums related to the Project for the current year have been paid in full, or same shall be paid at Closing from the proceeds of the Loan.

Section 4.2 Certifications, Representations and Warranties. Borrowers' request for the Disbursement shall constitute (a) each Borrower's certification that the representations and warranties contained in Article 5 below are true and correct in all material respects as of the date of such request, and (b) each Borrower's certification that Borrower is in compliance with the conditions contained in this Article 4.

ARTICLE 5.
REPRESENTATIONS AND WARRANTIES

In order to induce Lender to execute this Agreement and to make the Loan, Borrowers represent and warrant to Lender as follows:

Section 5.1 Borrowers. Each Borrower is a duly formed corporation, organized under the laws of Ontario, Canada, in good standing and fully qualified to do business in Ontario, Canada, and has full power and authority to own and operate its assets and properties and to consummate the transactions contemplated hereby, and has full power and authority to execute and deliver the Loan Documents and to perform its obligations hereunder and thereunder.

Section 5.2 Title. Borrowers are registered and beneficial owners of the Project and the Collateral and have and shall maintain good and marketable title to the Project and the Collateral. The Project and the Collateral (and all other real or personal property pledged as security for the Loan) is and shall be owned by Borrowers free and clear of all liens, claims and encumbrances, except the Permitted Exceptions.

Section 5.3 Validity and Enforceability of Documents. Upon the execution and delivery of the Loan Documents, the Loan Documents shall be valid and binding upon the parties that have executed the same in accordance with the respective provisions thereof, and enforceable in accordance with the respective provisions thereof, subject only to applicable bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting the enforcement of creditor's rights. Execution, delivery and performance of the Loan Documents do not and will not contravene, conflict with, violate or constitute a default under either Borrower's organizational documents or any agreement, indenture or instrument to which either Borrower is a party or is bound or is binding upon or applicable to the Collateral or any portion thereof.

Section 5.4 Litigation. There is no condition, event or circumstance existing or any litigation, arbitration, governmental or administrative proceeding, action, examination, claims or demand pending or, threatened, affecting either Borrower or the Collateral, or involving the validity or enforceability of the Loan Documents or involving any risk of a judgment or liability which, if satisfied, would have a material adverse effect on the financial condition, business or properties of either Borrower or the priority of the lien of the Lender on the Collateral, or which would prevent either Borrower from complying with or performing its or their respective obligations under this Agreement, the Note or any of the other Loan Documents within the time limits set forth therein for such compliance or performance, and no basis for any such matter exists.

Section 5.5 Utilities; Authorities. All utilities necessary for use, operation and occupancy of the Project (including, without limitation, water, storm sewer, sanitary sewer and drainage, electric, gas and telephone facilities) are available at the boundaries of the Project (or across adjoining properties pursuant to valid and enforceable perpetual easement agreements), and all requirements or the use of such utilities have been fulfilled. All building, zoning, safety, health, fire, water district, sewerage and environmental protection agency permits and other licenses and permits which are required by any governmental authority for the use, occupancy and operation of the Project have been obtained by or furnished to Borrowers and are in full force and effect and will be maintained in full force and effect by Borrowers.

Section 5.6 Financial Statements; Solvency. All financial statements submitted to Lender relating to Borrowers and the Collateral are true, complete and correct in all material respects, and have been prepared either in accordance with generally accepted accounting principles consistently applied or on a cash basis and fairly present the financial condition of the Person to which they pertain and the other information therein described and do not contain any untrue statement of a material fact or omit to state a fact material to the financial statement submitted or this Agreement. No material adverse change has occurred in the financial condition of either Borrower or the Collateral since the dates of each such financial statement. Each Borrower is solvent and able to pay its debts as such debts become due, and has capital sufficient to carry on its respective present businesses and transactions and all businesses and transactions in which it is about to engage. Neither Borrower (i) is bankrupt or insolvent, (ii) has made an assignment for the benefit of its creditors, (iii) has had a trustee or receiver appointed, (iv) has had any bankruptcy, reorganization or insolvency proceedings instituted by or against it, or (v) shall be rendered insolvent by its execution, delivery or performance of this Agreement, the Loan Documents or by the transactions contemplated hereunder and thereunder.

Section 5.7 Compliance with Laws. Each Borrower and Guarantor is in compliance in all material respects with all Applicable Laws, including all Cannabis Laws, of each jurisdiction in which it owns assets or carries on business and is duly licensed, registered and qualified to do business and is in good standing in each such jurisdiction; and all such licenses, registrations and qualifications are valid and subsisting and in good standing. The Collateral and the use, occupancy and operation thereof does not violate any Applicable Laws of any kind whatsoever (including without limitation, those relating to environmental protection, water use, zoning, building, fire, health or safety), any contractual arrangements with third parties or any covenants, conditions, easements, rights of way or restrictions of record and no portion of the Project is located in a "wetlands" area. Neither Borrower nor any agent thereof has received any notice, written or otherwise, of any work orders, deficiencies, notices or orders to comply, or otherwise, alleging any such violation or is otherwise aware of any such violation, and no such violation exists which violation has not previously been and remains cured. The Project is in full compliance and conformity with all zoning requirements, including without limitation, those relating to setbacks, height, parking, floor area ratio, fire lanes and percentage of land coverage. No rights to any off-site facilities are necessary to insure compliance by the Project with all environmental protection, public highway, water use, zoning, building, fire, health, safety or similar statutes, laws, ordinances, codes, rules, regulations, orders and decrees.

