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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF AGMEDICA BIOSCIENCE INC., 2472602 ONTARIO INC., 2642466 ONTARIO INC., 8895309 CANADA INC., WELLWORTH HEALTH CORP., 8050678 CANADA INC., 8326851 CANADA INC., TAVIVAT NATURALS INC., WORLDWIDE BEVERAGE INNOVATIONS INC., UNIQUE BEVERAGES (USA) INC., and ESEELA INC.
(each an **"Applicant"** and collectively, the **"Applicants")**

EIGHTH REPORT OF THE MONITOR DATED JULY 31, 2020

INTRODUCTION

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

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

   a) increase the maximum amount of the Charges; and

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

3. On December 12, 2019, the Court also granted an order (the "**Non-Core Real Estate Order**") approving the retention of CBRE Limited ("**CBRE**") by the Applicants and authorizing the Applicants to market and sell four properties that were not being used in the Applicants' operations, which are referred to as the Non-Core Real Estate (as defined in the Non-Core Real Estate Order), with the assistance of the Monitor.

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

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

b) an order (the "**SISP Order**") approving the Applicants' sale and investment solicitation process (the "**SISP**").

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

6. On February 21, 2020, the Court granted:

a) an approval and vesting order with respect to the sale of one of the Non-Core Real Estate properties, 650 Riverview Drive, Chatham-Kent, Ontario ("**650 Riverview**"); and

b) a distribution order authorizing and directing the Applicants to make certain distributions of the proceeds from the sale of 650 Riverview to Stabilis on account of the DIP Facility and the pre-filing secured loan to certain of the Applicants from Stabilis (the "**Stabilis Facility**").

7. On March 9, 2020, the Court granted:

a) an approval and vesting order with respect to the sale of another of the Non-Core Real Estate properties, 1095 Wilton Grove Road, London, Ontario (the "**London Property**");

b) a distribution order authorizing and directing the Applicants to make certain distributions of the proceeds from the sale of London Property to Stabilis on account of the DIP Facility and the pre-filing secured loans to certain of the Applicants from Stone Quest Capital Corporation (the "**Stone Quest Facility**") and Kathleen Glynn Philipp (the "**Philipp Facility**"); and

c) an order extending the Stay Period to June 30, 2020 and approving the Applicants' key employee retention program.

8. On June 26, 2020, the Court granted:

a) an approval and vesting order with respect to the sale of another of the Non-Core Real Estate properties, 830 Richmond Street, Chatham-Kent, Ontario ("**830 Richmond**");

b) an approval and vesting order with respect to the sale of the final Non-Core Real Estate property, 715 Richmond Street, Chatham-Kent, Ontario ("**715 Richmond**"); and

c) an order:

   i. extending the Stay Period up to and including September 11, 2020;

   ii. authorizing and directing the Applicants to make certain distributions of the proceeds from the sales of 830 Richmond and 715 Richmond to Stabilis on account of the Stabilis Facility; and

   iii. terminating the SISP.

PURPOSE

9. The purpose of this eighth report of the Monitor (the "**Eighth Report**") is to provide information to the Court on:

   a) the status of the Applicants' business and financial affairs and their restructuring efforts to date;

   b) the status of the Claims Process;

   c) the Recapitalization Transaction proposed by the Applicants;

   d) the proposed plan of compromise and arrangement filed by the Applicants dated July 29, 2020 (the "**Plan**");

   e) the alternative to the Plan;

   f) certain matters relating to the vote on the Plan; and

   g) the Monitor's recommendation with respect to the Applicants' motion for:

      i. an order (the "**Meeting Order**"), among other things: accepting the filing of the Plan; authorizing the Applicants to establish a single class of Affected Creditors for the purposes of considering and voting on the Plan; authorizing the Applicants to call, hold, and conduct a virtual meeting of the Affected Creditors to consider and vote on a resolution to approve the Plan; approving the procedures to be followed in connection with the Meeting; and setting the date for the Sanction Hearing in the event that the Plan is approved by the required majority of Affected Creditors at the Meeting; and

      ii. an order (the "**Late Claims and Sealing Order**"), among other things: authorizing the Applicants and the Monitor to accept the late filing of the Late Claims (as defined herein); and sealing Confidential Exhibit "B" to the Affidavit of Trevor Henry sworn July 29, 2020 (the "**Henry Affidavit**") which contains the identities of the Equity Subscribers.

TERMS OF REFERENCE

10. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan. A copy of the Plan is attached as **Appendix "A"**.

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

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

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

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

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

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

BACKGROUND AND OVERVIEW OF THE APPLICANTS AND RESTRUCTURING

15. Due to the short timing between this Eighth Report and the meeting of creditors (the "**Creditors' Meeting**"), the Monitor has included details of the company's business and financial affairs and its restructuring efforts in this section of the Eighth Report, to report to the Court as required under section 23(d.1) of the CCAA and therefore does not intend to submit an additional report to the Court prior to the Creditors' Meeting, unless required to on other matters or upon request of the Court.

16. The purpose of this section of the Eighth Report is to provide certain history and context that will assist in understanding the impact of the proposed Plan on the various stakeholders of the Applicants.

Corporate Structure and Business

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

18. AgMedica currently holds two site licenses:

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

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

19. Through its subsidiary, Wellworth Health Corp. ("**Wellworth**"), AgMedica offered a telehealth-style service, assisting patients through an online portal, by phone or through kiosks at partner locations.

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

Capital Structure at Filing

21. Below is a summary of the secured debt owing by the Applicants as of the Filing Date, which is detailed further in the affidavit of Trevor Henry sworn December 1, 2019 (the "**December Henry Affidavit**"), a copy of which, without exhibits, is attached hereto as **Appendix "B"**:

a) **Stabilis Facility –** Pursuant to a loan agreement dated May 31, 2019 between 2472602 Ontario Inc. ("**2472602**"), 2642466 Ontario Inc. ("**2642466**"), AgMedica and Stabilis, Stabilis provided the Stabilis Facility in the maximum principal amount of US$8,131,863 at an interest rate of 12% per annum, for a term of one year, maturing on May 31, 2020. As at the Filing Date, the Stabilis Facility was not in default as all interest amounts were paid to the Filing Date. The Stabilis Facility was secured by first-ranking mortgages against 650 Riverview, 715 Richmond and 830 Richmond.

b) **Stone Quest Facility –** Pursuant to a commitment letter dated April 26, 2019 between 2472602, AgMedica and Stone Quest, Stone Quest provided the Stone Quest Facility in the maximum principal amount of $5,000,000 at an interest rate of 18% per annum, for an initial term of six months. Pursuant to a subsequent amendment, the principal amount owing was reduced to $4,000,000 and the term was extended to December 31, 2019. As at Filing Date, the Stone Quest Facility was not in default as all interest amounts were paid to the Filing Date, plus interest up to December 31, 2019. The Stone Quest Facility was secured by a first-ranking mortgage against the London Property and general security agreements ("**GSAs**") over all of the present and after-acquired personal property of both AgMedica and 2472602. Pursuant to a subordination and postponement agreement between Stone Quest, Philipp and AgMedica dated October 23, 2019, Stone Quest's security over the personal property of AgMedica is subordinated to Philipp's security under the Philipp Facility.

c) **Philipp Facility –** Pursuant to a loan agreement dated October 23, 2019 between, among others, AgMedica and Philipp, Philipp provided the Philipp Facility in the maximum principal amount of US$3,816,000 at an interest rate of 24% per annum for a term of 3 months, maturing on January 23, 2020. As at the Filing Date, the Philipp Facility was not in default as all interest amounts were paid to the Filing Date. The Philipp Facility was secured by a second-ranking mortgage over the London Property and a first-ranking GSA over all of the present and after-acquired personal property of AgMedica.

22. Below is a summary of certain unsecured debt owing by the Applicants as of the Filing Date, which is detailed further in the December Henry Affidavit:

a) **Convertible Debentures –** AgMedica issued three tranches of unsecured convertible debentures prior to the Filing Date (the "**Convertible Debentures**"). The Convertible Debentures accrue interest prior to conversion at a rate of 7%, compounded quarterly and paid semi-annually. As at the Filing Date, the amount owing under the Convertible Debentures was approximately $3,902,000.

b) **Unsecured Notes –** AgMedica issued three unsecured promissory notes prior to the Filing Date (the "**Unsecured Notes**") in the aggregate amount of $3,000,000. The Unsecured Notes accrue interest at a rate of 12% per annum and matured in early 2020. As at the Filing Date, the amount owing under the Unsecured Notes was approximately $3,300,000.

c) **Founder Notes –** AgMedica issued five unsecured promissory notes to its founders (the "**Founder Notes**") between September and October 2019 in the aggregate amount of $1,200,000. The Founder Notes accrue interest at a rate of 12% per annum. As at the Filing Date, the amount owing under the Unsecured Notes was approximately $1,231,000.

Circumstances Leading to the Applicants' CCAA Filing

23. As detailed further in the December Henry Affidavit, the Applicants were facing a liquidity crisis at the time of the Filing Date. The Applicants' liquidity issues were caused by a combination of various factors including:

a) external unfavourable factors that are affecting the entire cannabis industry, including price competition with the illicit market, challenges with the roll-out of retail models across the country, and learning curves to adjust product mix to match customer demands;

b) unfavourable performance in the capital markets led to the retraction of capital raised from public investors to complete an initial public offering; and

c) a proposed debt financing package, which required exclusivity during the negotiation phase, fell through in late October 2019 due to, among other things, the capital market conditions for the cannabis sector.

24. The Applicants developed a cash flow forecast in early November 2019 which indicated that, as a result of the unfavourable situation above, AgMedica would run out of cash in early December 2019.

25. AgMedica began seeking interim debtor-in-possession financing ("**DIP Financing**") from various lenders in November 2019 and secured interim DIP Financing from Hillmount Capital Inc. ("**Hillmount**"). Hillmount was eventually replaced by Stabilis as the DIP Lender pursuant to the Amended and Restated Initial Order. With interim DIP Financing secured, the Applicants commenced the CCAA Proceedings on December 2, 2019 in order to maintain the *status quo* and obtain the breathing room required to pursue and implement their restructuring strategy.

26. As detailed further in the December Henry Affidavit, this restructuring strategy included the Applicants:

a) restructuring their balance sheet and deleverage the business;

b) restructuring AgMedica's operations by focusing efforts on expanding production capacity and reducing input costs with respect to the production of cannabis products at the main operating facility at 566 Riverview Drive, Chatham-Kent, Ontario ("**566 Riverview**");

c) selling the Non-Core Real Estate in order to generate liquidity and deleverage the business; and

d) conducting a court-supervised sales process and pursue strategic alternatives that would allow AgMedica to emerge from the CCAA Proceedings as a going concern.

Operational Restructuring of the Applicants

27. AgMedica has proceeded to implement this restructuring strategy during the course of the CCAA proceedings. Since the Filing Date, AgMedica has continued to operate as a going concern, in particular:

a) the Applicants have not had any interruptions in operations or to their business;

b) the Applicants have not lost any major customers; and

c) the sales volumes, prior to COVID-19 impacts, have been within the expectations of Management.

28. Since the Filing Date, AgMedica has taken steps to restructure its business and significantly reduce its cost structure, including through disclaiming or otherwise terminating contracts no longer required for the business. Management believes that AgMedica has a go-forward business plan that is viable if there is an injection of capital that can support the business plan.

29. As part of the operational restructuring efforts, the operations of Wellworth were terminated along with its related contracts, leases and remaining employees.

30. The COVID-19 pandemic has indirectly impacted AgMedica as the retail operations of its customer base were disrupted by provincial government closure orders. With supressed

sales during the pandemic, AgMedica has been able to manage its operational costs and utilize government subsidies and deferrals in order to maintain its cash position within the availability of the DIP Facility. AgMedica anticipates that sales will increase as provincial governments continue to further relax the social distancing and other measures that were imposed.

Sale of Non-Core Real Estate and Other Assets

31. The Non-Core Real Estate consisted of industrial properties that were originally purchased to provide for the planned expansion of the Applicants' business. However, the Applicants' strategic direction changed after purchasing the Non-Core Real Estate due to shifting market conditions and the Applicants decided to focus their efforts on expanding production capacity and reducing input costs at 566 Riverview. The Non-Core Real Estate was never converted to production facilities and was determined to be a non-core and non-essential asset of the Applicants.

32. Pursuant to the Non-Core Real Estate Order, the Applicants engaged CBRE to market and list the Non-Core Real Estate. The Applicants have successfully completed the sale of, or have entered into agreements for the sale of, each of the Non-Core Real Estate. More specifically:

a) **650 Riverview**: As detailed further in the Fifth Report of the Monitor dated February 20, 2020, the Applicants entered into an agreement of purchase and sale with respect to 650 Riverview dated January 31, 2020, which was approved by this Court on February 21, 2020 and closed on March 3, 2020. A copy of the Monitor's Certificate in connection with the closing of this transaction is attached as **Appendix "C"**.

b) **London Property**: As detailed further in the Sixth Report of the Monitor dated March 5, 2020 and the Supplement to the Sixth Report of the Monitor dated March 9, 2020, the Applicants entered into an agreement of purchase and sale with respect to the London Property dated December 2, 2019, as amended by an amendment dated March 6, 2020, which was approved by this Court on March 9, 2020 and closed on May 29,

2020. A copy of the Monitor's Certificate in connection with the closing of this transaction is attached as **Appendix "D"**.

c) **830 Richmond**: As detailed further in the Seventh Report of the Monitor dated June 24, 2020 (the "**Seventh Report**"), the Applicants entered into an agreement of purchase and sale with respect to 830 Richmond dated June 5, 2020, which was approved by this Court on June 26, 2020 and closed on July 3, 2020. A copy of the Monitor's Certificate in connection with the closing of this transaction is attached as **Appendix "E"**.

d) **715 Richmond**: As detailed further in the Seventh Report, the Applicants entered into an agreement of purchase and sale with respect to 715 Richmond dated June 15, 2020, which was approved by this Court on June 26, 2020 and is currently scheduled to close on August 6, 2020.

33. Additionally, the Applicants reviewed their existing operations and equipment to determine items that were not needed for their current or anticipated day-to-day operations.

34. As detailed further in the Third Report of the Monitor dated January 22, 2020, the Applicants entered into an agreement dated January 14, 2020 to sell a certain type of LED lights that were not required for their current operations (the "**Surplus Lights**"), which was approved by this Court on January 27, 2020 and closed on February 13, 2020. A copy of the Monitor's Certificate in connection with the closing of this transaction is attached as **Appendix "F"**.

35. As detailed further in the Seventh Report, an auction for certain surplus and idle equipment and supplies, such as grow mediums, packaging inventory and excess construction material (the "**Non-Core Assets**") occurred on June 18, 2020 and aggregate gross proceeds in the amount of $375,795 were realized.

