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”

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
-

hv

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.

B E T W E E N:

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.

ONTARIO PPSA New Registration 1C CONFIRMATION

PPSA Ref File No.: 751105692

Registration Number: 20190510 1543 1590 6517

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	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

ONTARIO PPSA New Registration
1C CONFIRMATION

PPSA Ref File No.: 751105791 Expiry Date: 2020-05-10

Registration Number: 20190510 1545 1590 6520

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	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

ONTARIO PPSA New Registration
1C CONFIRMATION

PPSA Ref File No.: 751105755

Expiry Date: 2020-05-10

Registration Number: 20190510 1544 1590 6519

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 ___ 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"

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"), 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}

e core
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"

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.

[L1455326 1]

ecore
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

TERM OF REGISTRATION (YEARS): 1

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 _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

e core
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 “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 (1^{st}) 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.

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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.

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 such Person acted on behalf of Borrowers, Lender or any other Person in connection with the transactions contemplated herein. The provisions of this Section 11.11 shall survive the expiration and termination of this Agreement and the payment of the Loan.

Section 11.12 Indemnity. Borrowers agree to indemnify, defend and hold Lender and its members, managers, partners, investors, auditors, attorneys, participants, successors, Affiliates, subsidiaries, officers, directors, employees, agents, controlling persons, funding sources, and other representatives and advisors (collectively, "**Indemnitees**") harmless from and against any and all suits, actions, proceedings, liabilities, obligations, losses, damages, claims, costs and expenses (including, without limitation, reasonable attorneys' fees and court costs and disbursements and other reasonable costs of investigation or defense, including, without limitation, those incurred upon any appeal) of whatever kind or nature (collectively, "**Losses**") which may be imposed on, incurred by or asserted against Lender or Indemnitees at any time which relate to or arise from the Loan, the Loan Documents, Borrowers' use of the proceeds of the Loan, the ownership, use, operation or maintenance of the Project, including without limitation, any brokerage commissions or finder's fees asserted by, through or under Borrowers against Lender with respect to the making of the Loan and any damages incurred by Lender by reason of Borrowers and Lender being alleged to have the relationship of joint venturers or partners or Borrowers or Lender being deemed to have acted as agent for the other.

Section 11.13 Headings. The titles and headings of the articles and paragraphs of this Agreement have been inserted as a matter of convenience of reference only and shall not control or affect the meaning or construction of any of the terms or provisions of this Agreement.

Section 11.14 No Partnership or Joint Venture. Lender, by executing and performing this Agreement shall not become a partner or joint venture with either Borrower or any partner of either Borrower or any of their respective associates or Affiliates and all inspections of the Project herein provided for are for the sole benefit of Lender.

Section 11.15 Time is of the Essence. Time is of the essence of the payment of all amounts due Lender under this Agreement and performance and observance by Borrowers of each covenant, agreement, provision and term of this Agreement and the other Loan Documents.

Section 11.16 Invalid Provisions. In the event any one or more of the provisions contained in this Agreement or in any of the other Loan Documents shall for any reason be held to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other Loan Document, and this Agreement and the other Loan Document shall be construed as if such invalid, illegal or unenforceable provision had never been in the Loan Documents.

Section 11.17 Binding Provisions. The covenants, warranties, agreements, obligations, liabilities and responsibilities of Borrowers under this Agreement shall be binding upon and enforceable against each Borrower and its legal representatives, administrators, successors and permitted assigns.

Section 11.18 Counterparts/Facsimile. This Agreement may be executed in counterparts, and all said counterparts when taken together shall constitute one and the same Agreement.

Lender is hereby authorized to rely upon and accept as an original any document, including, but not limited to the Loan Documents, or other communication which is sent to Lender by facsimile, telegraphic or other electronic transmission (each, a "**Communication**") which Lender in good faith believes has been signed by a Borrower and has been delivered to Lender by a properly authorized representative of Borrower, whether or not that is in fact the case. Notwithstanding the foregoing, Lender shall not be obligated to accept any such Communication as an original and may in any instance require that an original document be submitted to Lender in lieu of, or in addition to, any such Communication.

Section 11.19 No Third Party Beneficiary. Except as otherwise expressly set forth in this Agreement, this Agreement is only for the benefit of the parties hereto and no other person or entity shall be entitled to rely on any matter set forth herein without the prior written consent of such parties.

Section 11.20 **JURISDICTION AND VENUE; ACCELERATED ADJUDICATION; SERVICE OF PROCESS. (A) BORROWERS HEREBY AGREE THAT ALL ACTIONS OR PROCEEDINGS INITIATED BY BORROWERS AND ARISING DIRECTLY OR INDIRECTLY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS SHALL, AT LENDER'S SOLE ELECTION BE EITHER (I) LITIGATED IN THE APPROPRIATE STATE OR FEDERAL COURT IN NEW YORK, PURSUANT TO § 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, OR (II) BE HEARD IN THE COMMERCIAL DIVISION, NEW YORK STATE SUPREME COURT, AS DESCRIBED IN (B) BELOW, OR IF LENDER INITIATES SUCH ACTION, ANY COURT IN WHICH LENDER SHALL INITIATE SUCH ACTION AND WHICH HAS JURISDICTION, OR IN THE COMMERCIAL DIVISION, NEW YORK STATE SUPREME COURT, AS DESCRIBED IN (B) BELOW. BORROWERS HEREBY EXPRESSLY AND IRREVOCABLY SUBMIT AND CONSENT IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR PROCEEDING COMMENCED BY LENDER IN ANY OF SUCH COURTS. BORROWERS IRREVOCABLY WAIVE ANY CLAIM THAT NEW YORK COUNTY, NEW YORK, OR THE FEDERAL DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, IS AN INCONVENIENT FORUM OR AN IMPROPER FORUM BASED ON LACK OF VENUE SHOULD LENDER INITIATE LITIGATION IN SUCH FORUM. BORROWERS HEREBY EXPRESSLY AND IRREVOCABLY SUBMIT AND CONSENT IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR PROCEEDING COMMENCED BY LENDER IN ANY OF SUCH COURTS. BORROWERS IRREVOCABLY WAIVE ANY CLAIM THAT NEW YORK COUNTY, NEW YORK, OR THE FEDERAL DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, IS AN INCONVENIENT FORUM OR AN IMPROPER FORUM BASED ON LACK OF VENUE SHOULD LENDER INITIATE LITIGATION IN SUCH FORUM. EACH BORROWER DOES HEREBY DESIGNATE AND APPOINT PETER VAN MOL, AS ITS AUTHORIZED AGENT TO ACCEPT AND ACKNOWLEDGE ON ITS BEHALF SERVICE OF ANY AND ALL PROCESS WHICH MAY BE SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY FEDERAL OR STATE COURT IN NEW YORK, NEW YORK, AND AGREES THAT SERVICE OF PROCESS UPON SAID AGENT AT SAID ADDRESS (OR AT SUCH OTHER OFFICE IN NEW YORK, NEW YORK AS MAY BE DESIGNATED, WITH THE PRIOR WRITTEN CONSENT OF THE LENDER, BY**

BORROWERS FROM TIME TO TIME IN ACCORDANCE WITH THE TERMS HEREOF), AND WRITTEN NOTICE OF SAID SERVICE OF BORROWERS MAILED OR DELIVERED TO BORROWERS IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON BORROWERS, IN ANY SUCH SUIT, ACTION, OR PROCEEDING IN THE STATE OF NEW YORK. SHOULD BORROWERS, AFTER BEING SO SERVED, FAIL TO APPEAR OR ANSWER TO ANY SUMMONS, COMPLAINT, PROCESS OR PAPERS SO SERVED WITHIN THE NUMBER OF DAYS PRESCRIBED BY LAW AFTER THE DELIVER THEREOF, BORROWERS SHALL BE DEEMED IN DEFAULT AND AN ORDER AND/OR JUDGMENT MAY BE ENTERED BY THE COURT AGAINST BORROWERS AS DEMANDED OR PRAYED FOR IN SUCH SUMMONS, COMPLAINT, PROCESS OR PAPERS. THE EXCLUSIVE CHOICE OF FORUM FOR BORROWERS SET FORTH IN THIS SECTION SHALL NOT BE DEEMED TO PRECLUDE THE ENFORCEMENT, BY LENDER, OF ANY ACTION TO ENFORCE THE SAME IN ANY OTHER APPROPRIATE JURISDICTION, AND BORROWER HEREBY WAIVES THE RIGHT, IF ANY, TO COLLATERALLY ATTACK ANY SUCH JUDGMENT OR ACTION.

(B) SHOULD LENDER SO ELECT, AND SUBJECT TO THE REQUIREMENTS FOR A CASE TO BE HEARD IN THE COMMERCIAL DIVISION, BORROWERS HEREBY AGREE TO SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE COMMERCIAL DIVISION, NEW YORK STATE SUPREME COURT, AND TO THE APPLICATION OF THE COURT'S ACCELERATED PROCEDURES, IN CONNECTION WITH ANY DISPUTE, CLAIM OR CONTROVERSY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE BREACH, TERMINATION, ENFORCEMENT OR VALIDITY THEREOF. FOR REFERENCE ONLY, SEE RULE 9 OF THE RULES FOR PRACTICE FOR THE COMMERCIAL DIVISION (22 NYCRR §202.70).

Section 11.21 **WAIVER OF RIGHT TO JURY TRIAL. LENDER AND BORROWERS ACKNOWLEDGE AND AGREE THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR WITH RESPECT TO THE TRANSACTIONS CONTEMPLATED HEREIN AND THEREIN WOULD BE BASED UPON DIFFICULT AND COMPLEX ISSUES AND THEREFORE, THE PARTIES AGREE THAT ANY COURT PROCEEDING ARISING OUT OF ANY SUCH CONTROVERSY WILL BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.**

Section 11.22 Consent of Lender. Whenever Lender's consent is required hereunder or under any other Loan Document, such consent may be given or withheld in Lender's sole and absolute discretion unless otherwise explicitly stated herein or in such other Loan Document and Borrowers' sole remedy in connection with Lender unreasonably withholding, delaying or conditioning any consent (where Lender has expressly agreed not to unreasonably withhold, delay or condition such consent) shall be to seek declaratory judgment to permit Borrowers to take the action for which consent is found to be unreasonably withheld, delayed or conditioned in a final unappealable judgment, and in no event shall Lender be responsible for any damages, including without limitation, consequential, punitive or special damages in connection therewith.

Section 11.23 Joint and Several Liability. Each Borrower is jointly and severally liable hereunder. All representations, warranties and covenants made hereunder are made by each Borrower individually and both Borrowers collectively, unless the context requires otherwise.

Section 11.24 Cross-Default. Borrowers hereby agree and consent that the occurrence of any "default" or "event of default" under any other Loan Document shall be an Event of Default under this Agreement.

Section 11.25 Rules of Construction. Except as expressly provided otherwise, when used in this Agreement (a) "or" is not exclusive, (b) "hereunder," "herein," "hereof" and the like refer to this Agreement as a whole, (c) "Article," "Section," "Schedule" and "Exhibit" refer to Articles, Sections, Schedules and Exhibits of this Agreement, (d) terms defined in the singular shall have a correlative meaning when used in the plural and vice versa, (e) a reference to a "Law" includes any amendment, modification or supplement to, or replacement of, such Law and (f) a reference to a document shall mean such document as the same may be supplemented, restated, superseded, amended or replaced from time to time in accordance with its terms. The cover page and the Exhibits and Schedules annexed hereto are incorporated as a part of this Agreement with the same effect as if set forth in the body hereof. Any table of contents and all captions and headings herein are for convenience only and shall not affect the interpretation or construction hereof.

Section 11.26 Intentionally Omitted.

Section 11.27 USA Patriot Act Notice. Lender hereby notifies the Borrowers that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrowers, which information includes the name and address of the Borrowers and other information that will allow the Lender, to identify the Borrowers in accordance with the Patriot Act.

Section 11.28 Inconsistencies. In the event of any inconsistency between the terms and conditions of this Agreement and the other Loan Documents, the terms and conditions of this Agreement shall control.

[*Signature Page on Immediately Succeeding Page*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.

BORROWERS:

2472602 ONTARIO INC., an Ontario corporation

By: ______________________________
Name: Peter Van Mol
Its: Treasurer

2642466 ONTARIO INC., an Ontario corporation

By: ______________________________
Name: Peter Van Mol
Its: Treasurer

GUARANTOR:

AGMEDICA BIOSCIENCE INC., a Canadian corporation

By: ______________________________
Name: Peter Van Mol
Its: Treasurer

[Lender's Signature Page on Immediately Succeeding Page]

LENDER:

SF V BRIDGE III, LP,
a Delaware limited partnership

By: ______________________________
Name: ___________________________
Its: ______________________________

EXHIBIT A

LEGAL DESCRIPTION OF LAND

1. 510 and 566 Riverview Drive, Chatham, Ontario

Legal Description

PIN 00528-0224(LT)

FIRSTLY: PART LOT 19 CONCESSION 1 RALEIGH PARTS 1, 2, 3, 4 & 5 24R9361; SECONDLY: PART LOT 19 CONCESSION 1 RALEIGH PARTS 1, 4 & 5 24R7621 EXCEPT PARTS 1, 2, 3, 4 & 5 24R9361; SUBJECT TO AN EASEMENT OVER PT 4 24R9361 IN FAVOUR OF PT LT 20 CON 1 RALEIGH PT 1 24R1643 AS IN 340724; TOGETHER WITH AN EASEMENT OVER PT LT 19 CON 1 RALEIGH PT 1 24R1855 AS IN 164642; SUBJECT TO AN EASEMENT IN GROSS OVER PARTS 4 & 5 24R9361 AS IN 576414; SUBJECT TO AN EASEMENT OVER PART 3 24R9361 IN FAVOUR OF PT LT 19 CON 1 RALEIGH PTS 1, 4 & 5 24R7621 EXCEPT PTS 1, 2, 3, 4 & 5 24R9361 AS IN CK68020; SUBJECT TO AN EASEMENT OVER PT LT 19 CON 1 RALEIGH PTS 1, 2, 3, 4 & 5 24R9361 IN FAVOUR OF PT LT 19 CON 1 RALEIGH PTS 1, 4 & 5 24R7621 EXCEPT PTS 1, 2, 3, 4 & 5 24R9361 AS IN CK68020; TOGETHER WITH AN EASEMENT OVER PT LT 19 CON 1 RALEIGH PTS 1, 4 & 5 24R7621 EXCEPT PTS 1, 2, 3, 4 & 5 24R9361 AS IN CK68020; SUBJECT TO AN EASEMENT AS IN 164642; TOGETHER WITH AN EASEMENT OVER PT LT 19 CON 1 RALEIGH PT 3 24R9361 AS IN CK68020; TOGETHER WITH AN EASEMENT OVER PT LT 19 CON 1 RALEIGH PTS 1, 2, 3, 4 & 5 24R9361 AS IN CK68020; SUBJECT TO AN EASEMENT OVER PTS 1, 4 & 5 24R7621 EXCEPT PTS 1, 2, 3, 4 & 5 24R9361 IN FAVOUR OF PT LT 19 CON 1 RALEIGH PTS 1, 2, 3, 4 & 5 24R9361 AS IN CK68020; MUNICIPALITY CHATHAM-KENT

2. 650 Riverview Drive, Chatham, Ontario

Legal Description

PIN 00528-0218(LT)

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

3. 715 Richmond Street, Chatham, Ontario

Legal Description

PIN 00528-0006(LT)

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

4. 830 Richmond Street, Chatham, Ontario

Legal Description

PIN 00527-0019(R)

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

EXHIBIT B
PERMITTED EXCEPTIONS

Matters set forth in that certain Loan Policy of Title Insurance issued by FCT Insurance Company Ltd (File Number 190430001093).

EXHIBIT C
[Intentionally Omitted]

EXHIBIT D
USE AND AMOUNT OF LOAN PROCEEDS

[Intentionally Omitted]

SCHEDULE 5.4

LITIGATION

None.

EXHIBIT “L”

DEMAND DEBENTURE

(2472602 ONTARIO INC.)

TO: SF V BRIDGE III, LP (the "**Lender**")

DATE May 31, 2019

FOR VALUE RECEIVED and intending to be legally bound by this demand debenture (the "**Agreement**"), the undersigned (the "**Obligor**") agrees as follows:

1. PROMISE TO PAY

1.1 Promise to Pay The Obligor promises to pay on demand to the order of the Lender, at its offices located at 767 Fifth Avenue, 12th Floor, New York, New York 10153 or at such other place as the Lender may from time to time direct, all amounts now or in the future owing by the Obligor to the Lender under or in connection with the Obligations up to the maximum principal amount of TWENTY MILLION DOLLARS ($20,000,000) in lawful money of Canada, and interest at the rate of 25% per annum, accruing daily and payable monthly, both before and after maturity, default and judgment, and interest on overdue interest at the same rate.

2. INTERPRETATION

2.1 Capitalized Terms In this Agreement, except where the context otherwise requires, capitalized terms that are used and not otherwise defined have the meanings defined in the Loan Agreement (as defined below), and:

(a) "**Collateral**" means all present and after-acquired undertaking, property and assets of the Obligor, except those expressly excluded in this definition, including all present and future right, title, interest and benefit of the Obligor in all property of the following kinds:

(i) all freehold real and immovable property, including all buildings and fixtures located on that property;

(ii) all leasehold property, including all buildings and fixtures located on that property;

(iii) all goods comprising the inventory of the Obligor, including goods held for sale or lease or that have been leased or consigned to or by the Obligor or that have been furnished or are to be furnished under a contract of service or that are raw materials, work in process or materials used or consumed in a business or profession or that are finished goods;

(iv) timber, whether cut or to be cut, timber licenses, oil, gas, other hydrocarbons and minerals, whether extracted or to be extracted, animals and their young and unborn young, and crops, whether growing or harvested;

(v) all other goods, including furniture, fixtures, equipment, machinery, plant, tools and vehicles;

(vi) all chattel paper;

(vii) all money;

(viii) all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;

(ix) all instruments, including bills, notes, cheques, letters of credit and advices of credit;

(x) all investment property, including shares, stock, warrants, bonds, debentures, debenture stock and other securities (in each case whether evidenced by a security certificate or an uncertificated security) and financial assets, security entitlements, securities accounts, futures contracts and futures accounts;

(xi) all other tangible personal property;

(xii) all accounts, including deposit accounts in banks, credit unions, trust companies and similar institutions, rents, debts, demands and choses in action that are due, owing or accruing due to the Obligor, and all claims of any kind that the Obligor has, including claims against the Crown and claims under insurance policies;

(xiii) all other intangibles including contracts, agreements, clearing house options, permits, licences, consents, approvals, authorizations, orders, judgments, certificates, rulings, insurance policies, agricultural and other quotas, subsidies, franchises, immunities, privileges and benefits and all goodwill, patents, trade marks, trade names, trade secrets, inventions, processes, copyrights, applications for intellectual property rights and other industrial or intellectual property;

(xiv) with respect to the property described in items (i) to (xiii) inclusive, all books, accounts, invoices, letters, papers, documents, disks and other records in any form, electronic or otherwise, evidencing or relating to that property and all contracts, investment property, instruments and other rights and benefits in respect of that property;

(xv) with respect to the property described in items (i) to (xiv) inclusive, all parts, components, renewals, substitutions and replacements of that property and all attachments, accessories and increases, additions and accessions to that property; and

(xvi) with respect to the property described in items (i) to (xv) inclusive, all proceeds from that property, including property in any form derived directly or indirectly from any dealing with that property or proceeds from the property, and any insurance or other payment as indemnity or compensation for loss of or damage to the property or any right to payment, and any payment made in total or partial discharge or redemption of an intangible, chattel paper, instrument or investment property;

but excluding (A) any consumer goods, (B) the last day of the term of any lease or any agreement to lease held by the Obligor now or in the future as more fully described in Section 3.2 of this Agreement and (C) any Restricted Property as more fully described in Section 3.3 of this Agreement. Any reference to "the Collateral" in this Agreement shall be interpreted as referring to "the Collateral or any of it."

(b) "**Event of Default**" means the occurrence of (i) a "default," "event of default" or similar circumstance identified in any Loan Document that entitles the Obligor's counterparty to enforce its rights under that Loan Document, (ii) the failure of the Obligor to pay any of the Obligations when due, or (iii) any demand for payment validly made by the Lender pursuant to any Loan Document that is not met in accordance with the terms of the demand or within any applicable grace period.

(c) "**Loan Agreement**" means the loan agreement dated as of the date hereof among the Obligor and 2642466 ONTARIO INC., as borrowers, AGMEDICA BIOSCIENCE INC., as guarantor, and the Lender, as lender, as amended, supplemented, restated and replaced from time to time.

(d) "**Obligations**" means all Indebtedness and all debts, liabilities and obligations of the Obligor to the Lender, whether present or future, direct or indirect, absolute or contingent, matured or not, at any time owing or remaining unpaid by the Obligor to the Lender in any currency, whether arising from dealings between the Lender and the Obligor or from other dealings or proceedings by which the Lender may be or become in any manner whatever a creditor of the Obligor, and wherever incurred, and whether incurred by the Obligor alone or with another or others and whether as principal or surety (including obligations under or in connection with guarantee or indemnity given by the Obligor), and all interest, fees, commissions and legal and other costs, charges and expenses owing or remaining unpaid by the Obligor to the Lender in any currency.

(e) "**PPSA**" means the *Personal Property Security Act* (Ontario).

2.2 <u>PPSA Definitions</u> In this Agreement, except where the context otherwise requires, the words "accessions," "account," "account debtor," "certificated security," "chattel paper," "clearing house option," "consumer goods," "control," "crops," "document of title," "equipment," "financial asset," "fixtures," "futures account," "futures contract," "futures intermediary," "goods," "instrument," "intangible," "inventory," "investment property," "money," "option," "proceeds," "receiver," "securities account," "securities intermediary," "security," "security certificate," "security entitlement" and "uncertificated security" shall have the same meanings as their defined meanings where they are defined in the PPSA.

2.3 No *Contra Proferentum* This Agreement has been negotiated by the Obligor and the Lender with the benefit of legal representation, and any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the construction or interpretation of this Agreement.

2.4 Other Interpretation Rules In this Agreement:

(a) The division into Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement.

(b) Unless otherwise specified or the context otherwise requires, (i) "including" or "includes" means "including (or includes) but is not limited to" and shall not be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it, (ii) a reference to any legislation, statutory instrument or regulation or a section of it is a reference to the legislation, statutory instrument, regulation or section as amended, restated and re-enacted from time to time, and (iii) words in the singular include the plural and vice-versa and words in one gender include all genders.

(c) Unless otherwise specified or the context otherwise requires, any reference in this Agreement to payment of the Obligations includes performance of the Obligations.