Section 5.8 Hazardous Materials. Except as set forth in the Phase I environmental report with respect to the Project delivered to Lender by Borrowers, no Hazardous Materials have been generated, released, stored or deposited over, beneath, in or on the Project or in any structure located on the Project. Except as set forth in the Phase I environmental report with respect to the Project, delivered to Lender by Borrowers, and except as set forth therein, no Hazardous Materials have been used in the construction of all or any portion of the Project, no Hazardous Material will be used by either Borrower in connection with any development or construction at the Project (or, if used, they will be used in a lawful manner), and no part of the Project has been used for or as a land fill, the result of which could impose any liability against either Borrower, Lender or the Project under any Applicable Laws, including, without limitation the laws and regulations mentioned in the definition of "Hazardous Materials" set forth above. Each Borrower covenants that it shall indemnify, hold harmless and defend Lender from any and all claims, losses, damages, response costs and expenses arising out of or in any way relating to the past, present or future presence, handling, generation, removal or disposal of any Hazardous Materials over, beneath, in or on the Project, regardless of whether such presence, handling, generation, removal or disposal constitutes a breach of the representations, warranties, covenants and agreements set forth in this paragraph, including, but not limited to: (a) claims of third parties (including governmental agencies) for damages, penalties, response costs, injunctive or other relief; (b) costs of removal, remediation and restoration in accordance with Applicable Law or otherwise performed in a manner determined by Lender to facilitate resolution of claims by governmental agencies, including without limitation reasonable fees of attorneys, experts, contractors and consultants and costs of reporting the existence of any Hazardous Materials to any governmental agency; and (c) any and all expenses or obligations incurred at, before and after any trial or appeal therefrom, including without limitation, attorneys' fees, witness fees, deposition costs, photocopying charges and other expenses, all of which shall be paid by Borrowers when incurred. The provisions of the foregoing representations, warranties and covenants shall not limit the provisions of the Environmental Indemnity Agreements and the rights, remedies and protections herein and therein shall be cumulative. This indemnity shall survive the payment of the Loan and/or the foreclosure or deed-in-lieu of foreclosure of the Project.

Section 5.9 Event of Default. No Event of Default or Unmatured Default has occurred.

Section 5.10 Lease and Concession Agreements. There are no leases or other occupancy or concession agreements affecting all or any portion of the Project as of the date hereof.

Section 5.11 Intentionally Omitted.

Section 5.12 Separate Lots. The Real Property is comprised of one (1) or more parcels which constitute a separate tax lot or lots and do not constitute a portion of any other tax lot not a part of such property.

Section 5.13 Certificate of Occupancy; Licenses. All certifications, permits, licenses and approvals, including without limitation, certificates of completion and certificates of occupancy required for the legal use, occupancy and operation of the Project as currently operated (collectively, the "**Permits**"), have been obtained and are in full force and effect. Borrowers shall keep and maintain all Permits necessary for the operation of the Project. The use being made of the Project is in, and will be in, conformity with the certificate of occupancy issued for the Project and all Applicable Laws.

Section 5.14 Flood Zone. None of the Improvements on the Project are located in an area as identified by the applicable conservation authority as an area having special flood hazards or being subject to its regulations or, if so located, the flood insurance required under this Agreement is in full force and effect with respect to the Project and all necessary permits and licenses have been obtained in accordance with Applicable Laws and the Improvements comply with the conditions of such permits and licenses and the regulations of the applicable conservation authority.

Section 5.15 Physical Condition. The Project, including, without limitation, all buildings, improvements, parking facilities, sidewalks, storm drainage systems, roofs, plumbing systems, HVAC systems, fire protection systems, electrical systems, equipment, elevators, exterior sidings and doors, landscaping, irrigation systems and all structural components, and other fixtures, are in good condition, order and repair in all material respects; there exists no structural or other material defects or damages in the Project, whether latent or otherwise, and Borrowers have not received notice from any insurance company or bonding company of any defects or inadequacies in the Project, or any part thereof, which would adversely affect the insurability of the same or cause the imposition of extraordinary premiums or charges thereon or of any termination or threatened termination of any policy of insurance or bond.

Section 5.16 Management Agreement. There is no property management agreement or third party manager that operates the Project and no management fee is paid to any person or entity in connection with the management, and/or the Project. Borrowers shall not appoint or permit any other Person to manage the Project.

Section 5.17 Investment Company Act. Neither Borrower is (a) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; (b) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (c) to Borrower's knowledge, subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

Section 5.18 Survival of Representations. Each Borrower agrees that all of the representations and warranties of Borrower set forth in this Article 5 and elsewhere in this Agreement and in the other Loan Documents shall survive the repayment of the Loan and/or the foreclosure or deed-in-lieu of foreclosure with respect to the Project. All representations, warranties, covenants and agreements made in this Agreement or in the other Loan Documents by Borrowers shall be deemed to have been relied upon by Lender notwithstanding any investigation heretofore or hereafter made by Lender or on its behalf.