36. The sale of the Non-Core Real Estate and these other surplus assets permitted the Applicants to significantly pay down the DIP Facility and the other secured indebtedness outlined above, pursuant to the DIP Facility Loan Agreement, the Amended and Restated Initial Order and the distribution orders issued by this Court. In aggregate, AgMedica has

made distributions of $4,770,000 to pay down the DIP Facility and distributions of $14,539,901 to pay down the pre-filing secured indebtedness. More specifically:

a) on closing of the sale of 650 Riverview, $2,000,000 was distributed to Stabilis on account of the DIP Facility and USD $3,185,133 (CAD $4,332,612) was distributed to Stabilis on account of the Stabilis Facility;

b) on closing of the sale of the Surplus Lights, $510,000 was distributed to Stabilis on account of the DIP Facility;

c) on closing of the sale of the London Property, $2,000,000 was distributed to Stabilis on account of the DIP Facility, $4,198,574.22 was distributed to Stone Quest in full satisfaction of the Stone Quest Facility and $700,825.58 was distributed to Philipp on account of the Philipp Facility;

d) on closing of the sale of 830 Richmond, USD $1,133,769 (CAD $1,548,520) was distributed to Stabilis on account of the Stabilis Facility;

e) on closing of the sale of 715 Richmond, it is anticipated that USD $3,007,496 (CAD $3,759,371) will be distributed to Stabilis on account of the Stabilis Facility; and

f) on completion of the auction for Non-Core Assets, $260,000, was distributed to Stabilis on account of the DIP Facility.

37. Following these distributions:

a) the aggregate outstanding amount under the DIP Facility as of September 1, 2020 will be approximately USD $2,664,498;

b) the aggregate outstanding amount under the Stabilis Facility as of September 1, 2020 will be approximately USD $805,465;

c) the Stone Quest Facility has been repaid in full; and

d) the aggregate outstanding amount under the Philipp Facility as of September 1, 2020 will be approximately USD $3,978,000.

38. The Applicants have continued to pay interest due under the Stabilis Facility monthly since the Filing Date and intend to continue doing so until the Plan Implementation Date.

39. With the uncertainty of the extensive impact of COVID-19, the Applicants notified both Stone Quest and Philipp in March 2020 that payment of their interest would be deferred until further notice. Interest on the Philipp Facility has continued to accrue since that date and is secured by its security interest over the personal property of AgMedica. The Plan contemplates that the interest validly accrued under the Philipp Facility will be paid out in full.

Sale and Investment Solicitation Process

40. As outlined further in the Seventh Report, the Applicants, with the assistance of the Monitor, undertook an extensive canvassing of the market in the SISP and contacted 349 prospective parties. The COVID-19 pandemic negatively impacted the results of the SISP, as potential bidders (i) were hindered in their ability to perform due diligence due to travel bans and other social distancing measures, (ii) faced business disruptions within their own operations, and (iii) were negatively impacted by the disruption in the global economy and capital markets.

41. While a number of non-binding letters of interest were received by the extended Phase 1 Bid Deadline (as defined in the SISP Order) of March 27, 2020, only one binding offer was received by the extended Phase 2 Bid Deadline (as defined in the SISP Order) of May 21, 2020. The Applicants, with the assistance of the Monitor, entered into negotiations with the bidder to improve its bid. The Applicants, in consultation with the Monitor and the DIP Lender, reviewed and evaluated the revised bid submitted by the bidder and determined that the bid would not be sufficient for a successful restructuring and, based on its structure, would not lead to a plan of arrangement that would likely be accepted by the unsecured creditors of the Applicants. The Applicants, in consultation with the Monitor and the DIP Lender, determined that it would be in the best interest of the Applicants and their stakeholders to not accept the bid and pursue alternative transactions. The Court authorized the Applicants to terminate the SISP on June 26, 2020.

42. The efforts by the Applicants to pursue alternative transactions have rapidly led to the Recapitalization Transaction and the Plan described further below.

CLAIMS PROCESS

Status of Claims Process

43. Attached as **Appendix "G"** is the status of claims filed against the Applicants pursuant to the Claims Procedure Order as at July 27, 2020 (the "**Claims Summary**"). All claim amounts are listed in Canadian dollars using the daily average exchange rate published by the Bank of Canada on December 2, 2019 (the date the CCAA Proceedings were commenced).

44. To date, 222 claims with a cumulative value of approximately $67.0 million have been filed. The Monitor, in conjunction with the Applicants, has reviewed all 222 claims filed to date.

45. As at the date of this Eighth Report, the Monitor has provisionally accepted 178 claims, comprised of unsecured claims with a value of approximately $23.7 million and secured claims with a value of approximately $5.1 million. There is one unsecured claim and one secured claim which are disputed in part for which $189,194 and $4,433,913 of such claim, respectively, has been accepted. Therefore, the total amount of unsecured claims accepted to date is $23.9 million and the total amount of secured claims accepted to date is $9.5 million. The secured claim values have been, and will continue to be, amended following distributions from the sale of the Non-Core Real Estate.

46. There are 11 claims that have been partially or fully disallowed or withdrawn with a value of approximately $15.1 million. This includes claims that have been partially or fully disallowed or withdrawn as a result of distributions to Stabilis, Stone Quest and Philipp following the sale of Non-Core Real Estate, as set out above.

47. There are eight (8) claims that have either been partially or fully disallowed and a Notice of Dispute has been filed by the claimant. The total amount currently under dispute is

approximately $17.0 million. The Applicants and the Monitor continue to work to resolve these disputes as expeditiously and efficiently as possible.

48. There are 14 claims that are still being reviewed by the Applicants. 10 of these claims were placeholder claims filed by the Canada Revenue Agency ("**CRA**") which did not specify a claim amount on the basis that the claim amount could not be properly determined until the CRA had completed certain audits of the Applicants. As a result of the disruptions caused by COVID-19, CRA has indicated that the audits that are necessary to finalize its claims have been significantly delayed. The Applicants and the Monitor have engaged, and continue to engage, with the CRA to assist the CRA in resolving its claims as expeditiously and efficiently as possible.

Acceptance of Late Claims

49. The Claims Procedure Order did not grant the Monitor discretion to extend the claims bar date (the "**Claims Bar Date**") for Pre-Filing Claims or Restructuring Claims (as defined in the Claims Procedure Order).

50. To date, the Monitor has received 10 proofs of claim after the relevant Claims Bar Date totalling $349,781.88 (the "**Late Claims**").

51. On this motion, the Applicants are seeking an order from this Court authorizing the Applicants and the Monitor to accept the late filing of the Late Claims. The Applicants and the Monitor have reviewed the Late Claims and will be able to make a determination on the Late Claims quickly should the proposed Late Claims and Sealing Order be granted by this Court. The Monitor does not anticipate that acceptance of the Late Claims will delay the ability of the Applicants to proceed with holding the Creditors' Meeting and implementing the Plan.

52. It is the Monitor's understanding that all of the Late Claims are Pre-Filing Claims and were filed within one month of the Pre-Filing Bar Date. The Monitor understands that some of these claimants only became aware that they may have a Pre-Filing Claim subsequent to the Pre-Filing Claims Bar Date and thus did not intentionally miss the Pre-Filing Claims

Bar Date. The Monitor is satisfied that accepting the filing of the Late Claims will not unduly prejudice the other Affected Creditors.

53. Accordingly, the Monitor recommends that the that Court approve this request to accept the Late Claims, if it sees fit to do so.

RECAPITALIZATION TRANSACTION

54. Since the Seventh Report, the Applicants began efforts to seek alternative investment and recapitalization transactions with respect to AgMedica. As noted above, through these CCAA Proceedings, the Applicants have been able to reduce their secured debt significantly and right-size their operational cost structure. In order to complete the restructuring, the Applicants needed to secure new financing to retire the remainder of their secured debt and to provide working capital for their operational needs going forward.

55. Management has focused on sourcing a recapitalization transaction consisting of new equity and debt (the "**Recapitalization Transaction**") as follows:

a) AgMedica issuing 400,000,000 Class A Preferred Shares to certain investors (the "**Equity Subscribers**") at a price of $0.01 per share in order to raise the aggregate amount of $4,000,000 (the "**Offering**"), the proceeds of which will be used to fund the Plan, repay a portion of the Secured Claims and fund the Applicants' working capital requirements following the Plan Implementation Date; and

b) AgMedica entering into a secured debt facility agreement (the "**Secured Exit Facility Agreement**") with AgriRoots Capital Management Inc. ("**AgriRoots**"), pursuant to which AgriRoots will provide the Applicants with a secured credit facility in the maximum principal amount of $10,000,000 (the "**Secured Exit Facility**"), subject to the terms of the Secured Exit Facility Agreement, which will be used to repay a portion of the Secured Claims and fund the Applicants' working capital requirements and certain capital expenditures following the Plan Implementation Date.

56. The following is a summary of certain key terms of the Offering:

a) the Equity Subscribers were required to provide 10% of their respective subscription amounts as a deposit, with the remainder of the subscription amount to be paid on or before the Plan Implementation Date;

b) each of the Class A Preferred Shares will entitle the holder to one vote per share and will vote together with the Common Shares of AgMedica;

c) in a liquidation, the Class A Preferred Shares will take precedence over the Common Shares and the Class B Preferred Shares with respect to any distribution; and

d) the Class A Preferred Shares will automatically convert to Common Shares upon the redemption of Class B Preferred Shares, described further herein.

57. The following is a summary of certain key terms of the Secured Exit Facility Agreement:

a) the Secured Exit Facility will be secured by a first charge over 566 Riverview and all present and after-acquired assets and property of the Applicants;

b) a term of three (3) years and an annual interest rate of 12%, payable monthly;

c) in addition to the monthly interest payments, the Applicants will be required to make monthly principal payments of $50,000 during the first year, and $75,000 during the second and third years; and

d) the Applicants will pay an arrangement fee of 2% and a lender's fee of 1.5% of the maximum principal amount of the Secured Exit Facility to AgriRoots.

58. The proposed Recapitalization Transaction is conditional upon the Court approving both the Recapitalization Transaction and the Plan.

59. The Equity Subscribers each provided 10% of their respective subscription amounts as a deposit, totalling $400,000, which are currently being held by the Monitor in trust. The Monitor has been advised by the Applicant that the Secured Exit Facility is fully committed and available to fund on the Plan Implementation Date.

60. The Monitor has been consulted throughout the process of pursuing and negotiating the Offering and the Secured Exit Facility Agreement. The proposed Recapitalization Transaction will provide sufficient funds to repay the DIP Facility, the Stabilis Facility and the Philipp Facility in full and fund the working capital requirements of AgMedica after the Plan Implementation Date.

61. The Monitor has reviewed the restructuring business plan of AgMedica, and based on this information, is satisfied that the proposed Recapitalization Transaction will provide AgMedica with the opportunity to continue as a going concern upon emergence of the CCAA Proceedings. As set out further below, the Monitor believes that the emergence of AgMedica from the CCAA Proceedings as a going concern is ultimately a better outcome for the creditors of AgMedica and its other stakeholders than a liquidation.

OVERVIEW OF THE PLAN

62. While this Eighth Report summarizes key aspects of the Plan below, creditors are advised to carefully read the Plan in full. Should there be any discrepancy between the summary contained herein and the Plan, the Plan shall govern.

63. The Plan, provides, among other things, for the coordinated restructuring and recapitalization of the Applicants which will provide the Applicants with a stronger financial foundation and sufficient working capital to emerge from the CCAA Proceedings as a going concern business. The Plan contemplates payment in full of all amounts owing to the DIP Lender, Secured Creditors and other priority claims and provides for a distribution to the Affected Creditors of the Applicants. As set out further below, Affected Creditors will have an election of three different distribution options under the Plan and the potential recovery for Affected Creditors will be dependent on the election made by the Affected Creditors. The Claims of the Affected Creditors will be compromised and released pursuant to the Plan.

Classification of Affected Claims

64. For the purposes of considering and voting on the Plan and receiving a distribution pursuant to the Plan, the Affected Creditors are grouped into a single class regardless of the

Applicant for which their claim is against. In addition, there will be similar treatment for Pre-Filing Claims and Restructuring Claims.

65. Claimants who have submitted a claim against multiple entities will be entitled to a single vote based on the consolidated amounts of all of their claims against all Applicants.

Treatment of Affected Claims

66. Affected Creditors with a Proven Claim greater than $1,000 will have the option to select one of the following three distribution options:

a) Convenience Amount Option: Affected Creditors that select, or are deemed to select, this option ("**Convenience Creditors**") will receive the lesser of $1,000 and the amount of their Proven Claim;

b) Class B Preferred Share Conversion Option: Affected Creditors that select, or are deemed to select, this option ("**Class B Converting Creditors**") will receive a *pro rata* share of 5,000,000 Class B Preferred Shares with a total value of $5,000,000; and

c) Common Share Conversion Option: Affected Creditors that select, or are deemed to select, this option ("**Common Share Converting Creditors**") will receive a *pro rata* share of 61,965,221 Common Shares with a total value of $619,652.61.

67. Affected Creditors with a Proven Claim equal to or less than $1,000 will be automatically deemed to have selected the Convenience Amount Option.

68. Any Affected Creditor with a Proven Claim above $1,000 that do not elect any option will be deemed to have elected the Class B Preferred Share Conversion Option.

69. Class B Converting Creditors will collectively be entitled to receive an annual cumulative dividend equal to 10% of AgMedica's Free Cash Flow (the "**Annual Dividend**"), based on AgMedica's annual financial statements, up to the total aggregated face value of the Class B Preferred Shares ($5,000,000). The Annual Dividend will be paid within 60 days after the issuance of such annual financial statements. Free Cash Flow is defined in the Plan as the sum of:

a) AgMedica's consolidated net income (that is attributable to AgMedica) after tax, before the free cash flow sweep; plus/minus

b) all of AgMedica's non-cash charges or credits (i.e., depreciation, deferred tax, etc.) included in the calculation of its consolidated net income; plus/minus

c) the changes in AgMedica's working capital in the year; less

d) the capital expenditures (including, without limitation, capital expenditures relating to expansion and maintenance) incurred in the course of AgMedica's business in the year; less

e) mandatory debt principal payments.

70. The Class B Preferred Shares will be automatically redeemable by AgMedica once the total aggregated face value of the Class B Preferred Shares ($5,000,000) has been returned to the Class B Converting Creditors through the Annual Dividend. AgMedica may redeem the Class B Preferred Shares at any time at a redemption price per share equal to (a) $5,000,000 less all amounts previously transferred to the Class B Converting Creditors divided by; (b) 5,000,000.

71. With respect to the Common Share Converting Creditors, if the aggregate amount of their Proven Claims <u>exceeds</u> the aggregate face value of the Common Shares to be issued pursuant to the Plan ($619,652.61), the Common Share Converting Creditors will receive a *pro rata* portion of the Common Shares to be issued pursuant to the Plan and a *pro rata* portion of Class B Preferred Shares in satisfaction of such shortfall. If the aggregate amount of the Proven Claims of the Common Share Converting Creditors <u>does not exceed</u> the aggregate face value of the Common Shares to be issued pursuant to the Plan ($619,652.61), the Common Share Converting Creditors will only receive Common Shares with a face value equal to the amount of their respective Proven Claims.