3. GRANT OF SECURITY, ETC.

3.1 Grant of Security As security for payment and performance of the Obligations, the Obligor:

(a) mortgages and charges the freehold real and immovable property described on Schedule A to this Agreement, and all buildings and fixtures now or in the future located on that property (collectively, the "**Real Property**"), to the Lender as a fixed and specific mortgage and charge, and grants the Lender a security interest in that part of the Collateral;

(b) mortgages and charges all of its present and future interests in real property forming part of the Collateral not referred to in item (a) immediately above to the Lender as a floating charge, and grants the Lender a security interest in that part of the Collateral;

(c) mortgages, charges, assigns, transfers and pledges to the Lender all leases, offers to lease, agreements to lease, subleases, licences, rights of use or occupancy and tenancies whatsoever in respect of any portion of the Real Property and other agreements which entitle any person to possess or occupy any space within the

Real Property, both present and future (collectively, the "**Leases**"), including all occupancy charges and occupancy payments arising pursuant to occupancy under agreements of purchase and sale entered into with various parties as purchaser relating to the Real Property, all rents and monies payable under the Leases and any extensions or renewals thereof and all monies payable pursuant to any repudiation, disclaimer, termination or surrender thereof, whether by mutual agreement or as permitted by a court of competent jurisdiction pursuant to any applicable law (collectively, the "**Rents**") and including the benefit of all covenants, stipulations and provisions contained in the Leases; and

(d) mortgages, charges, assigns, transfers and pledges all Collateral to the Lender as a fixed and specific mortgage and charge, and grants the Lender a security interest in that Collateral.

Without limiting the preceding part of this Section, a security interest is taken in all of the Obligor's present and after acquired personal property, excluding (A) any consumer goods, (B) the last day of the term of any lease or any agreement to lease held by the Obligor now or in the future as more fully described in Section 3.2 of this Agreement and (C) any Restricted Property as more fully described in Section 3.3 of this Agreement. The security interest created by item (b) above is intended as a floating charge that will attach as provided in Section 3.4. The floating charge shall become a fixed charge as soon as the Lender notifies the Obligor to that effect.

3.2 Last Day of Lease As the Collateral does not include the last day of the term of any lease or any agreement to lease held by the Obligor now or in the future, should the liens created by this Agreement become enforceable the Obligor shall hold the last day in trust for the Lender and shall assign it to any person acquiring that term or the part of the term that is mortgaged and charged in the course of any enforcement of the liens or any realization of the Collateral. Alternately, the Lender may assign the last day as attorney of the Obligor or may appoint any person acquiring the term or any other person or persons as a new trustee or trustees of the last day, free of any obligation regarding the last day.

3.3 Restricted Property The Collateral shall not include any lease, agreement, contractual right, franchise, licence or approval, other than an account or chattel paper (collectively, "**Restricted Property**") held by the Obligor now or in the future if the liens created by this Agreement would otherwise result in a breach, forfeiture or termination of the Restricted Property unless any necessary consent or waiver is obtained. The Obligor shall, on request by the Lender, promptly use all commercially reasonable efforts to seek any necessary consent or waiver to have the Restricted Property form part of the Collateral and to any disposition of the Restricted Property upon enforcement of this Agreement. If a consent or waiver is obtained, the applicable Restricted Property shall form part of the Collateral without any further action. If any consent or waiver is not obtained, and if the liens created by this Agreement become enforceable, the Obligor shall hold any Restricted Property for which a consent or waiver has not been obtained and its benefits in trust for the Lender, and shall perform its obligations and exercise and enforce its rights under that Restricted Property, including rights of disposition, at the direction of the Lender.

3.4 Attachment The Obligor agrees that the Lender has given value and that the liens created by this Agreement are intended to attach (a) with respect to Collateral that is now in existence, upon execution of this Agreement, and (b) with respect to Collateral that comes into existence in the future, upon the Obligor acquiring rights in the Collateral or the power to transfer rights in the Collateral to the Lender. In each case, the parties do not intend to postpone the attachment of any lien created by this Agreement.

3.5 Continuing Agreement The liens created by this Agreement are continuing, to secure a current or running account, and will extend to the ultimate balance of the Obligations, regardless of any intermediate payment or discharge of the Obligations in whole or in part. Without limiting the foregoing, the Obligations may include advances and re-advances under revolving credit facilities, which permit borrowing, repayment of all or part of the amount borrowed and re-borrowing of amounts previously paid.

3.6 In Addition to Other Rights; No Marshalling This Agreement is in addition to and is not in any way prejudiced by or merged with any other lien now or subsequently held by the Lender in respect of any Obligations. The Lender shall be under no obligation to marshal in favour of the Obligor any other lien or any money or other property that the Lender may be entitled to receive or may have a claim upon.

3.7 Liabilities Unconditional The liabilities of the Obligor under this Agreement are absolute and unconditional, and will not be affected by any act, omission, matter or thing that, but for this Section, would reduce, release or prejudice any of its liabilities under this Agreement, or that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Obligor's liabilities under this Agreement, whether or not known to it or the Lender or consented to by it or the Lender.

3.8 Merger of Obligor If the Obligor amalgamates or merges with one or more other entities, the Obligations and the liens created by this Agreement shall continue as to the Obligations and the undertaking, property and assets of the Obligor at the time of amalgamation or merger, and shall extend to the Obligations and the present and future undertaking, property and assets of the amalgamated or merged entity, and the term Obligor shall extend to the amalgamated or merged entity, all as if the amalgamated or merged entity had executed this Agreement as the Obligor.

3.9 Limitation Periods To the extent that any limitation period applies to any claim for payment of the Obligations or remedy for enforcement of the Obligations, the Obligor agrees that:

(a) any limitation period is expressly excluded and waived entirely if permitted by applicable law;

(b) if a complete exclusion and waiver of any limitation period is not permitted by applicable law, any limitation period is extended to the maximum length permitted by applicable law;

(c) any applicable limitation period shall not begin before an express demand for payment of the Obligations is made in writing by the Lender to the Obligor;

(d) any applicable limitation period shall begin afresh upon any payment or other acknowledgment of the Obligations by the Obligor; and

(e) this Agreement is a "business agreement" as defined in the *Limitations Act, 2002* (Ontario) if that Act applies.

4. RIGHTS AND OBLIGATIONS OF THE OBLIGOR

4.1 Operations and Insurance The Obligor shall diligently maintain and operate the Collateral so as to preserve the Collateral and the income from the Collateral and shall comply with all requirements of any governmental authority and all agreements relating to any of the Collateral and all other conditions on which the Collateral is held. The Obligor shall also keep the Collateral insured against loss, damage and other risks as the Lender may reasonably require, shall maintain its insurance with loss, if any, payable to the Lender as first loss payee and shall provide the Lender with satisfactory evidence of the insurance maintained.

4.2 Restrictions on Liens and Dispositions The Obligor shall not create, assume, incur or permit the existence of any lien on the Collateral except as permitted in any applicable Loan Document, nor shall the Obligor sell, lease or otherwise dispose of the Collateral, or permit such a disposition to occur, except as expressly permitted in any Loan Document.

4.3 Possession and Control of Collateral The Obligor shall, on request by the Lender from time to time, deliver to the Lender possession of all chattel paper, instruments and negotiable documents of title. The Obligor shall also take whatever steps the Lender requires from time to time to enable the Lender to obtain control of any investment property forming part of the Collateral, including (a) arranging for any securities intermediary, futures intermediary or issuer of uncertificated securities to enter into an agreement satisfactory to the Lender to enable the Lender to obtain control, (b) delivering any certificated security to the Lender with any necessary endorsement and (c) having any security registered in the name of the Lender or its nominee. The Lender is not obligated to keep any Collateral separate or identifiable or to take steps to preserve rights relating to Collateral against prior parties or other persons. The Lender shall have no duty with respect to any Collateral delivered to it, other than to use the same degree of care in the safe custody of the Collateral delivered to it that it uses with respect to similar property that it owns of similar value. Without limiting the foregoing, the Lender may lodge all instruments, chattel paper, investment property or other Collateral with any bank or trust company to be held in safekeeping on behalf of the Lender (without incurring any liability for any act or omission of the bank or trust company), or may hold Collateral itself. The Obligor shall reimburse the Lender on demand for all expenses incurred by the Lender in connection with safekeeping with interest from the date the expenses are incurred until paid at the highest rate of interest applicable to the Obligations. The expenses and interest shall form part of the Obligations.

4.4 Other Assurances; Power of Attorney On request by the Lender, the Obligor shall (a) provide the Lender with details of all goods to which provisions of the PPSA or regulations or orders under the PPSA regarding serial numbers apply, (b) mark or take other steps to identify the Collateral as being subject to the liens created by this Agreement, and (c) execute, acknowledge and deliver all financing statements, certificates, further assignments, documents, transfers, instruments, security documents, acknowledgments and assurances and do all further acts and things as the Lender may consider necessary or desirable to give effect to the intent of this Agreement (including providing the Lender with a fixed and specific mortgage and charge and a perfected security interest in any freehold and leasehold real property not listed on a Schedule to this Agreement, all patents, trademarks and other intellectual property and all aircraft, ships and railway rolling stock in which the Obligor now or in the future holds an interest), or for the collection, disposition, realization or enforcement of the Collateral or the liens created by this Agreement. The Obligor constitutes and appoints the Lender its true and lawful attorney, with full power of substitution, to do any of the foregoing or any other things that the Obligor has agreed to do in this Agreement, whenever and wherever the Lender may consider it to be necessary or desirable, and to use the Obligor's name in the exercise of the Lender's rights under this Agreement. This power of attorney is coupled with an interest and is irrevocable by the Obligor.

4.5 Composite Agreement This Agreement is a composite mortgage and security agreement covering Collateral located in various provinces and territories of Canada and in other jurisdictions and, as to any Collateral located in a particular jurisdiction, this Agreement shall be a separate mortgage and security agreement enforceable against the Obligor without regard to the application of this Agreement to Collateral located in other jurisdictions. All provisions of this Agreement shall apply separately to the Collateral located in each separate jurisdiction with the same effect as if a separate mortgage and security agreement with respect to that Collateral had been executed and delivered by the Obligor. If requested by the Lender, the Obligor shall execute, deliver and register, at its expense, a separate mortgage and security agreement covering the Collateral located in any particular jurisdiction or jurisdictions. The separate mortgage and security agreement shall be in the form of this Agreement except for modifications required by the fact that it relates only to the Collateral located in the particular jurisdiction or jurisdictions and other modifications that the Lender considers necessary or desirable in the circumstances. Without limiting the generality of the foregoing, the Obligor agrees to provide at the request of the Lender specific assignments of future Leases, and to provide any other parties thereto a notice of the assignment and to use best efforts to obtain from them acknowledgements of such notice, both in form and content acceptable to the Lender, acting reasonably.

4.6 Restriction on Change of Name The Obligor shall not change its name without providing the Lender with 30 days advance written notice and promptly taking other steps, if any, as the Lender requests to ensure that the position of the Lender is not adversely affected by the change in name.

4.7 Restriction on Change of Location The Obligor shall not permit its chief executive office to be located out of the province of Ontario (the "**Specified Location**"), or do anything else to cause the Obligor to be located out of the Specified Location for the purpose of any *Personal Property Security Act* or other applicable law, without providing the Lender with 30 days advance written notice and promptly taking other steps, if any, as the Lender requests to ensure that the position of the Lender is not adversely affected by the change of location.

4.8 Restriction on Change of Property Location The Obligor shall not permit any of its tangible personal property to be located out of the Specified Location (other than (a) inventory in transit and (b) goods of a type normally used in more than one jurisdiction that are equipment or inventory leased or held for lease by the Obligor to others, that is temporarily located out of the Specified Location) without providing the Lender with 30 days advance written notice and promptly taking other steps, if any, as the Lender requests to ensure that the position of the Lender is not adversely affected by the change of location.

4.9 Use of Collateral; Inspection Until the occurrence of an Event of Default, the Obligor may use the Collateral in any lawful manner consistent with the provisions of this Agreement and the Loan Documents. The Obligor shall at all reasonable times and from time to time on reasonable notice, permit representatives of the Lender to inspect any of the Collateral and to examine and take extracts from its financial books, accounts and records, including accounts and records stored in computer data banks and computer software systems, and to discuss its financial condition with its senior officers and (in the presence of such of its representatives as it may designate) its auditors, the reasonable expense of all of which shall be paid by the Obligor.

4.10 Lender May Perform Obligor's Duties If the Obligor fails to perform any of its duties under this Agreement, the Lender may, but shall not be obligated to, perform any or all of those duties, without waiving any rights to enforce this Agreement. The Obligor shall pay the Lender, immediately on written demand, an amount equal to the costs, fees and expenses incurred by the Lender in doing so plus interest from the date the costs, fees and expenses are incurred until paid at the highest rate of interest applicable to the Obligations. The costs, fees, expenses and interest shall be included in the Obligations under this Agreement.

4.11 Lender Not Liable for Obligor's Agreements Nothing in this Agreement shall make the Lender liable to observe or perform any term of any agreement to which the Obligor is a party or by which it or the Collateral is bound, make the Lender a mortgagee in possession, make the Lender responsible for the collection of the Rents or any part thereof or for the performance of any covenants, terms and conditions either by the lessor or by the lessee contained in the Leases, and this Agreement shall not create the relationship of landlord and tenant between the Lender and any lessee. The Obligor shall indemnify the Lender and save it harmless from any claim arising from any such agreement.

4.12 Release of Liens If the Obligor has indefeasibly paid the Obligations in full in cash and otherwise performed all of the terms of the Loan Documents, and if all obligations of the Lender to extend credit under any Loan Document have been cancelled, then the Lender shall, at the request and expense of the Obligor, release the liens created by this Agreement and execute and deliver whatever documents are reasonably required to do so.

5. RIGHTS AND OBLIGATIONS ON DEFAULT

5.1 Application of Article The provisions of this Article 5 apply on the occurrence of an Event of Default that is continuing.

5.2 Termination of Further Credit and Acceleration of Obligations The Lender shall be under no obligation to make further advances or otherwise extend further credit and the Lender may declare that the Obligations are immediately due and payable in full, but if the Obligor becomes bankrupt (voluntarily or involuntarily), or institutes (or has instituted against it) any proceeding seeking liquidation, rearrangement, relief of debtors or creditors or the appointment of a receiver or trustee over any material part of its undertaking, property and assets or any analogous proceeding in any relevant jurisdiction, then without prejudice to the other rights of the Lender as a result of any of those events, without notice or action of any kind by the Lender and without presentment, demand or protest of any nature or kind, the Lender's obligation to make advances or otherwise extend credit shall immediately terminate and the Obligations shall become immediately due and payable. Upon the Obligations becoming due and payable, the Lender may enforce payment of the Obligations and the Lender shall have the rights and remedies of a secured party under the PPSA and other applicable law together with those rights and remedies provided by this Agreement or otherwise provided by applicable law.

5.3 Rights of Lender The Lender may (a) require the Obligor to assemble the Collateral and deliver or make the Collateral available to the Lender at a reasonably convenient place designated by the Lender, (b) enter on any premises of the Obligor or any other place where Collateral may be located, (c) take possession of the Collateral by any method permitted by law, (d) render any equipment unusable without removing it from the Obligor's premises, (e) use the Collateral in the manner and to the extent that the Lender may consider appropriate and (f) hold, insure, repair, process, maintain, protect and preserve the Collateral and prepare it for disposition. The Lender is not, however, required to insure the Collateral, and the risk of any loss of or damage to the Collateral shall be borne by the Obligor.

5.4 Appointment of Monitor The Lender may from time to time appoint any person (the "**Monitor**") to investigate any or all of the Collateral, the Obligor and the Obligor's business and affairs and report to the Lender. The Obligor shall co-operate fully with the Monitor and give the Monitor full access to its facilities, property, records, creditors, customers, contractors, officers, directors, employees, auditors, legal counsel and agents. The Monitor shall not participate in the management of the Obligor's business or affairs and shall have no responsibility, nor shall it incur any liability, in respect of the Collateral, the Obligor or the Obligor's business or affairs. The Monitor shall act solely on behalf of the Lender and shall have no contractual relationship with the Obligor as a consultant or otherwise, nor shall the Obligor be entitled to receive any report by the Monitor. The appointment of the Monitor shall not be regarded as an act of enforcement of the liens created by this Agreement. All costs incurred in connection with the appointment of the Monitor and the performance by the Monitor of its activities as such, including legal fees on a full indemnity (sometimes called solicitor and own client) basis shall be payable by the Obligor to the Lender immediately on demand, shall bear interest from the date they are incurred until paid at the highest rate of interest applicable to the Obligations and shall be included in the Obligations.

5.5 Proceeds The Lender may take charge of all proceeds of the Collateral and may hold them as additional security for the Obligations. The Lender may give notice to any or all account debtors of the Obligor and to any or all persons liable to the Obligor under an instrument to direct all payments or other proceeds relating to the Collateral to the Lender and any payments or other proceeds of the Collateral received by the Obligor from account debtors or from any persons liable to the Obligor under an instrument, after notice is given by the Lender, shall be held by the Obligor in trust for the Lender and immediately paid over to the Lender. The Lender shall not, however, be required to collect any proceeds of the Collateral. The Lender may also enforce any rights of the Obligor in respect of the Collateral by any manner permitted by law.

5.6 Rights re Investment Property Etc. The Lender may have any instruments or investment property registered in its name or in the name of its nominee and shall be entitled but not required to exercise voting and other rights that the holder of that Collateral may at any time have; but the Lender shall not be responsible for any loss occasioned by the exercise of those rights or by failure to exercise them. The Lender may also enforce its rights under any agreement with any securities intermediary, futures intermediary or issuer of uncertificated securities.

5.7 Notice of Disposition If required to do so by applicable law, the Lender shall give the Obligor written notice of any intended disposition of the Collateral in accordance with any applicable Loan Document or by any other method required or permitted by applicable law. The Obligor waives giving of notice to the maximum extent permitted by applicable law.

5.8 Statutory Waivers To the maximum extent permitted by law, the Obligor waives all of the rights, benefits and protections given by any present or future statute that imposes limits on the rights, remedies or powers of the Lender or on the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute. In particular, the Obligor waives all rights, benefits and protections given by sections 47 and 50 of the *Law of Property Act* (Alberta) insofar as they extend to or relate to any Collateral. The *Limitation of Civil Rights Act* (Saskatchewan) shall not apply to the liens created by this Agreement or any rights, remedies or powers of the Lender or any receiver.

5.9 Disposition and Other Rights of Lender The Lender may (a) carry on all or any part of the business of the Obligor, (b) make payments on account of, to discharge, or to obtain an assignment of any lien on the Collateral, whether or not ranking in priority to the liens created by this Agreement, (c) borrow money required for the seizure, retaking, repossession, holding, insuring, repairing, processing, maintaining, protecting, preserving, preparing for disposition or disposition of the Collateral or for any other enforcement of this Agreement or for carrying on the business of the Obligor on the security of the Collateral in priority to the liens created by this Agreement, (d) file proofs of claim and other documents to establish the claims of the Lender in any proceeding relating to the Obligor, and (e) sell, lease or otherwise dispose of all or any part of the Collateral at public auction, by public tender or by private sale, lease or other disposition, either for cash or on credit, at such time and on such terms and conditions as the Lender may determine. If any disposition involves deferred payment, the Lender will not be accountable for and the Obligor will not be entitled to be credited with the proceeds of disposition until payment is actually received in cash. On any disposition, the Lender shall have the right to acquire all or any part of the Collateral that is offered for disposition and the rights of the Obligor in that Collateral shall be extinguished. The Lender may also accept the Collateral in satisfaction of the Obligations or may from time to time designate any part of the Obligations to be satisfied by the acceptance of particular Collateral that the Lender reasonably determines to have a net realizable value equal to the amount of the designated part of the Obligations, in which case only the designated part of the Obligations shall be satisfied by the acceptance of the particular Collateral.

5.10 Commercially Reasonable Actions and Omissions The Obligor agrees that it is commercially reasonable for the Lender (a) not to incur expenses that it reasonably considers significant to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (b) not to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, not to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) not to exercise collection remedies against account debtors or other persons obligated on Collateral or to remove liens on or adverse claims against Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business as the Obligor, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers or other persons, including employees of the Obligor, brokers, investment bankers, consultants and other professionals to assist in the collection or disposition of Collateral, whether or not the Collateral is of a specialized nature, (h) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to vary or rescind any contract for the disposition of any Collateral, or (l) to purchase insurance or credit enhancements or take other steps to insure the Lender against risks of loss, collection or disposition of Collateral or to provide the Lender a guaranteed return from the collection or disposition of Collateral. The Obligor acknowledges that the purpose of this Section is to provide selected examples of actions and omissions that would be commercially reasonable in the Lender's exercise of remedies against the Collateral and that other actions and omissions shall not be considered commercially unreasonable solely on account of not being mentioned in this Section, nor shall the Lender be liable or accountable for any discount attributable to the specified actions and omissions. Nothing in this Section shall be construed to grant any rights to the Obligor or to impose any duties on the Lender that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section. In exercising its rights and obligations under this Agreement, the Lender shall not be responsible or liable to the Obligor or any other person for any loss or damage from the realization or disposal of any Collateral or the enforcement of this Agreement, or any failure to do so, or for any act or omission on its part or on the part of any of its directors, officers, employees, agents or advisors in that connection, except that the Lender may be responsible or liable for loss or damage arising from its wilful misconduct or gross negligence.

5.11 Costs of Realization All costs incurred in connection with realizing the security constituted by this Agreement or exercising any of the Lender's rights under this Agreement, including costs incurred in connection with repossessing, holding, insuring, repairing, processing, preparing for disposition, and disposing of any Collateral and legal fees on a full indemnity (sometimes called solicitor and own client) basis (in this Section, "**realization costs**") shall be payable by the Obligor to the Lender immediately on demand. Realization costs shall bear interest from the date they are incurred until paid at the highest rate of interest applicable to the Obligations. Realization costs and interest shall be included in the Obligations under this Agreement.

5.12 Other Security; Application of Money The Lender may (a) refrain from enforcing any other security or rights held by or on behalf of the Lender in respect of the Obligations, or enforce any other security or rights in any manner and order as it sees fit, and (b) apply any money received from or in respect of the Collateral in any manner and order as it sees fit and change any application of money received in whole or in part from time to time, or refrain from applying any money and hold it in a suspense account.

5.13 Third Parties No person dealing with the Lender is required to determine (a) whether the liens created by this Agreement or the powers purporting to be exercised have become enforceable, (b) whether any Obligations remain owing, (c) the propriety of any aspect of the disposition of Collateral or (d) how any payment to the Lender has been or will be applied. Any person who acquires Collateral from the Lender in good faith shall acquire it free from any interest of the Obligor.

5.14 Appointment of Receiver The Lender may take proceedings in any court of competent jurisdiction for the appointment of a receiver (which term includes a receiver and manager) of the Collateral or may by appointment in writing appoint any person to be a receiver of the Collateral. The Lender may remove any receiver appointed by the Lender and appoint another in its place, and may determine the remuneration of any receiver, which may be paid from the proceeds of the Collateral in priority to other Obligations. Any receiver appointed by the Lender shall, to the extent permitted by applicable law, have all of the rights, benefits and powers of the Lender under this Agreement, the PPSA or otherwise. Any receiver shall be deemed the agent of the Obligor and the Lender shall not be in any way responsible for any misconduct or negligence of any receiver.

5.15 Rights Cumulative No failure on the part of the Lender to exercise, nor any delay in exercising, any right or remedy under any Loan Document or this Agreement shall operate as a waiver or impose any liability on the Lender, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and do not exclude any rights and remedies provided by applicable law. If the Lender has enforced any right or remedy under this Agreement and the enforcement proceeding has been discontinued, abandoned or determined adversely to the Lender for any reason, then the Obligor and the Lender shall, without any further action, be restored to their previous positions to the maximum extent permitted by law and subject to any determination in the enforcement proceeding or express agreement between the Obligor and the Lender, and thereafter all rights and remedies of the Lender shall continue as if no enforcement proceeding had been taken.