Section 5.19 Borrowers' Collateral. All of the real and personal property owned by Borrowers necessary for the operation of the business of Borrowers and the operation of the Improvements are owned by Borrowers.

Section 5.20 Patriot Act. To the extent applicable, each Borrower is in compliance with the (i) Trading with the Enemy Act, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V) and any other enabling legislation or executive order relating thereto, and (ii) Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act of 2001) (the "**Patriot Act**"). No part of the proceeds of the Loan will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977.

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Section 5.21 Commission. No commissions are due to any broker or finder in connection with the Real Property that have not been paid in full, except as set forth in Section 11.11.

ARTICLE 6.
BORROWERS' COVENANTS

Section 6.1 Sale. Neither Borrower shall, without either paying the entire Indebtedness in full in accordance with the terms and conditions hereof or without obtaining prior written approval of Lender: (i) sell, convey, pledge, mortgage or otherwise transfer all or any portion of the Land or the Project, or (ii) sell, convey, encumber or otherwise transfer any voting stock in a Borrower (collectively, a "**Transfer**").

Section 6.2 Compliance with Laws. Each Borrower shall comply or cause compliance with all Applicable Laws applicable to Borrower or governing the development, use, occupancy and operation of the Collateral.

Section 6.3 Inspection. Each Borrower shall, upon three (3) business days' prior written notice to Borrower, permit inspection of the Collateral and the Borrower's business during Borrower's business hours by Lender and any agent or designee of Lender. In addition, each Borrower shall permit Lender and/or its agents and designees access to and the right to inspect, audit and copy all books, records, contracts, licenses, leases and other documents and information relating to Borrower or the Collateral and the Borrower's business. All such books, records and accounts of operations relating to the Collateral and Borrowers' business shall be kept in accordance with generally accepted accounting principles consistently applied and shall be in a form acceptable to Lender. Each Borrower shall promptly respond to any inquiry from Lender for information with respect to the Collateral which information may be verified by Lender at Borrower's reasonable expense; provided, however, that Lender shall at all times be entitled to rely upon any statements or representations made by Borrowers or any agent thereof.

Section 6.4 Mechanics' Liens. Neither Borrower shall permit any construction, mechanics' or materialmen's lien claims to be filed or otherwise asserted against the Collateral nor fail to pay any funds due any contractor or subcontractor when due, and each Borrower shall promptly (and in any event within thirty (30) days after Borrower has received notice of such filing), discharge or cause the discharge of such lien in case of the filing or registration of any claims for lien or proceedings for the enforcement thereof.

Section 6.5 Release by Lender. With respect to the matters set forth in Section 6.4 ("**Mechanics' Liens**") above, if either Borrower shall fail promptly to discharge any asserted liens or claims, then Lender may, but shall not be required to, procure the release and discharge of any such claim and any judgment or decree thereon and, further, may, in its sole discretion, effect any settlement or compromise of the same, and any amounts so expended by Lender, including premiums paid or security furnished in connection with the issuance of any surety company bonds, shall be deemed to constitute a Loan Advance hereunder and shall bear interest from the date so disbursed until paid at the Default Rate. In settling, compromising or discharging any claims for lien, Lender shall not be required to inquire into the validity or amount of any such claim.

Section 6.6 Operation of Collateral. Borrowers shall cause the Collateral to be maintained in good condition and repair, reasonable wear and tear and casualty or condemnation loss excepted. None of the Improvements or equipment of any kind used in connection with the Project, shall be removed, demolished, materially altered, or sold (except for normal replacement of worn-out or obsolete equipment and except as may otherwise expressly be provided for in this Agreement), without the prior written consent of the Lender or the use thereof. Borrowers also shall promptly comply with the provisions of any recorded covenants, conditions or restrictions to which the Project or any part thereof may at any time be subject. Borrowers shall not cause or allow the construction or erection of any public, municipal or utility improvements upon the Project other than those required by public authorities, without the prior written consent of the Lender. Borrowers shall not drill or extract or enter into any lease for the drilling for or extraction of oil, gas or other hydrocarbon substances or any mineral of any kind or character on or from the Project or any part thereof without the prior written consent of Lender. Borrowers shall not seek, make, or consent to any change in zoning or conditions of use of the Project without the prior written consent of the Lender.

Section 6.7 Alterations. Borrowers shall obtain Lender's prior written consent to any material alterations to the Project, which consent shall not be unreasonably withheld. For purposes hereof, "material alterations" shall mean (a) any alterations to the Project which may have a material adverse effect on either Borrower's financial condition or the value of the Project, (b) any alterations that affect (i) any structural component of any Improvements or (ii) any utility, HVAC or other building-wide system contained in any Improvements beyond the point of entry within the applicable tenant premises, (c) any alterations to the exterior of any building constituting a part of any Improvements, or (d) any alterations to any tenant premises the estimated or actual costs of which exceeds $25,000.00.

Section 6.8 Financial Statements.

(a) Within one hundred twenty (120) days after the end of each fiscal year of Borrower, each Borrower shall deliver to Lender certified annual financial statements for Borrower on forms acceptable to Lender, compiled by certified public accountants reasonably acceptable to Lender (it being understood and agreed that any of the "Big Four" accounting firms are reasonably acceptable to Lender) and certified by Borrower to be true, complete and correct and containing: (i) a balance sheet, (ii) income statements, and (iii) a statement of changes in financial condition.