72. Based on the Proven Claims at this point in time, the aggregate value of all Affected Creditors with claims less than $1,000, who will automatically be deemed to be Convenience Creditors, is approximately $11,000, although the Monitor expects that a

number of smaller Affected Creditors with Proven Claims in excess of $1,000 will also elect the Convenience Amount Option.

73. Based on the Proven Claims at this point in time, if all remaining Affected Creditors either elected or are deemed to have elected the Class B Preferred Share Conversion Option, their recovery, based on the Claims Summary, would be approximately 21% as per the following estimated calculation:

Total Proven and Accepted Unsecured Claims	(X)	$23,900,467
Less: Deemed Convenience Class	(Y)	($10,733)
Net Creditors with Election Option	Z = X – Y	**$23,889,734**
Class B Preferred Shares	(T)	$5,000,000
Potential Recovery	**T / Z**	**20.9%**

74. If the Unresolved Claims in the amount of $17 million were accepted as Proven Claims, (Z) in the table above would increase to $40.9 million and the potential recovery to Affected Creditors would be reduced to 12%.

75. The above estimates are for illustrative purposes only and may change based on the Applicants' and the Monitor's on-going review of the Unresolved Claims as well as the elections ultimately made by Affected Creditors. The actual recovery of Affected Creditors under the Plan may vary significantly from these estimates. The illustrative potential recovery is based on the amount of the various claims but would also vary depending on the timing of the future payments as contemplated in the Plan.

76. In essence, the Plan provides for a future recovery for Affected Creditors, other than Convenience Creditors who will either be paid in full or have elected to receive a cash payment and forego that future recovery, based on the future results of the Applicants. Those Affected Creditors who elect the Common Share Conversation Option will share in the future results of the Applicants along with the Class A Preferred Shares issued to the Equity Subscribers pursuant to the Recapitalization Transaction, and the Existing Common Shares based on the ownership percentages described further herein. Those Affected

Creditors who elect or are deemed to have elected the Class B Preferred Share Conversion Option will share on a *pro rata* basis in 10% of the future Free Cash Flow, as defined above, of the Applicants up to $5 million, which will hopefully provide the Affected Creditors with a greater recovery than they would recover in event of liquidation of the Applicants' assets and operations. This recovery is dependant on the future success of the Applicants, however, it does provide the Affected Creditors with a future potential recovery, whereas, an immediate liquidation of the Applicants would likely result in the Affected Creditors recovering little or no value, as described in more detail below.

77. All Common Shares and Class B Preferred Shares issued pursuant to the Plan will be issued in whole units and any fractional amounts will be rounded down to the nearest whole number. If there are any unallocated shares as a result of rounding calculations, they will be released back to AgMedica.

Treatment of Unaffected Claims

78. The Plan does not compromise or otherwise affect the Unaffected Claims, which are comprised of:

a) claims secured by the Charges created by the Amended and Restated Initial Order;

b) Secured Claims that are accepted as or determined to be Proven Claims pursuant to the Claims Procedure Order as Secured Claims;

c) claims for amounts required to be paid by sections 6(3), (5) and (6) of the CCAA ("**CCAA Priority Payment Claims**"). This includes certain Crown claims in respect of employee source deductions and certain employee amounts that would receive priority under paragraph 136(1)(d) of the *Bankruptcy and Insolvency Act* if the Applicants had become bankrupt on the Filing Date;

d) claims by any Director (as defined in the Claims Procedure Order) of the Applicants under any directors' or officers' indemnity policy or agreement with the Applicants, or any of them, to the extent not otherwise covered by the CCAA Charges;

e) claims arising from a cause of action for which the applicable Applicant or Partnership is covered by insurance (but only to the extent of that coverage);

f) claims by EY or counsel to the Applicants, to the extent not otherwise covered by the CCAA Charges;

g) Intercompany Claims of the Applicants; and

h) Post-Filing Claims.

Equity Claims

79. As non-equity claims will not be paid in full, those holding Equity Claims will not receive a distribution and will not be entitled to vote on the Plan in respect of their Equity Claims. The Plan will be binding on all holders of Equity Claims if sanctioned by the Court.

Treatment of Unresolved Claims

80. As at the date of this Eighth Report, there are 13 Claims that are still being reviewed by the Applicants and the Monitor and eight (8) Claims that remain disputed (collectively, the "**Unresolved Claims**"). In addition, there would be two (2) additional Late Claims that, if the Court sees fit to approve the proposed Late Claims and Sealing Order, would receive a Notice of Revision and Disallowance and would have the right to submit a Notice of Dispute to the Monitor; therefore, may become an Unresolved Claim. As noted above, Applicants and the Monitor continue to work to resolve these Unresolved Claims as expeditiously and efficiently as possible.

81. A reserve (the "**Unresolved Claim Reserve**") of Class B Preferred Shares will be established, to be held in trust by the Monitor, sufficient to provide each holder of an Unresolved Claim with the *pro rata* amount of Class B Preferred Shares that they would have been entitled to under the Plan if such Unresolved Claim are determined to be Proven Claims. Affected Creditors with Unresolved Claims that are subsequently determined to be Proven Claims will be deemed to have elected the Preferred B Share Conversion Option.

82. A cash reserve (the "**Administration Reserve**") will be established, to be held in trust by the Monitor, in an amount sufficient to cover the fees and expenses of the Applicants' counsel, the Monitor, and the Monitor's counsel in administering the resolution of Unresolved Claims and all other matters that may need to be attended to after the Effective Time.

Timing of Distributions

83. In order to facilitate implementing the Plan and making distributions to Affected Creditors as soon as practicable, Affected Creditors with Proven Claims that have the ability to make an election under the Plan will be required to deliver an election notice to the Monitor by the date of the Sanction Hearing, which is currently proposed to be on September 1, 2020.

84. On the Plan Implementation Date:

a) the Recapitalization Transaction will be completed;

b) the Applicant will pay all amounts required to satisfy all obligations and liabilities of the Applicants to the DIP Lender and the Secured Creditors;

c) to the extent not already paid, the Applicants will deliver to the Monitor, in trust, the amount required to satisfy the CCAA Charges and the CCAA Priority Payment Claims in full, which Unaffected Claims will be paid by the Monitor, for and on behalf of the Applicants from such funds within five business days of the Plan Implementation Date or with respect to previous employees, five (5) Business Days after the clearance from Employment and Social Development Canada (unless otherwise agreed to between the Applicants and such Unaffected Claim holders);

d) the Applicants will issue all distributions to the Convenience Creditors, Class B Converting Creditors and Common Share Converting Creditors contemplated in the Plan; and

e) the Applicants will deliver to the Monitor, in trust, the Unresolved Claims Reserve and the Administration Reserve.

85. Any distributions in respect to claims that remain Unresolved Claims on the Plan Implementation Date will be distributed as soon as practically possible following the date, if any, on which the Unresolved Claim becomes a Proven Claim. Any remaining Class B Preferred Shares, not required to be reserved for Unresolved Claims, will be distributed amongst Class B Preferred Share Creditors.

86. If after 6 months, a distribution to an Affected Creditor remains undeliverable (an "**Undeliverable Distribution**"), the Undeliverable Distribution will be released back to the Applicants.

87. If after 6 months, a cheque in payment of a Convenience Amount to an Affected Creditor remains uncashed (an "**Uncashed Distribution**"), the Uncashed Distribution will be cancelled, and the associated funds will be released back to the Applicants.

88. The proposed Plan will not require the Applicants or the Monitor to locate any Creditor or other Person with respect to an Undeliverable Distribution or Uncashed Distribution.

89. The obligations of the Applicants and the Monitor to an Affected Creditor with respect to an Undeliverable Distribution or an Uncashed Distribution will expire and be extinguished on the date which such Undeliverable Distribution or Uncashed Distribution is released back to the Applicants.

Conditions Precedent

90. Implementation of the Plan is subject to the satisfaction or waiver, if applicable, of a number of conditions precedent, specifically that:

a) the creditors approve the Plan at the Creditors' Meeting, meaning that not less than a majority in the number of creditors representing two-thirds in the value of Proven Claims, present and voting, in person or by proxy, at the Creditors' Meeting must vote in favour of the Plan;

b) the Court makes an order sanctioning the Plan (the "**Sanction Order**");

c) all applicable appeal periods in respect of the Sanction Order will have expired and any appeals therefrom will have been finally disposed of by the applicable appellate tribunal;

d) the Offering and all other agreements required pursuant thereto will have been executed, delivered, and become effective in accordance with its terms, subject only to the occurrence of the Plan Implementation Date;

e) the Secured Exit Facility Agreement and all other agreements required pursuant thereto will have been executed, delivered, and become effective in accordance with its terms, subject only to the occurrence of the Plan Implementation Date;

f) each of the conditions precedent to the closing of the Offering and the Secured Exit Facility Agreement will have been satisfied or waived in accordance with the terms therein;

g) all relevant Persons will have executed, delivered and filed all documents and other instruments that, in the opinion of the Applicants and the Monitor, are necessary to implement the provisions of the Plan or the Sanction Order; and

h) no action or proceeding will be pending by any third party to enjoin or prohibit the Recapitalization Transaction.

91. Upon confirmation from the Applicants that the conditions precedent have each been satisfied or waived and the Plan has been implemented, the Monitor will file a certificate with the Court and post it on the Monitor’s Website.

Capital Structure after Plan Implementation

92. After the execution of the Recapitalization Transaction and the distributions by the Applicants to the Affected Creditors pursuant to the Plan, AgMedica’s *pro forma* capital structure will be as follows:

Class A Preferred Shares:	400,000,000	(64.6% of Voting Shares)
Existing Common Shares:	157,795,431	(25.4% of Voting Shares)

New Common Shares:	61,965,221	(10% of Voting Shares)
Class B Preferred Shares:	5,000,000	(100% of Non-Voting Shares)

93. For certainty and clarity regarding the rights that will accompany the classes of shares to be issued pursuant to the Recapitalization Transaction and the Plan, the Monitor anticipates that the proposed articles of reorganization will be provided in the upcoming weeks. When available it will be provided to the Court and sent to Affected Creditors as part of the Meeting Materials, as defined and detailed further below.

Plan Releases

94. The Plan provides full and final releases in favour of the Applicants' and their advisors, the Directors and Officers, the Monitor and the Monitor's counsel, and other parties identified in the Plan as Released Parties of the Released Claims which include, among other things, all claims, actions, debts, or damages of whatever kind or nature based in whole or in part on any act, omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Date, or following the Plan Implementation Date up to the termination of the CCAA Proceeding that relate to matters relating to implementing the Plan, on or following the Plan Implementation Date, or that constitute or are in any way relating to, arising out of or in connection with any Affected Claims, any D&O Claims and any indemnification obligations with respect thereto, the business and affairs of the Applicants whenever or however conducted, the administration and/or management of the Applicants, the Plan or the CCAA Proceeding.

Amendments to the Plan

95. The Plan and the proposed Meeting Order contemplates that the Applicants may vary, amend, modify or supplement the Plan with the consent of the Monitor at any time prior to the Creditors' Meeting so long as the amendment, modification or supplement, as applicable, is filed with the Court and communicated to the Affected Creditors that attend the Creditors' Meeting prior to the vote.

96. The Plan and the proposed Meeting Order also contemplates that the Applicant may vary, amend, modify or supplement the Plan at any time where such amendment, modification or supplement, as applicable is of an administrative nature required to give better effect to the implementation of the Plan or the Sanction Order, or to cure any errors, omissions or ambiguities, and in either circumstance, is not materially adverse to the economic interests of the Affected Creditors.

97. Finally, the Plan and the proposed Meeting Order contemplates that the Applicants may vary, amend, modify or supplement the Plan after the Creditors' Meeting with the consent of the Monitor, without consent of the Affected Creditors or further approval of the Court only if the amendment, modification or supplement, as applicable:

a) is filed with the Court;

b) is posted on Monitor's Website and notice thereof is provided to the Affected Creditors;

c) does not materially decrease the anticipated recovery of Affected Creditors under the Plan and is otherwise not materially adverse to the financial or economic interests of Affected Creditors, in each case as determined by the Monitor; and

d) does not amend the Plan Implementation Conditions (including any provision of the Plan that is the subject of such conditions) without the consent of the party or parties for whose benefit the conditions exist.

98. Otherwise, the amendment, modification or supplement, as applicable, must be approved by the Court on notice to the Affected Creditors.

99. As at the date of this Report, there have been no amendments, modifications or supplements to the Plan.

ALTERNATIVES TO THE PLAN

100. At the Creditors' Meeting, the Affected Creditors are being asked by the Applicants to choose between two alternatives, namely accepting the Plan or rejecting the Plan.

101. The Monitor believes that, if the Plan is not approved by the Affected Creditors, the most likely alternative would be a forced liquidation of the Applicants' assets pursuant to the CCAA, the *Bankruptcy and Insolvency Act* (Canada) or other statute and the distribution of the net proceeds from such a sale or liquidation to the creditors of the Applicants in accordance with their respective priorities. Any liquidation process would be fraught with considerable execution risk and cost.

102. The Monitor does not believe that a sale of the business would produce a viable outcome as:

a) the Applicants have already carried out broad canvassing of the market through the SISP without a successful offer, and the letters of intent or offers submitted during the course of the SISP did not demonstrate that there would be a likelihood of any significant recovery for the Affected Creditors;

b) current market conditions remain challenging due to the ongoing impact of the COVID-19 pandemic and continuing rationalization in the cannabis sector;

c) any sale process would require funding through an extension of the DIP Facility or alternate financing, neither of which are presently available to the Applicants.

103. The Monitor has performed an illustrative analysis of a hypothetical liquidation and the anticipated recovery to unsecured creditors in that scenario based on financial information provided by the Applicants (the "**Liquidation Analysis**"). The Liquidation Analysis and the underlying assumptions are attached as **Appendix** "**J**".

104. The Liquidation Analysis indicates that, in the event that the Plan is not approved and a forced liquidation ensues, unsecured creditors of the Applicants would receive no recovery on their Proven Claims as the net proceeds from a liquidation would likely be less than the sum of the claims of the DIP Lender and the Secured Creditors. Moreover, any amounts realized from a forced liquidation will inevitably be eroded further by the professional and other costs typically incurred in connection with such proceedings.

105. The DIP Facility matures September 12, 2020 and without additional financing before such date, the Applicants would have to request an extension from the DIP Lender as there would be insufficient funds to pay the outstanding DIP Facility at that time.