5.16 Obligor Liable for Deficiency If the proceeds arising from the disposition of the Collateral fail to satisfy the Obligations, the Obligor shall pay any deficiency to the Lender on demand. Neither the taking of any judicial or extra-judicial proceeding nor the exercise of any power of seizure or disposition or other remedy shall extinguish the liability of the Obligor to pay and perform the Obligations, nor shall the acceptance of any payment or alternate security create any novation. No covenant, representation or warranty of the Obligor in this Agreement shall merge in any judgment.

5.17 Release by Obligor The Obligor hereby releases and discharges the Lender and any receiver from all claims of any kind, whether sounding in damages or not, that may arise or be caused to the Obligor or any person claiming through or under the Obligor as a result of any act or omission of the Lender or any receiver except that the Lender or receiver may be responsible or liable for loss or damage arising from its wilful misconduct or gross negligence.

6. NOTICES

6.1 Notices Any communication to be made under this Agreement shall be made in accordance with the Loan Agreement.

7. ENTIRE AGREEMENT; SEVERABILITY

7.1 Entire Agreement This Agreement embodies all the agreements between the Obligor and the Lender relating to the liens created in this Agreement and the related rights and remedies. No party shall be bound by any representation or promise made by any person relating to this Agreement that is not embodied in it. Any waiver of, or consent to departure from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Lender, and only in the specific instance and for the specific purpose for which it has been given.

7.2 Severability If, in any jurisdiction, any provision of this Agreement or its application to any circumstance is restricted, prohibited or unenforceable, that provision shall, as to that jurisdiction, be ineffective only to the extent of that restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement, without affecting the validity or enforceability of that provision in any other jurisdiction and, if applicable, without affecting its application to other circumstances.

8. DELIVERY OF AGREEMENT

8.1 Counterparts This Agreement may be executed in any number of counterparts and all counterparts taken together shall be deemed to constitute one agreement.

8.2 Delivery To evidence the fact that it has executed this Agreement, the Obligor may send a signed copy of this Agreement or its signature to this Agreement by facsimile transmission or e-mail and the signature sent in that way shall be deemed to be its original signature for all purposes.

8.3 No Conditions Possession of this Agreement by the Lender shall be conclusive evidence against the Obligor that the Agreement was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition precedent or subsequent has been complied with. This Agreement shall be operative and binding notwithstanding that it is not executed by any proposed signatory.

8.4 Receipt and Waiver The Obligor acknowledges receipt of a copy of this Agreement. The Obligor waives any notice of acceptance of this Agreement by the Lender. The Obligor also waives the right to receive a copy of any financing statement or financing change statement that may be registered in connection with this Agreement or any verification statement issued with respect to a registration, if waiver is not otherwise prohibited by law. The Obligor agrees that the Lender may from time to time provide information regarding this Agreement, the Collateral and the Obligations to persons that the Lender believes in good faith are entitled to the information under applicable law.

9. GOVERNING LAW

9.1 Governing Law This Agreement and any dispute arising from or in relation to this Agreement shall be governed by, and interpreted and enforced in accordance with, the law of the province of Ontario and the laws of Canada applicable in that province, excluding the conflict of law rules of that province.

9.2 Obligor's Exclusive Dispute Resolution Jurisdiction The Obligor agrees that the courts of the province of Ontario have exclusive jurisdiction over any dispute arising from or in relation to this Agreement and the Obligor irrevocably and unconditionally attorns to the exclusive jurisdiction of that province. The Obligor agrees that the courts of that province are the most appropriate and convenient forum to settle disputes and agrees not to argue to the contrary.

9.3 Lender Entitled to Concurrent Jurisdiction Despite Section 9.2, the Lender is permitted to take proceedings in relation to any dispute arising from or in relation to this Agreement in any court of another province or another state with jurisdiction and to the extent allowed by law may take concurrent proceedings in any number of jurisdictions.

10. SUCCESSORS AND ASSIGNS

10.1 Successors and Assigns The Obligor may not assign or transfer all or any part of its liabilities under this Agreement. All rights of the Lender under this Agreement shall be assignable and the Obligor shall not assert against any assignee any claim or defence that the Obligor now has or may in the future have against the Lender. This Agreement shall enure to the benefit of the Lender and its successors and assigns and be binding on the Obligor and its successors and any permitted assigns.

11. REPRESENTATIONS OF THE OBLIGOR

11.1 Representations The Obligor represents and warrants to the Lender that Schedule B is a complete and accurate description of its name (including any French or combined French and English form of its name), its jurisdiction of incorporation, its history of mergers, amalgamations and changes of name, the locations of its registered office (and chief executive office, if different), the equity interests in other persons that it owns, the location of its freehold and leasehold real property, and the jurisdictions in which its other property is located. The Obligor acknowledges that its representations and warranties are material, will be relied upon by the Lender (notwithstanding any investigation made by the Lender at any time) and shall survive the execution and delivery of this Agreement without any time limitation.

12. ADDITIONAL PROVISIONS APPLICABLE TO REAL PROPERTY

12.1 For the purpose of registering this Agreement in the Province of Ontario, the following real property provisions will be applicable:

(a) The implied covenants deemed to be included in a charge pursuant to subsection 7(1) of the *Land Registration Reform Act* (Ontario) are expressly excluded and replaced by the provisions of this Agreement which are covenants by the Obligor for itself and its successors and assigns to and for the benefit of the Lender and its successors and assigns.

(b) If any of the forms of words contained in this Agreement are substantially in the forms of words contained in Column One of Schedule B of the *Short Forms of Mortgages Act* (Ontario) and identified by a number in that Column, this charge shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule B of that Act identified by the same number, and this charge shall be interpreted as if the *Short Forms of Mortgages Act* was still in force and effect.

(c) The Obligor agrees that, if any notice of the exercise of the power of sale of real property contained in this Agreement is required, the notice shall be sufficient if it is given after an Event of Default has occurred and has continued for at least 15 days, if the sale is not made for at least 35 days after the notice is given and if the notice is given to the persons specified in section 31 of the *Mortgages Act* (Ontario) and otherwise in accordance with part III of that Act.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS OF WHICH, the Obligor has duly executed this Agreement.

2472602 ONTARIO INC.

By: ______________________________
Name: Peter Van Mol
Title: Treasurer

[signature page for Debenture]

SCHEDULE A

DESCRIPTION OF FREEHOLD PROPERTY

1. 510 and 566 Riverview Drive, Chatham, Ontario

Legal Description

PIN 00528-0224(LT)

FIRSTLY: PART LOT 19 CONCESSION 1 RALEIGH PARTS 1, 2, 3, 4 & 5 24R9361; SECONDLY: PART LOT 19 CONCESSION 1 RALEIGH PARTS 1, 4 & 5 24R7621 EXCEPT PARTS 1, 2, 3, 4 & 5 24R9361; SUBJECT TO AN EASEMENT OVER PT 4 24R9361 IN FAVOUR OF PT LT 20 CON 1 RALEIGH PT 1 24R1643 AS IN 340724; TOGETHER WITH AN EASEMENT OVER PT LT 19 CON 1 RALEIGH PT 1 24R1855 AS IN 164642; SUBJECT TO AN EASEMENT IN GROSS OVER PARTS 4 & 5 24R9361 AS IN 576414; SUBJECT TO AN EASEMENT OVER PART 3 24R9361 IN FAVOUR OF PT LT 19 CON 1 RALEIGH PTS 1, 4 & 5 24R7621 EXCEPT PTS 1, 2, 3, 4 & 5 24R9361 AS IN CK68020; SUBJECT TO AN EASEMENT OVER PT LT 19 CON 1 RALEIGH PTS 1, 2, 3, 4 & 5 24R9361 IN FAVOUR OF PT LT 19 CON 1 RALEIGH PTS 1, 4 & 5 24R7621 EXCEPT PTS 1, 2, 3, 4 & 5 24R9361 AS IN CK68020; TOGETHER WITH AN EASEMENT OVER PT LT 19 CON 1 RALEIGH PTS 1, 4 & 5 24R7621 EXCEPT PTS 1, 2, 3, 4 & 5 24R9361 AS IN CK68020; SUBJECT TO AN EASEMENT AS IN 164642; TOGETHER WITH AN EASEMENT OVER PT LT 19 CON 1 RALEIGH PT 3 24R9361 AS IN CK68020; TOGETHER WITH AN EASEMENT OVER PT LT 19 CON 1 RALEIGH PTS 1, 2, 3, 4 & 5 24R9361 AS IN CK68020; SUBJECT TO AN EASEMENT OVER PTS 1, 4 & 5 24R7621 EXCEPT PTS 1, 2, 3, 4 & 5 24R9361 IN FAVOUR OF PT LT 19 CON 1 RALEIGH PTS 1, 2, 3, 4 & 5 24R9361 AS IN CK68020; MUNICIPALITY CHATHAM-KENT

2. 715 Richmond Street, Chatham, Ontario

Legal Description

PIN 00528-0006(LT)

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

3. 830 Richmond Street, Chatham, Ontario

Legal Description

PIN 00527-0019(R)

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

SCHEDULE B

CORPORATE AND PROPERTY DETAILS

2472602 ONTARIO INC.

Jurisdiction of Incorporation

Province of Ontario

History of Mergers, Amalgamations and Changes of Name

CROSSHAIR VENTURES INC. changed its name to 2472602 ONTARIO INC. on November 26, 2018

Location(s) of Registered Office and Chief Executive Office

111 Heritage Road, Suite 200
Chatham, Ontario N7M 5W7

Equity Interests Owned

None.

Location of Property

Freehold Real Property

See Schedule A

Leasehold Real Property

None.

Other Jurisdictions with Collateral

None.

DEMAND DEBENTURE

(2642466 ONTARIO INC.)

TO: SF V BRIDGE III, LP (the "**Lender**")

DATE May 31, 2019

FOR VALUE RECEIVED and intending to be legally bound by this demand debenture (the "**Agreement**"), the undersigned (the "**Obligor**") agrees as follows:

1. PROMISE TO PAY

1.1 Promise to Pay The Obligor promises to pay on demand to the order of the Lender, at its offices located at 767 Fifth Avenue, 12th Floor, New York, New York 10153 or at such other place as the Lender may from time to time direct, all amounts now or in the future owing by the Obligor to the Lender under or in connection with the Obligations up to the maximum principal amount of TWENTY MILLION DOLLARS ($20,000,000) in lawful money of Canada, and interest at the rate of 25% per annum, accruing daily and payable monthly, both before and after maturity, default and judgment, and interest on overdue interest at the same rate.

2. INTERPRETATION

2.1 Capitalized Terms In this Agreement, except where the context otherwise requires, capitalized terms that are used and not otherwise defined have the meanings defined in the Loan Agreement (as defined below), and:

(a) "**Collateral**" means all present and after-acquired undertaking, property and assets of the Obligor, except those expressly excluded in this definition, including all present and future right, title, interest and benefit of the Obligor in all property of the following kinds:

(i) all freehold real and immovable property, including all buildings and fixtures located on that property;

(ii) all leasehold property, including all buildings and fixtures located on that property;

(iii) all goods comprising the inventory of the Obligor, including goods held for sale or lease or that have been leased or consigned to or by the Obligor or that have been furnished or are to be furnished under a contract of service or that are raw materials, work in process or materials used or consumed in a business or profession or that are finished goods;

(iv) timber, whether cut or to be cut, timber licenses, oil, gas, other hydrocarbons and minerals, whether extracted or to be extracted, animals and their young and unborn young, and crops, whether growing or harvested;

(v) all other goods, including furniture, fixtures, equipment, machinery, plant, tools and vehicles;

(vi) all chattel paper;

(vii) all money;

(viii) all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;

(ix) all instruments, including bills, notes, cheques, letters of credit and advices of credit;

(x) all investment property, including shares, stock, warrants, bonds, debentures, debenture stock and other securities (in each case whether evidenced by a security certificate or an uncertificated security) and financial assets, security entitlements, securities accounts, futures contracts and futures accounts;

(xi) all other tangible personal property;

(xii) all accounts, including deposit accounts in banks, credit unions, trust companies and similar institutions, rents, debts, demands and choses in action that are due, owing or accruing due to the Obligor, and all claims of any kind that the Obligor has, including claims against the Crown and claims under insurance policies;

(xiii) all other intangibles including contracts, agreements, clearing house options, permits, licences, consents, approvals, authorizations, orders, judgments, certificates, rulings, insurance policies, agricultural and other quotas, subsidies, franchises, immunities, privileges and benefits and all goodwill, patents, trade marks, trade names, trade secrets, inventions, processes, copyrights, applications for intellectual property rights and other industrial or intellectual property;

(xiv) with respect to the property described in items (i) to (xiii) inclusive, all books, accounts, invoices, letters, papers, documents, disks and other records in any form, electronic or otherwise, evidencing or relating to that property and all contracts, investment property, instruments and other rights and benefits in respect of that property;

(xv) with respect to the property described in items (i) to (xiv) inclusive, all parts, components, renewals, substitutions and replacements of that property and all attachments, accessories and increases, additions and accessions to that property; and

(xvi) with respect to the property described in items (i) to (xv) inclusive, all proceeds from that property, including property in any form derived directly or indirectly from any dealing with that property or proceeds from the property, and any insurance or other payment as indemnity or compensation for loss of or damage to the property or any right to payment, and any payment made in total or partial discharge or redemption of an intangible, chattel paper, instrument or investment property;

but excluding (A) any consumer goods, (B) the last day of the term of any lease or any agreement to lease held by the Obligor now or in the future as more fully described in Section 3.2 of this Agreement and (C) any Restricted Property as more fully described in Section 3.3 of this Agreement. Any reference to "the Collateral" in this Agreement shall be interpreted as referring to "the Collateral or any of it."

(b) "**Event of Default**" means the occurrence of (i) a "default," "event of default" or similar circumstance identified in any Loan Document that entitles the Obligor's counterparty to enforce its rights under that Loan Document, (ii) the failure of the Obligor to pay any of the Obligations when due, or (iii) any demand for payment validly made by the Lender pursuant to any Loan Document that is not met in accordance with the terms of the demand or within any applicable grace period.

(c) "**Loan Agreement**" means the loan agreement dated as of the date hereof among the Obligor and 2472602 ONTARIO INC., as borrowers, AGMEDICA BIOSCIENCE INC., as guarantor, and the Lender, as lender, as amended, supplemented, restated and replaced from time to time.

(d) "**Obligations**" means all Indebtedness and all debts, liabilities and obligations of the Obligor to the Lender, whether present or future, direct or indirect, absolute or contingent, matured or not, at any time owing or remaining unpaid by the Obligor to the Lender in any currency, whether arising from dealings between the Lender and the Obligor or from other dealings or proceedings by which the Lender may be or become in any manner whatever a creditor of the Obligor, and wherever incurred, and whether incurred by the Obligor alone or with another or others and whether as principal or surety (including obligations under or in connection with guarantee or indemnity given by the Obligor), and all interest, fees, commissions and legal and other costs, charges and expenses owing or remaining unpaid by the Obligor to the Lender in any currency.

(e) "**PPSA**" means the *Personal Property Security Act* (Ontario).

2.2 PPSA Definitions In this Agreement, except where the context otherwise requires, the words "accessions," "account," "account debtor," "certificated security," "chattel paper," "clearing house option," "consumer goods," "control," "crops," "document of title," "equipment," "financial asset," "fixtures," "futures account," "futures contract," "futures intermediary," "goods," "instrument," "intangible," "inventory," "investment property," "money," "option," "proceeds," "receiver," "securities account," "securities intermediary," "security," "security certificate," "security entitlement" and "uncertificated security" shall have the same meanings as their defined meanings where they are defined in the PPSA.

2.3 No *Contra Proferentum* This Agreement has been negotiated by the Obligor and the Lender with the benefit of legal representation, and any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the construction or interpretation of this Agreement.

2.4 Other Interpretation Rules In this Agreement:

(a) The division into Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement.

(b) Unless otherwise specified or the context otherwise requires, (i) "including" or "includes" means "including (or includes) but is not limited to" and shall not be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it, (ii) a reference to any legislation, statutory instrument or regulation or a section of it is a reference to the legislation, statutory instrument, regulation or section as amended, restated and re-enacted from time to time, and (iii) words in the singular include the plural and vice-versa and words in one gender include all genders.

(c) Unless otherwise specified or the context otherwise requires, any reference in this Agreement to payment of the Obligations includes performance of the Obligations.

3. GRANT OF SECURITY, ETC.

3.1 Grant of Security As security for payment and performance of the Obligations, the Obligor:

(a) mortgages and charges the freehold real and immovable property described on Schedule A to this Agreement, and all buildings and fixtures now or in the future located on that property (collectively, the "**Real Property**"), to the Lender as a fixed and specific mortgage and charge, and grants the Lender a security interest in that part of the Collateral;

(b) mortgages and charges all of its present and future interests in real property forming part of the Collateral not referred to in item (a) immediately above to the Lender as a floating charge, and grants the Lender a security interest in that part of the Collateral;

(c) mortgages, charges, assigns, transfers and pledges to the Lender all leases, offers to lease, agreements to lease, subleases, licences, rights of use or occupancy and tenancies whatsoever in respect of any portion of the Real Property and other agreements which entitle any person to possess or occupy any space within the

Real Property, both present and future (collectively, the "**Leases**"), including all occupancy charges and occupancy payments arising pursuant to occupancy under agreements of purchase and sale entered into with various parties as purchaser relating to the Real Property, all rents and monies payable under the Leases and any extensions or renewals thereof and all monies payable pursuant to any repudiation, disclaimer, termination or surrender thereof, whether by mutual agreement or as permitted by a court of competent jurisdiction pursuant to any applicable law (collectively, the "**Rents**") and including the benefit of all covenants, stipulations and provisions contained in the Leases; and

(d) mortgages, charges, assigns, transfers and pledges all Collateral to the Lender as a fixed and specific mortgage and charge, and grants the Lender a security interest in that Collateral.

Without limiting the preceding part of this Section, a security interest is taken in all of the Obligor's present and after acquired personal property, excluding (A) any consumer goods, (B) the last day of the term of any lease or any agreement to lease held by the Obligor now or in the future as more fully described in Section 3.2 of this Agreement and (C) any Restricted Property as more fully described in Section 3.3 of this Agreement. The security interest created by item (b) above is intended as a floating charge that will attach as provided in Section 3.4. The floating charge shall become a fixed charge as soon as the Lender notifies the Obligor to that effect.

3.2 Last Day of Lease As the Collateral does not include the last day of the term of any lease or any agreement to lease held by the Obligor now or in the future, should the liens created by this Agreement become enforceable the Obligor shall hold the last day in trust for the Lender and shall assign it to any person acquiring that term or the part of the term that is mortgaged and charged in the course of any enforcement of the liens or any realization of the Collateral. Alternately, the Lender may assign the last day as attorney of the Obligor or may appoint any person acquiring the term or any other person or persons as a new trustee or trustees of the last day, free of any obligation regarding the last day.

3.3 Restricted Property The Collateral shall not include any lease, agreement, contractual right, franchise, licence or approval, other than an account or chattel paper (collectively, "**Restricted Property**") held by the Obligor now or in the future if the liens created by this Agreement would otherwise result in a breach, forfeiture or termination of the Restricted Property unless any necessary consent or waiver is obtained. The Obligor shall, on request by the Lender, promptly use all commercially reasonable efforts to seek any necessary consent or waiver to have the Restricted Property form part of the Collateral and to any disposition of the Restricted Property upon enforcement of this Agreement. If a consent or waiver is obtained, the applicable Restricted Property shall form part of the Collateral without any further action. If any consent or waiver is not obtained, and if the liens created by this Agreement become enforceable, the Obligor shall hold any Restricted Property for which a consent or waiver has not been obtained and its benefits in trust for the Lender, and shall perform its obligations and exercise and enforce its rights under that Restricted Property, including rights of disposition, at the direction of the Lender.

3.4 Attachment The Obligor agrees that the Lender has given value and that the liens created by this Agreement are intended to attach (a) with respect to Collateral that is now in existence, upon execution of this Agreement, and (b) with respect to Collateral that comes into existence in the future, upon the Obligor acquiring rights in the Collateral or the power to transfer rights in the Collateral to the Lender. In each case, the parties do not intend to postpone the attachment of any lien created by this Agreement.

3.5 Continuing Agreement The liens created by this Agreement are continuing, to secure a current or running account, and will extend to the ultimate balance of the Obligations, regardless of any intermediate payment or discharge of the Obligations in whole or in part. Without limiting the foregoing, the Obligations may include advances and re-advances under revolving credit facilities, which permit borrowing, repayment of all or part of the amount borrowed and re-borrowing of amounts previously paid.

3.6 In Addition to Other Rights; No Marshalling This Agreement is in addition to and is not in any way prejudiced by or merged with any other lien now or subsequently held by the Lender in respect of any Obligations. The Lender shall be under no obligation to marshal in favour of the Obligor any other lien or any money or other property that the Lender may be entitled to receive or may have a claim upon.

3.7 Liabilities Unconditional The liabilities of the Obligor under this Agreement are absolute and unconditional, and will not be affected by any act, omission, matter or thing that, but for this Section, would reduce, release or prejudice any of its liabilities under this Agreement, or that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Obligor's liabilities under this Agreement, whether or not known to it or the Lender or consented to by it or the Lender.

3.8 Merger of Obligor If the Obligor amalgamates or merges with one or more other entities, the Obligations and the liens created by this Agreement shall continue as to the Obligations and the undertaking, property and assets of the Obligor at the time of amalgamation or merger, and shall extend to the Obligations and the present and future undertaking, property and assets of the amalgamated or merged entity, and the term Obligor shall extend to the amalgamated or merged entity, all as if the amalgamated or merged entity had executed this Agreement as the Obligor.

3.9 Limitation Periods To the extent that any limitation period applies to any claim for payment of the Obligations or remedy for enforcement of the Obligations, the Obligor agrees that:

(a) any limitation period is expressly excluded and waived entirely if permitted by applicable law;

(b) if a complete exclusion and waiver of any limitation period is not permitted by applicable law, any limitation period is extended to the maximum length permitted by applicable law;

(c) any applicable limitation period shall not begin before an express demand for payment of the Obligations is made in writing by the Lender to the Obligor;

(d) any applicable limitation period shall begin afresh upon any payment or other acknowledgment of the Obligations by the Obligor; and

(e) this Agreement is a "business agreement" as defined in the *Limitations Act, 2002* (Ontario) if that Act applies.

4. RIGHTS AND OBLIGATIONS OF THE OBLIGOR

4.1 Operations and Insurance The Obligor shall diligently maintain and operate the Collateral so as to preserve the Collateral and the income from the Collateral and shall comply with all requirements of any governmental authority and all agreements relating to any of the Collateral and all other conditions on which the Collateral is held. The Obligor shall also keep the Collateral insured against loss, damage and other risks as the Lender may reasonably require, shall maintain its insurance with loss, if any, payable to the Lender as first loss payee and shall provide the Lender with satisfactory evidence of the insurance maintained.

4.2 Restrictions on Liens and Dispositions The Obligor shall not create, assume, incur or permit the existence of any lien on the Collateral except as permitted in any applicable Loan Document, nor shall the Obligor sell, lease or otherwise dispose of the Collateral, or permit such a disposition to occur, except as expressly permitted in any Loan Document.