(b) Within forty-five (45) days after the end of the first three (3) fiscal quarters of Borrower of each fiscal year of Borrower, each Borrower shall deliver to Lender quarterly financial statements for Borrower on forms acceptable to Lender, reviewed by certified public accountants reasonably acceptable to Lender (it being understood and agreed that any of the "Big Four" accounting firms are reasonably acceptable to Lender) and certified by Borrower to be true, complete and correct and containing: (i) a balance sheet, (ii) income statements, and (iii) a statement of changes in financial condition.

(c) Borrowers and Guarantor shall each provide Lender with such additional information, documentation or verifications Lender or its counsel reasonably deem necessary.

Section 6.9 Affirmation of Representations and Warranties. Each Borrower agrees that all representations and warranties of Borrower contained in this Agreement and the Loan Documents must remain true in all material respects at all times until the Loan is repaid in full.

Section 6.10 Intentionally Omitted.

Section 6.11 Title. Except for (a) the Mortgage and other security for the Loan, and (b) the Permitted Exceptions, Borrowers shall keep the title to the Collateral free of all liens, claims and encumbrances, whether senior or junior to or at parity with the Mortgage and such other security.

Section 6.12 Proceedings Affecting Project. If any proceedings are filed seeking to enjoin or otherwise prevent or declare invalid or unlawful the occupancy, use, maintenance or operation of the Project, or any portion thereof, Borrowers shall cause such proceedings to be vigorously contested in good faith, and in the event of an adverse ruling or decision, prosecute all allowable appeals therefrom, and shall, without limiting the generality of the foregoing, resist the entry or seek the stay of any temporary or permanent injunction that may be entered, and use its best efforts to bring about a favorable and speedy disposition of all such proceedings. All costs incurred by Lender in connection with such proceedings, including without limitation, all of Lender's costs, and all fees and disbursements of Lender's counsel in connection with any such proceedings, provided that Lender is a party thereto, shall be at Borrowers' expense. To the extent that Lender incurs any such expenses, costs and/or fees, including attorney's fees and fees and charges for court costs, bonds and the like, Borrowers shall reimburse Lender for such expenses and the amount due Lender shall bear interest from the date so incurred by Lender until repaid to Lender at the Default Rate and shall be payable to Lender on demand.

Section 6.13 No Encumbrance of Project. Except as set forth on Exhibit B, Borrowers shall not, without Lender's prior written consent, which may be withheld in Lender's sole discretion, suffer, permit or in any way encumber, mortgage or grant or suffer any security interest or other assignment (collateral or otherwise) of or in all or any portion of the Collateral.

Section 6.14 Insurance. Borrowers shall maintain the insurance requirements set forth in Section 3.1(f) at all times, including earthquake insurance. Borrowers shall pay all premiums on all insurance policies required from time to time under this Agreement, and thirty (30) days prior to expiration of any such policies, Borrowers shall furnish to Lender, with premiums current, additional and renewal policies or binders for the same in form, and with companies, coverage, deductibles and amounts satisfactory to Lender. In the event of failure by Borrowers to provide such insurance, Lender may but shall not be required to, place insurance and treat the amounts expended therefore as a Loan Advance and such amounts from the date so expended by Lender until repaid to Lender shall bear interest at the Default Rate. Lender shall be listed as additional insured, mortgagee or lender loss payable, as applicable, on all insurance policies, endorsements and certificates. Borrowers acknowledge that the market for earthquake insurance policies is very volatile, and may include large fluctuations in the availability and cost of such insurance.

Section 6.15 Performance of Obligations; Notice of Default. Borrowers shall promptly and fully perform and comply in all respects with the obligations, terms, agreements, provisions and requirements of this Agreement, the other Loan Documents and all other documents and instruments relating thereto and will not permit to occur any default or breach hereunder or thereunder by either Borrower. Borrowers shall promptly give to Lender notice of the occurrence of any event which does constitute an Event of Default, or have any material adverse effect on the Collateral, any security for the Loan or on either Borrower's ability to perform its obligations under this Agreement, any of the other Loan Documents, or the leases of the Project, including without limitation a notice from any tenant. Borrowers shall at all times perform and comply in all material respects with the terms and provisions of any license agreements with third parties for the use of the Project.

Section 6.16 Restrictions Affecting Borrowers. Each Borrower covenants and agrees that, without the prior written consent of Lender in its sole discretion, there shall not occur any material amendment or modification of any terms, conditions, covenants or provisions with respect to any bankruptcy or special purpose entity matters in Borrower's organizational documents or any other document or agreement governing Borrower.

Section 6.17 Use of Receipts. Each Borrower shall cause all rents and other income and receipts realized and received by Borrower from and in connection with the Project to be used first for the purpose of paying the actual costs and expenses incurred by Borrower in connection with the ownership, operation, construction, and upkeep of the Project, including without limitation, payments due hereunder as they become due and payable, project costs, operating expenses, real estate taxes and insurance premiums.

Section 6.18 Additional Documents. Neither Borrower shall execute or record any document pertaining to, affecting or running with all or any portion of the Project, without the prior written approval of Lender.

Section 6.19 Intentionally Omitted.