106. Based on the foregoing, the Monitor believes the Plan will produce a more favourable result for the Affected Creditors than they would likely receive in connection with a going concern sale or forced liquidation of the assets of the Applicants. The Plan provides for a distribution to the Affected Creditors. As noted above, the Monitor does not expect that there would be any funds available for distribution to the Affected Creditors in the event of a sale or liquidation.

CREDITORS' MEETING

Date, Time and Location

107. The proposed Meeting Order contemplates hosting the Creditors' Meeting virtually through video conference due to the COVID-19 pandemic. The Monitor notes that the Office of the Superintendent of Bankruptcy has encouraged licensed insolvency trustees such as the Monitor to make every reasonable effort to hold creditor meetings by electronic or digital means of communication during the pandemic. The Applicants propose to hold the Creditors' Meeting on August 25, 2020 at 11:00 am (Eastern Time).

Notice to Creditors

108. The proposed Meeting Order directs the Monitor to send a meeting information package (the "**Meeting Materials**") to each Known Affected Claimant (as defined in the proposed Meeting Order), by no later than August 11, 2020. The Meeting Materials are to include the following:

a) the Plan (attached as **Appendix "A"**);

b) this Eighth Report;

c) the Notice of the Creditors' Meeting substantially in the form attached as **Appendix "I"**;

d) the Proxy to be used by Affected Creditors (including instruction on completion of the Proxy) substantially in the form attached as **Appendix "J"**; and

e) the form of resolution substantially in the form attached as **Appendix "K"**.

109. With the Meeting Materials, all Known Affected Creditors will also receive an election notice in the form attached as **Appendix "L"** (the "**Election Notice**"), and their personal meeting identification number ("**PMIN**") and a pre-registration form in the form attached as **Appendix "M"** (the "**Pre-Registration Form**").

110. Copies of the Meeting Materials, Election Notice and Pre-Registration Form will be posted on the Monitor's Website as soon as practically possible after the granting of the proposed Meeting Order, if the Court sees fit to grant the proposed Meeting Order.

111. The proposed Meeting Order directs the Monitor to publish a notice of the Creditors' Meeting in the Globe and Mail (National Edition) no later than August 11, 2020. A copy of the newspaper notice is attached as **Appendix** "**N**".

Conduct of the Creditors' Meeting

112. The proposed Meeting Order directs that a representative of the Monitor will preside as chair of the Creditors' Meeting. The Monitor will manage the administrative processes related the conduct of the Creditors' Meeting, such as causing minutes to be prepared, determining the entitlement of person to attend, participate in or vote at the Creditors' Meeting, calling for a vote on the resolution to approve the Plan, appointing scrutineers and compiling and announcing the results of the vote. The Monitor expects it will be able to complete the tasks which the proposed Meeting Order charges it with.

113. For voting (and distribution) purposes, the Plan and the proposed Meeting Order contemplates that there will be one class of creditors, consolidating all creditors of the Applicants. The Monitor believes the consolidation of all unsecured creditors of the Applicants into one class is appropriate as each creditor is being treated the same regardless of the type of creditor or claim.

114. Only those Affected Creditors with Proven Claims or Disputed Claims (both as defined in the Plan) will be eligible to attend the Creditors' Meeting ("**Eligible Voting Creditor**") and vote on the resolution to approve the Plan. The votes of creditors holding Unresolved Claims will be separately tabulated and reported, and Unresolved Claims will be resolved in accordance with the Claims Procedure Order, the proposed Meeting Order and the proposed Plan prior to any distribution on account of such Unresolved Claims. Unaffected Creditors, as defined in the Plan, will not be entitled to attend and vote at the Creditors' Meeting.

115. In order to manage access to the Creditors' Meeting, the Monitor will send the details of video conference to any Affected Creditors that have indicated to the Monitor their intention to attend the Creditors' Meeting either by providing a Proxy or returning a Pre-Registration Form. The details provided within the Proxy or the Pre-Registration Form provide the ability for the Monitor to confirm the identity of the attendees at the Creditors' Meeting. Similar to the timing of the Proxy, the Monitor is requesting that Pre-Registration Form be submitted by 11:00 a.m. (Eastern Time) on August 23, 2020, or 48 hours in advance of an adjourned Creditors' Meeting.

116. The Monitor will open up the video conference from 10:00 a.m. to 10:50 a.m. prior to the Creditors' Meeting to begin sign-in for Eligible Voting Creditors that have pre-registered, and proxyholders. The proposed Meeting Order provides that the Chair of the Creditors' Meeting and the Monitor may rely on representations by attendees to confirm their identification.

117. The Monitor will file a report with the Court and serve such report on the parties listed on the Service List by no later than August 28, 2020 with respect to the results of the votes cast, including:

a) whether the Plan has been accepted by the Required Majority of the Affected Creditors;

b) whether the votes cast by creditors with Unresolved Claims, if any, would affect whether the Plan has accepted by the Required Majority of the Affected Creditors; and

c) any other matter which the Monitor considers relevant to bring before the Sanction Hearing.

118. If, after reviewing the votes casted at the Creditors' Meeting in respect of any Unresolved Claims and, if the approval or rejection of the Plan by the Affected Creditors would be decided by the votes cast in respect of Unresolved Claims, the Monitor will advise the Court as soon as possible and seek the assistance of the Court to obtain an expedited determination with respect to such Unresolved Claims.

SANCTION HEARING

119. If the Plan is approved by Required Majority of the Affected Creditors at the Creditors' Meeting, the Applicants will seek Court approval of the Plan. The proposed Meeting Order contemplates that the Sanction Hearing will proceed on September 1, 2020, subject to the availability of the Court.

120. The Meeting Order provides that any party who wishes to oppose the final sanctioning of the Plan must serve the Applicants, the Monitor and the parties listed on the Service List with a copy of the materials to be relied upon to oppose the motion for sanction of the Plan, setting out the basis for such opposition, at least five (5) days before the date set for the Sanction Hearing.

SEALING

121. The Applicants are seeking to seal Confidential Exhibit "B" to the Henry Affidavit as it contains the identities of the Equity Subscribers. The Equity Subscribers have specifically requested that their identities remain confidential at this time. The Monitor has reviewed Confidential Exhibit "B" to the Henry Affidavit and agrees that the identities of the Equity Subscribers constitute commercially sensitive and personal information the disclosure of which in advance of the Plan Implementation Date could adversely affect the Applicants and the Equity Subscribers. The Monitor supports the request by the Applicants for a sealing order in the circumstances.

CONCLUSIONS AND RECOMMENDATIONS

122. For the reasons stated herein, the Monitor recommends that the Court grant the proposed Meeting Order and Late Claims and Sealing Order, should the Court see fit to do so.

All of which is respectfully submitted this 31st day of July, 2020.

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

per:

Alex Morrison, CPA, CA
Senior Vice President

APPENDIX “A”

THE PLAN

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF **AGMEDICA BIOSCIENCE INC. 2472602 ONTARIO INC., 2642466 ONTARIO INC., 8895309 CANADA INC., WELLWORTH HEALTH CORP., 8050678 CANADA INC., 8326851 CANADA INC., TAVIVAT NATURALS INC., WORLDWIDE BEVERAGE INNOVATIONS INC., UNIQUE BEVERAGES (USA) INC., and ESEELA INC.**
(each an **"Applicant"** and collectively, the **"Applicants"**)

PLAN OF COMPROMISE AND ARRANGEMENT
pursuant to the *Companies' Creditors Arrangement Act*
affecting and involving the Applicants

July 29, 2020

TABLE OF CONTENTS

Page

PLAN OF COMPROMISE AND ARRANGEMENT

This is the plan of compromise and arrangement of the Applicants pursuant to the CCAA.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In the Plan:

"**Administration Reserve**" is defined in Section 5.1.

"**Affected Claims**" means the Claims of Affected Creditors.

"**Affected Creditor**" means all Creditors that are not Unaffected Creditors.

"**Affiliate**" means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by or is under direct or indirect common control with such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to control a Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the term "controlled" shall have a similar meaning.

"AgMedica" means AgMedica Bioscience Inc.

"**Applicable Law**" means:

(i) any applicable domestic or foreign law including any statute, subordinate legislation or treaty, as well as the common law; and

(ii) any applicable and enforceable rule, regulation, requirement, order, judgment, injunction, award or decree of a Governmental Authority.

"Applicant" means any of the Applicants referred to individually.

"Applicants" means AgMedica Bioscience Inc., 2472602 Ontario Inc., 2642466 Ontario Inc., 8895309 Canada Inc., Wellworth Health Corp., 8050678 Canada Inc., 8326851 Canada Inc., Tavitat Naturals Inc., Worldwide Beverage Innovations Inc., Unique Beverages (USA) Inc., and Eseela Inc.

"BIA" means the *Bankruptcy and Insolvency Act* (Canada).

"**Business**" means the business conducted by the Applicants, consisting primarily of the production, distribution, and sale of dried cannabis flower, pre-rolled cannabis joints, cannabis softgel capsules, and cannabis oil, and the related marketing and sale thereof and other related business operations ancillary thereto.

"**Business Day**" means a day other than a Saturday, Sunday, statutory or civic holiday in Toronto, Ontario.

"**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada).

"**CCAA Charges**" means all court-ordered charges created by the Initial Order or subsequent orders in the CCAA Proceeding, including the charge in favour of the DIP Lender.

"**CCAA Priority Payment Claims**" means claims for amounts required to be paid by sections 6(3), (5) and (6) of the CCAA.

"**CCAA Proceeding**" means the proceeding under the CCAA bearing Court File No. CV-19-00632052-00CL in respect of or relating to the Applicants, commenced pursuant the Initial Order.

"**Claim**" means

(i) any Pre-Filing Claim;

(ii) any Restructuring Claim;

(iii) any D&O Claim;

(iv) any Equity Claim;

(v) any CCAA Priority Payment Claims; and

(vi) any Secured Claim.

provided, however, that "Claim" will not include any investigation, action, suit, order or proceeding in respect of the Applicants by or before a regulatory body (as defined in the CCAA), unless such investigation, action, suit, order or proceeding constitutes a "claim" within the meaning of the CCAA. And provided that in any case "Claim" shall not include an Unaffected Claim;

"**Claims Procedure Order**" means the Claims Procedure Order granted by Mr. Justice McEwen in the CCAA Proceeding dated February 4, 2020.

"Class A Preferred Shares" means the 400,000,000 Class A Preferred Shares of AgMedica that AgMedica shall issue to the Equity Subscribers pursuant to the Offering.

"Class B Converting Creditor" means all Affected Creditors with Proven Claims exceeding $1,000 that select or are deemed to have selected the Class B Preferred Share Conversion Option (which includes a Common Share Converting Creditor who is owed additional amounts following the issuance of the Common Shares pursuant to the Plan).

"Class B Preferred Share Conversion Option" is defined in Section 3.6.

"Class B Preferred Shares" means the 5,000,000 Class B Preferred Shares of AgMedica that AgMedica shall issue to the Class B Converting Creditors pursuant to the Plan.

"Common Share Conversion Option" is defined in Section 3.7.

"Common Share Converting Creditor" means all Affected Creditors with Proven Claims exceeding $1,000 that select the Common Share Conversion Option.

"Common Shares" means the common shares in the capital of AgMedica that are duly issued and outstanding at any time.

"Convenience Amount Option" is defined in Section 3.5.

"**Convenience Creditor**" means all Affected Creditors with Proven Claims in the amount of $1,000 or less, and all Affected Creditors with Proven Claims exceeding $1,000 who select the Convenience Amount Option by filing an Election Notice.

"**Court**" means the Ontario Superior Court of Justice (Commercial List).

"**Creditor**" means a Person having a Claim and includes the transferee or assignee of a transferred Claim that is recognized as a Creditor in accordance with the Claims Procedure Order, or a trustee, liquidator, receiver, receiver and manager or other Person acting on behalf of such Person.

"**D&O Claim**" as defined in the Claims Procedure Order, means any right or claim of any Person against one or more of the Directors of one or more of the Applicants or any of them, howsoever arising whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Assessments and any right or ability of any Person to advance a claim for contribution, indemnity or otherwise against any of the Directors with respect to any matter, action, cause or chose in action, however arising and whether:

(a) based in whole or in part on facts that existed prior to the Filing Date, (B) relating to a time period prior to the Filing Date, or (C) it is a right or claim of any kind that would be a claim provable in bankruptcy within the meaning of the BIA had the Applicant become bankrupt on the Filing Date (a "**D&O Pre-Filing Claim**"); or

(b) based on facts that arose in connection with the restructuring, disclaimer, resiliation, termination or breach by such Applicant on or after the Filing Date of any contract, lease, other agreement or obligation, whether written or oral (a "**D&O Restructuring Claim**"),

in each case for which the Directors are alleged to be, by statute or otherwise by law or equity, liable to pay in their capacity as Directors.

"DIP Facility" means the debtor-in-possession super priority non-revolving credit facility in the maximum principal amount of $7,500,000 provided by the DIP Lender to the Applicants pursuant to the DIP Facility Agreement and the Initial Order.

"DIP Facility Agreement" means the agreement entered into between the DIP Lender and the Applicants dated December 20, 2019, pursuant to which the DIP Lender agreed to provide the Applicants with the DIP Facility, subject to the terms and conditions of the DIP Facility Agreement and the Initial Order.

"**DIP Lender**" means SF V Bridge III, LP.

"**Director**" means any Person who, as at the Effective Time, is a former or present director or officer of the Applicants, or any of them, or any other Person of a similar position or who by Applicable Law is deemed to be or is treated similarly to a director or officer of any of the Applicants or who currently manages or supervises the management of the business and affairs of any of the Applicants or did so in the past.

"**Distribution Date or Dates**" means the Business Day or Business Days upon which distributions are made by the Applicants to the Affected Creditors in accordance with the provisions of the Plan.

"**Effective Time**" means such time on the Plan Implementation Date as the Applicants may determine.

"Election Notice" means a duly and timely filed election in the prescribed form to be provided by the Applicants to Affected Creditors pursuant to which an Affected Creditor with a Proven Claim exceeding $1,000 may elect to receive payment of $1,000 as a Convenience Creditor in full satisfaction of such Proven Claim pursuant to Sections 3.5 and 6.3, subject to the terms and implementation of the Plan.

"**Employees**" means all individuals currently or formerly employed by the Applicants, or any of them, immediately prior to the Effective Time, whether on a full-time, part-time, salaried, or hourly basis, including current employees on long-term disability or any other leave of absence, which, for greater certainty, does not include contractors.

"**Encumbrance**" means any mortgage, charge, pledge, lien (statutory or otherwise), hypothec, security interest (whether contractual, statutory or otherwise), encumbrance, statutory or possessory lien, trust or deemed trust (whether contractual, statutory, or otherwise), execution, levy, charge, interest in property, or other financial or monetary claim or lease of personal property that creates a security interest, in respect of any assets that the Applicants own or control or to which the Applicants are entitled or that secures payment or performance of an obligation, or similar charge of any kind.