4.3 Possession and Control of Collateral The Obligor shall, on request by the Lender from time to time, deliver to the Lender possession of all chattel paper, instruments and negotiable documents of title. The Obligor shall also take whatever steps the Lender requires from time to time to enable the Lender to obtain control of any investment property forming part of the Collateral, including (a) arranging for any securities intermediary, futures intermediary or issuer of uncertificated securities to enter into an agreement satisfactory to the Lender to enable the Lender to obtain control, (b) delivering any certificated security to the Lender with any necessary endorsement and (c) having any security registered in the name of the Lender or its nominee. The Lender is not obligated to keep any Collateral separate or identifiable or to take steps to preserve rights relating to Collateral against prior parties or other persons. The Lender shall have no duty with respect to any Collateral delivered to it, other than to use the same degree of care in the safe custody of the Collateral delivered to it that it uses with respect to similar property that it owns of similar value. Without limiting the foregoing, the Lender may lodge all instruments, chattel paper, investment property or other Collateral with any bank or trust company to be held in safekeeping on behalf of the Lender (without incurring any liability for any act or omission of the bank or trust company), or may hold Collateral itself. The Obligor shall reimburse the Lender on demand for all expenses incurred by the Lender in connection with safekeeping with interest from the date the expenses are incurred until paid at the highest rate of interest applicable to the Obligations. The expenses and interest shall form part of the Obligations.

4.4 Other Assurances; Power of Attorney On request by the Lender, the Obligor shall (a) provide the Lender with details of all goods to which provisions of the PPSA or regulations or orders under the PPSA regarding serial numbers apply, (b) mark or take other steps to identify the Collateral as being subject to the liens created by this Agreement, and (c) execute, acknowledge and deliver all financing statements, certificates, further assignments, documents, transfers, instruments, security documents, acknowledgments and assurances and do all further acts and things as the Lender may consider necessary or desirable to give effect to the intent of this Agreement (including providing the Lender with a fixed and specific mortgage and charge and a perfected security interest in any freehold and leasehold real property not listed on a Schedule to this Agreement, all patents, trademarks and other intellectual property and all aircraft, ships and railway rolling stock in which the Obligor now or in the future holds an interest), or for the collection, disposition, realization or enforcement of the Collateral or the liens created by this Agreement. The Obligor constitutes and appoints the Lender its true and lawful attorney, with full power of substitution, to do any of the foregoing or any other things that the Obligor has agreed to do in this Agreement, whenever and wherever the Lender may consider it to be necessary or desirable, and to use the Obligor's name in the exercise of the Lender's rights under this Agreement. This power of attorney is coupled with an interest and is irrevocable by the Obligor.

4.5 Composite Agreement This Agreement is a composite mortgage and security agreement covering Collateral located in various provinces and territories of Canada and in other jurisdictions and, as to any Collateral located in a particular jurisdiction, this Agreement shall be a separate mortgage and security agreement enforceable against the Obligor without regard to the application of this Agreement to Collateral located in other jurisdictions. All provisions of this Agreement shall apply separately to the Collateral located in each separate jurisdiction with the same effect as if a separate mortgage and security agreement with respect to that Collateral had been executed and delivered by the Obligor. If requested by the Lender, the Obligor shall execute, deliver and register, at its expense, a separate mortgage and security agreement covering the Collateral located in any particular jurisdiction or jurisdictions. The separate mortgage and security agreement shall be in the form of this Agreement except for modifications required by the fact that it relates only to the Collateral located in the particular jurisdiction or jurisdictions and other modifications that the Lender considers necessary or desirable in the circumstances. Without limiting the generality of the foregoing, the Obligor agrees to provide at the request of the Lender specific assignments of future Leases, and to provide any other parties thereto a notice of the assignment and to use best efforts to obtain from them acknowledgements of such notice, both in form and content acceptable to the Lender, acting reasonably.

4.6 Restriction on Change of Name The Obligor shall not change its name without providing the Lender with 30 days advance written notice and promptly taking other steps, if any, as the Lender requests to ensure that the position of the Lender is not adversely affected by the change in name.

4.7 Restriction on Change of Location The Obligor shall not permit its chief executive office to be located out of the province of Ontario (the "**Specified Location**"), or do anything else to cause the Obligor to be located out of the Specified Location for the purpose of any *Personal Property Security Act* or other applicable law, without providing the Lender with 30 days advance written notice and promptly taking other steps, if any, as the Lender requests to ensure that the position of the Lender is not adversely affected by the change of location.

4.8 Restriction on Change of Property Location The Obligor shall not permit any of its tangible personal property to be located out of the Specified Location (other than (a) inventory in transit and (b) goods of a type normally used in more than one jurisdiction that are equipment or inventory leased or held for lease by the Obligor to others, that is temporarily located out of the Specified Location) without providing the Lender with 30 days advance written notice and promptly taking other steps, if any, as the Lender requests to ensure that the position of the Lender is not adversely affected by the change of location.

4.9 Use of Collateral; Inspection Until the occurrence of an Event of Default, the Obligor may use the Collateral in any lawful manner consistent with the provisions of this Agreement and the Loan Documents. The Obligor shall at all reasonable times and from time to time on reasonable notice, permit representatives of the Lender to inspect any of the Collateral and to examine and take extracts from its financial books, accounts and records, including accounts and records stored in computer data banks and computer software systems, and to discuss its financial condition with its senior officers and (in the presence of such of its representatives as it may designate) its auditors, the reasonable expense of all of which shall be paid by the Obligor.

4.10 Lender May Perform Obligor's Duties If the Obligor fails to perform any of its duties under this Agreement, the Lender may, but shall not be obligated to, perform any or all of those duties, without waiving any rights to enforce this Agreement. The Obligor shall pay the Lender, immediately on written demand, an amount equal to the costs, fees and expenses incurred by the Lender in doing so plus interest from the date the costs, fees and expenses are incurred until paid at the highest rate of interest applicable to the Obligations. The costs, fees, expenses and interest shall be included in the Obligations under this Agreement.

4.11 Lender Not Liable for Obligor's Agreements Nothing in this Agreement shall make the Lender liable to observe or perform any term of any agreement to which the Obligor is a party or by which it or the Collateral is bound, make the Lender a mortgagee in possession, make the Lender responsible for the collection of the Rents or any part thereof or for the performance of any covenants, terms and conditions either by the lessor or by the lessee contained in the Leases, and this Agreement shall not create the relationship of landlord and tenant between the Lender and any lessee. The Obligor shall indemnify the Lender and save it harmless from any claim arising from any such agreement.

4.12 Release of Liens If the Obligor has indefeasibly paid the Obligations in full in cash and otherwise performed all of the terms of the Loan Documents, and if all obligations of the Lender to extend credit under any Loan Document have been cancelled, then the Lender shall, at the request and expense of the Obligor, release the liens created by this Agreement and execute and deliver whatever documents are reasonably required to do so.

5. RIGHTS AND OBLIGATIONS ON DEFAULT

5.1 Application of Article The provisions of this Article 5 apply on the occurrence of an Event of Default that is continuing.

5.2 Termination of Further Credit and Acceleration of Obligations The Lender shall be under no obligation to make further advances or otherwise extend further credit and the Lender may declare that the Obligations are immediately due and payable in full, but if the Obligor becomes bankrupt (voluntarily or involuntarily), or institutes (or has instituted against it) any proceeding seeking liquidation, rearrangement, relief of debtors or creditors or the appointment of a receiver or trustee over any material part of its undertaking, property and assets or any analogous proceeding in any relevant jurisdiction, then without prejudice to the other rights of the Lender as a result of any of those events, without notice or action of any kind by the Lender and without presentment, demand or protest of any nature or kind, the Lender's obligation to make advances or otherwise extend credit shall immediately terminate and the Obligations shall become immediately due and payable. Upon the Obligations becoming due and payable, the Lender may enforce payment of the Obligations and the Lender shall have the rights and remedies of a secured party under the PPSA and other applicable law together with those rights and remedies provided by this Agreement or otherwise provided by applicable law.

5.3 Rights of Lender The Lender may (a) require the Obligor to assemble the Collateral and deliver or make the Collateral available to the Lender at a reasonably convenient place designated by the Lender, (b) enter on any premises of the Obligor or any other place where Collateral may be located, (c) take possession of the Collateral by any method permitted by law, (d) render any equipment unusable without removing it from the Obligor's premises, (e) use the Collateral in the manner and to the extent that the Lender may consider appropriate and (f) hold, insure, repair, process, maintain, protect and preserve the Collateral and prepare it for disposition. The Lender is not, however, required to insure the Collateral, and the risk of any loss of or damage to the Collateral shall be borne by the Obligor.

5.4 Appointment of Monitor The Lender may from time to time appoint any person (the "**Monitor**") to investigate any or all of the Collateral, the Obligor and the Obligor's business and affairs and report to the Lender. The Obligor shall co-operate fully with the Monitor and give the Monitor full access to its facilities, property, records, creditors, customers, contractors, officers, directors, employees, auditors, legal counsel and agents. The Monitor shall not participate in the management of the Obligor's business or affairs and shall have no responsibility, nor shall it incur any liability, in respect of the Collateral, the Obligor or the Obligor's business or affairs. The Monitor shall act solely on behalf of the Lender and shall have no contractual relationship with the Obligor as a consultant or otherwise, nor shall the Obligor be entitled to receive any report by the Monitor. The appointment of the Monitor shall not be regarded as an act of enforcement of the liens created by this Agreement. All costs incurred in connection with the appointment of the Monitor and the performance by the Monitor of its activities as such, including legal fees on a full indemnity (sometimes called solicitor and own client) basis shall be payable by the Obligor to the Lender immediately on demand, shall bear interest from the date they are incurred until paid at the highest rate of interest applicable to the Obligations and shall be included in the Obligations.

5.5 Proceeds The Lender may take charge of all proceeds of the Collateral and may hold them as additional security for the Obligations. The Lender may give notice to any or all account debtors of the Obligor and to any or all persons liable to the Obligor under an instrument to direct all payments or other proceeds relating to the Collateral to the Lender and any payments or other proceeds of the Collateral received by the Obligor from account debtors or from any persons liable to the Obligor under an instrument, after notice is given by the Lender, shall be held by the Obligor in trust for the Lender and immediately paid over to the Lender. The Lender shall not, however, be required to collect any proceeds of the Collateral. The Lender may also enforce any rights of the Obligor in respect of the Collateral by any manner permitted by law.

5.6 Rights re Investment Property Etc. The Lender may have any instruments or investment property registered in its name or in the name of its nominee and shall be entitled but not required to exercise voting and other rights that the holder of that Collateral may at any time have; but the Lender shall not be responsible for any loss occasioned by the exercise of those rights or by failure to exercise them. The Lender may also enforce its rights under any agreement with any securities intermediary, futures intermediary or issuer of uncertificated securities.

5.7 Notice of Disposition If required to do so by applicable law, the Lender shall give the Obligor written notice of any intended disposition of the Collateral in accordance with any applicable Loan Document or by any other method required or permitted by applicable law. The Obligor waives giving of notice to the maximum extent permitted by applicable law.

5.8 Statutory Waivers To the maximum extent permitted by law, the Obligor waives all of the rights, benefits and protections given by any present or future statute that imposes limits on the rights, remedies or powers of the Lender or on the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute. In particular, the Obligor waives all rights, benefits and protections given by sections 47 and 50 of the *Law of Property Act* (Alberta) insofar as they extend to or relate to any Collateral. The *Limitation of Civil Rights Act* (Saskatchewan) shall not apply to the liens created by this Agreement or any rights, remedies or powers of the Lender or any receiver.

5.9 Disposition and Other Rights of Lender The Lender may (a) carry on all or any part of the business of the Obligor, (b) make payments on account of, to discharge, or to obtain an assignment of any lien on the Collateral, whether or not ranking in priority to the liens created by this Agreement, (c) borrow money required for the seizure, retaking, repossession, holding, insuring, repairing, processing, maintaining, protecting, preserving, preparing for disposition or disposition of the Collateral or for any other enforcement of this Agreement or for carrying on the business of the Obligor on the security of the Collateral in priority to the liens created by this Agreement, (d) file proofs of claim and other documents to establish the claims of the Lender in any proceeding relating to the Obligor, and (e) sell, lease or otherwise dispose of all or any part of the Collateral at public auction, by public tender or by private sale, lease or other disposition, either for cash or on credit, at such time and on such terms and conditions as the Lender may determine. If any disposition involves deferred payment, the Lender will not be accountable for and the Obligor will not be entitled to be credited with the proceeds of disposition until payment is actually received in cash. On any disposition, the Lender shall have the right to acquire all or any part of the Collateral that is offered for disposition and the rights of the Obligor in that Collateral shall be extinguished. The Lender may also accept the Collateral in satisfaction of the Obligations or may from time to time designate any part of the Obligations to be satisfied by the acceptance of particular Collateral that the Lender reasonably determines to have a net realizable value equal to the amount of the designated part of the Obligations, in which case only the designated part of the Obligations shall be satisfied by the acceptance of the particular Collateral.

5.10 Commercially Reasonable Actions and Omissions The Obligor agrees that it is commercially reasonable for the Lender (a) not to incur expenses that it reasonably considers significant to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (b) not to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, not to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) not to exercise collection remedies against account debtors or other persons obligated on Collateral or to remove liens on or adverse claims against Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business as the Obligor, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers or other persons, including employees of the Obligor, brokers, investment bankers, consultants and other professionals to assist in the collection or disposition of Collateral, whether or not the Collateral is of a specialized nature, (h) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to vary or rescind any contract for the disposition of any Collateral, or (l) to purchase insurance or credit enhancements or take other steps to insure the Lender against risks of loss, collection or disposition of Collateral or to provide the Lender a guaranteed return from the collection or disposition of Collateral. The Obligor acknowledges that the purpose of this Section is to provide selected examples of actions and omissions that would be commercially reasonable in the Lender's exercise of remedies against the Collateral and that other actions and omissions shall not be considered commercially unreasonable solely on account of not being mentioned in this Section, nor shall the Lender be liable or accountable for any discount attributable to the specified actions and omissions. Nothing in this Section shall be construed to grant any rights to the Obligor or to impose any duties on the Lender that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section. In exercising its rights and obligations under this Agreement, the Lender shall not be responsible or liable to the Obligor or any other person for any loss or damage from the realization or disposal of any Collateral or the enforcement of this Agreement, or any failure to do so, or for any act or omission on its part or on the part of any of its directors, officers, employees, agents or advisors in that connection, except that the Lender may be responsible or liable for loss or damage arising from its wilful misconduct or gross negligence.

5.11 Costs of Realization All costs incurred in connection with realizing the security constituted by this Agreement or exercising any of the Lender's rights under this Agreement, including costs incurred in connection with repossessing, holding, insuring, repairing, processing, preparing for disposition, and disposing of any Collateral and legal fees on a full indemnity (sometimes called solicitor and own client) basis (in this Section, "**realization costs**") shall be payable by the Obligor to the Lender immediately on demand. Realization costs shall bear interest from the date they are incurred until paid at the highest rate of interest applicable to the Obligations. Realization costs and interest shall be included in the Obligations under this Agreement.

5.12 Other Security; Application of Money The Lender may (a) refrain from enforcing any other security or rights held by or on behalf of the Lender in respect of the Obligations, or enforce any other security or rights in any manner and order as it sees fit, and (b) apply any money received from or in respect of the Collateral in any manner and order as it sees fit and change any application of money received in whole or in part from time to time, or refrain from applying any money and hold it in a suspense account.

5.13 Third Parties No person dealing with the Lender is required to determine (a) whether the liens created by this Agreement or the powers purporting to be exercised have become enforceable, (b) whether any Obligations remain owing, (c) the propriety of any aspect of the disposition of Collateral or (d) how any payment to the Lender has been or will be applied. Any person who acquires Collateral from the Lender in good faith shall acquire it free from any interest of the Obligor.

5.14 Appointment of Receiver The Lender may take proceedings in any court of competent jurisdiction for the appointment of a receiver (which term includes a receiver and manager) of the Collateral or may by appointment in writing appoint any person to be a receiver of the Collateral. The Lender may remove any receiver appointed by the Lender and appoint another in its place, and may determine the remuneration of any receiver, which may be paid from the proceeds of the Collateral in priority to other Obligations. Any receiver appointed by the Lender shall, to the extent permitted by applicable law, have all of the rights, benefits and powers of the Lender under this Agreement, the PPSA or otherwise. Any receiver shall be deemed the agent of the Obligor and the Lender shall not be in any way responsible for any misconduct or negligence of any receiver.

5.15 Rights Cumulative No failure on the part of the Lender to exercise, nor any delay in exercising, any right or remedy under any Loan Document or this Agreement shall operate as a waiver or impose any liability on the Lender, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and do not exclude any rights and remedies provided by applicable law. If the Lender has enforced any right or remedy under this Agreement and the enforcement proceeding has been discontinued, abandoned or determined adversely to the Lender for any reason, then the Obligor and the Lender shall, without any further action, be restored to their previous positions to the maximum extent permitted by law and subject to any determination in the enforcement proceeding or express agreement between the Obligor and the Lender, and thereafter all rights and remedies of the Lender shall continue as if no enforcement proceeding had been taken.

5.16 Obligor Liable for Deficiency If the proceeds arising from the disposition of the Collateral fail to satisfy the Obligations, the Obligor shall pay any deficiency to the Lender on demand. Neither the taking of any judicial or extra-judicial proceeding nor the exercise of any power of seizure or disposition or other remedy shall extinguish the liability of the Obligor to pay and perform the Obligations, nor shall the acceptance of any payment or alternate security create any novation. No covenant, representation or warranty of the Obligor in this Agreement shall merge in any judgment.

5.17 Release by Obligor The Obligor hereby releases and discharges the Lender and any receiver from all claims of any kind, whether sounding in damages or not, that may arise or be caused to the Obligor or any person claiming through or under the Obligor as a result of any act or omission of the Lender or any receiver except that the Lender or receiver may be responsible or liable for loss or damage arising from its wilful misconduct or gross negligence.

6. NOTICES

6.1 Notices Any communication to be made under this Agreement shall be made in accordance with the Loan Agreement.

7. ENTIRE AGREEMENT; SEVERABILITY

7.1 Entire Agreement This Agreement embodies all the agreements between the Obligor and the Lender relating to the liens created in this Agreement and the related rights and remedies. No party shall be bound by any representation or promise made by any person relating to this Agreement that is not embodied in it. Any waiver of, or consent to departure from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Lender, and only in the specific instance and for the specific purpose for which it has been given.

7.2 Severability If, in any jurisdiction, any provision of this Agreement or its application to any circumstance is restricted, prohibited or unenforceable, that provision shall, as to that jurisdiction, be ineffective only to the extent of that restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement, without affecting the validity or enforceability of that provision in any other jurisdiction and, if applicable, without affecting its application to other circumstances.

8. DELIVERY OF AGREEMENT

8.1 Counterparts This Agreement may be executed in any number of counterparts and all counterparts taken together shall be deemed to constitute one agreement.

8.2 Delivery To evidence the fact that it has executed this Agreement, the Obligor may send a signed copy of this Agreement or its signature to this Agreement by facsimile transmission or e-mail and the signature sent in that way shall be deemed to be its original signature for all purposes.

8.3 No Conditions Possession of this Agreement by the Lender shall be conclusive evidence against the Obligor that the Agreement was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition precedent or subsequent has been complied with. This Agreement shall be operative and binding notwithstanding that it is not executed by any proposed signatory.

8.4 Receipt and Waiver The Obligor acknowledges receipt of a copy of this Agreement. The Obligor waives any notice of acceptance of this Agreement by the Lender. The Obligor also waives the right to receive a copy of any financing statement or financing change statement that may be registered in connection with this Agreement or any verification statement issued with respect to a registration, if waiver is not otherwise prohibited by law. The Obligor agrees that the Lender may from time to time provide information regarding this Agreement, the Collateral and the Obligations to persons that the Lender believes in good faith are entitled to the information under applicable law.

9. GOVERNING LAW

9.1 Governing Law This Agreement and any dispute arising from or in relation to this Agreement shall be governed by, and interpreted and enforced in accordance with, the law of the province of Ontario and the laws of Canada applicable in that province, excluding the conflict of law rules of that province.

9.2 Obligor's Exclusive Dispute Resolution Jurisdiction The Obligor agrees that the courts of the province of Ontario have exclusive jurisdiction over any dispute arising from or in relation to this Agreement and the Obligor irrevocably and unconditionally attorns to the exclusive jurisdiction of that province. The Obligor agrees that the courts of that province are the most appropriate and convenient forum to settle disputes and agrees not to argue to the contrary.

9.3 Lender Entitled to Concurrent Jurisdiction Despite Section 9.2, the Lender is permitted to take proceedings in relation to any dispute arising from or in relation to this Agreement in any court of another province or another state with jurisdiction and to the extent allowed by law may take concurrent proceedings in any number of jurisdictions.

10. SUCCESSORS AND ASSIGNS

10.1 Successors and Assigns The Obligor may not assign or transfer all or any part of its liabilities under this Agreement. All rights of the Lender under this Agreement shall be assignable and the Obligor shall not assert against any assignee any claim or defence that the Obligor now has or may in the future have against the Lender. This Agreement shall enure to the benefit of the Lender and its successors and assigns and be binding on the Obligor and its successors and any permitted assigns.

11. REPRESENTATIONS OF THE OBLIGOR

11.1 Representations The Obligor represents and warrants to the Lender that Schedule B is a complete and accurate description of its name (including any French or combined French and English form of its name), its jurisdiction of incorporation, its history of mergers, amalgamations and changes of name, the locations of its registered office (and chief executive office, if different), the equity interests in other persons that it owns, the location of its freehold and leasehold real property, and the jurisdictions in which its other property is located. The Obligor acknowledges that its representations and warranties are material, will be relied upon by the Lender (notwithstanding any investigation made by the Lender at any time) and shall survive the execution and delivery of this Agreement without any time limitation.

12. ADDITIONAL PROVISIONS APPLICABLE TO REAL PROPERTY

12.1 For the purpose of registering this Agreement in the Province of Ontario, the following real property provisions will be applicable:

(a) The implied covenants deemed to be included in a charge pursuant to subsection 7(1) of the *Land Registration Reform Act* (Ontario) are expressly excluded and replaced by the provisions of this Agreement which are covenants by the Obligor for itself and its successors and assigns to and for the benefit of the Lender and its successors and assigns.

(b) If any of the forms of words contained in this Agreement are substantially in the forms of words contained in Column One of Schedule B of the *Short Forms of Mortgages Act* (Ontario) and identified by a number in that Column, this charge shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule B of that Act identified by the same number, and this charge shall be interpreted as if the *Short Forms of Mortgages Act* was still in force and effect.

(c) The Obligor agrees that, if any notice of the exercise of the power of sale of real property contained in this Agreement is required, the notice shall be sufficient if it is given after an Event of Default has occurred and has continued for at least 15 days, if the sale is not made for at least 35 days after the notice is given and if the notice is given to the persons specified in section 31 of the *Mortgages Act* (Ontario) and otherwise in accordance with part III of that Act.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS OF WHICH, the Obligor has duly executed this Agreement.

2642466 ONTARIO INC.

By: ______________________________
Name: peter Van Mol
Title: Treasurer

[signature page for Debenture]

SCHEDULE A

DESCRIPTION OF FREEHOLD PROPERTY

1. 650 Riverview Drive, Chatham, Ontario

Legal Description

PIN 00528-0218(LT)

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

SCHEDULE B

CORPORATE AND PROPERTY DETAILS

2642466 ONTARIO INC.

Jurisdiction of Incorporation

Province of Ontario

History of Mergers, Amalgamations and Changes of Name

None.