Section 6.20 Negative Covenants. For so long as any amount is due or owing to Lender hereunder, unless Lender shall otherwise consent in writing, Borrowers shall not:

(a) Liens, Etc. Create or suffer to exist, any lien, other charge or encumbrance, or any other type of preferential arrangement, upon or with respect to the Project, the Land or any Improvements thereon, whether now owned or hereafter acquired or the Collateral, or assign any right to receive income, or secure or provide for the payment of any debt of any Person, except for the following permitted Liens ("**Permitted Liens**"):

(i) Liens in favor of Lender arising under this Agreement or the any of the other Loan Documents; or

(ii) Liens for current taxes, assessments or other governmental charges which are not delinquent or remain payable without any penalty.

(b) Reserved.

Section 6.21 Leases. Each Borrower covenants, acknowledges and agrees that any lease with respect to the Real Property entered into by Borrower after the date of this Agreement shall provide that such lease is automatically subject and subordinate to the terms, conditions and provisions of the Mortgage, the lien imposed by the Mortgage and all advances made under the Mortgage, without the need for any further instrument of subordination.

Section 6.22 Use of Proceeds. Borrowers shall only use the proceeds of or with respect to the Loan as provided in Section 2.1.

Section 6.23 Importation of Cannabis. Borrowers shall not import Cannabis into the United States of America.

ARTICLE 7.
LOAN EXPENSES

Borrowers agree to pay all of the Loan Expenses. Any Loan Expenses paid by Lender shall bear interest at the Default Rate commencing on the date which is five (5) business days after demand for repayment thereof is made by Lender until paid and shall be paid by Borrowers upon demand, or may be paid by Lender at any time by disbursement of proceeds of the Loan to Lender. Any Loan Expenses incurred or paid by Lender shall be reimbursed to Lender by Borrowers regardless of whether there shall be any disbursements of the Loan. Each Borrower agrees and acknowledges that any and all fees or other amounts payable by Borrower or any of its Affiliates to Borrower, Borrower's Affiliates or any third parties, are and shall be subordinated in right of payment to the prior payment in full of the indebtedness described in this Agreement and is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Mortgage and the other Loan Documents and to all advances heretofore made or which may hereafter be made pursuant to the Loan Documents.

ARTICLE 8.
EVENTS OF DEFAULT

The occurrence of any one or more of the following shall constitute an "Event of Default":

(a) Borrowers fail to pay any of the Indebtedness consisting of (i) principal amounts as and when such amount are due, or (ii) any amounts other than principal within three (3) Business Days after any such amounts are due and payable.

(b) Borrowers or Guarantor fail or neglect to perform, keep or observe any term, provision, condition, covenant, warranty or representation contained in this Agreement or in the Loan Documents and not covered in the other subsections of this Article 8, which is required to be performed, kept or observed by Borrowers, and, if capable of remedy, Borrowers shall fail to remedy such breach within five (5) Business Days of the earlier of (i) written notice from Lender, or (ii) Borrower's actual knowledge of such breach.

(c) Any assets of either Borrower are attached, seized, subjected to a writ of distress warrant, or are levied upon, or become subject to any lien, or come within the possession of any receiver, conservator, trustee, custodian or assignee for the benefit of creditors.

(d) Either Borrower or Guarantor does not, is unable to, or admits its inability to meet or pay its obligations as they generally become due, ceases or threatens to cease to carry on its business, declares any moratorium on its obligations, proposes a compromise or arrangement between it and any creditor, or otherwise becomes insolvent.

(e) Either Borrower or Guarantor makes an assignment in bankruptcy, makes a proposal to its creditors or files notice of its intention to do so, institutes any other proceeding under Applicable Law seeking to adjudicate it a bankrupt or an insolvent, or seeking liquidation, dissolution, winding-up, reorganization, compromise, arrangement, adjustment, protection, moratorium, relief, stay of proceedings of creditors, composition of it or its debts or any other similar relief.

(f) Either Borrower or Guarantor applies for the appointment of, or the taking of possession by, a receiver, interim receiver, receiver/manager, sequestrator, conservator, custodian, administrator, trustee, liquidator or other similar official for it or a substantial part of its property.

(g) Any petition is filed, application made or other proceeding instituted against or in respect of either Borrower or Guarantor in any jurisdiction seeking any of the results described in subsections (e) and (f) above, and such Borrower or Guarantor files an answer admitting the material allegations made against it or fails to defend the proceeding diligently and in good faith by appropriate proceedings, or the relief sought in the proceeding is granted (whether or not subject to appeal), or the proceeding is not dismissed or stayed within thirty (30) days of being instituted.

(h) Either Borrower is enjoined, restrained or in any way prevented by court order from conducting all or any material part of its business affairs and such injunction or restraint shall not be voided, removed or dismissed within thirty (30) days of the court's order, during which time such Borrower shall be diligently contesting such action or proceeding.

(i) A notice of lien, levy or assessment is filed of record or given to either Borrower with respect to all or any of either Borrower's assets by any federal, state, provincial or local department or agency, which lien is not released within thirty (30) days of such Borrower's receipt of notice thereof.

(j) Either Borrower is in default in the payment or performance of any material obligation, indebtedness or other liability to any third party and such default is not cured within any cure period specified in any agreement or instrument governing the same and such third party has commenced an action or proceeding with respect to such default or is otherwise attempting to realize upon, secure, seize or encumber any assets of Borrower.