"**Equity Claim**" as defined in the Claims Procedure Order, means a Claim that constitutes an "equity claim" as that term is defined in section 2(1) of the CCAA.

"**Equity Interests**" has the meaning ascribed thereto in section 2(1) of the CCAA and includes, any stock options that have not yet been exercised in respect of the Common Shares, and any other interest in or entitlement to shares in the capital of the Company, but, for greater certainty, does not include any of the Common Shares (including the Existing Shares and any Common Shares to be issued pursuant to the Plan), the Class A Preferred Shares, or the Class B Preferred Shares.

"Equity Subscribers" means investors who have entered into Equity Subscription Agreements as part of the Offering.

"Equity Subscription Agreements" means the agreements by which the Equity Subscribers subscribe for an aggregate of up to $4,000,000 of Class A Preferred Shares at a price per share of $0.01 pursuant to the Offering.

"Equity Subscription Amount" means the amount payable by any Equity Subscriber to the Applicants pursuant to the Equity Subscription Agreement.

"Existing Shares" means all of the Common Shares that are issued and outstanding immediately prior to the Effective Time, subject to any adjustment as provided for in this Plan.

"EY" means Ernst & Young Inc. in respect of the services it provided to any Applicant before and after the Filing Date in its capacity as Monitor, and includes Ernst & Young LLP and any of its affiliates, partners, officers, directors, employees, agents, subcontractors, and legal counsel.

"**Filing Date**" means December 2, 2019.

"Free Cash Flow" means the sum of:

(a) AgMedica's consolidated net income (that is attributable to AgMedica) after tax, before the free cash flow sweep;

plus/minus

(b) All of AgMedica's non-cash charges or credits (i.e., depreciation, deferred tax, etc.) included in the calculation of "(a)" above;

plus/minus

(c) The changes in AgMedica's working capital in the year;

less

(d) The capital expenditures (including, without limitation, capital expenditures relating to expansion and maintenance) incurred in the course of AgMedica's Business in the year.

less

(e) Mandatory debt principal payments.

"**Governmental Authority**" means any domestic or foreign legislative, executive, judicial or administrative body or person having jurisdiction in the relevant circumstances.

"**Initial Order**" means the order obtained from the Court on the Filing Date commencing the CCAA Proceeding, as amended and/or amended and restated from time to time.

"**Insured Claims**" is defined in Section 2.3(d).

"Intercompany Claims" means the Claims of any Applicant in respect of, or relating to, any of the other Applicants.

"**Meeting**" means a meeting of the Affected Creditors to consider and vote on the Plan, to be held pursuant to the Meeting Order.

"**Meeting Order**" means an order of the Court in the CCAA Proceeding directing the calling and holding of one or more Meetings of Affected Creditors to consider and vote on the Plan.

"**Monitor**" means Ernst & Young Inc., in its capacity as the monitor appointed pursuant to the Initial Order, and any successor thereto appointed in accordance with any further order of the Court.

"Offering" is defined under "Recapitalization Transaction".

"**Order**" means any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award of a Governmental Authority.

"**Person**" means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, government or any agency, officer or instrumentality thereof or any other entity.

"**Plan**" means this Plan of Compromise and Arrangement pursuant to the CCAA concerning, affecting and involving the Applicants, including all Schedules hereto.

"**Plan Implementation Conditions**" is defined in Section 9.1.

"**Plan Implementation Date**" means the Business Day on which the Plan becomes effective, which, for greater certainty, shall be the Business Day designated by the Applicants in consultation with the Monitor pursuant to Section 9.2 and as reflected in the certificate contemplated in Section 9.3.

"Pre-Filing Claim" as defined in the Claims Procedure Order, means any right of claim of any Person against any of the Applicants, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever in existence at the time of the Initial Order, and any interest accrued thereon or costs payable in respect thereof, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive, or otherwise), and whether or not such indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any right or ability of any Person to advance a claim for contribution or indemnity or otherwise against any of the Applicants with respect to any matter, action, cause or chose in action, but subject to any counterclaim, set-off or right of compensation in favour of the Applicants which may exist, whether existing at present or commenced in the future, which indebtedness, liability or obligation (A) is based in whole or in part on facts that existed prior to the Filing Date, (B) relates to a time period prior to the Filing Date, or (C) is a right or claim of any kind that would be claim provable in bankruptcy within the meaning of the BIA had the Applicant become bankrupt on the Filing Date, including for greater certainty any claim against any of the Applicants for indemnification by any Directors in respect of a D&O Pre-Filing Claim (but excluding any such claim for indemnification that is covered by the Directors' Charge (as defined in the Initial Order).

"**Post-Filing Claim**" means any Claim arising after the Filing Date that is not a Restructuring Claim or a D&O Restructuring Claim, including, without limitation, any Claims for goods and services provided to the Applicants, or any of them, after the Filing Date.

"**Proof of Claim**" means a proof of claim filed in accordance with the Claims Procedure Order.

"**Proven Claim**" means a Claim (or the portion thereof) that has been finally determined in accordance with the Claims Procedure Order or any other Order: (i) in the case of an Affected Claim, for voting and distribution purposes hereunder; and (ii) in the case of any Unaffected Claim, for the purposes of any treatment thereof contemplated by the Plan.

"Recapitalization Term Sheet" means the Term Sheet summarizing the key terms of the Recapitalization Transaction.

"Recapitalization Transaction" means the two-step transaction pursuant to which:

(a) AgMedica shall issue 400,000,000 Class A Preferred Shares to the Equity Subscribers at a price of $0.01 per share in order to raise the aggregate amount of $4,000,000 (the "**Offering**"), the proceeds of which shall be used to fund the Plan and the Applicants' working capital requirements following the Plan Implementation Date; and

(b) The Applicants shall execute a secured debt facility agreement (the "**Secured Exit Facility Agreement**") with AgriRoots Capital Management Inc. ("**AgriRoots**"), pursuant to which AgriRoots shall provide the Applicants with a secured credit facility in the maximum principal amount of $10,000,000 (the "**Secured Exit Facility**"), subject to the terms of the Secured Exit Facility Agreement, which shall be used to repay a portion of the Secured Claims and fund the Applicants' working capital requirements after the Plan Implementation Date.

"Released Claims" is defined in Section 7.1.

“Released Parties” is defined in Section 7.1.

“**Representatives**” means, in relation to a Person, such Person’s current and former directors, officers, partners, employees, consultants, legal counsel, actuaries, advisers and agents, including their respective heirs, executors, administrators and other legal representatives, successors and assigns, and each of their respective employees and partners.

“Required Majority” means a majority in the number of Affected Creditors representing at least two-thirds of the value of the aggregate amount of all Proven Claims held by the Affected Creditors that are present and voting, either in person or by proxy, at the Meeting in accordance with section 6(1) of the CCAA.

“**Restructuring Claim**” as defined in the Claims Procedure Order, means any right or claim of any Person against any of the Applicants in connection with any indebtedness, liability or obligation of any kind whatsoever owed by any such Applicant to such Person arising out of the restructuring, disclaimer, repudiation, resiliation, termination or breach by such Applicant on or after the Filing Date of any contract, lease, other agreement or obligation whether written or oral, including for greater certainty any claim against any of the Applicants for indemnification by any Directors in respect of a D&O Restructuring Claim (but excluding any such claim for indemnification that is covered by the CCAA Charge in favour of the Directors).

“Restructuring Steps” is defined in Section 4.1.

“Sanction Order” means the Order of the Court in the CCAA Proceeding sanctioning and approving the Plan pursuant to section 6(1) of the CCAA, which shall include such terms as may be necessary or appropriate to give effect to the Plan.

“**Secured Claims**” as defined in the Claims Procedure Order, means Claims or any portions thereof that are: (i) secured by security validly charging or encumbering property or assets of the Applicants (including statutory and possessory liens that create security interests) up to the value of such collateral; and (ii) duly and properly perfected in accordance with the relevant legislation in the appropriate jurisdiction as of the Filing Date.

“Secured Exit Facility” is defined under “Recapitalization Transaction”.

“Secured Exit Facility Agreement” is defined under “Recapitalization Transaction”.

“**Unaffected Claim**” is defined in Section 2.3.

“**Unaffected Creditor**” means a Creditor with an Unaffected Claim.

“**Uncashed Distribution**” is defined in Section 0.

“**Undeliverable Distribution**” is defined in Section 0.

“**Unresolved Claim**” means an Affected Claim (or the portion thereof) that at the relevant time is not a Proven Claim and is not barred pursuant to the Claims Procedure Order, but in respect of which a Proof of Claim has been filed in a proper and timely manner or a notice of claim delivered by the Applicants or the Monitor, in each case in accordance with the Claims Procedure Order.

"**Unresolved Claims Reserve**" is defined in Section 5.1.

1.2 **Certain Rules of Interpretation**

For the purposes of the Plan:

(a) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions;

(b) any reference in the Plan to an Order or an existing document or exhibit filed or to be filed means such Order, document or exhibit as it may have been or may be amended, modified, or supplemented;

(c) unless otherwise specified, all references to currency are in Canadian dollars;

(d) the division of the Plan into "articles" and "sections" and the insertion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of the Plan, nor are the descriptive headings of "articles" and "sections" intended as complete or accurate descriptions of the content thereof;

(e) the use of words in the singular or plural, or with a particular gender, including a definition, will not limit the scope or exclude the application of any provision of the Plan or a schedule hereto to such Person (or Persons) or circumstances as the context otherwise permits;

(f) the words "includes" and "including" and similar terms of inclusion will not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather will mean "includes but is not limited to" and "including but not limited to", so that references to included matters will be regarded as illustrative without being either characterizing or exhaustive;

(g) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario and any reference to an event occurring on a Business Day means prior to 5:00 p.m. (Toronto time) on such Business Day;

(h) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day;

(i) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature or Governmental Authority includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation;

(j) references to a specified "article" or "section" will, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specified article or section of the Plan, whereas the terms "the Plan", "hereof", "herein", "hereto", "hereunder" and similar expressions will be deemed to refer generally to the Plan and not to any particular article, section or other portion of the Plan and includes any documents supplemental hereto; and

(k) references to "Affected Creditor" or "Unaffected Creditor" refer to Creditors of the Applicants in such capacity.

1.3 **Successors and Assigns**

The Plan will be binding upon and enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and permitted assigns of any Person named or referred to in or subject to the Plan.

1.4 **Governing Law and Jurisdiction**

The Plan will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of the Plan and all proceedings taken in connection with the Plan and its provisions will be subject to the exclusive jurisdiction of the Court.

1.5 **Claims Made in Currency Other than Canadian Dollars**

All Affected Claims that are made in a currency other than Canadian Dollars shall be converted to Canadian Dollars for both voting and distribution purposes, using the Bank of Canada's average exchange rate as at the Filing Date for the purchase of Canadian Dollars.

ARTICLE 2
PURPOSE AND EFFECT OF THE PLAN

2.1 Purpose

The purposes of the Plan are to:

(a) complete a restructuring and recapitalization of the Applicants by, among other things, effecting the Recapitalization Transaction, which will provide the Applicants with a stronger financial foundation and sufficient working capital to emerge from the CCAA Proceeding;

(b) provide for a compromise of, and consideration for, all Affected Claims that are Proven Claims by providing to holders of all Affected Claims that are Proven Claims a distribution in accordance with one of the three distribution options described in Section 3 and 6 below;

(c) effect a release and discharge of all Affected Claims and Released Claims;

(d) ensure the Applicants and their Business continue as a going concern, having addressed their liquidity issues, with the expectation that all Affected Creditors will derive a greater benefit from implementation of the Plan than they would derive from a bankruptcy or liquidation of the Applicants; and

(e) permit the Applicants to exit the CCAA Proceeding after obtaining an Order of the Court terminating the CCAA Proceeding after the Plan Implementation Date.

2.2 Affected Claims and Released Claims

The Plan provides for a compromise with Affected Creditors and a full, final and irrevocable release and discharge of the Affected Claims and the Released Claims. The Plan will become effective at the Effective Time in accordance with its terms and will be binding on and enure to the benefit of the Applicants, the Affected Creditors, the Released Parties and all other Persons named or referred to in, or subject to, the Plan.

2.3 Unaffected Claims

Subject to the express provisions hereof providing for the payment of certain Unaffected Claims, the Plan does not affect or compromise the following (collectively, the "**Unaffected Claims**"):

(a) Claims secured by the CCAA Charges;

(b) Secured Claims that are accepted as or determined to be Proven Claims pursuant to the Claims Procedure Order as Secured Claims;

(c) CCAA Priority Payment Claims;

(d) Subject to Section 3.10 hereof, that portion of a Claim arising from a cause of action for which the Applicants are covered by insurance, only to the extent of such coverage and limited to the actual recovery received from the applicable insurer(s) by the Applicants ("**Insured Claims**");

(e) Claims by any Director under any directors' or officers' indemnity policy or agreement with the Applicants, or any of them, to the extent not otherwise covered by the CCAA Charges;

(f) Claims by EY or counsel to the Applicants, to the extent not otherwise covered by the CCAA Charges;

(g) Post-Filing Claims; and

(h) Intercompany Claims.

Nothing in the Plan will affect the Applicants' rights and defences, both legal and equitable, with respect to any Unaffected Claims including all rights or entitlements to set-offs or recoupments against such Unaffected Claims.

Nothing herein shall constitute a waiver of any right of either the Monitor or the Applicants to dispute the validity or quantum of any Unaffected Claim.

2.4 Equity Claims

At the Effective Time, the Plan will be binding on all holders of Equity Claims. Holders of Equity Claims will not receive a distribution or other consideration under the Plan and will not be entitled to vote on the Plan in respect of their Equity Claims. On the Plan Implementation Date all Equity Claims will be fully, finally, irrevocably and forever compromised, released, discharged and barred without any compensation of any kind whatsoever.

At the Effective Time, all certificates and any other agreements or instruments evidencing Equity Interests will not entitle any holder thereof to any compensation or participation other than as provided in the Plan and shall be irrevocably and forever cancelled and extinguished.

ARTICLE 3
CLASSIFICATION AND TREATMENT OF CREDITORS AND RELATED MATTERS

3.1 Claims Procedure

The procedure for determining the validity and quantum of the Affected Claims for voting and/or distribution purposes under the Plan will be governed by the Claims Procedure Order, the Meeting Order, the provisions of the CCAA, the Plan, and any further Order of the Court. For greater certainty, the Claims Procedure Order will remain in full force and effect from and after the Plan Implementation Date.

3.2 **Classification of Creditors**

In accordance with the Meeting Order, Affected Creditors will be placed into a single class for the purposes of considering and voting on the Plan.

3.3 **Creditors' Meeting**

The Meeting will be held in accordance with the Meeting Order and any further Order of the Court. The only Persons entitled to attend the Meeting are those specified in the Meeting Order and any further Order of the Court. The rules developed to govern the Meeting shall, among other things, account for the COVID-19 pandemic.