Location(s) of Registered Office and Chief Executive Office

111 Heritage Road, Suite 200
Chathaam, Ontario N7M 5W7

Equity Interests Owned

None.

Location of Property

Freehold Real Property

See Schedule A

Leasehold Real Property

None.

Other Jurisdictions with Collateral

None.

EXHIBIT “M”

GUARANTY
(Payment)

This GUARANTY ("**Guaranty**"), dated as of May 31, 2019, is executed by the undersigned ("**Guarantor**"), to and for the benefit of **SF V BRIDGE III, LP**, a Delaware limited partnership ("**Lender**").

RECITALS:

A. Pursuant to that certain Loan Agreement dated as of the date hereof, by and between **2472602 ONTARIO INC.**, an Ontario corporation, and **2642466 Ontario Inc.**, an Ontario corporation (each a "**Borrower**" and, collectively, the "**Borrowers**") and Lender (as amended, restated, replaced, supplemented or otherwise modified from time to time, the "**Loan Agreement**"), Lender is making a loan to Borrowers 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) (the "**Loan**"), as evidenced by that certain Promissory Note dated as of the date hereof, executed by Borrowers and made payable to the order of Lender in the amount of the Loan (as amended, restated, replaced, supplemented or otherwise modified from time to time, the "**Note**") as secured by, *inter alia*, the Debentures executed by Borrowers for the benefit of Lender, dated of even date herein (the "**Debentures**").

B. The Debentures encumber the real property described in the Loan Agreement (the "**Property**").

C. Guarantor has an economic interest in each Borrower or will otherwise obtain a material financial benefit from the Loan.

D. As a condition to making the Loan to Borrowers, Lender requires that Guarantor execute this Guaranty.

NOW, THEREFORE, in order to induce Lender to make the Loan to Borrowers, and in consideration thereof, Guarantor agrees as follows:

AGREEMENTS:

1. Recitals.

The recitals set forth above are incorporated herein by reference as if fully set forth in the body of this Guaranty.

2. Defined Terms.

Capitalized terms used and not specifically defined herein have the meanings given to such terms in the Loan Agreement.

3. Guaranteed Obligations.

Guarantor absolutely, unconditionally and irrevocably guarantees to Lender the full and prompt payment and performance when due, whether at maturity or earlier, by reason of acceleration or otherwise, and at all times thereafter, of:

(a) the entire Indebtedness;

(b) the payment and performance of all indemnity obligations of each Borrower described in the Loan Agreement; and

(c) all costs and expenses, including reasonable fees and out-of-pocket expenses of attorneys and expert witnesses, incurred by Lender in enforcing its rights under this Guaranty.

Guarantor also unconditionally agrees that, if the Borrowers do not unconditionally and irrevocably pay any Indebtedness when due and such Indebtedness is not recoverable from Guarantor for any reason under Section 3 above, Guarantor shall indemnify the Lender immediately on demand against any cost, loss, damage, expense or liability suffered by the Lender as a result of the Borrowers' failure to do so.

4. Borrowers' Property

Guarantor warrants and represents on behalf of itself and Borrowers that all personal property, necessary or appropriate for the ownership or operation of the Property is owned, licensed or leased by Borrowers (**"Borrowers' Property"**), and Guarantor does not own or hold any direct interest in any of Borrowers' Property. Guarantor hereby waives any claim to assert a contrary position.

5. Survival of Guaranteed Obligations.

The obligations of Guarantor under this Guaranty shall survive any Foreclosure Event, and any recorded release or reconveyance of the Debentures or any release of any other security for any of the Indebtedness.

6. Guaranty of Payment

Guarantor's obligations under this Guaranty constitute a present and unconditional guaranty of payment and not merely a guaranty of collection.

7. Obligations Unsecured; Cross-Default.

The obligations of Guarantor under this Guaranty shall not be secured by the Debentures or the Loan Agreement. A default under this Guaranty shall be an Event of Default under the Loan Agreement, and a default under this Guaranty shall entitle Lender to be able to exercise all of its rights and remedies under the Loan Agreement and other Loan Documents.

8. Continuing Guaranty.

The obligations of Guarantor under this Guaranty shall be unconditional irrespective of the genuineness, validity, regularity or enforceability of any provision of this Guaranty, the Note, the Loan Agreement, the Debentures or any other Loan Document. Guarantor agrees that performance of the obligations hereunder shall be a primary obligation, shall not be subject to any counterclaim, set-off, recoupment, abatement, deferment or defense based upon any claim that Guarantor may have against Lender, Borrowers, any other guarantor of the obligations hereunder or any other person or entity, and shall remain in full force and effect without regard to, and shall not be released, discharged or affected in any way by any circumstance or condition (whether or not Guarantor shall have any knowledge thereof), including:

(a) any furnishing, exchange, substitution or release of any collateral securing repayment of the Loan, or any failure to perfect any lien in such collateral;

(b) any failure, omission or delay on the part of Borrowers, Guarantor, any other guarantor of the obligations hereunder or Lender to conform or comply with any term of any of the Loan Documents or failure of Lender to give notice of any Event of Default;

(c) any action or inaction by Lender under or in respect of any of the Loan Documents, any failure, lack of diligence, omission or delay on the part of Lender to perfect, enforce, assert or exercise any lien, security interest, right, power or remedy conferred upon it in any of the Loan Documents, or any other action or inaction on the part of Lender;

(d) any voluntary or involuntary bankruptcy, insolvency, reorganization, arrangement, readjustment, assignment for the benefit of creditors, composition, receivership, liquidation, marshaling of assets and liabilities or similar events or proceedings with respect to Guarantor, Borrowers or any other guarantor of the obligations hereunder, or any of their respective property or creditors or any action taken by any trustee or receiver or by any court in such proceeding;

(e) any merger or consolidation of Borrowers into or with any entity or any sale, lease or transfer of any asset of Borrowers, Guarantor or any other guarantor of the obligations hereunder to any other Person;

(f) any change in the ownership of Borrowers or any change in the relationship between Borrowers, Guarantor or any other guarantor of the obligations hereunder, or any termination of such relationship;

(g) any release or discharge by operation of law of Borrowers, Guarantor or any other guarantor of the obligations hereunder, or any obligation or agreement contained in any of the Loan Documents; or

(h) any other occurrence, circumstance, happening or event, whether similar or dissimilar to the foregoing, and whether seen or unforeseen, which otherwise might constitute a legal or equitable defense or discharge of the liabilities of any other guarantor of the obligations hereunder surety or which otherwise might limit recourse against Borrowers or Guarantor to the fullest extent permitted by law.

9. Guarantor Waivers.

Guarantor hereby waives (in each case to the extent permitted by applicable law):

(a) the benefit of all principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms of this Guaranty (and agrees that Guarantor's obligations shall not be affected by any circumstances, whether or not referred to in this Guaranty, which might otherwise constitute a legal or equitable discharge of a surety or a guarantor);

(b) the benefits of any right of discharge under any and all statutes or other laws relating to guarantors or sureties and any other rights of sureties and guarantors;

(c) diligence in collecting the Indebtedness, presentment, demand for payment, protest and all notices with respect to the Loan Documents and this Guaranty which may be required by statute, rule of law or otherwise to preserve Lender's rights against Guarantor under this Guaranty, including notice of acceptance, notice of any amendment of the Loan Documents, notice of the occurrence of any Event of Default, notice of intent to accelerate, notice of acceleration, notice of dishonor, notice of foreclosure, notice of protest and notice of the incurring by Borrowers of any obligation or indebtedness;

(d) all rights and defenses Guarantor may have because Borrowers' debt is secured by real property;

(e) all rights and defenses arising from Lender's election of remedies, even though that election, such as non-judicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantor's rights of subrogation and reimbursement against Borrowers;

(f) any right to require Lender to: (i) proceed against or pursue any remedy it may now or hereafter have against Borrowers; (ii) proceed against or exhaust any security held from any person or marshalling of assets or liens; (iii) proceed against or pursue any remedy it may now or hereafter have against any other guarantor; (iv) demand or require collateral security from Borrowers, any other guarantor or any other Person as provided by applicable law or otherwise; or (v) pursue any other remedy available to Lender;

(g) any defense arising by reason of any disability or other defense of Borrowers or by reason of the cessation from any cause whatsoever of the liability of Borrowers;

(h) the benefit of any statute of limitations affecting its liability hereunder or the enforcement hereof; and

(i) all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of default or demand, notices of acceptance of and reliance on this Guaranty and of the existence, creation, or incurring of new or additional indebtedness, notices of renewal, extension or modification of the Indebtedness, notice of any and all favorable and unfavorable information, whether financial or other, about Borrowers, heretofore, now, or hereafter learned or acquired by Lender and all other notices to which

Guarantor or any of them might otherwise be entitled, and the right to a jury trial in any action hereunder or arising out of Lender's transactions with Borrowers.

Guarantor acknowledges that the waivers provided herein are made with Guarantor's full knowledge of the significance and consequence of such waivers, and that Lender is relying on such waivers.

10. No Effect Upon Obligations.

At any time or from time to time and any number of times, without notice to Guarantor and without releasing, discharging or affecting the liability of Guarantor, Guarantor authorizes Lender (including its successors and assigns) to:

(a) renew, compromise, extend, accelerate or otherwise change the time for payment of, or otherwise change the terms of the Indebtedness in whole or in part, including any increase or decrease in the rate of interest thereon;

(b) take and hold security for the payment of the Indebtedness, and exchange, enforce, waive and release any such security;

(c) apply such security and direct the order or manner of sale thereof as Lender in its sole discretion may determine;

(d) modify the rate of interest on or period of amortization of the Loan or the amount of the Interest payable under the Loan Documents may be modified;

(e) extend the time for Borrowers' performance of or compliance with any covenant or agreement contained in any Loan Document, whether presently existing or hereinafter entered into;

(f) accelerate the maturity of the Indebtedness as provided in the Loan Documents;

(g) reduce any or all payments due under the Loan Agreement or any other Loan Document;

(h) modify or amend (with the Borrowers) any Loan Document in any respect, including an increase in the principal amount of the Loan;

(i) release any amounts under the Loan Agreement or any other Loan Document;

(j) modify, exchange, release, surrender or otherwise deal with any security for the Indebtedness or pledge or mortgage additional security for the Indebtedness;

(k) subordinate the payment of the Indebtedness or any security for the Indebtedness, or both, to the right to payment or the security, or both, of any other present or future creditor of Borrowers;

(l) apply any payments made by Borrowers to the Indebtedness in such priority as Lender may determine in its discretion.

11. Subordination of Affiliated Debt.

Any indebtedness of Borrowers held by Guarantor now or in the future is and shall be subordinated to the Indebtedness and any such indebtedness of Borrowers shall be collected, enforced and received by Guarantor, as trustee for Lender, but without reducing or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty.

12. Subrogation.

Guarantor shall not have the right of, and hereby waives any claim for, subrogation or reimbursement against Borrowers or any member or other owner of Borrowers by reason of any payment by Guarantor under this Guaranty, whether such right or claim arises at law or in equity or under any contract or statute, until the Indebtedness has been paid in full and there has expired the maximum possible period thereafter during which any payment made by Borrowers to Lender with respect to the Indebtedness could be deemed a preference under the insolvency laws.

13. Voidable Transfer.

If any payment by Borrowers is held to constitute a preference under any insolvency laws or similar laws, or if for any other reason Lender is required to refund any sums to Borrowers, such refund shall not constitute a release of any liability of Guarantor under this Guaranty. It is the intention of Lender and Guarantor that Guarantor's obligations under this Guaranty shall not be discharged except by Guarantor's performance of such obligations and then only to the extent of such performance. If any payment by Guarantor should for any reason subsequently be declared to be void or voidable under any state or federal law relating to creditors' rights, including provisions of the insolvency laws relating to a voidable transfer, and if Lender is required to repay or restore, in whole or in part, any such voidable transfer, or elects to do so upon the advice of its counsel, then the obligations guaranteed hereunder shall automatically be revived, reinstated and restored by the amount of such voidable transfer or the amount of such voidable transfer that Lender is required or elects to repay or restore, including all reasonable costs, expenses and legal fees incurred by Lender in connection therewith, and shall exist as though such voidable transfer had never been made, and any other guarantor, if any, shall remain liable for such obligations in full.

14. Credit Report/Credit Score.

Guarantor acknowledges and agrees that Lender is authorized, no more frequently than once in any twelve (12) month period, to obtain a credit report (if applicable) on Guarantor, the cost of which shall be paid for by the Guarantor. Guarantor acknowledges and agrees that Lender is authorized to obtain a Credit Score (if applicable) for Guarantor at any time at Lender's expense.

15. Financial Reporting.

Guarantor shall deliver to Lender Guarantor's financial statements as requested by Lender, including those required under Section 6.8 of the Loan Agreement. Guarantor understands, acknowledges, and agrees that Lender shall have no responsibility to keep Guarantor informed of the financial status of Borrowers and of any circumstance which may affect Guarantor's obligations or Borrowers'. It is not necessary for Lender to inquire into the powers of Borrowers or the officers, managers, or other agents acting or purporting to act on its behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

16. Further Assurances.

Guarantor acknowledges and agrees that Lender (including its successors and assigns) may sell or transfer the Loan, or any interest in the Loan.

(a) Guarantor shall (at Borrowers' and Guarantor's cost and expense), subject to Section 16(b) below:

(1) comply with the reasonable requirements of Lender or any investor of the Loan or provide, or cause to be provided, to Lender or any investor of the Loan within ten (10) days of the request, such further documentation or information as Lender or investor may reasonably require, in order for:

(A) Lender to sell the Loan to such investor;

(B) Lender to obtain a refund of any commitment fee from any such investor; or

(C) any such investor to further sell or securitize the Loan;

(2) confirm that Guarantor is not in default under this Guaranty or in observing any of the covenants or agreements contained in this Guaranty (or, if Guarantor is in default, describing such default in reasonable detail); and

(3) execute and deliver to Lender and/or any investor such other documentation, including any amendments, corrections, deletions or additions to this Guaranty as is reasonably required by Lender or such investor.

(b) Nothing in this Section 16 shall require Guarantor to do any further act that has the effect of:

(1) changing the essential economic terms of the Loan set forth in the Loan Agreement and other Loan Documents;

(2) imposing on Borrowers or Guarantor greater personal liability under the Loan Agreement and other Loan Documents; or

(3) materially changing the rights and obligations of Borrowers or Guarantor under the Loan Agreement and other Loan Documents.

17. Successors and Assigns.

Lender may assign its rights under this Guaranty in whole or in part and, upon any such assignment, all the terms and provisions of this Guaranty shall inure to the benefit of such assignee to the extent so assigned. Guarantor shall not have the right to assign his rights, duties and obligations under this Guaranty, in whole or in part, without Lender's prior written consent which may be granted or withheld in Lender's sole and absolute discretion and any such assignment shall be deemed void ab initio. The terms used to designate any of the parties herein shall be deemed to include the heirs, legal representatives, successors and assigns of such parties.

18. Final Agreement.

Guarantor acknowledges receipt of a copy of each of the Loan Documents and this Guaranty. THIS GUARANTY REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this Guaranty. Neither this Guaranty nor any of its provisions may be waived, modified, amended, discharged or terminated except by an agreement in writing signed by the party against which the enforcement of the waiver, modification, amendment, discharge or termination is sought, and then only to the extent set forth in that agreement.

19. Governing Law. This Guaranty was negotiated in New York, and accepted by 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 Guaranty and the obligations arising hereunder shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contract made and performed in such State and any applicable law of the United States of America. To the fullest extent permitted by law, Guarantor hereby unconditionally and irrevocably waives any claim to assert that the law of any other jurisdiction governs this Guaranty, and the Guaranty 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.

20. Jurisdiction and Venue; Accelerated Adjudication. (a) Guarantor hereby agrees that all actions or proceedings initiated by Guarantor and arising directly or indirectly of this Guaranty or the other loan documents shall, at Lender's sole election be either (i) litigated in the appropriate State or Federal Court in New York, pursuant to § 5-1402 of the New York General Obligations Law, or (ii) be heard in the Commercial Division, New York State Supreme Court, as described in (b) below, or if Lender initiates such action, any court in which Lender shall initiate such action and which has jurisdiction, or in the Commercial Division, New York State

Supreme Court, as described in (b) below. Guarantor hereby expressly and irrevocably submits and consents in advance to such jurisdiction in any action or proceeding commenced by Lender in any of such courts. Guarantor irrevocably waives any claim that New York County, New York, or the Federal District Court for the Southern District of New York, is an inconvenient forum or an improper forum based on lack of venue should Lender initiate litigation in such forum. The exclusive choice of forum for Guarantor set forth in this section shall not be deemed to preclude the enforcement, by Lender, of any action to enforce the same in any other appropriate jurisdiction, and each Guarantor hereby waives the right, if any, to collaterally attack any such judgment or action.

(b) Should Lender so elect, and subject to the requirements for a case to be heard in the Commercial Division, Guarantor hereby agrees to submit to the exclusive jurisdiction of the Commercial Division, New York State Supreme Court, and to the application of the Court's accelerated procedures, in connection with any dispute, claim or controversy arising out of or relating to this agreement, or the breach, termination, enforcement or validity thereof. For reference only, see Rule 9 of the Rules for Practice for the Commercial Division (22 NYCRR §202.70).

21. Time is of the Essence.

Guarantor agrees that, with respect to each and every obligation and covenant contained in this Guaranty, time is of the essence.

22. No Reliance.

Guarantor acknowledges, represents and warrants that:

(a) it understands the nature and structure of the transactions contemplated by this Guaranty and the other Loan Documents;

(b) it is familiar with the provisions of all of the documents and instruments relating to such transactions;

(c) it understands the risks inherent in such transactions, including the risk of loss of all or any part of the Property or of the assets of Guarantor;

(d) it has had the opportunity to consult counsel; and

(e) it has not relied on Lender for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Guaranty or any other Loan Document or otherwise relied on Lender in any manner in connection with interpreting, entering into or otherwise in connection with this Guaranty, any other Loan Document or any of the matters contemplated hereby or thereby.

23. Notices.

Guarantor agrees to notify Lender of any change in such Guarantor's address within ten (10) Business Days after such change of address occurs. Except as otherwise provided for herein, all notices under this Guaranty shall be:

(a) in writing and shall be

(1) delivered, in person;

(2) mailed, postage prepaid, by certified delivery, return receipt requested;

(3) sent by nationally recognized overnight courier that provides a signed receipt in confirmation of delivery; or

(4) sent by electronic mail with originals to follow by overnight courier as provided above;

(b) addressed to the intended recipient at the notice addresses provided under the signature block at the end of this Guaranty; and

(c) deemed given on the earlier to occur of:

(1) the date when the notice is received by the addressee; or

(2) if the recipient refuses or rejects delivery, the date on which the notice is so refused or rejected, as conclusively established by the records of the United States Postal Service or such overnight courier service.

24. Construction.

(a) Any reference in this Guaranty to an "Exhibit" or "Schedule" or a "Section" or an "Article" shall, unless otherwise explicitly provided, be construed as referring, respectively, to an exhibit or schedule attached to this Guaranty or to a Section or Article of this Guaranty.

(b) Any reference in this Guaranty to a statute or regulation shall be construed as referring to that statute or regulation as amended from time to time.

(c) Use of the singular in this Guaranty includes the plural and use of the plural includes the singular. The obligations, liabilities and duties of Guarantor hereunder shall be and remain the joint and several obligations, liabilities and duties of each Guarantor.

(d) As used in this Guaranty, the term "including" means "including, but not limited to" or "including, without limitation," and is for example only, and not a limitation.

(e) Whenever Guarantor's knowledge is implicated in this Guaranty or the phrase "to Guarantor's knowledge" or a similar phrase is used in this Guaranty, Guarantor's knowledge or such phrase(s) shall be interpreted to mean to the best of Guarantor's knowledge after reasonable and diligent inquiry and investigation.

(f) Unless otherwise provided in this Guaranty, if Lender's approval, designation, determination, selection, estimate, action or decision is required, permitted or contemplated hereunder, such approval, designation, determination, selection, estimate, action or decision shall be made in Lender's sole and absolute discretion.

(g) All references in this Guaranty to a separate instrument or agreement shall include such instrument or agreement as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(h) "Lender may" shall mean at Lender's discretion, but shall not be an obligation.

25. WAIVER OF JURY TRIAL.

TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH OF GUARANTOR AND LENDER (A) AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS GUARANTY OR ANY LOAN DOCUMENT OR THE RELATIONSHIP BETWEEN THE PARTIES AS GUARANTOR AND LENDER THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY GUARANTOR AND LENDER, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

26. SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR IN SECTION 11.20 OF THE LOAN AGREEMENT. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

27. Judgment 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 Guarantor 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 Guarantor agrees, 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 Guarantor.

[Remainder of page intentionally left blank]

[Signature page to follow]

IN WITNESS WHEREOF, Guarantor has signed and delivered this Guaranty as of the date reflected above.

GUARANTOR:

AGMEDICA BIOSCIENCE INC., a
Canadian corporation

By:______________________
Name: ____________________
Its: ______________________
A duly authorized signatory

Notice Address for Guarantor:

Agmedica Bioscience Inc.
Attn: Peter Van Mol
111 Heritage Road, Suite 200
Chatham, Ontario, Canada
N7M 5W7

EXHIBIT "N"

KATHLEEN GLYNN PHILIPP
Via dei Pilastri 25, 2nd Floor
Firenze IT, 50121 Italy

October 23, 2019

AgMedica Bioscience Inc.
111 Heritage Road, Suite 200
Chatham ON M7M 5W7

Attention: Trevor Henry

Kathleen Glynn Philipp is pleased to confirm that she will make available to the Borrower the credit facility described below on, and subject to, the terms and conditions described in this letter and the attached Schedule (together, this "**Agreement**").

Borrower: AgMedica Bioscience Inc. (the "**Borrower**").

Guarantors: Arthur VanderPol, Jeroen Buitenhuis, Nicholas John Roberts, Peter Van Mol and Trevor Henry (the "**Guarantors**"; and together with the Borrower, the "**Loan Parties**").

Credit Facility: Term loan in the principal amount of US$3,816,000 (the "**Term Loan**").

(the "**Credit Facility**")

Purpose: To finance the Borrower's day-to-day working capital requirements.

Availability: The Term Loan shall be available in a single drawing at any time before October 23, 2019 by way of a direct advance in Canadian dollars bearing interest at a fixed rate.

Interest: The Borrower agrees to pay interest on the principal amount of the Term Loan at the annual rate of 24% (the "**Interest Rate"**), payable monthly in arrears on the last day of each month and on the Term Loan Maturity Date.

Interest on overdue amounts payable by the Borrower to the Lender hereunder shall accrue at an interest rate equal to 60% per annum until repaid (the "**Late Payment Rate**") calculated daily, before and after demand, default, maturity and judgment.

Any unpaid costs and expenses and other fees and charges contemplated herein which are not paid when due hereunder shall bear interest at the Interest Rate which interest shall be payable on demand. In addition, following the occurrence of an Event of Default (as hereinafter defined), interest on overdue interest payable in respect of the Credit Facility shall be calculated at the Late Payment Rate, shall be compounded monthly and shall be payable on demand, and any interest at the Late Payment Rate shall be calculated and payable from the first day of the month in which the applicable default occurred, until the date on which such default has been cured by the Loan Parties or waived by the Lender, as the case may be.