(k) Any material statement, report or certificate made or delivered to Lender by Borrowers, any of Borrowers' officers, employees or agents of the Indebtedness is not true and correct.

(l) Any Cannabis Law is repealed.

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

(n) The occurrence of a default or Event of Default under any agreement, instrument and/or document executed and delivered by Borrowers to Lender, including but not limited to the Loan Documents, which is not cured by Borrowers within any applicable cure period set forth in any such agreement, instrument and/or document.

ARTICLE 9. EXERCISE OF REMEDIES

Upon the occurrence of any Event of Default, Lender, in addition to availing itself of any remedies conferred upon it by law and by the terms of the Note, the Mortgage and the other Loan Documents, may pursue any one or more of the following remedies first, concurrently or successively with each other and with any other available remedies, it being the intent hereof that none of such remedies shall be to the exclusion of any others:

(a) Declare the unpaid Indebtedness to be immediately due and payable.

(b) Foreclose the Mortgage, undertake power of sale proceedings under the Mortgage and exercise any of the rights and remedies contained in this Agreement and/or any of the other Loan Documents and/or exercise any other rights and remedies that Lender may have at law or in equity, including but not limited to appointing a receiver over the Project.

(c) If an Event of Default occurs pursuant to clauses (c), (d), (e), (f), or (g) of Article 8 above, the Indebtedness and all other obligations of Borrowers hereunder and under the other Loan Documents shall immediately and automatically become due and payable, without notice or demand, and Borrowers hereby expressly waive any such notice or demand in such cases, anything contained herein or in any other Loan Document to the contrary notwithstanding.

(d) Lender shall have the right from time to time to sever the Note and the other Loan Documents into one or more separate notes, mortgages and other security documents in such denominations as Lender shall determine in its sole discretion for purposes of evidencing and enforcing its rights and remedies provided hereunder.

(e) Lender shall have the right to apply the balance of any reserve to any unpaid principal and any and all accrued and unpaid Interest and all fees, penalties or liabilities incurred by Lender arising out of or in connection with the Loan, in its sole and absolute discretion.

(f) To the extent any amount or payment is tendered by or on behalf of Borrowers or otherwise recovered by Lender (including through realization upon Collateral), such tender or recovery shall be applied by the Lender to the payment of the Loan in any order, proportion and priority as Lender may determine in its sole and absolute discretion.

Upon the occurrence of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to Lender against Borrowers under this Agreement or any of the other Loan Documents executed and delivered by, or applicable to, Borrowers or at law or in equity may be exercised by Lender at any time and from time to time, whether or not all or any of the Indebtedness shall be declared due and payable, and whether or not Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Loan Documents. Any such actions taken by Lender shall be cumulative and concurrent and may be pursued independently, singularly, successively, together or otherwise, at such time and in such order as Lender may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of Lender permitted by law, equity or contract or as set forth herein or in the other Loan Documents. Without limiting the generality of the foregoing, Borrowers agree that if an Event of Default is continuing (i) Lender is not subject to any "one action" or "election of remedies" law or rule, and (ii) all liens and other rights, remedies or privileges provided to Lender shall remain in full force and effect until Lender has exhausted all of its remedies against the Project and the Mortgage has been foreclosed, sold and/or otherwise realized upon in satisfaction of the Indebtedness or the Indebtedness has been paid in full.

Without limiting the generality of the foregoing or limiting in any way the rights of the Lender under the Loan Documents or otherwise under applicable laws, at any time after the occurrence of an Event of Default, the Lender shall be entitled to apply for and have a receiver or receiver and manager appointed under state, provincial or federal law by a court of competent jurisdiction in any action taken by the Lender to enforce its rights and remedies hereunder and under the Loan Documents in order to manage, protect, preserve, sell and otherwise dispose of all or any portion of the Collateral and continue the operation of the business of the Borrowers, and to collect all revenues and profits thereof and apply the same to the payment of all reasonable expenses and other charges of such receivership, including the reasonable compensation of the receiver, and to the payment of the obligations until a sale or other disposition of such Collateral shall be finally made and consummated. EACH BORROWER HEREBY IRREVOCABLY CONSENTS TO AND WAIVES ANY RIGHT TO OBJECT TO OR OTHERWISE CONTEST THE APPOINTMENT OF A RECEIVER AFTER THE OCCURRENCE OF AN EVENT OF DEFAULT AND ACCELERATION OF THE LOAN AND OBLIGATIONS, AS PROVIDED ABOVE. BORROWERS GRANT SUCH WAIVER AND CONSENT KNOWINGLY AFTER HAVING DISCUSSED THE IMPLICATIONS THEREOF WITH COUNSEL, ACKNOWLEDGE THAT THE UNCONTESTED RIGHT TO HAVE A RECEIVER APPOINTED FOR THE FOREGOING PURPOSES IS CONSIDERED ESSENTIAL BY THE LENDER IN CONNECTION WITH THE ENFORCEMENT OF ITS RIGHTS AND REMEDIES HEREUNDER AND UNDER THE LOAN DOCUMENTS, AND THE AVAILABILITY OF SUCH APPOINTMENT AS A REMEDY UNDER THE FOREGOING CIRCUMSTANCES WAS A MATERIAL FACTOR IN INDUCING THE LENDER TO PROVIDE (AND COMMIT TO PROVIDE) FINANCIAL ACCOMMODATIONS TO BORROWERS, AND AGREE TO ENTER INTO ANY AND ALL STIPULATIONS IN ANY LEGAL ACTIONS, OR AGREEMENTS OR OTHER INSTRUMENTS IN CONNECTION WITH THE FOREGOING AND TO COOPERATE FULLY WITH THE LENDER IN CONNECTION WITH THE ASSUMPTION AND EXERCISE OF CONTROL BY THE RECEIVER OVER ALL OR ANY PORTION OF THE COLLATERAL AND PROPERTY OF EITHER BORROWER AND ITS SUBSIDIARIES. NO RIGHT CONFERRED UPON LENDER HEREBY OR BY ANY LOAN DOCUMENT SHALL BE EXCLUSIVE OF ANY OTHER RIGHT REFERRED TO HEREIN OR THEREIN OR NOW OR HEREAFTER AVAILABLE AT LAW, IN EQUITY, BY STATUTE OR OTHERWISE.