3.4 **Treatment of Affected Claims**

(1) At the Effective Time and in accordance with the sequence of steps set out in Section 4.1 hereof, all Affected Claims will be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred subject only to the limited right of Affected Creditors with Proven Claims to receive distributions pursuant to the Plan.

(2) All Affected Creditors with Proven Claims exceeding $1,000 shall have the option to select one of the following three distribution options in full and final satisfaction of their claims by filing an Election Notice in the prescribed form by the prescribed deadline:

   (a) the Convenience Amount Option (see Section 3.5);

   (b) the Class B Preferred Share Conversion Option (see Section 3.6); and

   (c) the Common Share Conversion Option (see Section 3.7).

(3) All Affected Creditors with Proven Claims of $1,000 or less shall be automatically deemed to have selected the Convenience Amount Option and shall be deemed Convenience Creditors.

3.5 **Convenience Amount Option**

Affected Creditors who select, or who are deemed to have selected, the Convenience Amount Option (each, a "**Convenience Creditor**" and collectively, the "**Convenience Creditors**") shall receive the lesser of $1,000 and the quantum of their Proven Claim on the Distribution Date in full and final satisfaction of their Claim.

3.6 **Class B Preferred Share Conversion Option – Default Option**

All Affected Creditors who do not select, or who are not deemed to have selected, either the Convenience Amount Option or the Common Share Conversion Option shall be deemed to have selected the Class B Preferred Share Conversion Option. In addition, pursuant to Section 3.7, any additional amounts owing to the Common Share Converting Creditors following the issuance of the Common Shares pursuant to the Plan shall receive a *pro rata* portion of Class B Preferred Shares in satisfaction of such shortfall.

Affected Creditors who are deemed to have selected the Class B Preferred Share Conversion Option and Affected Creditors who selected the Common Share Conversion Option but are owed additional amounts following the issuance of the Common Shares pursuant to the Plan (each, a "**Class B Converting Creditor**" and collectively, the "**Class B Converting Creditors**") shall be issued a *pro rata* amount of 5,000,000 Class B Preferred Shares in the aggregate face value of $5,000,000 less the amount of any Unresolved Claims on the Plan Implementation Date (the "**Aggregate Face Value**") on the Distribution Date (or such later date in accordance with Section 6.7 in respect of any Unresolved Claim that becomes a Proven Claim, if any) in full and final satisfaction of their Claim. For the purposes of this Section, any fractional number of Class B Preferred Shares to which a Class B Converting Creditor is entitled hereunder shall be rounded down to the nearest whole Class B Preferred Share.

Until the Class B Preferred Shares are redeemed by AgMedica, each Class B Converting Creditor shall be entitled to receive a *pro rata* annual cumulative dividend from an amount equal to 10% of AgMedica's Free Cash Flow during that fiscal year, based on AgMedica's annual financial statements, within sixty (60) days after AgMedica issues such annual financial statements.

The Class B Preferred Shares shall become automatically redeemable by AgMedica on the date on which the Aggregate Face Value has been returned to the Class B Converting Creditors by way of preferential dividends or the other distributions of capital (the "**Automatic Redemption Date**").

In addition, AgMedica may, at any time before the Automatic Redemption Date, in its sole discretion, redeem the Class B Preferred Shares at a redemption price per share equal to: (a) $5,000,000 less all amounts previously transferred to the Class B Converting Creditors divided by; (b) 5,000,000.

The Class B Preferred Shares are non-voting.

In the event of a liquidation or winding up of AgMedica prior to the date on which the Class B Preferred Shares are redeemed by AgMedica, the Class B Converting Creditors shall rank in priority to the holders of Common Shares, but behind the Equity Subscribers, the holders of the Class A Preferred Shares in accordance with the Recapitalization Transaction, for the purposes of distributing the proceeds derived from the assets of AgMedica.

3.7 Common Share Conversion Option

Affected Creditors who select the Common Share Conversion Option (each, a "**Common Share Converting Creditor**" and collectively, the "**Common Share Converting Creditors**") shall be issued a *pro rata* amount of 61,965,221 Common Shares (the "**Common Share Cap**") at a conversion rate of $0.01 per share (the "**Common Share Conversion Rate**") in the aggregate amount of $619,652.21 on the Distribution Date in full and final satisfaction of their Claim. The Common Share Cap will represent 10% of the total amount of issued and outstanding Common Shares and Class A Preferred Shares (collectively, the "**Class A Shares**") on a converted basis at the Effective Time.

The number of Common Shares issued pursuant to the Plan shall not exceed the Common Share Cap. In the event that the total number of Common Shares to be issued under the Plan to the Common Share Converting Creditors would otherwise exceed the Common Share Cap because the aggregate value of the Common Share Converting Creditors' Proven Claims exceeds $$619,652.21, the number of Common Shares to which each such Common Share Converting Creditor is entitled under the Plan shall be reduced on a *pro rata* basis and shall be calculated by taking the product of: (a) 61,965,221; and (b) the quantum of the Proven Claim held by the Common Share Converting Creditor divided by the quantum of the claims held by all Common Share Converting Creditors.

If there are any additional amounts owing to the Common Share Converting Creditors following the issuance of the Common Shares pursuant to the Plan, the Common Share Converting Creditors shall receive a *pro rata* portion of Class B Preferred Shares in satisfaction of such shortfall.

For the purposes of this Section, any fractional number of Common Shares to which a Common Share Converting Creditor is entitled hereunder shall be rounded down to the nearest whole Common Share.

3.8 **Capital Structure after Recapitalization Transaction and Distributions**

After the execution of the Recapitalization Transaction and the distributions by the Applicants to the Affected Creditors pursuant to the Plan, AgMedica's *pro forma* capital structure shall be as follows:

(a) Voting Shares:

(i)	Existing Common Shares:	157,795,431	(25.4%)
(ii)	Class A Preferred Shares:	400,000,000	(64.6%)
(iii)	New Common Shares:	61,965,221	(10.0%)

(b) Non-Voting Shares:

(i)	Class B Preferred Shares:	5,000,000	(100%)

3.9 **Unaffected Claims**

Unaffected Creditors will not be entitled to vote on the Plan. Unaffected Claims will be paid in accordance with Section 6.6, or otherwise satisfied in accordance with the applicable agreements and other arrangements between Unaffected Creditors and the Applicants.

3.10 **Insured Claims**

Notwithstanding anything to the contrary herein, from and after the Effective Time, any Person having an Insured Claim will be irrevocably limited to recovery in respect of such Insured Claim solely from the proceeds of the applicable insurance policies, and Persons with any Insured Claims will have no right to, and will not, directly or indirectly, make any claim or seek any recoveries from any Person, other than enforcing such Person's rights to be paid by the applicable insurer(s) from the proceeds of the applicable insurance policies. This Section 3.10 may be relied upon by the Applicants and any other Released Party in defence or estoppel of or to enjoin any claim, action or proceeding brought in contravention of this section. Nothing in the Plan will prejudice, compromise, release or otherwise affect any right or defence of any insured or insurer in respect of an Insured Claim.

3.11 **Unresolved Claims**

No Affected Creditor will be entitled to receive any distribution hereunder with respect to an Unresolved Claim or any portion thereof unless and until, and then only to the extent that, such Unresolved Claim is finally resolved in the manner set out in the Claims Procedure Order and becomes a Proven Claim entitled to the treatment described in Section 3.4 hereof.

3.12 **Extinguishment of Claims**

At the Effective Time, in accordance with the sequence of steps set out in Section 4.1 hereof and in accordance with the terms of the Plan and Sanction Order, the treatment of Affected Claims (including Unresolved Claims) and Released Claims, in each case as set forth herein, will be final and binding on the Applicants, Affected Creditors and any Person holding a Released Claim. All Affected Claims and all Released Claims will be fully, finally, irrevocably and forever released, discharged, cancelled and barred and the Applicants will thereupon have no further obligation whatsoever in respect of the Affected Claims and the Released Claims, as applicable; provided that (i) nothing herein releases the Applicants from the obligation to make distributions or provide entitlements in the manner and to the extent provided for in the Plan; and (ii) such discharge and release of the Applicants will be without prejudice to the right of an Affected Creditor in respect of an Unresolved Claim to prove such Unresolved Claim in accordance with the Claims Procedure Order.

3.13 **Guarantees and Similar Covenants**

No Person who has a claim under any guarantee, surety, indemnity or similar covenant in respect of any Claim which is compromised and released under the Plan or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of a Claim which is compromised under the Plan will be entitled to any greater rights as against the Applicants than the Person whose Claim is compromised under the Plan.

3.14 **Set-Off**

The law of set-off applies to all Claims in accordance with Applicable Law. Without limiting the generality of the foregoing, the Applicants will be and are hereby entitled to set-off from any payments or distributions to be made to a Creditor hereunder any amount due and owing to the Applicants from such Creditor.

ARTICLE 4
FINANCING & RESTRUCTURING STEPS

4.1 Restructuring Steps

At the Effective Time on the Plan Implementation Date, the following will occur, and be deemed to have occurred, in the order set out below unless otherwise specified in this Section 4.1 and become effective, without any further act or formality (collectively, the "**Restructuring Steps**"):

(a) the Applicants will undertake the two-step Recapitalization Transaction as follows:

(i) AgMedica shall issue 400,000,000 Class A Preferred Shares to the Equity Subscribers at a price of $0.01 per share in order to raise the aggregate amount of $4,000,000 (the "**Offering**"), the proceeds of which shall be used to fund the Plan and the Applicants' working capital requirements following the Plan Implementation Date; and

(ii) The Applicants shall execute the Secured Exit Facility Agreement with AgriRoots, pursuant to which AgriRoots shall provide the Applicants with the Secured Exit Facility, subject to the terms of the Secured Exit Facility Agreement, which shall be used to repay a portion of the Secured Claims and fund the Applicants' working capital requirements after the Plan Implementation Date.

(b) The Applicants will pay the DIP Lender all amounts required to satisfy all obligations and liabilities of the Applicants to the DIP Lender under the DIP Facility Agreement;

(c) To the extent not already paid, the Applicants will deliver to the Monitor, in trust, the amount required to satisfy the CCAA Charges and the CCAA Priority Payment Claims in full, which Unaffected Claims will be paid by the Monitor, for and on behalf of the Applicants from such funds within five (5) Business Days of the Plan Implementation Date or with respect to previous employees, five (5) Business Days after the clearance from Employment and Social Development Canada (unless otherwise agreed to between the Applicants and such Unaffected Claim holders);

(d) The Applicants will pay to the Secured Creditors all amounts required to satisfy all obligations and liabilities of the Applicants to each Secured Creditor and any Encumbrances relating to the Claims of such Secured Creditors shall be forever discharged upon receipt of such payments;

(e) Concurrently:

(i) The Applicants shall issue to all Convenience Creditors, Class B Converting Creditors, and Common Share Converting Creditors the distributions to which they are entitled hereunder in full and final compromise and satisfaction of their Claims (subject to such additional issuances of Class B Preferred Shares, if any, upon the satisfaction of any Unresolved Claims); and

(ii) The Applicants will deliver to the Monitor, in trust, the Unresolved Claims Reserve and the Administration Reserve in accordance with Article 5 hereof;

(f) All Affected Claims and Released Claims will be fully, finally, irrevocably and forever released, discharged, cancelled and barred in accordance with the Plan, and all notes, certificates and other instruments evidencing Affected Claims (and all guarantees associated with each of the foregoing) will be deemed cancelled and extinguished and be null and void in accordance with Section 6.10 hereof; and

(g) All Equity Interests, which, for greater certainty, does not include any of the Common Shares (including the Existing Shares and the Common Shares to be issued pursuant to the Plan), the Class A Preferred Shares, or the Class B Preferred Shares, shall be cancelled and extinguished and all Equity Claims shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without any liability, payment or other compensation in respect thereof.

The failure of the Plan to incorporate any provision of a document evidencing a Restructuring Step will not derogate from the enforceability of such provision.

4.2 Corporate Approvals

The execution, delivery, implementation, and consummation of all matters contemplated under the Plan involving corporate action of the Applicants, including the Restructuring Steps, will be authorized and approved under the Plan and by the Court as part of the Sanction Order in all respects and for all purposes without any requirement of further action by any Person.

ARTICLE 5
UNRESOLVED CLAIMS RESERVE AND ADMINISTRATION RESERVE

5.1 Unresolved Claims Reserve and Administration Reserve

(1) At the Effective Time in accordance with Section 4.1 hereof, the Applicants will deliver to the Monitor consideration sufficient to:

(a) provide each holder of an Unresolved Claim with the *pro rata* amount of Class B Preferred Shares to which they would be entitled under the Plan if such Unresolved Claims (or certain portions thereof) are determined to be Proven Claims in accordance with the Claims Procedure Order (the "**Unresolved Claims Reserve**"); and

(b) pay the fees and expenses of the Applicants' counsel, the Monitor, and the Monitor's counsel in administering the resolution of Unresolved Claims in accordance with the Claims Procedure Order and performing such other activities as may be required after the Effective Time in the amount approved by the Court in the Sanction Order (the "**Administration Reserve**").

(2) For greater certainty, the Unresolved Claims Reserve shall only include the amount of Class B Preferred Shares required under Section 5.1(1)(a) and shall not include any New Common Shares or cash consideration. Creditors with Unresolved Claims whose Claims are determined to be Proven Claims in accordance with the Claims Procedure Order shall be deemed Class B Converting Creditors and shall only be entitled to receive a *pro rata* amount of Class B Preferred Shares in accordance with Section 3.6. Such Creditors shall not be entitled to select the Convenience Amount Option or the Common Share Conversion Option.

(3) The Monitor will hold the Unresolved Claims Reserve and the Administration Reserve in trust for those entitled under the Plan, and will oversee the distribution of shares from the Unresolved Claims Reserve by the Applicants in accordance with the provisions of Section 0.

(4) The Applicants' counsel, the Monitor, and the Monitor's counsel shall be entitled to payment from the Administration Reserve of their fees and expenses in connection with administering the resolution of Unresolved Claims in accordance with the Claims Procedure Order and performing any other work required after the Effective Time. Any amount remaining in the Administration Reserve after completion of such work will be released by the Monitor to the Applicants.

ARTICLE 6
PROVISIONS REGARDING DISTRIBUTIONS & PAYMENTS

6.1 Distributions Generally

All distributions to Affected Creditors and other payments to be effected pursuant to the Plan will be made pursuant to this Article 6. For greater certainty, all payments and distributions pursuant to this Article 6 will be subject to satisfaction or waiver of the conditions specified in Article 9 hereof and the occurrence of the Effective Time and will occur in accordance with the timing set out in Section 4.1 hereof.

6.2 De Minimis Proven Claim Amount for Distribution

Notwithstanding anything contained in the Plan, Affected Creditors with Proven Claims in the amount of $50 or less shall not receive any distribution hereunder and such Proven Claims will be forever released and extinguished.