Term and Maturity: The Term Loan shall have a term of three months and will mature on the earlier of (i) January 23, 2020 (the "**Term Loan Maturity Date**"), and (ii) the date on which the Lender demands repayment following the occurrence of an Event of Default.

Repayment: The Borrower shall repay all obligations under or in connection with the Term Loan, including all principal, accrued interest, fees and other amounts then unpaid with respect thereto, in full on the Term Loan Maturity Date and the Term Loan shall be automatically terminated on the Term Loan Maturity Date.

Fees: Arrangement Fee: The Borrower shall pay an arrangement fee of US$76,320. The Arrangement Fee shall be due, payable and fully earned by the Lender upon acceptance of this Agreement by the Borrower.

Voluntary Prepayments: Voluntary prepayment of the Credit Facility shall not be permitted unless the Borrower provides no less than one week prior written notice and pays, in addition to all other amounts to be prepaid on such day, a make-whole fee in an amount equal to the aggregate amount of interest which would have otherwise been payable on the amount of the Term Loan at such time from the date of prepayment until the Term Loan Maturity Date.

Mandatory Prepayments: The following amounts shall be applied to prepay amounts outstanding under the Credit Facility promptly upon receipt thereof:

(a) that portion of the net cash proceeds received by the Borrower from the Cannacord SAF funding round required to satisfy all amounts then due under the Credit Facility.

Security: All indebtedness, liability and obligations of the Borrower to the Lender under or in connection with this Agreement and the Credit Facility will be evidenced and secured by the following documents (the "**Security Documents**"), in each case in form and substance satisfactory to the Lender and its counsel, and registered or recorded as required by the Lender:

1. General security agreement from the Borrower creating a first priority security interest in all present and after acquired personal property of the Borrower.

2. Limited recourse guarantee from each of the Guarantors limited to such Guarantor's right, title and interest in such Guarantor's Pledged Shares (as defined below).

3. Pledge agreement executed by each of the Guarantors, pursuant to which such Guarantor creates a first ranking pledge and security interest in all of the shares owned by such Guarantor in the Borrower (the "**Pledged Shares**").

4. Limited recourse guarantee from 2472602 Ontario Inc. limited to 2472602 Ontario Inc.'s right, title and interest in the Property (as defined below).

5. A second collateral mortgage on 1095 Wilton Grove Road, London, Ontario, owned by 2472602 Ontario Inc. (the "**Property**").

Conditions Precedent: The Lender's obligation to make any loan or to extend (or continue to extend) any credit under this Agreement is subject to the standard conditions precedent set forth in Section 2 of Schedule A hereto.

Representations and Warranties: The Borrower and each other Loan Party, jointly and severally makes the representations and warranties set out in Section 3 of Schedule A.

Covenants: The Borrower covenants and agrees that it shall comply with the covenants set out in Section 4 and Section 5 of Schedule A.

Financial Reporting Requirements: The Borrower shall deliver to the Lender:

- Management-prepared sales flash report within seven days of the end of each calendar month.
- Management-prepared financial statements of the Borrower within thirty days of the end of each calendar month.
- Copy of all required disclosures made to Health Canada with respect to the Borrower within fifteen days of the end of each calendar month.
- Such additional financial statements, reports and information as may be reasonably requested by the Lender from time to time.

Expenses: The Borrower shall pay (a) all reasonable costs and expenses of the Lender incurred in connection with the preparation, due diligence (including third party expenses), negotiation, execution, amendment, delivery, administration of the Credit Facility, this Agreement, the Security Documents and any other document or action contemplated thereby (including, without limitation, the reasonable fees, disbursements and other charges of counsel to the Lender; and (b) all reasonable out-of-pocket expenses of the Lender (including the fees, disbursements and other charges of counsel to the Lender) in connection with any default or Event of Default or the enforcement of this Agreement and the Security Documents.

Governing Law and Forum: This Agreement and, unless expressly specified otherwise therein, each document or instrument delivered under or in connection with this Agreement, shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in such Province. The Lender and the Loan Parties irrevocably submit to the non-exclusive jurisdiction of the courts of the Province of Ontario with respect to all matters arising from this Agreement.

Acceptance and Expiry of this Agreement: If the terms and conditions of this Agreement are acceptable to you, please indicate your acceptance by signing where indicated below and return the signed copy of this Agreement to us by no later than October 23, 2019. If not accepted by such date, this offer shall lapse and this Agreement shall be of no further force or effect.

Yours truly,

DocuSigned by:

A8A127F5B52A4CD

Witness

Kathleen Glynn Philipp
10/23/2019

The undersigned hereby acknowledge, accept and agree to the terms and conditions of this Agreement (including the Schedule attached hereto) this .... day of October, 2019

Borrower:

AGMEDICA BIOSCIENCE INC.

By____________________________
Name: TREVOR HENRY
Title: CHIEF EXECUTIVE OFFICER

Guarantors:

Witness	**Arthur VanderPol**
Witness	**Jeroen Buitenhuis**
Witness	**Nicholas John Roberts**
Witness	**Peter Van Mol**
Witness	**Trevor Henry**

SCHEDULE A
ADDITIONAL TERMS AND CONDITIONS TO
AGREEMENT DATED OCTOBER 23, 2019 ISSUED BY
KATHLEEN GLYNN PHILIPP TO AGMEDICA BIOSCIENCE INC.

This Schedule forms an integral part of the agreement referenced above.

1. Defined Terms.

In this Agreement, the following terms shall have the meanings described below:

"Business Day" means any day, other than a Saturday or Sunday, in Toronto, Ontario and Zurich, Switzerland.

"Change of Control" means an event whereby any Person or group of Persons acting jointly or in concert (within the meaning of such phase in the Securities Act (Ontario)) (a) shall beneficially own or Control, directly or indirectly, Equity Interests in the capital of the Borrower which have or represent more than 50% of the votes that may be cast to elect the directors or other persons charged with the management and direction of the Borrower; or (b) succeed in having a sufficient number of nominees elected to the board of directors of the Borrower that such nominees, when added to any existing director remaining on the board of directors of the Borrower after such election who is also a nominee of such Person or group of Persons, will constitute a majority of the board of directors of the Borrower.

"GAAP" means generally accepted accounting principles which are in effect from time to time in Canada, applied in a consistent manner from period to period, including the accounting recommendations published in the CPA Canada Handbook which, for greater certainty, shall be interpreted to include the International Financial Reporting Standards (IFRS).

"Permitted Debt" means the obligations for indebtedness for borrowed money listed in Schedule "B1" attached hereto.

"Permitted Encumbrances" means the encumbrances listed in Schedule "B2" attached hereto.

"Permitted Payments" means the payments listed in Schedule "C" attached hereto.

"Person" means (a) a natural person, whether acting in his or her own capacity, or in his or her capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person; and (b) a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and (c) a governmental authority.

"Subordination Agreement" means the subordination agreement dated October 23, 2019 entered into between the Borrower, Lender and Stone Quest Capital Corp.

2. Conditions Precedent.

The obligations of the Lender to make any advances or to extend any credit to the Borrower under this Agreement are subject to the completion of each of the following conditions precedent to the reasonable satisfaction of the Lender:

(a) Delivery of executed Agreement, Security Documents and Subordination Agreement to the Lender in form and content acceptable to the Lender and duly registered or recorded with the requisite priority in all offices and jurisdictions as may be required by the Lender and its counsel acting reasonably.

(b) Evidence of the corporate status and authority of the Borrower including, without limitation: (i) authorizing resolutions of its board of directors; (ii) certificate of status, compliance, or good standing, as applicable; (iii) copies of its articles, by-laws and all other constating documents; and (iv) incumbency.

(c) Delivery to the Lender of legal opinions from counsel to the Borrower and each Guarantor that are satisfactory to the Lender and cover such matters as are customarily required by the Lender in similar transactions, including without limitation corporate authority, due authorization, execution, delivery and enforceability of this Agreement and the Security Documents, no breach or conflict of constating documents, registration and perfection.

(d) Delivery to the Lender of an officer's certificate with respect to the Borrower in form and substance satisfactory to the Lender and its counsel (acting reasonably).

(e) Completion and delivery to the Lender of all account documentation, certificates and agreements required by the Lender.

(f) Evidence of insurance held by the Borrower that conforms with the requirements set forth in this Agreement.

(g) Absence of any: (i) Event of Default, (ii) event or situation that, with the passage of time or the giving of notice, would constitute and Event of Default, or (iii) material adverse change in the business, operations, condition (financial or otherwise), or assets or liabilities (whether actual or contingent) or prospects of the Borrower since March 31, 2018.

(h) Payment of the Arrangement Fee and all other fees, legal expenses, and other expenses of the Lender required to be paid by the Borrower as set forth in this Agreement.

(i) Receipt by the Lender of the results of recent searches in each of the jurisdictions where the Borrower, and its assets, are located, which searches confirm the first-ranking priority of the security interests in favour of the Lender and reveal no encumbrances on any of the assets of the Borrower that are not expressly permitted by the terms of this Agreement.

(j) Receipt of all necessary shareholder, governmental, regulatory and other material third-party authorizations, approvals and consents required in connection with the execution and delivery of this Agreement and the Security Documents and the performance by the Borrower and each Guarantor of their respective obligations in connection therewith.

(k) Compliance by the Borrower and each Guarantor with all applicable laws.

(l) All representations and warranties of the Borrower and the Guarantors under this Agreement and the Security Documents are true and correct.

(m) Compliance by the Borrower and each Guarantor with their respective covenants in this Agreement and the Security Documents.

(n) The Lender shall have completed and be satisfied, in its sole discretion, with the results of its due diligence relating to the Borrower, the Guarantors and their respective assets, including without limitation business, operations, collateral, tax, accounting, legal, environmental, and regulatory due diligence.

(o) Delivery to the Lender by the Borrower and each Guarantor of all required information that the Lender may request or require to comply with its legal and internal requirements relating to know your customer, money laundering and proceeds of crime rules, statutes and regulations.

(p) Such other conditions as the Lender may reasonably request or require.

In addition to the other conditions precedent described in this Agreement, the advance of the initial loan under the Credit Facility shall be subject to satisfaction of the following conditions precedent:

(i) Receipt by the Lender of a notice of borrowing.

(ii) Absence of any default or Event of Default before, or after giving effect to, such borrowing.

(iii) Confirmation by the Borrower that the representations and warranties contained in this Agreement remain accurate and complete on the date of such request.

3. Representations and Warranties.

The Borrower and each other Loan Party, jointly and severally, represents and warrants to the Lender, which representations and warranties shall be deemed to be continuously repeated so long as any amounts or commitments remain outstanding under this Agreement, that:

(a) The Borrower:

(i) is duly organized and validly existing under the laws of its jurisdiction of incorporation or organization and is duly qualified to carry on business in each jurisdiction in which it owns property or assets or carries on business;

(ii) has the power and authority to own or lease its property, carry on business, enter into this Agreement and the Security Documents to which it is a party, and to perform its obligations hereunder and thereunder;

(iii) has the power and authority to execute, deliver and perform its obligations under this Agreement and the Security Documents to which it is a party, and all corporate and other actions required to do so have been taken;

(iv) has obtained all consents, notices and approvals necessary to enter into the transactions contemplated by this Agreement;

(v) has duly executed and delivered this Agreement and the Security Documents to which it is a party, and each such document or agreement constitutes a legal, valid and binding obligation, enforceable in accordance with its terms, subject to the rights of creditors generally and to the rules of equity; and

(vi) the execution, delivery and performance by it of this Agreement, each Security Document to which it is a party, and the transactions contemplated thereby does not, and will not, contravene, violate or result in a breach of, its constating documents, any by-law, any shareholders' agreement, applicable laws, regulations or material contracts.

(b) No (i) Event of Default has occurred; (ii) event which, with the passage of time or the giving of notice, would constitute an Event of Default has occurred; or (iii) development or event has occurred that has had or could reasonably be expected to have a material adverse effect on the financial condition, business, operations or assets, property and undertaking of the Borrower or any Guarantor.

(c) There is no material litigation, investigation, claim or proceeding pending, or to the knowledge of the Borrower or any Guarantor, threatened, by or against one or more of them or their respective assets.

(d) It has good and marketable title to its property and assets free and clear of all liens, security interests, encumbrances or other claims, other than those expressly permitted in this Agreement or by the Lender in writing.

(e) It is in compliance with, and operates its business in compliance with, all applicable laws and regulations (including environmental, labour and employment, tax, health and safety, anti-money laundering, sanctions, and Canadian trade laws and regulations).

(f) It has in full force and effect policies of insurance with sound and reputable insurance companies in such amounts, with such deductibles, and covering such risks as are customarily carried by companies engaged in similar businesses. All premiums with respect to such policies that are due and payable have been paid.

(g) It is not in breach or default of any material contracts to which the Borrower or any Guarantor is a party as of the date of this Agreement, and to its knowledge, no other party to the contract is in default thereunder in any material respects, nor has any party taken any action to terminate.

(h) It owns, or is licensed to use, all intellectual property necessary for conducting its business as currently conducted. No material claim is pending or, to its knowledge, threatened by any person challenging the use, validity or effectiveness of any such property.

(i) It has filed in a timely fashion all required tax returns and reports and paid all required taxes and remittances including, without limitation, corporate taxes, income taxes, all employee source deductions (including income taxes, employment insurance and Canada pension plans), sales taxes (both federal and provincial), payroll taxes and workers compensation payments.

(j) It has complied with all applicable laws relating to labour and employment matters, conditions and practices, there are no labour disputes pending or, to its knowledge, threatened against it. It is not party to any labour, union or collective agreement.

(k) It has complied with all obligations in connection with any pension plan (registered, non-registered or executive) sponsored, administered or contributed to (each a "**Plan**"), including compliance with applicable laws and payment of all required normal and special contributions. All Plans are fully funded on both a going concern and solvency basis, and (i) there are no going concern, solvency or past service deficiencies with respect to any Plan, (ii) no Plan is being wound-up, (iii) there are no claims or actions pending or threatened against any Plan or its assets, and (iv) no Plan is a defined benefit pension plan.

(l) All factual information (financial or otherwise) provided to the Lender in connection with the Credit Facility and the transactions contemplated by this Agreement is accurate and complete in all material respects. Without limiting the preceding sentence, the financial statements and projections delivered to the Lender fairly present the financial condition of the Borrower, and have been prepared in accordance with GAAP.

(m) Except as expressly disclosed to the Lender in writing:

(i) none of the facilities or properties currently or formerly owned, leased or operated by the Borrower (the "**Properties**") contain or previously contained, any Hazardous

Materials (as hereinafter defined) in amounts or concentrations or under circumstances that constitute or constituted a violation of, or could result in liability under, any applicable Environmental Laws (as hereinafter defined);

(ii) no Loan Party has received any notice of actual or alleged violation, non-compliance or liability regarding compliance with Environmental Laws with respect to any of the Properties, nor is there any reason to believe that any such notice will be received or is being threatened;

(iii) the Properties and all operations at the Properties are and formerly have been in compliance with all applicable Environmental Laws, and there is no contamination at, under or about the Properties or violation of any applicable Environmental Law; and

(iv) no Hazardous Materials have been generated, treated, stored or disposed of at, on or under any of the Properties in violation of, or in a manner that could result in liability under, any applicable Environmental Law; and there has been no release or threat of release of Hazardous Materials at or from the Properties, or arising from or related to the operations of the Borrower in connection with the Properties, in violation of or in amounts or in a manner that could result in liability under applicable Environmental Laws.

For the purpose of these representations and warranties: (i) "Hazardous Materials" means any chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law; and (ii) "Environmental Law" means any law, governmental order or binding agreement with any governmental authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Material. Without limiting the foregoing, the term "Environmental Law" includes the following (including their respective regulations and any comparable provincial or territorial legislation): Canadian Environmental Protection Act, 1999 (Canada); Environmental Protection Act (Ontario); Occupational Health and Safety Act (Ontario); Ontario Water Resources Act (Ontario); and the Pesticides Act (Ontario).

4. <u>Positive Covenants</u>.

So long as any amounts or commitments are outstanding under this Agreement, the Borrower covenants and agrees with the Lender that it shall:

(a) Pay all principal, interest, fees and other amounts when due and payable under, or in connection with, this Agreement, the Credit Facility, and all Security Documents.

(b) Maintain and preserve its existence, organization and status in its jurisdiction of formation and in each jurisdiction in which it carries on business and make or obtain, and maintain in good standing, all corporate filings, permits, licences, registrations and approvals necessary to do so and required to own and operate its assets.

(c) Permit the Lender to have full and unrestricted access to: (i) its books and records, (ii) the premises at which its books, records and all property and assets subject to the Security Documents is located, (iii) the Borrower, any Guarantor and their respective officers and employees to obtain information about the financial condition, business, property and assets of the Borrower and any Guarantor, in each case at the expense of the Borrower.

(d) Use the proceeds of the Credit Facility for the purposes stated in this Agreement.

(e) Maintain adequate insurance on its business, property and assets in such amounts and covering such risks as are acceptable to the Lender, with the Lender noted as loss payee on property insurance policies and additional insured on liability insurance policies, and provide the Lender with not less than 30 days' prior written notice of any cancellation or change in insurance.

(f) Maintain its property and assets in good repair and working condition and continue to carry on the business currently being conducted by the Borrower at the date of this Agreement in accordance with standard industry practices.

(g) Comply with all applicable laws, regulations, permits and approvals (including, without limitation, environmental, health and safety, labour and employment, anti-money laundering, sanctions, and Canadian trade laws and regulations).

(h) Pay, when due, all required taxes and remittances including, without limitation, corporate taxes, income taxes, all employee source deductions (including income taxes, employment insurance and Canada pension plans), sales taxes (both federal and provincial), payroll taxes and workers compensation payments and file, in a timely fashion, all required tax returns and reports.

(i) Promptly pay and perform all debts, liabilities and obligations including, without limitation, its obligations under all material contracts and all pension and benefit plans.

(j) Promptly, and in any event within five Business Days of the occurrence thereof, provide written notice to the Lender of:

(i) any material adverse change in the financial condition, business, operations or assets, property and undertaking of the Borrower or a Guarantor;

(ii) the occurrence of an Event of Default or of any default under any subordinated indebtedness, intercompany indebtedness, shareholders' loans, material contracts or other indebtedness of the Borrower or any Guarantor exceeding $100,000 in the aggregate;

(iii) any litigation, arbitration or other proceeding exceeding $100,000 against or affecting the Borrower, any Guarantor, or their respective property or assets;

(iv) any representation or warranty provided by the Borrower or any Guarantor to the Lender being, or becoming, false or misleading; and

(v) upon learning of any event or circumstance affecting the Properties that could give rise to any liability under applicable Environmental Laws including, without limitation, the existence of Hazardous Materials or an environmental spill or discharge.

(k) Take all actions necessary to ensure that the security interests created by the Security Documents rank ahead of all other security interests in the assets of the Borrower and the Guarantors.

(l) Ensure that all intellectual property used in its business is either owned or licenced, or there is an agreement for its use and that all licenced intellectual property is used in accordance and in compliance with the terms and conditions of use in all material respects, does not infringe on the rights of any person and the corresponding licences are kept in good standing.

(m) Cause each future subsidiary of the Borrower (whether formed or acquired) to execute a guarantee of the Borrower's obligations hereunder, together with all such security agreements as may be reasonably required by the Lender.

(n) Provide the Lender with such other loan, security and ancillary documents, and do such acts, as are necessary to implement the transactions contemplated by this Agreement.

5. Negative Covenants.

So long as any amounts or commitments are outstanding under this Agreement, the Borrower covenants and agrees with the Lender that it shall not, without the prior written consent of the Lender:

(a) Create, incur, assume or permit to exist any indebtedness for borrowed money or guarantee or agree to indemnity the obligations of any other person, other than indebtedness to the Lender under this Agreement and the Permitted Debt.

(b) Create, grant, incur or permit to exist any lien, security interest, charge, mortgage, pledge, right or encumbrance of any nature on any of its assets, property or undertaking now owned or hereafter acquired, other than the security interests in favour of the Lender created by the Security Documents and the Permitted Encumbrances.

(c) Amalgamate or merge, consolidate, reorganize or restructure, continue in another jurisdiction, liquidate, dissolve, wind-up, become bankrupt, initiate insolvency proceedings, or engage in other fundamental changes.

(d) Engage in any business other than the businesses of the type conducted by the Borrower on the date hereof and businesses reasonably related thereto.

(e) Sell, lease, assign or otherwise dispose of any of its property, assets or undertaking, other than sales of inventory in the ordinary course of business.

(f) Enter into any sale-leaseback transactions.

(g) Pay any dividends, royalties, distributions, fees or management fees to any equity holders, repurchase or redeem any equity for cash or property, or make any other distributions.

(h) Make any repayments (whether of principal, interest or other amounts) towards money borrowed, subordinated debt, shareholder loans, vendor take back loans, intercompany indebtedness, capital leases other than the Permitted Payments.

(i) Permit any Change of Control of the Borrower.

(j) Engage or participate in any transactions with affiliates, related or non arm's-length parties unless such transactions are on terms not less favourable than could be obtained in a comparable arms' length transaction.

(k) Establish, or make amendments or changes to, any existing pension or benefits plan or other agreements or arrangements with shareholders, directors, officers, senior management or employees other than those currently in place, or in the ordinary course of business or as disclosed to the Lender, or establish or contribute to any defined benefit pension plan.

(l) Change its name, change its jurisdiction of incorporation, the laws governing its constating documents, or the statute under which it is created or organized, change the jurisdiction in which its chief executive office is located, or move the location of its tangible personal property outside of Ontario.

(m) Modify or waive the terms of any material agreements (including, without limitation, the constating documents of the Borrower, any Guarantor or their respective subsidiaries, any material debt, and any material contract) in a manner that is materially adverse to the interests of the Lender.

6. Events of Default and Acceleration.

(a) Following the occurrence of any one or more of the following events (each, an "**Event of Default**"), the Lender may accelerate the payment of any or all principal and interest that is not otherwise payable on demand, and cancel its commitments under this Agreement:

(i) The Borrower fails to pay (i) any principal amount owing under this Agreement when due, whether at stated maturity, by acceleration, by notice of voluntary prepayment or otherwise; or (ii) any interest, fee or other non-principal amount payable under, or in connection with, this Agreement when due and payable and such failure remains unremedied for a period of one Business Day.

(ii) Any representation, warranty, certification or other statement of fact made or deemed made by or on behalf of the Borrower or any Guarantor herein, in any Security Document or in any certificate, document, report, financial statement or other document furnished to the Lender under or in connection with this Agreement proves to have been false or misleading in any material respect.

(iii) The Borrower or any Guarantor fails to perform or observe any covenant, term, condition or agreement contained in this Agreement or any Security Document (other than as provided in (i) or (ii) above), and such failure continues unremedied for a period of five Business Days after written notice of such failure to the Borrower from the Lender.