ARTICLE 10.
CASUALTY AND CONDEMNATION

Section 10.1 Casualty. If the Project shall be damaged or destroyed, in whole or in part, by fire or other casualty (a "**Casualty**"), Borrowers shall give prompt written notice of such damage to Lender and shall promptly commence and diligently prosecute the completion of the Restoration of the Project as nearly as possible, provided that Lender makes the proceeds available to Borrowers pursuant to Section 10.3, to at least as good as the condition the Project was in immediately prior to such Casualty, with such alterations as may be reasonably approved by Lender and otherwise in accordance with Section 10.3. Borrowers shall pay all costs of such Restoration whether or not such costs are covered by insurance, and Borrowers shall have the right to utilize proceeds made available by Lender pursuant to Section 10.3. Lender may, but shall not be obligated to, make proof of loss if not made promptly by Borrowers. In addition, Lender may participate in any settlement discussions with any insurance company (and the final settlement shall be subject to the prior written approval of Lender) with respect to any Casualty and Borrowers shall deliver to Lender all instruments required by Lender to permit such participation.

Section 10.2 Condemnation. Borrowers shall promptly give Lender notice of the actual or threatened commencement of any proceeding for the condemnation, expropriation or compulsory taking of the Project or any portion thereof (a "**Condemnation**") and shall deliver to Lender copies of any and all papers served in connection with such proceedings. Lender may participate in any such proceedings and Borrowers shall from time to time deliver to Lender all reasonable instruments requested by it to permit such participation. Each Borrower shall, at its expense, diligently prosecute any such proceedings, and shall consult with Lender, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings. Notwithstanding any taking by any public or quasi-public authority through Condemnation or otherwise (including, but not limited to, any transfer made in lieu of or in anticipation of the exercise of such taking), Borrowers shall continue to pay the Loan at the time and in the manner provided for its payment in the Note and in this Agreement and the Loan shall not be reduced unless and until any Award shall have been actually received and applied by Lender, after the deduction of expenses of collection, to the reduction or discharge of the Loan. Lender shall not be limited to the interest paid on the Award by the condemning authority but shall be entitled to receive out of the Award interest at the rate or rates provided herein or in the Note, this Agreement and the Loan Documents. If the Project or any portion thereof is taken by a condemning authority, Borrowers shall promptly commence and diligently prosecute the Restoration of the Project and otherwise comply with the provisions of Section 10.3. If the Project is sold, through foreclosure or otherwise, prior to the receipt by Lender of the Award, Lender shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive the Award, or a portion thereof up to the amount sufficient to pay the Loan and all Indebtedness.

Section 10.3 Restoration. Lender shall have the right, in its sole and absolute but reasonable discretion, to elect whether to apply the Net Proceeds to pay off the balance of the Loan and all Indebtedness, or to make the Net Proceeds available to Borrowers for Restoration of the Project. If Lender used the Net Proceeds to pay down the Loan, then Borrowers' obligation to restore shall be reduced on a dollar for dollar basis. The term "**Net Proceeds**" for purposes of this Section 10.3 shall mean: (i) the net amount of all insurance proceeds received by Lender as a result of such damage or destruction, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting same ("**Insurance Proceeds**"), or (ii) the net amount of the Award, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting same ("**Condemnation Proceeds**"), whichever the case may be. All Net Proceeds shall be promptly deposited by Borrowers with Lender and held by Lender and disbursed or applied in accordance with the provisions of Sections 2.8(b) and 10.3.

ARTICLE 11.
MISCELLANEOUS

Section 11.1 Additional Indebtedness. If any advances or payments made by Lender pursuant to this Agreement or any other Loan Document, together with disbursements of the Loan, shall exceed the aggregate face amount of the Note, all such advances and payments shall constitute additional Indebtedness secured by the Mortgage and all other security for the Loan, and shall bear interest at the Default Rate from the date advanced until paid.

Section 11.2 Additional Acts. Borrowers shall, upon request, execute and deliver such further instruments and documents and do such further acts and things as may be reasonably required to provide to Lender the evidence of and security for the Loan contemplated by this Agreement.