6.3 **Convenience Amount Option**

On the Plan Implementation Date, with the oversight and assistance from the Monitor, the Applicants shall pay each Convenience Creditor the lesser of $1,000 and the quantum of each Convenience Creditor's Proven Claim, by way of direct deposit, wire transfer, or cheque sent by prepaid ordinary mail to the address set forth on such Convenience Creditor's Proof of Claim.

For greater certainty, each Convenience Creditor shall bear the all wire transfer fees in respect of their distribution hereunder.

6.4 **Class B Preferred Shares Conversion Option**

On the Plan Implementation Date, with the oversight of and assistance from the Monitor, the Applicants shall issue each Class B Converting Creditor the *pro rata* amount of Class B Preferred Shares to which they are entitled under the Plan in accordance with the terms and conditions described in Section 3.6.

6.5 **Common Share Conversion Option**

On the Plan Implementation Date, with the oversight of and assistance from the Monitor, the Applicants shall issue each Common Share Converting Creditor the *pro rata* amount of Common Shares to which they are entitled under the Plan at the Common Share Conversion Rate in accordance with the terms and conditions described in Section 3.7.

6.6 **Payments of Unaffected Claims**

In accordance with and at the time specified in Section 4.1 hereof (which for greater certainty is prior to payment of any distributions to Affected Creditors), the Applicants will make the following payments from by wire transfer of immediately available funds in full satisfaction and discharge of the following:

(a) payment to the DIP Lender of all amounts required to satisfy all obligations and liabilities of the Applicants to the DIP Lender under the DIP Facility Agreement;

(b) payment in full of all of the remaining CCAA Charges;

(c) payment to each holder of a CCAA Priority Payment Claim of all amounts required to satisfy such holder's CCAA Priority Payment Claim in full; and

(d) payment to the Secured Creditors all amounts required to satisfy the Secured Claims in full.

For greater certainty, each holder of an Unaffected Claim shall bear all wire transfer fees in respect of their distribution hereunder.

6.7 Distributions in Respect of Unresolved Claims

The Monitor will hold the Unresolved Claims Reserve in trust (as may be reduced from time to time as Unresolved Claims are ultimately disallowed in whole or in part) for the Applicants until the final determination of all Unresolved Claims in accordance with the Claims Procedure Order.

To the extent that an Unresolved Claim becomes a Proven Claim, the Applicants, with oversight of and assistance from the Monitor, will distribute to the holder thereof the amount of Class B Preferred Shares to which such Creditor would have been entitled to receive in respect of its Proven Claim on the Distribution Date had such Unresolved Claim been a Proven Claim on the Distribution Date.

After all Unresolved Claims have been finally resolved in accordance with the Claims Procedure Order and any required distributions have been made with respect to Proven Claims, the Applicants, with oversight of and assistance from the Monitor, will deliver any remaining Class B Preferred Shares in the Unresolved Claims Reserve that were not required to be distributed hereunder to the Class B Converting Creditors *pro rata* in accordance with the terms and conditions described in Section 3.6.

6.8 Treatment of Unclaimed Distributions

If any distribution to an Affected Creditor under this Article 6 is returned as undeliverable (an "**Undeliverable Distribution**"), then neither the Applicants nor the Monitor will be required to make further efforts to deliver the distribution to such Creditor unless and until the Applicants and Monitor are notified in writing by such Creditor of such Creditor's current address at which time all such distributions will be made to such Creditor. The obligations of the Applicants and Monitor to an Affected Creditor with an Undeliverable Distribution will expire on the Business Day that is 6 months after the applicable Distribution Date for the Undeliverable Distribution, after which date any entitlement with respect to any Undeliverable Distributions will be forever discharged and forever barred, without any compensation therefor, notwithstanding any Applicable Laws to the contrary. For greater clarity, nothing herein will require the Applicants or the Monitor to attempt to locate any Creditor or other Person with respect to an Undeliverable Distribution. No interest will be payable in respect of an Undeliverable Distribution. On the the Business Day that is 6 months after the applicable Distribution Date for the Undeliverable Distribution, the amount of the Undeliverable Distribution will be released to the Applicants.

If any cheque in payment of a distribution to an Affected Creditor under this Article 6 is not cashed within 6 months after the applicable Distribution Date (an "**Uncashed Distribution**"): (i) such cheque may be cancelled by the Applicants, after which date any entitlement with respect to such distributions will be forever discharged and forever barred and the obligations of the Applicants and Monitor with respect thereto will expire, without any compensation therefor, notwithstanding any Applicable Laws to the contrary; and (ii) the amount otherwise payable pursuant to such cancelled cheque will be released to the Applicants. For greater clarity, nothing herein will require the Applicants or the Monitor to attempt to locate any Creditor or other Person with respect to an Uncashed Distribution.

6.9 **Withholding Rights**

The Applicants and any other Person facilitating payments pursuant to the Plan will be entitled to deduct and withhold from any such payment to any Person such amounts as may be required to be deducted or withheld under any Applicable Law and to remit such amounts to the appropriate Governmental Authority or other Person entitled thereto. To the extent that amounts are so withheld or deducted and remitted to the appropriate Governmental Authority or other Person, such withheld or deducted amounts will be treated for all purposes hereof as having been paid to such Person as the remainder of the payment in respect of which such withholding or deduction was made. Without in any way limiting the generality of the foregoing, the Applicants will deduct from any distribution to a Creditor hereunder any amounts as indicated by Employment and Social Development Canada in a Notice of Debt, and remit such amounts to Employment and Social Development Canada pursuant to the *Employment Insurance Act* (Canada). Any Creditor whose address on file with the Applicants on the Distribution Record Date is not a Canadian address will be treated as a non-resident of Canada for purposes of any applicable non-resident withholding tax on all payments hereunder, subject to receipt by the Applicants of information satisfactory to it (in its sole discretion) that such Creditor is not a non-resident. No gross-up or additional amount will be paid on any payment hereunder to the extent the Applicants or any other Person deducts or withholds amounts pursuant to this Section 6.8. Notwithstanding any withholding or deduction, each Person receiving a payment will have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any Governmental Authority (including income and other tax obligations on account of such distribution).

6.10 **Cancellation of Certificates and Notes, etc.**

At the Effective Time and in accordance with the sequence of steps set out in Section 4.1 hereof, all debentures, notes, certificates, indentures, guarantees, agreements, invoices and other instruments evidencing Affected Claims (and all guarantees associated with each of the foregoing), will not entitle any holder thereof to any compensation or participation other than as expressly provided for in the Plan and will be deemed cancelled and extinguished and be null and void.

6.11 **Calculations**

All amounts to be paid by the Applicants hereunder will be calculated by the Applicants, with the assistance of the Monitor. All calculations made by the Applicants will be conclusive, final and binding upon the Affected Creditors, the Applicants, and all other Persons, absent manifest error.

6.12 **Currency Matters**

Distributions to Affected Creditors with Proven Claims will be paid in Canadian dollars and any such Claims that are denominated in a currency other than the lawful money of Canada will be converted to the equivalent thereof in the lawful money of Canada at the noon rate of exchange as quoted by the Bank of Canada on the Filing Date, in accordance with the Claims Procedure Order.

The Applicants are hereby authorized to effect such exchange(s) of currency between Canadian dollars and U.S. dollars (or other foreign currencies) as may be necessary to effect payments of Unaffected Claims contemplated in Section 6.6 of the Plan, unless the Applicants and the holders of such Unaffected Claims have otherwise agreed to use a different methodology for converting or exchanging currency in respect of such Unaffected Claims.

ARTICLE 7
RELEASES

7.1 **Plan Releases**

At the Effective Time and in accordance with the sequence of steps set out in Section 4.1 hereof, (i) the Applicants, the Applicants' employees, contractors, agents and advisors (including legal counsel) and their Directors; and (ii) the Monitor and the Monitor's counsel, and each and every present and former affiliate, affiliated funds, subsidiary, director, officer, member, partner, employee, auditor, financial advisor, legal counsel and agent of any of the foregoing Persons (each of the Persons named in (i) or (ii) of this Section 7.1, in their capacity as such, being herein referred to individually as a "**Released Party"** and all referred to collectively as "**Released Parties")** shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, Encumbrances and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature, including claims for contribution or indemnity, or rights of subrogation, which any Person may be entitled to assert, whether or not reduced to judgment, liquidated or unliquidated, fixed, contingent, known or unknown, matured or unmatured, direct, indirect or derivative, foreseen or unforeseen, existing or hereafter arising, by guarantee, surety or otherwise, and whether or not executory or anticipatory in nature, based in whole or in part on any act, omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Date, or following the Plan Implementation Date up to the termination of the CCAA Proceeding that relate to matters relating to implementing the Plan, on or following the Plan Implementation Date, or that constitute or are in any way relating to, arising out of or in connection with any Affected Claims, any D&O Claims and any indemnification obligations with respect thereto, the business and affairs of the Applicants whenever or however conducted, the administration and/or management of the Applicants, the Plan or the CCAA Proceeding, or any document, instrument, matter or transaction involving any of the Applicants taking place in connection with the Plan (referred to collectively as the "**Released Claims"),** and all Released Claims shall be deemed to be fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties, all to the fullest extent permitted by Applicable Law; provided that the following shall not constitute Released Claims and nothing herein will waive, discharge, release, cancel or bar:

(i) any Unaffected Claim;

(ii) the Applicants of or from any of their obligations under the Plan, under any Order, or under any document delivered by the Applicants on the Plan Implementation Date pursuant to the Plan; or

(iii) a Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct.

7.2 **Injunctions**

From and after the Effective Time as set out in Section 4.1 hereof all Persons are permanently and forever barred, estopped, stayed and enjoined with respect to any and all Released Claims from: (i) commencing, conducting, continuing or making in any manner, directly or indirectly, any action, suit, claim, demand or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative or other forum) against any of the Released Parties; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against any of the Released Parties or their property; (iii) commencing, conducting, continuing or making in any manner, directly or indirectly, any action, application, suit, claim, demand or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes a claim or might reasonably be expected to make a claim, in any manner or forum, including by way of contribution or indemnity or other relief, against one or more of the Released Parties; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any Encumbrance of any kind against the Released Parties or their property; or (v) taking any actions to interfere with the implementation or consummation of the Plan. All Persons who have previously commenced a Released Claim in any court, which Released Claim has not been finally determined, dismissed or discontinued prior to the Effective Time, shall forthwith after the Effective Time take steps to discontinue and/or dismiss, without costs, such Released Claim.

7.3 **Knowledge of Claims**

Each Person to which Section 7.1 hereof applies shall be deemed to have granted the releases set forth in Section 7.1 notwithstanding that it may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such party expressly waives any and all rights that it may have under any applicable law which would limit the effect of such releases to those claims including Claims or causes of action known or suspected to exist at the time of the granting of the release.

ARTICLE 8
COURT SANCTION

8.1 Application for Sanction Order

If the Plan is approved by the Required Majority of Affected Creditors, the Applicants shall apply for the Sanction Order on or before the date set for the Sanction Order hearing or such later date as the Court may set.

8.2 Sanction Order

The Sanction Order will, among other things:

(a) declare that (i) the Plan has been approved by the Required Majority of the Affected Creditors in accordance with the CCAA; (ii) the activities of the Applicants and the Monitor have been in compliance with the provisions of the CCAA and the Orders of the Court made in this CCAA Proceeding in all respects; (iii) neither the Applicants nor the Monitor have done or purported to do anything that is not authorized by the CCAA; and (iv) the Plan and the transactions contemplated in connection therewith are fair and reasonable, and are sanctioned and approved by the Court pursuant to section 6 of the CCAA and shall be binding and effective as set out herein;

(b) declare that the Plan, subject to the terms and conditions herein, including the Plan Implementation Conditions described in Section 9.1 and all associated steps, compromises, transactions, arrangements, releases and recapitalizations effected thereby are sanctioned and approved, and at the Effective Time as set out in Section 4.1 hereof will be binding and effective upon and with respect to the Applicants, all Affected Creditors, the Released Parties and all other Persons named or referred to in, or subject to, the Plan or the Sanction Order;

(c) approve and authorize the Restructuring Steps;

(d) as of the Effective Time and in accordance with the sequence of steps set out in Section 4.1 hereof, compromise, discharge and release the Applicants from any and all Affected Claims in accordance with the Plan, and declare that the ability of any Person to proceed against the Applicants in respect of or relating to any Affected Claims, whether directly, derivatively or otherwise will be forever discharged, enjoined and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims be permanently stayed, subject only to the right of Affected Creditors to receive distributions pursuant to the Plan in respect of their Affected Claims (to the extent they become Proven Claims);

(e) as of the Effective Time and in accordance with the sequences of steps set out in Section 4.1 hereof, compromise, discharge, and release the Released Parties from any and all Released Claims of any nature in accordance with the Plan, and declare that the ability of any Person to proceed against the Released Parties, or any of them, in respect of or relating to any Released Claim will be forever discharged and restrained, and all proceedings with respect to, in connection with, or relating to such Released Claims be permanently stayed;

(f) as of the Effective Time as set out in Section 4.1 hereof, bar, stop, stay and enjoin the commencing, taking, applying for or issuing or continuing of any and all steps or proceedings, including without limitation, administrative hearings and orders, declarations or assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any Released Party in respect of all Released Claims and any matter which is released pursuant to Article 7 hereof;

(g) declare that any Affected Claim that is not a Proven Claim or Unresolved Claim is forever barred and extinguished;

(h) declare that any Claim for which a proof of claim has not been filed by the applicable Claims Bar Date in accordance with the Claims Procedure Order is forever barred and extinguished and order the release of all such Claims;

(i) authorize the Applicants and the Monitor to perform their respective obligations and functions under the Plan and to perform all such other acts and execute such documents as may be required in connection with the foregoing;

(j) declare that each of the CCAA Charges will be terminated, discharged, expunged and released upon receipt by the Applicants of an acknowledgement of payment in full and in the appropriate currency of the claims secured thereby;

(k) declare that, notwithstanding: (i) the pendency of the CCAA Proceeding; (ii) any applications for a bankruptcy, receivership or other order now or hereafter issued pursuant to the BIA, the CCAA or otherwise in respect of the Applicants and any bankruptcy, receivership or other order issued pursuant to any such applications; and (iii) any assignment in bankruptcy made or deemed to be made in respect of the Applicants, the transactions contemplated by the Plan will be binding on any trustee in bankruptcy or receiver that may be appointed in respect of the Applicants or their assets and will not be void or voidable by creditors of the Applicants, nor will the Plan, or the payments and distributions contemplated pursuant thereto constitute nor be deemed to constitute a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA, CCAA or any other applicable federal or provincial legislation, nor will the Plan constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation;

(l) declare that, subject to the performance by the Applicants of their obligations under the Plan, all contracts, leases, agreements and other arrangements to which the Applicants, or any of them, are a party and that have not been terminated or disclaimed pursuant to the applicable paragraph of the Initial Order and the related provisions of the CCAA will be and remain in full force and effect, unamended as of the Effective Time as set out in Section 4.1 hereof, and no

Person who is a party to any such contractual arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:

(i) any event that occurred on or prior to the Effective Time and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events or default arising as a result of the insolvency of the Applicants);

(ii) the insolvency of the Applicants or the fact that the Applicants sought or obtained relief under the CCAA;

(iii) any compromises or arrangements effected pursuant to the Plan or any action taken or transaction effected pursuant to the Plan; or

(iv) any change in the control of the Applicants arising from the implementation of the Plan;

(m) declare that the stay of proceedings under the Initial Order continues until the Effective Time;

(n) approve the conduct of the Directors of the Applicants during the CCAA Proceeding;

(o) approve all conduct of EY in relation to the Applicants and bar all claims against it arising from or relating to the services provided to the Applicants up to and including the date of the Sanction Order, including any services provided by EY to the Applicants prior to the Filing Date;

(p) declare that the Applicants and the Monitor may apply to the Court for advice and direction in respect of any matters arising from or in relation to the Plan or the implementation thereof; and

(q) approve the Unresolved Claims Reserve and Administration Reserve amounts.