(iv) The Borrower or any Guarantor:

(A) fails to pay any principal or interest in respect of any indebtedness (including any guarantee obligation, but excluding indebtedness outstanding under this Agreement) when due and such failure continues after the applicable grace period, if any, specified in the agreement or instrument relating to such indebtedness; or

(B) fails to perform or observe any other covenant, term, condition or agreement relating to any indebtedness for borrowed money (including any guarantee obligation, but excluding indebtedness under this Agreement), or any other event occurs or condition exists, the effect of which is to cause, or to permit the holder or beneficiary of such debt to cause, with the giving of notice, if required, such debt to become due prior to its stated maturity (or, in the case of any guarantee obligation, to become payable); or any such debt is declared to be due and payable, or required to be prepaid prior to the stated maturity thereof;

(v) The Borrower or any Guarantor:

(A) (i) commences or institutes any application, proceeding or other action under any statute, rule or regulation relating to bankruptcy, insolvency, winding-up, reorganization, administration, plans of arrangement, relief or protection of debtors for itself or for all or any part of its assets, or (ii) has commenced against it in a court of competent jurisdiction any application, proceeding or other action of a nature referred to in (i) which (x) results in the entry of an order for relief or any such adjudication or appointment, or (y) remains undismissed, undischarged, unstayed or unbonded for thirty days;

(B) makes a general assignment for the benefit of its creditors;

(C) declares a general moratorium on payment of its indebtedness or interest thereon, or proposes a compromise or arrangement between it and any of its creditors;

(D) has a receiver, interim receiver, receiver manager or other trustee appointed with respect to all or any part of its assets;

(E) has commenced against it any application, proceeding or other action seeking issuance of a warrant of seizure and sale, execution, garnishment or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which has not been vacated, discharged, stayed or bonded pending appeal within thirty days from the entry thereof; or

(F) becomes unable to, or admits in writing its inability to, pay its debts as they become due, or commits any other act of bankruptcy.

(vi) The entry of one or more judgments or the issuance or registration of any writ of enforcement or order against the Borrower or any Guarantor involving, in the aggregate, a liability (not paid or for which adequate reserves have not been set aside on the Borrower's balance sheet) in an amount in excess of US$100,000 and all such judgments or decrees have not been vacated, discharged, stayed or bonded pending appeal within thirty days of the entry thereof.

(vii) If:

(A) this Agreement or any Security Document ceases for any reason to be valid, binding, enforceable and in full force and effect or any security interest created by a Security Document ceases to be enforceable and of the same effect and priority purported to be created thereby, other than as expressly permitted hereunder or thereunder.

(B) any Loan Party contests in any manner the validity or enforceability of any provision of this Agreement or any Security Document;

(C) any Loan Party denies that it has any or further liability or obligation under any provision of this Agreement or any Security Document or purports to revoke, terminate or rescind any provision of any such document.

(D) any Guarantor terminates his guarantee with respect to future advances.

(viii) There is a Change of Control of the Borrower, as reasonably determined by the Lender.

(ix) If there occurs, in the reasonable judgment of the Lender, a material adverse change in the financial condition, operations or prospects of the Borrower, any of its subsidiaries, or any Guarantor.

(b) Automatic Acceleration. In addition to any other rights of the Lender hereunder, following the occurrence of an Event of Default described in section 6(a)(v), the obligations of the Lender to make any further loans or extend any further credit under this Agreement shall automatically be terminated and all amounts outstanding under this Agreement shall become immediately due and payable without any notice and without presentment, protest, demand, notice of dishonour or any other demand whatsoever (all of which are expressly waiver by the Borrower and the other Loan Parties).

(c) On acceleration of the payment of principal and interest hereunder (whether pursuant to section 6(a), 6(b), or otherwise):

(i) the Borrower shall immediately pay to the Lender all amounts outstanding under this Agreement, including without limitation all principal, interest and fees;

(ii) the Security Documents shall become immediately enforceable;

(iii) the Lender may, in its sole discretion, exercise any right or recourse and proceed by any action, suit, remedy or proceeding against any Loan Party as the Lender is entitled to take under any applicable law, this Agreement, the Security Documents and any other documents and agreements delivered in connection with this Agreement for the recovery and payment in full of all obligations of the Borrower to the Lender, and may take such other action as the Lender in its sole discretion deems advisable to enforce its rights and remedies, all without any notice, presentment, demand, protest or other formality, all of which are expressly waived by the Borrower and the other Loan Parties; and

(iv) no remedy for the enforcement of the rights of the Lender shall be exclusive of, or dependent on, any other remedy, but any one or more of such remedies may from time to time be exercised independently or in combination with any other remedy.

(v) the Lender and each of its affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, and without prior notice to the Borrower, any such notice being expressly waived by the Borrower, to set-off, appropriate and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by the Lender or its affiliate to or for the credit or the account of the Borrower or any Guarantor against any and all of the obligations now or hereafter existing under this Agreement or any other agreement to the Lender, whether direct or indirect, absolute or contingent, matured or unmatured, and irrespective of whether or the Lender or any affiliate shall have made any demand and although such obligations of the Borrower or Guarantor are owed to a branch, office or affiliate of the Lender different from the branch, office or affiliate holding such deposit or obligated on such indebtedness.

7. Payments; Calculation and Payment of Interest.

(a) Payments of principal, interest, fees and all other amounts payable by the Borrower to the Lender under this Agreement shall be paid in the currency in which it is due for value at or before 5:00 p.m. (Zurich time) on the day such payment is due. If any such day is not a Business Day, such amount shall be deemed for purposes of this Agreement to be due on the Business Day next following such day, and any such extension of time shall be included in the computation of any interest of fees payable under this Agreement.

(b) All computations of interest or fees "per annum" shall be made on the basis of a year of 365 or 366 days, as the case may be, and the actual number of days elapsed, and using the nominal rate method of calculation, and will not be calculated using the effective rate method of calculation or on any other basis that gives effect to the principle of deemed re-investment of interest.

(c) For the purposes of the *Interest Act* (Canada) and disclosure under such Act, wherever interest to be paid under this Agreement is to be calculated on the basis of any period of time that is less than a calendar year (a "deemed year"), such rate of interest shall be expressed as a yearly rate by multiplying such rate of interest for the deemed year by the actual number of days in the calendar year in which the rate is to be ascertained and dividing it by the number of days in the deemed year.

(d) The Borrower acknowledges and agrees that for the purposes of the *Interest Act* (Canada), the information provided to it hereunder with respect to the calculation of interest hereunder or under any other Security Document shall constitute an express statement of the yearly rate or percentage of interest to which such interest rate (including the Interest Rate) or percentage is equivalent. The Borrower hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to this Agreement or any other Security Document, that the interest payable under this Agreement (including the Interest Rate) or any other Security Document and the calculation thereof has not been adequately disclosed to the Borrower, whether pursuant to section 4 of the *Interest Act* (Canada) or any other applicable law.

(e) Notwithstanding any provision of this Agreement or any other Security Document, in no event shall the aggregate "interest" (as defined in section 347 of the *Criminal Code* (Canada)) payable under this Agreement or any Security Document exceed the effective annual rate of interest on the "credit advanced" (as defined in that section) under this Agreement or any Security Document lawfully permitted by that section, nor shall the interest payable under this Agreement or any Security Document exceed the rate of interest which may be lawfully charged by any other applicable laws having application to interest payable under this Agreement or any Security Document, and, if any payment, collection or demand pursuant to this Agreement or any Security Document in respect of "interest" (as defined in that Section) or under any such other applicable laws is determined to be contrary to the provisions of that section or such other applicable laws, such payment, collection or demand shall be deemed to have been made by mutual mistake of the Borrower or the Lenders and the amount of such payment or collection shall be refunded to the Borrower.

8. Taxes, Yield Protection and Increased Costs.

(a) The Borrower hereby agrees that any and all payments made by the Borrower hereunder shall be made free and clear of, and without deduction for, any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of the Lender, taxes imposed on its net income (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as **"Taxes"**). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to the Lender:

(i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 8(a)) the Lender receives an amount equal to the sum it would have received had no such deductions been made,

(ii) the Borrower shall make such deductions, and

(iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) The Borrower will reimburse the Lender on demand for any costs incurred by the Lender in performing its obligations under this Agreement resulting from any change in law, regulation, treaty or regulatory requirement (whether or not having the force of law) including, without limitation, any reserve or special deposit requirements, any tax or capital requirements or any change in the compliance of the Lender therewith that, in the determination of the Lender, has the effect of increasing the cost of funding to the Lender or reducing its effective rate of return on capital.

9. Indemnities.

(a) The Borrower and each other Loan Party agrees to indemnify and hold harmless the Lender and each of its affiliates and the directors, officers, employees, partners, agents, trustees, administrators, managers, advisors and representatives of it and its affiliates (each, an "**Indemnified Party**") from and against, any and all claims, damages, losses, liabilities and related expenses (including the reasonable fees, charges and disbursements of any counsel for any Indemnified Party), incurred by any Indemnified Party or asserted against any Indemnified Party by any person (including the Borrower or any other Loan Party) other than an Indemnified Party, arising out of, in connection with, or by reason of:

(i) the execution or delivery of this Agreement or any agreement or instrument contemplated by this Agreement, the performance by the parties thereto of their respective obligations under this Agreement or any Security Agreement or the consummation of the transactions contemplated by such documents;

(ii) any loan, extension of credit, or proposed use of the proceeds therefrom;

(iii) any actual or alleged presence or release of Hazardous Materials on or from any of the Properties, or any environmental liability related to the Borrower or any of its subsidiaries in any way; or

(iv) any actual or prospective claim, investigation, litigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party, and regardless of whether any Indemnified Party is a party thereto;

provided that, such indemnity shall not be available to any Indemnified Party to the extent that such claims, damages, losses, liabilities or related expenses are determined by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnified Party.

(b) In addition to any liability or obligation or the Borrower to the Lender under any other provision of this Agreement, the Borrower shall indemnify and hold the Lender harmless against any and all losses, claims, costs, damages or liabilities (including any expense or cost incurred in the liquidation and re-deployment of funds acquired to fund or maintain any portion of a loan or advance and reasonable out-of-pocket expenses and legal fees) incurred by the Lender as a result of or in connection with the Borrower's failure to fulfil any of its obligations, including any cost or expense incurred by reason of the liquidation or re-employment in whole or in part of deposits or other funds required by the Lender to fund any bankers' acceptance or letter of credit, or to fund or maintain any loan, as a result of the Borrower's failure to complete a drawdown or to make any payment, repayment or prepayment on the date required hereunder or specified by it in any notice given hereunder.

A certificate from the Lender setting forth the amount or amounts necessary to compensate it for any such loss, claim, cost, damage or liability, including reasonable detail of the basis of calculation of the amount or amounts, and delivered to the Borrower, shall be conclusive absent manifest error.

(c) The Borrower and each other Loan Party agrees, to the fullest extent permitted by applicable law, not to assert, and hereby waives, any claim against any Indemnified Party, on any theory of liability, for special, indirect, consequential or punitive damages (including, without limitation, any loss of profits or anticipated savings), as opposed to actual or direct damages, resulting from this Agreement or any Security Document or arising out of such Indemnified Party's activities in connection herewith or therewith.

10. Evidence of Indebtedness.

The Lender will maintain books of account evidencing all loans and other amounts owing by the Borrower to the Lender hereunder. The Lender will enter in such accounts the details of all amounts from time to time owing, paid or repaid by the Borrower hereunder, which entries shall constitute prima facie evidence of the obligations of the Borrower to the Lender hereunder with respect to all loans and all other amounts owing by the Borrower to the Lender under this Agreement. The Lender shall provide copies of such accounts to the Borrower upon the Borrower's request.

11. Successors and Assigns; Assignment.

The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Loan Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender, which consent may be refused in the sole and absolute discretion of the Lender acting reasonably. The Lender may, at any time, assign or participate to one or more assignees or participants all or a portion of its rights and obligations under this Agreement.

12. Judgment Currency.

If, for the purpose of obtaining a judgment in any court, it is necessary to convert a sum due to the Lender in any currency (the "Original Currency") into another currency (the "Other Currency"), the parties agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Lender may purchase the Original Currency with the Other Currency on the day on which the judgment is paid or satisfied. The obligations of the Borrower in respect of any sum due in the Original Currency from it to the Lender shall, notwithstanding any judgment in any Other Currency, 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 the Other Currency, the Lender may, in accordance with normal banking procedures, purchase the Original Currency with the Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due to the Lender in the Original Currency, the Borrower agrees, as a separate obligation and notwithstanding the judgment, to indemnify the Lender against any loss and, if the amount of the Original Currency so purchased exceeds the sum originally due to the Lender in the Original Currency, the Lender shall remit such excess to the Borrower.

13. Severability.

If any term or provision of this Agreement is found, for any reason, to be invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision thereof or invalidate or render unenforceable such term or provision in any other jurisdiction.

14. Amendments in Writing.

This Agreement may not be amended or modified except pursuant to an agreement or agreements entered into by the parties hereto in writing.

15. Waiver; Remedies Cumulative.

No failure to exercise and no delay in exercising, on the part of the Lender, any right, remedy, power or privilege hereunder or under the Security Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. No breach of any provision of this Agreement or any Security Document may be waived or discharged verbally, and any waiver of, or consent to, any departure by any Loan Party therefrom shall in any event be effective unless the same shall be made by way of an instrument in writing signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the time and purpose for which given. Without limiting the generality of the foregoing, the extension of credit shall not be construed as a waiver of any default, regardless of whether the Lender may have had notice or knowledge of such default at the time. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

16. Time of the Essence.

Time is of the essence in this Agreement.

17. Counterparts.

This Agreement and any amendments, waivers, consents or supplements hereto may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or by sending a scanned copy ("pdf" or "tif") by electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

SCHEDULE B

PERMITTED DEBT AND PERMITTED ENCUMBRANCES

Schedule B1

"Permitted Debt" means, at any time, any of the following:

1. All outstanding loan obligations of the Borrower to Stone Quest Capital Corp.
2. All outstanding loan obligations of the Borrower to SF V Bridge III, LP
3. The 2018 Convertible Debentures issued by the Borrower to various holders
4. Equipment leases with Kubota Canada Ltd.
5. The 2019 Promissory Notes issued by the Borrower to various holders.

Schedule B2

"Permitted Encumbrances" means, at any time, any of the following:

1. Any encumbrances ranking prior under applicable Laws, including, without limitation taxes levied by any governmental authority
2. All outstanding loan obligations of the Borrower to Stone Quest Capital Corp.
3. All outstanding loan obligations of the Borrower to SF V Bridge III, LP
4. Equipment leases with Kubota Canada Ltd.

SCHEDULE C

PERMITTED PAYMENTS

1. Payments under loan obligations owed to SF V Bridge III, LP
2. Payments under equipment leases with Kubota Canada Ltd.
3. Payment of: (i) CAD$1,210,000 to Stone Quest Capital Corp. and (ii) monthly interest until repayment of all outstanding loan obligations to Stone Quest Capital Corp.

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EXHIBIT “O”

GENERAL SECURITY AGREEMENT

This GENERAL SECURITY AGREEMENT dated as of October 23, 2019 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time in accordance with the provisions hereof, this "**Agreement**"), is made by AGMEDICA BIOSCIENCE INC. located at 111 Heritage Road, Suite 200, Chatham, ON N7M 5W7 (the "**Debtor**"), in favour of KATHLEEN GLYNN PHILIPP located at Via dei Pilastri 25, 2nd Floor, Firenze IT, 50121 Italy (the "**Secured Party**") in consideration of the Secured Party entering into the loan agreement dated as of the date hereof (as amended, modified, supplemented or replaced from time to time, the "**Loan Agreement**") and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Debtor.

1. Grant of Security Interest. As security for the payment and performance of the Secured Obligations (as defined below), the Debtor hereby grants, assigns, transfers, sets over, mortgages, charges and pledges to the Secured Party, and hereby creates a general and continuing security interest in favour of the Secured Party in and to all of the Debtor's right, title and interest in and to the following, wherever located, whether now existing or hereafter from time to time arising or acquired (collectively, the "**Collateral**"):

(a) all present and after-acquired property, assets and undertaking of the Debtor of every kind and nature whatsoever, including all Accounts, Goods (including Inventory, Equipment and Motor Vehicles, but excluding Consumer Goods), Intangibles, Chattel Paper, Documents of Title, Instruments, Securities and all other Investment Property, Money, and any other contract rights or rights to the payment of money.

(b) all Proceeds and products of each of the foregoing, including any and all Proceeds of any insurance, indemnity, compensation for loss or damage, warranty or guarantee payable to the Debtor from time to time with respect to any of the foregoing.

(c) all books and records relating to the foregoing, including in any form or medium.

(d) all supporting obligations relating the foregoing.

(e) all additions, accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing.

(f) the last day of the term of any lease, verbal or written, or any agreement to lease, now held or hereafter acquired by the Debtor is hereby excepted out of the security interests hereby created, but should the Secured Party need to enforce against the Collateral, the Debtor shall hold the last date in trust for the Secured Party and shall assign it to any person acquiring the term or that part of the term that is charged in the course of any enforcement or realization of the Collateral.

For greater certainty, the Collateral does not include any Consumer Goods.

2. Attachment of Security Interest. The Debtor acknowledges that value has been given, that the Debtor has rights in the Collateral and that the parties have not agreed to postpone the time for attachment of any security interest in this Agreement. The Debtor acknowledges that any security interest in this Agreement shall attach to existing Collateral upon the execution of this

Agreement and to each item of after-acquired Collateral at the time that the Debtor acquires rights in such after-acquired Collateral.

3. Secured Obligations. The Collateral secures the payment and performance of all present and future obligations of the Debtor to the Secured Party from time to time under the Loan Agreement and this Agreement, whether primary, secondary, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, whether the indebtedness is reduced and thereafter increased or entirely extinguished and thereafter incurred again, whether incurred by the Debtor alone or with another or others and whether as a principal or surety, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise together with all fees, costs, lawyers' fees and disbursements, reimbursement obligations, contract causes of action, expenses and indemnities related thereto (all such obligations, covenants, duties, debts, liabilities, sums and expenses set forth in this Section 3 being herein collectively called the "**Secured Obligations**").

4. Representations and Warranties. The Debtor represents and warrants as follows:

(a) all of the Collateral is, or when the Debtor acquires any right, title or interest the Collateral will be, at the location or locations set out in Schedule "A" hereto (other than Inventory in transit, sold or leased in the ordinary course of business).

(b) the Debtor is the sole legal and beneficial owner of, and has good marketable title to all existing Collateral and shall be the sole legal and beneficial owner of, and have good marketable title to each item of after-acquired Collateral free and clear of any mortgages, charges, hypothecs, pledges, trusts, liens, security interests and other claims except for the security interests created by this Agreement and other Permitted Encumbrances permitted by the Loan Agreement.

(c) This Agreement has been duly authorized, executed and delivered by the Debtor and constitutes a legal, valid and binding obligation of the Debtor enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, arrangement, or other similar laws affecting creditors' rights generally and subject to equitable principles.

(d) The Debtor has taken all action required on its part for control to have been obtained by the Secured Party over all Collateral with respect to which such control may be obtained pursuant to the *Personal Property Security Act* (Ontario) ("**PPSA**") and the *Securities Transfer Act, 2006* (Ontario). No person other than the Secured Party has control or possession of all or any part of the Collateral.

5. Covenants. The Debtor covenants as follows:

(a) The Debtor will not, without providing at least 30 days' prior written notice to the Secured Party, change its legal name, jurisdiction of incorporation, corporate structure, province or territory in which its registered office, chief executive office or its principal place of business is located. The Debtor will, prior to any change described in the preceding sentence, take all actions requested by the Secured Party to maintain the perfection and priority of the Secured Party's security interest in the Collateral.

(b) The Collateral, will be kept at those locations listed in Schedule "A" and, except for Inventory in transit, sold or leased in the ordinary course of business, the Debtor will not remove the Collateral from such locations without the Secured Party's prior written consent. The Debtor will, before any change described in the preceding sentence, take all actions required by the Secured Party to maintain the perfection and priority of the Secured Party's security interest in the Collateral.

(c) The Debtor will not sell, dispose of, lease, assign or otherwise transfer any of the Collateral except as expressly provided for in the Loan Agreement, in the ordinary course of business, or with the prior written consent of the Secured Party. The Debtor will not amend or terminate any chattel paper, document of title, instrument, security, investment property or intangible, without the prior written consent of the Secured Party.

(d) The Debtor will not grant, create, permit or suffer to exist any mortgage, hypothec, pledge, lien, security interest, option, right of first offer, right of first refusal, encumbrance, statutory lien or trust (including any conditional sale or other title retention agreement or finance lease) or other restriction or limitation of any nature whatsoever on the Collateral except as expressly provided for in the Loan Agreement or with the prior written consent of the Secured Party.

(e) The Debtor will keep the Collateral in good order, condition and repair so as to protect and preserve the Collateral and will not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Secured Party.

(f) The Debtor will pay promptly when due all Debt, including without limitation taxes and any indebtedness under any agreement, instrument or other undertaking to which the Debtor is a party or by which it or any of its property is bound.

(g) The Debtor will permit the Secured Party, or its representatives, to inspect the Collateral from time to time and to examine and take extracts of its books and records (electronic or hard copy), at any reasonable time and on reasonable notice, wherever located. The Debtor shall, upon request by the Secured Party, provide the Secured Party with any information concerning the Collateral, the Debtor and its business, as the Secured Party may reasonably request, including access to the Debtor's senior executives, accountants and auditors to discuss any information concerning the Collateral.

(h) The Debtor shall insure the Collateral against loss or damage by fire and such other risks and hazards, in such amounts, with the Secured Party as loss payee and upon such other terms as set out in the Loan Agreement or as the Secured Party may from time to time require. Any insurance proceeds received by the Secured Party may, at the option of the Secured Party, be applied against the Secured Obligations or released to the Debtor without prejudice to any rights or remedies of the Secured Party hereunder.

(i) The Debtor shall promptly, and within two (2) business days, provide the Secured Party with written notice of any event that occurs that would have a material adverse effect upon the Collateral or upon the financial condition of the Debtor.

6. Investment Property. Unless an Event of Default (as defined in the Loan Agreement) shall have occurred and be continuing, the Debtor may, to the extent the Debtor has such right as a holder of the Collateral consisting of securities, shares, interests, units, participations or other equivalents of shares in a corporation or equivalent ownership interests in a person (collectively, "**Equity Interests**") or indebtedness owed by any obligor, vote and give consents, ratifications and waivers with respect thereto, except to the extent that, in the Secured Party's reasonable judgment, any such vote, consent, ratification or waiver would detract from the value thereof as Collateral or be inconsistent with or result in any violation of any provision of the Loan Agreement or this Agreement. The Debtor may, unless an Event of Default shall have occurred and be continuing, receive and retain all dividends and other distributions with respect to the Collateral consisting of securities, other Equity Interests or indebtedness owed by any obligor. Where Investment Property is held in an account of a securities intermediary, the Debtor shall: (i) enter into, and use commercially reasonable efforts to cause any securities intermediary for any securities accounts or entitlements forming part of the Collateral to enter into, a securities account control agreement between the Secured Party, the Debtor and said securities intermediary in a form and substance acceptable to the Secured Party; and (ii) enter into, and use commercially reasonable efforts to cause any issuer of uncertificated securities forming part of the Collateral to enter into, a securities account control agreement between the Secured Party, the Debtor and said securities intermediary, in a form and substance acceptable to the Secured Party.

7. Receivables. After an Event of Default which remains uncured, the Secured Party may, or at the request and option of the Secured Party, the Debtor shall: (i) notify account debtors of the Secured Party's security interests in any Account, Chattel Paper, Intangible, Instrument or other Collateral; and (ii) direct that payment thereof is to be made directly to the Secured Party. The Secured Party may apply any such money to the satisfaction of the Secured Obligations.