Section 11.3 Consistent Reporting. Notwithstanding anything to the contrary contained in the Loan Documents: (a) for U.S. federal (and applicable state and local) income tax purposes, the parties agree to treat all amounts payable by the Borrowers to the Lender hereunder as "interest" and (b) the parties shall report such amounts as "interest" on all tax returns, and shall not take any position inconsistent therewith on any tax return, proceeding, audit or otherwise.

Section 11.4 Loan Agreement Governs. In the event of any inconsistency between any provision of this Agreement and any provision of any other Loan Document or other agreement between Lender and Borrowers, the provisions of this Agreement shall govern; provided, however, that the provisions of all of the Loan Documents shall be construed as an integrated set of provisions governing the Loan and, accordingly, shall be interpreted and construed liberally to give the maximum validity, enforceability and effect to all of such provisions.

Section 11.5 Additional Advances. If an Event of Default shall occur, Lender may, but shall not be obligated to, take any and all actions to cure such default, and all amounts expended in so doing, all Loan Expenses and all other amounts paid or advanced by Lender pursuant to the Loan Documents, and all other amounts advanced by Lender in connection with preserving any security for the Loan, shall constitute Loan Advances and Indebtedness, shall be secured by the Mortgage and all other security for the Loan, and shall bear interest at the Default Rate from the date advanced until paid.

Section 11.6 Entire Agreement. Borrowers acknowledge that no statements, agreements, representations, oral or written, have been made either by Lender or by any employee, agent, or broker acting on Lender's behalf with respect to the Project. This Agreement and the other Loan Documents contain the entire agreement of the parties hereto and thereto in respect of the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, whether oral or written, including without limitation, that certain potential financing proposal dated as of April 17, 2019 (as addended and amended), are superseded by the terms of this Agreement and the other Loan Documents.

Section 11.7 Amendment; Waiver; Approval. This Agreement shall not be amended, modified or supplemented without the written agreement of Borrowers and Lender. No waiver of any provision of this Agreement or any of the other Loan Documents by Lender shall be effective unless set forth in writing signed by Lender, and any such waiver shall be effective only to the extent expressly therein set forth. Failure by Lender to insist upon full and prompt performance of any provisions of this Agreement or any of the other Loan Documents, or to take action in the event of any breach of any such provision or upon the occurrence of any Event of Default, shall not constitute a waiver of any rights of Lender, and Lender may at any time thereafter exercise all available rights and remedies with respect to such breach or Event of Default. Receipt by Lender of any instrument or document shall not constitute or be deemed to be an approval thereof. Any approvals required under any of the other Loan Documents must be in writing, signed by Lender and delivered to Borrowers.

Section 11.8 Notice. Except as otherwise provided for herein, all notices, communications and waivers under this Agreement shall be in writing and shall be (i) delivered in person or (ii) mailed, postage prepaid, either by registered or certified mail, return receipt requested, or (iii) by overnight express carrier, addressed in each case as follows:

To Lender:	SF V Bridge III, LP c/o Stabilis Capital Management, LP 767 Fifth Avenue, 12th Floor New York, New York 10153 Attn: General Counsel
To Borrowers:	Agmedica Bioscience Inc. 111 Heritage Road, Suite 200 Chatham, Ontario, Canada N7M 5W7 Attn: Peter Van Mol

or to any other address as to either of the parties hereto, as such party shall designate in a written notice to the other party hereto. All notices sent pursuant to the terms of this Section 11.8 shall be deemed given upon actual receipt by addressee or its refusal to accept delivery thereof.

Section 11.9 Benefit; Assignment. The rights, powers and remedies of Lender under this Agreement shall inure to the benefit of Lender and its successors and assigns and Lender shall have the full right to assign, participate, sell and/or transfer all or any part of its interest under the Loan Documents and/or in the Loan or otherwise, and Borrowers shall execute and deliver any necessary or desirable documentation to facilitate same. The rights and obligations of Borrowers under this Agreement may not be assigned and any purported assignment by either Borrower shall be null and void.

Section 11.10 Governing Law. This Agreement was negotiated in New York, and accepted by Borrowers and Lender in the State of New York, which State the parties agree has a substantial relationship to the parties and to the underlying transaction embodied hereby, and in all respects, including, without limiting the generality of the foregoing, matters of construction, validity and performance, this Agreement and the obligations arising hereunder shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts made and performed in such State and any applicable law of the United States of America. To the fullest extent permitted by law, Borrowers hereby unconditionally and irrevocably waive any claim to assert that the law of any other jurisdiction governs this Agreement, and the Agreement shall be governed by and construed in accordance with the laws of the State of New York pursuant to § 5-1401 of the New York General Obligations Law.

Section 11.11 Brokers and Financial Advisors. Each Borrower hereby represents that neither Borrower nor any Affiliate of Borrower has dealt with any financial advisors, brokers, underwriters, placement agents, agents or finders (each, a "**Broker**") in connection with the transactions contemplated by this Agreement. Any compensation owed to any Broker shall be paid by Borrowers on the Closing Date from the Loan proceeds, and shall not be a liability of Lender. Borrowers hereby agree to indemnify, defend and hold Lender harmless from and against any and all claims, liabilities, costs and expenses of any kind (including Lender's attorneys' fees and expenses) in any way relating to or arising from a claim by any Person that