8. Secured Party May Perform. If the Debtor fails to perform any obligation contained in this Agreement, the Secured Party may itself perform, or cause performance of, such obligation, and the costs and expenses of the Secured Party incurred in connection therewith shall be payable by the Debtor; provided that the Secured Party shall not be required to perform or discharge any obligation of the Debtor and the performance by the Secured Party shall not waive the rights of the Secured Party to enforce this Agreement.

9. Set-Off. The Secured Party may, without notice to the Debtor or any other person, any notice being expressly waived, set-off and apply all amounts standing to or for the credit of the Debtor from the Secured Party or any of its affiliates, in any currency, against and on account of all or any part of the Secured Obligations, as the Secured Party may see fit (in its sole discretion), when the Secured Obligations are due and payable. The Secured Party's records are proof of such recording absent manifest error. When applying a deposit or other obligation in a different currency than the Secured Obligations to the Secured Obligations, the Secured Party will convert the deposit or other obligation to the currency of the Secured Obligations using the rate of exchange for the conversion of such currency as determined by the Secured Party.

10. Remedies. Upon the occurrence of an Event of Default that is continuing, the Secured Party may, by notice, terminate any further advances and declare any or all of the Secured Obligations to be immediately due and payable and the Secured Party may proceed to realize upon the Collateral and immediately enforce its rights and remedies including the following:

(a) the Secured Party may assert all rights and remedies of a secured party under the PPSA or other applicable law;

(b) the Secured Party may take such steps as it considers desirable to maintain, preserve or protect the Collateral or its value;

(c) the Secured Party can take possession of the Collateral by requiring the Debtor to assemble and deliver the Collateral, or make the Collateral available, to the Secured Party at a place and time designated by the Secured Party;

(d) the Secured Party may take possession of the Collateral by carrying on all or any part of the business of the Debtor and may, to the exclusion of all others, including the Debtor, enter upon, occupy and use any of the land and premises, buildings, plant and undertaking owned, occupied or used by the Debtor and may use any of the tools, machinery, equipment and intangibles of the Debtor for such time as the Secured Party sees fit, free of charge and without liability, in order to carry on the business of the Debtor or to manufacture or complete the manufacture of Inventory and to pack and ship finished products.

(e) the Secured Party may borrow money required for the maintenance, preservation or protection of the Collateral, or to carry on the business, and may further charge the Collateral in priority to the security constituted by this Security Agreement;

(f) the Secured Party may exercise and enforce all rights and remedies of the Debtor with respect to the Collateral, including collecting or compromising all or any of the Debtor’s Accounts;

(g) the Secured Party may sell, lease, license, or otherwise dispose of all or any part of the Collateral by private sale or public sale or otherwise, and upon such other terms and conditions as the Secured Party may deem commercially reasonable;

(h) the Secured Party may appoint, by instrument in writing, any person or persons (whether an officer or employee of the Secured Party or not) to be a receiver, manager, interim receiver, or receiver and manager (collectively, “**Receiver**”), of the Collateral or any part of the Collateral. Any Receiver so appointed shall (i) have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Secured Party under this Agreement; (ii) act as agent for the Debtor and not the Secured Party, and the Secured Party shall not in any way be responsible for any of the actions of the Receiver, its employees, agents and contractors; and (iii) be removed as the discretion of the Secured Party and a replacement appointed by the Secured Party.

(i) the Secured Party may apply to a court of competent jurisdiction for the appointment of a Receiver of the Collateral or any part of the Collateral. Any Receiver so appointed shall (i) have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Secured Party under this Agreement; (ii) act as agent for the Debtor and not the Secured Party, and the Secured Party shall not in any way be responsible for any of the actions of the Receiver, its employees, agents and contractors; and (iii) be removed as the discretion of the Secured Party and a replacement appointed by the Secured Party.

(j) all rights of the Debtor to: (i) exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 6; and (ii) receive the dividends and other distributions that it would otherwise be entitled to receive and retain pursuant to Section 6, shall immediately cease, and all such rights shall thereupon become vested in the Secured Party, which shall have the sole right to exercise such voting and other consensual rights and receive and hold such dividends and other distributions as Collateral; and

(k) the Secured Party may retain the Collateral in satisfaction of the Secured Obligations.

11. Distribution of Proceeds. Any cash held by the Secured Party as Collateral and all cash Proceeds received by the Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied in whole or in part by the Secured Party to the payment of expenses incurred by the Secured Party in connection with the foregoing or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Secured Party hereunder, including reasonable legal and Receivers' fees, and the balance of such proceeds shall be applied or set off against all or any part of the Secured Obligations in such order as the Secured Party shall elect, in its sole discretion. Any surplus of such cash or cash Proceeds held by the Secured Party and remaining after payment in full of all the Secured Obligations shall be paid over to the Debtor or to whomsoever may be lawfully entitled to receive such surplus. The Debtor shall remain liable for any deficiency if such cash and the cash Proceeds of any sale or other realization of the Collateral are insufficient to pay the Secured Obligations and the fees and other charges of any solicitor employed by the Secured Party to collect such deficiency.

12. Defined Terms. Capitalized terms not otherwise defined in this Agreement shall have the respective meanings assigned to such terms in the Loan Agreement. Unless otherwise defined herein or in the Loan Agreement, terms used herein that are defined in the PPSA shall have the meanings assigned to them in the PPSA or the regulations made under the PPSA.

13. Acknowledgement and Waiver. The Debtor acknowledges receipt of a fully executed copy of this Agreement. To the extent permitted by law, the Debtor hereby waives its right to receive a copy of any financing statement, financing change statement or verification statement registered or received by or on behalf of the Secured Party in connection with the Secured Party's interest in the Collateral.

14. No Waiver and Cumulative Remedies. The Secured Party shall not by any act, delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

15. Amendments. None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by the Debtor therefrom shall be effective unless the same shall be in writing and signed by the Secured Party and the Debtor, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

16. Notices. All notices, consents, claims, demands, waivers and other communications hereunder shall be in writing and addressed to the parties at the addresses set forth in the Loan Agreement and shall be given in the manner and become effective as set forth in the Loan Agreement.

17. Continuing Security Interest; Assignment. This Agreement shall create a general and continuing security interest in the Collateral and shall (a) remain in full force and effect until payment and performance in full of the Secured Obligations, (b) be binding upon the Debtor, its successors and permitted assigns, and (c) enure to the benefit of the Secured Party and its successors, transferees and assigns; provided that the Debtor may not assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the Secured Party. The Secured Party may assign or transfer any of its rights under this Agreement without the consent of the Debtor.

18. Amalgamation. The Debtor acknowledges that, if it amalgamates with another person, the term Debtor, when used in this Agreement, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interests created hereby shall extend to the Collateral in which any amalgamating corporation has any rights at the time of the amalgamation and to any Collateral in which the amalgamated corporation thereafter has any rights to secure the Secured Obligations of each of the amalgamating corporations and the amalgamated corporation to the Secured Party at the time of the amalgamation and any Secured Obligations of the amalgamated corporation to the Secured Party thereafter arising.

19. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in that Province and the parties irrevocably attorn to the non-exclusive jurisdiction of the courts of Ontario.

20. Electronic Transmission. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

21. Conflict with Loan Agreement. To the extent of any conflict or inconsistency between the terms of this Agreement and the terms of the Loan Agreement, the terms of the Loan Agreement shall govern to the extent necessary to remove the conflict or inconsistency.

22. Further Assurances. The Debtor agrees that, at any time and from time to time, at the expense of the Debtor, the Debtor will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that the Secured Party may reasonably request to create and maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder or under any other Loan Document with respect to any Collateral.

[Signature page to follow]

IN WITNESS WHEREOF, the Debtor has executed this Agreement as of the date first above written.

AGMEDICA BIOSCIENCE INC., as Debtor

Per: ______
Name: TREVOR HENRY
Title: CHIEF EXECUTIVE OFFICER

SCHEDULE A

LOCATION OF THE COLLATERAL

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

566 Riverview Drive, Chatham, ON N7M 5J5

37519033.5

EXHIBIT "P"

LRO # 33 **Charge/Mortgage** **Receipted as ER1267821** on 2019 10 30 at 10:10

The applicant(s) hereby applies to the Land Registrar. yyyy mm dd

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, ON N7M 5W7

I, Arthur VanderPol, President and 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 PHILIPP, KATHLEEN GLYNN

Address for Service Viadei Pilastri 25, 2nd Floor, Firenze, IT, 50121, Italy

Statements

Schedule: See Schedules

Provisions

Principal	$2,200,000.00	*Currency*	CDN
Calculation Period			
Balance Due Date	See Schedule		
Interest Rate	See Schedule		
Payments			
Interest Adjustment Date			
Payment Date			
First Payment Date			
Last Payment Date			
Standard Charge Terms	200033		
Insurance Amount	See standard charge terms		
Guarantor			

Signed By

Randy Todd Hooke	181 Bay St., Suite 1800, Box 754 Toronto M5J 2T9	acting for Chargor(s)	Signed	2019 10 30

Tel 416-863-1500

Fax 416-863-1515

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

AIRD & BERLIS LLP	181 Bay St., Suite 1800, Box 754 Toronto M5J 2T9	2019 10 30

Tel 416-863-1500

Fax 416-863-1515

Fees/Taxes/Payment

Statutory Registration Fee	$64.40
Total Paid	$64.40

File Number

Chargee Client File Number : 153363-RTH

ADDITIONAL PROVISIONS

The following additional provisions shall be incorporated in the attached Charge/Mortgage between 2472602 Ontario Inc. (the “Chargor”) and Kathleen Glynn Philipp (the “Chargee”).

1. PROMISE TO PAY

Subject to Section 2, the Chargor, for value received, hereby acknowledges itself indebted and promises to pay to the Chargee, on demand, all amounts now or hereafter owing by the Chargor to the Chargee in accordance with and pursuant to the Guarantee (defined below) up to the maximum of the value of the Lands in lawful money of Canada and to pay interest thereon from the date hereof at the rate in accordance with the Guarantee (defined below).

2. LIMITED RECOURSE

Notwithstanding any other provision of this Charge, the Chargee acknowledges and agrees that in the course of enforcing any of its rights and remedies under this Charge, the Chargee agrees that its realization shall be limited to the Chargor’s interest in the Lands. The Chargee shall not have any right to payment from the Chargor or against any of its property or assets other than the Lands.

3. COLLATERAL SECURITY

This Charge/Mortgage is given by the Chargor to the Chargee as security for the payment and performance of all indebtedness, obligations and liabilities of the Chargor to the Chargee, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed at any time owing by the Chargor to the Chargee or remaining unpaid or performed by the Chargor to the Chargee, whether incurred prior to, at the time of, or subsequent to the execution hereof, whether arising from agreement or dealings between the Chargor and the Chargee, and whether incurred by the Chargor alone or with another or others, and for the ultimate balance thereof, but limited to any obligation arising pursuant to:

(a) A limited recourse guarantee dated October 29, 2019 executed by the Chargor in favour of the Chargee in respect to the obligations of AgMedica Biosciences Inc. to the Chargee, as same may be amended, modified, supplemented or replaced from time to time (the “Guarantee”),

(collectively, the “Secured Obligations”).

4. INTERPRETATION

In this Charge/Mortgage:

(a) “Charge/Mortgage” means the Charge/Mortgage to which this schedule is attached, the set of Standard Charge Terms filed as No. **200033** this schedule, as the same may be amended, modified, supplemented, extended or replaced from time to time;

(b) “Chargee” means Kathleen Glynn Philipp and her heirs, executors, legal representatives, successors and assigns;

(c) the term “Lands” or “lands” or “the said lands” as used herein, and the term “land” as used in the set of Standard Charge Terms filed as No. 200033, shall mean the fee simple estate of the Chargor in the lands described on the Charge/Mortgage to which this schedule is attached, and shall include all tenements, hereditaments, appurtenances, buildings and structures now or hereafter erected thereon, and all easements and rights of way now or hereafter appurtenant thereto and any interest therein enjoyed by the Chargor;

(d) the term “Person” means an individual, a partnership, a corporation, a government or any department or agency thereof, a trustee, any unincorporated organization and the heirs, executors, administrators or other legal representatives of an individual, and words importing “Person” have similar meanings;

(e) all headings inserted herein are for convenience of reference only and shall not limit or extend the meaning of the terms and provisions hereof.

5. PAYMENT - CURRENCY

Unless otherwise expressly provided, the Chargor shall make all payments pursuant hereto in Canadian dollars.

6. DEFAULT

The Chargee may declare the Secured Obligations to be immediately due and payable in the event of a default, or demand pursuant to the terms of the Guarantee, whereupon all such indebtedness shall immediately become and be due and payable, and all rights and remedies hereunder, in law, in equity or otherwise of the Chargee shall thereupon become enforceable by the Chargee.

The Chargee may, by notice to the Chargor, waive any default of the Chargor on such terms and conditions as the Chargee may determine, but no such waiver shall be taken to affect any subsequent default or the rights resulting therefrom.

7. RIGHTS AND REMEDIES

Upon the rights and remedies of the Chargee hereunder becoming enforceable:

(a) The Chargee may by instrument in writing appoint any person or persons, whether an officer or officers or an employee or employees of the Chargee or not, to be a receiver or receivers of all or any part of the lands subject to this Charge/Mortgage and may remove any receiver or receivers so appointed and may appoint another or others in his or their stead. Any such receiver shall, so far as concerns responsibility for his acts, be deemed the agent of the Chargor and in no event the agent of the Chargee, and the Chargee shall not be in any way responsible for any misconduct, negligence, or non-feasance on the part of any such receiver save and except gross negligence and wilful misconduct. Subject to the provisions of the instrument appointing such receiver, any such receiver or receivers so appointed shall have power to take possession of the lands subject to this Charge/Mortgage or any part thereof and to carry on or concur in carrying on the business of the Chargor therein conducted and to sell or concur in selling all or any part of the land subject to this Charge/Mortgage. Except as may be otherwise directed by the Chargee, all moneys from time to time received by such receiver shall be in trust for and paid over to the Chargee. The rights and powers conferred by this paragraph are supplemental to and not in substitution for any rights or powers that the Chargee may from time to time have as the Chargee under this Charge/Mortgage, and every such receiver may in the discretion of the Chargee be vested with all or any of the rights and powers of the Chargee. The term "receiver", as used in this Charge/Mortgage, includes a receiver and manager; and/or

(b) The Chargee may immediately take possession of the land subject to this Charge/Mortgage and may, either before or after any entry, and either before or after giving any notice, immediately lease the land subject to this Charge/Mortgage or any part thereof and/or sell or otherwise dispose of the land subject to this Charge/Mortgage or any part thereof either as a whole or in separate parcels at public auction or by tender or by private sale at such time or times as the Chargee may determine, and may make such sale, either for cash or credit or part cash and part credit, and with or without advertisement, and with or without a reserve bid, as the Chargee may deem proper, and the Chargee may also rescind or vary any contract of sale that may have been entered into and resell with or under any of the powers conferred hereunder and adjourn any such sale from time to time and may execute and deliver to the purchaser or purchasers of the said lands or any part thereof good and sufficient deed or deeds for the same, the Chargee being hereby constituted the irrevocable attorney of the Chargor for the purpose of making such sale and executing such deeds, and any such sale made as aforesaid shall be a perpetual bar both in law and in equity against the

Chargor and all other persons claiming any interest in the land subject to this Charge/Mortgage or any part thereof by, from, through or under the Chargor. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by any express notice that any sale or lease is improper and no want of notice or publication shall invalidate any sale or lease hereunder; and/or

(c) The Chargee may borrow money on the security of the land subject to this Charge/Mortgage in priority to the security constituted by the Charge/Mortgage for the purpose of maintaining, preserving or protecting the land subject to this Charge/Mortgage or any part thereof or carrying on all or any part of the business of the Chargor relating to the said land; and/or

(d) Upon the Chargor receiving notice from the Chargee of the taking of possession of the land subject to this Charge/Mortgage or the appointment of a receiver, all the powers, functions, rights and privileges of each of the directors and officers of the Chargor with respect to the said lands shall, to the extent permitted by law, cease, unless specifically continued by the written consent of the Chargee; however, all other powers, functions, rights and privileges of such directors shall be unaffected by such events; and/or

(e) For greater certainty, the parties hereto agree that in addition to, and not in substitution for, all the rights and remedies of the Chargee at law or contained herein, the Chargee may, upon the rights and remedies of the Chargee hereunder becoming enforceable, subject to the rights of prior encumbrancers, mortgagees and chargees of the said lands:

   (i) foreclose all the right, title and interest in the equity of redemption of the Chargor to and in the said lands;

   (ii) immediately enter into and take possession of the said lands free from all manner of former conveyances, mortgages, charges or encumbrances without the let, suit, hindrance, interruption or denial of the Chargor or any other person whatsoever; and/or

(f) The Chargee or any agent or representative thereof may become purchaser at any sale of any of the land subject to this Charge/Mortgage whether made under the power of sale herein contained or pursuant to foreclosure or other judicial proceedings.

(g) The Chargor expressly agrees that the rights and remedies of the Chargee hereunder are cumulative and in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by the Chargee of any right or remedy for a default or breach of any term, covenant or condition in this Charge/Mortgage of Land does not waive, alter, affect or prejudice any other right or remedy to which the Chargee may be lawfully entitled for the same default or breach. Any waiver by the Chargee of the strict observance, performance or compliance with any term, covenant or condition of this Charge/Mortgage is not a waiver of any subsequent default and any indulgence by the Chargee with respect to any failure to strictly observe, perform or comply with any term, covenant or condition of this Charge/Mortgage is not a waiver of the entire term, covenant or condition or any subsequent default. No delay or omission of the Chargee to exercise any remedy or right hereunder or at law, in equity or otherwise, shall impair any such remedy or shall be construed to be a waiver of any default hereunder or acquiesence therein.

8. MORTGAGE NOT TO BE VOID

In addition to, and not in substitution for, any other provision of this Charge/Mortgage and notwithstanding Subsection 6(2) of the *Land Registration Reform Act (Ontario)*, the parties hereto agree that this Charge/Mortgage shall not be void unless the Chargor shall pay or cause to be paid to the Chargee the Secured Obligations and shall otherwise observe and perform the terms hereof and unless all credit facilities granted in connection with which the Secured Obligations shall have been cancelled and terminated.

9. OTHER SECURITY/PAYMENTS RECEIVED

(a) This security is in addition to and not in substitution for any other security now or hereafter held by the Chargee in respect of the Secured Obligations. No rights or remedies of the Chargee pursuant to this Charge/Mortgage and such other security shall be exclusive or dependent upon any other, and the Chargee may from time to time exercise any one or more of such rights or remedies independently or in combination, such remedies being cumulative and not in the alternative.

(b) No payment to the Chargee by the Chargor or any other person shall constitute payment on account of any of the Secured Obligations unless specifically so appropriated by the Chargee by written agreement.

10. NON-MERGER

Neither the taking of any judgment or the obtaining of any order nor the exercise of any power of seizure or sale shall operate to extinguish the liability of the Chargor to pay the Secured Obligations, nor shall the same operate as a merger of any covenant herein contained or contained in the Loan Agreement or affect the right of the Chargee to interest at the rate herein specified, nor shall the acceptance of any payment or other security constitute or create any novation, and it is further agreed that the taking of a judgment under any covenant herein contained shall not operate as a merger of such covenant or affect the Chargee’s right to interest as herein provided.

11. PERSONS DEALING WITH THE CHARGEE OR THE RECEIVER

No person dealing with the Chargee or the receiver or receivers appointed by it or their agents shall be concerned to enquire whether the security constituted hereby has become enforceable or whether the powers which the Chargee or the receiver or receivers appointed by it are purporting to exercise have become exercisable, or whether any monies or obligations remain due under the security hereof, or as to the necessity or expediency of stipulations and conditions subject to which any sale, lease, subletting or any disposition shall be made, or otherwise as to the propriety or regularity of any sale, lease, subletting or disposition, or of any other dealing by the Chargee or its receiver or receivers, with the lands hereby charged or any part thereof, or to see to the application of any monies paid to the Chargee or to its receiver or receivers appointed by it.

12. NOTICE

All notices and other communications shall be in writing and shall be personally delivered to an officer or other responsible employee or sent by direct written electronic means such as facsimile, charges prepaid, if to the Chargor as follows:

Address: 111 Heritage Road, Suite 200
Chatham, ON M7M 5W7

and if to the Chargee as follows: Viadei Pilastri 25, 2nd Floor
Firenze, IT, 50121, Italy

or at or to such other address or addresses, or facsimile number of numbers as either party may from time to time designate to the other party in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Banking Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Banking Day next following such date of delivery. Any communication which is transmitted by direct written electronic means as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Banking Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Banking Day next following such date of transmission. For the purposes of this Charge/Mortgage, "Banking Day" shall mean any day other than a Saturday, Sunday or statutory holiday in Canada, on which banks generally are open for business in Toronto, Ontario. Any communication which is transmitted by facsimile shall on the day of such transmission be mailed by regular mail to the party to whom the communication has been faxed.

13. RESTRICTIVE COVENANTS

The Chargor hereby covenants and agrees with the Chargee as follows:

(a) **Encumbrances.** The Chargor shall not enter into or grant, create, assume or suffer to exist any mortgage, charge, assignment, pledge, lien or other security interest or encumbrance of whatever kind or nature, regardless of form and whether consensual or arising by law (statutory or otherwise) that secures the payment of any indebtedness or liability or the observance or performance of any obligations (including any agreement to give any of the foregoing and any filing of or agreement to give any financing statement under the Personal Property Security Act of Ontario or any similar action) affecting the land subject to this Charge/Mortgage of Land, whether same would rank in priority to or pari passu to this Charge/Mortgage of Land other than such encumbrances as may exist as at the date of registration of this Charge/Mortgage of Land without the consent of the Chargee, which consent shall not be unreasonably withheld. Provided that nothing herein shall be interpreted so as to restrict or limit the ability of the Chargor to grant charges of the subject Property which rank subordinate to this Charge;

(b) The Chargor hereby agrees that it shall not request further advances pursuant to any mortgage registered in priority to the within mortgage nor take any action that would result in the principal amount of any such mortgage being increased.

14. GENERAL

(a) The Secured Obligations shall be paid and shall be assignable free from any right of set-off or counterclaim or equities between the Chargor and the Chargee.

(b) If for any reason whatsoever any term, covenant or condition of this Charge/Mortgage, or the application thereof to any person or circumstance, is to any extent held or rendered invalid, unenforceable or illegal, then such term, covenant or condition:

(i) is deemed to be independent of the remainder of this Charge/Mortgage and to be severable and divisible therefrom and its invalidity, unenforceability or illegality does not affect, impair or invalidate the remainder of this Charge/Mortgage or any part thereof; and

(ii) continues to be applicable to and enforceable to the fullest extent permitted by law against any Person and circumstances other than those as to which it has been held or rendered invalid, unenforceable or illegal.

(c) This Charge/Mortgage and all its provisions shall enure to the benefit of the Chargee and her heirs, executors, legal representatives, successors and assigns and shall be binding upon the Chargor and its successors and assigns. The obligations of each party defined as Chargor shall be joint and several.

(d) This Charge/Mortgage shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada.

(e) In the event of any conflict or inconsistency between the provisions of this Schedule and those contained in the Standard Charge Terms filed as No. 200033, the relevant provisions of this Schedule shall prevail and be paramount.