ARTICLE 9
PLAN CONDITIONS PRECEDENT AND IMPLEMENTATION

9.1 Conditions Precedent to Plan Implementation

(1) The Plan is subject to the satisfaction of the following conditions (the "**Plan Implementation Conditions**"):

(a) the Plan must be approved by the Required Majority of the Affected Creditors of the Applicants;

(b) the Sanction Order must be granted by the Court, consistent with the terms of Section 8.2;

(c) all required approvals of the Plan and the Recapitalization Transaction, if any, by Health Canada will have been obtained by the Applicants, with the assistance of the Monitor;

(d) all applicable appeal periods in respect of the Sanction Order will have expired and any appeals therefrom will have been finally disposed of by the applicable appellant tribunal;

(e) the Offering and all other agreements required pursuant thereto will have been executed, delivered, and become effective in accordance with its terms, subject only to the occurrence of the Plan Implementation Date;

(f) the Secured Exit Facility Agreement and all other agreements required pursuant thereto will have been executed, delivered, and become effective in accordance with its terms, subject only to the occurrence of the Plan Implementation Date;

(g) each of the conditions precedent to the closing of the Offering and the Secured Exit Facility Agreement will have been satisfied or waived in accordance with the terms therein;

(h) all relevant Persons will have executed, delivered and filed all documents and other instruments that, in the opinion of the Applicants and the Monitor, are necessary to implement the provisions of the Plan or the Sanction Order; and

(i) no action or proceeding will be pending by any third party to enjoin or prohibit the Recapitalization Transaction.

9.2 Plan Implementation Date

Upon satisfaction of the Plan Implementation Conditions, the Applicants will proceed to implement the Plan. In consultation with the Monitor, the Applicants will designate the Plan Implementation Date and will implement the Plan on that date in accordance with the terms and conditions hereof.

9.3 **Monitor's Certificate – Plan Implementation**

As soon as practicable after of the Effective Time, the Monitor will serve on the service list in the CCAA Proceeding and post on the Monitor's Website a certificate confirming that the Plan Implementation Date has occurred and will file such certificate with the Court as soon as practicable after it has been delivered.

ARTICLE 10
GENERAL

10.1 **Binding Effect**

At the Effective Time and in accordance with the sequence of steps set out in Section 4.1 hereof, the Plan will become effective and binding on and enure to the benefit of the Applicants, the Stakeholders, the Released Parties, the Affected Creditors and any other Person named or referred to in or subject to the Plan and their respective heirs, executors, successors and assigns. Without limiting the generality of the foregoing, at the Effective Time:

(a) the treatment of Affected Claims and Released Claims under the Plan will be final and binding for all purposes upon and enure to the benefit of the Applicants, the Released Parties, all Affected Creditors and all other Persons named or referred to in, or subject to, the Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns;

(b) all Affected Claims will be forever discharged and released, excepting only with respect to any distribution thereon in the manner and to the extent provided for in the Plan;

(c) all Released Claims will be forever discharged, released, enjoined and barred;

(d) each Affected Creditor and each Person holding a Released Claim will be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety; and

(e) each Affected Creditor and each Person holding a Released Claim (to the extent that contractual releases have not been executed and delivered by such Person) will be deemed to have:

  (i) executed and delivered to the Applicants and to the other Released Parties, as applicable, all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety;

  (ii) waived any default by or rescinded any demand for payment against the Applicants that has occurred on or prior to the Effective Time pursuant to, based on or as a result of any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such

Affected Creditor or Person holding a Released Claim and the Applicants with respect to an Affected Claim or Released Claim, respectively; and

(iii) agreed that, if there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Affected Creditor or Person holding a Released Claim and the Applicants with respect to an Affected Claim or Released Claim, respectively, as at the moment before the Effective Time and the provisions of the Plan, then the provisions of the Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly.

10.2 **Deeming Provisions**

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

10.3 **Modification of the Plan**

The Applicants reserve the right, at any time and from time to time, to amend, restate, modify and/or supplement the Plan (including to address or further address the treatment of Claims subject to the Claims Procedure Order), provided that any such amendment, restatement, modification or supplement is on terms satisfactory to the Monitor and must be contained in a written document which is filed with the Court and (i) if made prior to or at the Meeting, communicated to the Affected Creditors in the manner contemplated by the Meeting Order; and (ii) if made following the Meeting, approved by the Court and following notice to the Affected Creditors.

Notwithstanding Section 0, after the Meeting, the Applicants may amend, restate, modify and/or supplement the Plan with the consent of the Monitor, without the consent of the Affected Creditors or approval of the Court, provided that any such amendment, restatement, modification and/or supplement (i) is filed with the Court, (ii) is posted on the website maintained by the Monitor and notice thereof is provided to the Affected Creditors, (iii) does not materially decrease the anticipated recovery of Affected Creditors under the Plan and is otherwise not materially adverse to the financial or economic interests of Affected Creditors, in each case as determined by the Monitor, and (iv) does not amend the Plan Implementation Conditions (including any provision of the Plan that is the subject of such conditions) without the consent of the party or parties for whose benefit the conditions exist.

Notwithstanding Sections 0 and 0, any amendment, restatement, modification or supplement to the Plan may be made by the Applicants at any time and from time to time, provided that it is made with the consent of the Monitor and: (i) concerns a matter which is of an administrative nature required to better give effect to the implementation of the Plan; or (ii) is to cure any errors, omissions or ambiguities, and in either case is not materially adverse to the financial or economic interests of the Affected Creditors.

Any amended, restated, modified or supplementary Plan or Plans filed with the Court and, if required by this Section, approved by the Court, will for all purposes be and be deemed to be a part of and incorporated in the Plan.

10.4 **Paramountcy**

From and after the Effective Time, any conflict between:

(a) the Plan or the Sanction Order; and

(b) the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, note, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and the Applicants as at the moment before the Effective Time,

will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order, which will take precedence and priority.

10.5 **Severability of Plan Provisions**

If, prior to the Plan Implementation Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Applicants and with the consent of the Monitor, following consultation with the Stakeholders, will have the power to either (a) sever such term or provision from the balance of the Plan and provide the Applicants with the option to proceed with the implementation of the balance of the Plan, or (b) alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision will then be applicable as so altered or interpreted. Notwithstanding any such holding, alteration or interpretation, and provided that the Applicants proceed with the implementation of the Plan, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

10.6 **Protections of the Monitor**

The Monitor is acting and will continue to act in all respects in its capacity as Monitor in the CCAA Proceeding with respect to the Applicants (and not in its personal capacity). The Monitor will not be responsible or liable for any obligations of the Applicants. The Monitor will have the powers and protections granted to it by the Plan, the CCAA and any other Order made in the CCAA Proceeding. EY will incur no personal liability whatsoever whether on its own part or in respect of any failure on the part of the Applicants to observe, perform or comply with any of its obligations under the Plan. Any release, discharge or other benefit conferred upon the Monitor pursuant to the Plan will enure to the benefit of EY. The Monitor in its personal capacity will be a third party beneficiary to the Plan entitled to enforce such releases, discharges and benefits in accordance with the terms of the Plan.

10.7 **Different Capacities**

Persons who are affected by the Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless otherwise provided in the Meeting Order expressly agreed by the Applicants and the Person in writing or unless its Claims overlap or are otherwise duplicative.

10.8 **Notices**

Any notice or other communication to be delivered hereunder must be in writing and reference the Plan and may, subject as hereinafter provided, be made or given by personal delivery, ordinary mail or e-mail addressed to the respective parties as follows:

If to the Applicants:

AgMedica Bioscience Inc.
3111 Heritage Road, Suite 200
Chatham-Kent, Ontario
N7M 5W7

Attention: Trevor Henry, Chief Executive Officer
e-mail: thenry@agmedica.ca

With copies to (which will not constitute notice)

Thornton Grout Finnigan LLP
100 Wellington Street West
Suite 3200
Toronto, Ontario Canada
M5K 1K7

Attention Rebecca Kennedy and Adam Driedger
e-mail: rkennedy@tgf.ca; adriedger@tgf.ca

If to an Affected Creditor:

To the mailing address, facsimile number or email address provided on such Affected Creditor's Proof of Claim or such more recent address particulars of an Affected Creditor as noted in the files of the Applicants or the Monitor;

If to the Monitor:

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

Attention: Alex Morrison and Karen Fung
e-mail: alex.f.morrison@ca.ey.com; karen.l.fung@ca.ey.com

With copies to (which will not constitute notice)

McCarthy Tétrault LLP
66 Wellington Street West
Suite 5300
Toronto, Ontario Canada
M5K 1E6

Attention: James Gage and Trevor Courtis
e-mail: jgage@mccarthy.ca; tcourtis@mccarthy.ca

or to such other address as any party may from time to time notify the others in accordance with this section, or, in the case of an address change for the Applicants or the Monitor, by posting notice of such address change on the Monitor's website (www.ey.com/ca/agmedica). Any such communication so given or made will be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent before 4:00 p.m. (Toronto time) on such day. Otherwise, such communication will be deemed to have been given and made and to have been received on the next following Business Day.

10.9 Further Assurances

Each of the Persons named or referred to in, or subject to, the Plan will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Plan or any other events or transactions contemplated herein, notwithstanding any provision of the Plan that deems any event or transaction to occur without further formality.

10.10 Language

The Plan, as well as any notices, schedules or other documents related thereto has been and will be prepared in the English language only. To the extent a French language or other translation is prepared, any such translation will be for informational purposes only, it being intended that the English language version will govern and prevail in all respects.

10.11 Acts to Occur on Next Business Day

If any distribution, payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such distribution, payment or the performance of such act may be completed on the next succeeding Business Day, but will be deemed to have been completed as of the required date.

10.12 Non-Consummation of the Plan

If the Plan is revoked at any time prior to the Effective Time, it will be null and void in all respects. Nothing contained in the Plan and no act taken in preparation for the implementation of the Plan will (a) constitute or be deemed to constitute a waiver or release of any Claims by or against the Applicants or any other Person; (b) prejudice the rights of the Applicants or any other Person in any further proceeding involving the Applicants; or (c) constitute an admission of any sort by the Applicants or any Person.

DATED as of the 29th day of July, 2020.

APPENDIX “B”

DECEMBER HENRY AFFIDAVIT

Court File No. 19-CV

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF **AGMEDICA BIOSCIENCE INC. 2472602 ONTARIO INC., 2642466 ONTARIO INC., 8895309 CANADA INC., WELLWORTH HEALTH CORP., 8050678 CANADA INC., 8326851 CANADA INC., TAVIVAT NATURALS INC., WORLDWIDE BEVERAGE INNOVATIONS INC., UNIQUE BEVERAGES (USA) INC., and ESEELA INC.**
(each an **"Applicant"** and collectively, the **"Applicants"**)

Applicants

AFFIDAVIT OF TREVOR HENRY
(Sworn December 1, 2019)

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

I. INTRODUCTION

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

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

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

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

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

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

II. OVERVIEW OF THE APPLICANTS

A. *Background*

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

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

B. *Corporate Structure*

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

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

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

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

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

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

C. ***The Business***

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

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

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

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

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

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

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

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

(a) possess cannabis;

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

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

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

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

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

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

20. The License is subject to the following conditions:

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

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

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

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

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

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

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

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

E. *Employees & Pension Plans*

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

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

F. *Material Contracts*

(i) <u>Herbolea License</u>

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

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

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

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

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

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

(ii) MMG License

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

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

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

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

35. The GLA also provides AgMedica with an exclusive license to use the MMG Strains within Canada, Germany, France, Belgium, Portugal, Israel, Chile, Barbados, and the Bahamas, for the limited purpose and scope of cultivating, growing, developing, marketing, and selling products derived from the MMG Strains. AgMedica has not yet commenced any operations pursuant to the GLA in any of the above noted jurisdictions other than Canada.

(iii) <u>Nutrasource Agreements</u>

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

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

(a) global product development strategy;

(b) product portfolio planning;

(c) global regulatory consulting;

(d) global clinical strategy;

(e) operational clinical trial support;

(f) data management strategy; and

(g) intellectual property and publication strategy.

(iv) Med-C Biopharma

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

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

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

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

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

42. The MedC Agreement further provides AgMedica with the exclusive rights to commercialize therapeutics developed by MedC in Canada and a global right of first refusal with respect to commercialization outside of Israel.

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

(v) KD Pharma

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

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

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

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

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

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

(vi) Battery Agreement

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

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

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

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

G. *Cash Management*

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

III. FINANCIAL SITUATION OF THE APPLICANTS

A. *AgMedica's Financial Statements*

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

B. *Assets of the Applicants*

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

C. *The Applicants' Secured Creditors*

(i) Stone Quest Secured Debt

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

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

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

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

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

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

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

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

(ii) <u>Stabilis Secured Debt</u>

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

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

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

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

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

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

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

(iii) <u>Philipp Secured Debt</u>

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

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

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

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

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

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

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

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

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

(iv) Summary of Security against the Real Property

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

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

(v) Ontario Land Registry Registrations

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

(vi) PPSA Registrations

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

D. *Unsecured Creditors of the Applicants*

(i) Convertible Debentures

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

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

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

(ii) Unsecured Notes

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

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

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

E. ***Litigation***

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

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

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

F. *Ordinary Course Obligations*

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

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

G. *Leases*

(i) Calgary Lease

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

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

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

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

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

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

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

(ii) Head Office Lease

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

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

(iii) Mississauga Lease

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

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

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

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

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

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

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

IV. CASH FLOW FORECAST

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

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

V. LIQUIDITY CRISIS & PRESSING NEED FOR RELIEF

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

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

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

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

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

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

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

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

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

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

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

VI. OBJECTIVE OF CCAA FILING

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

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

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

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

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

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

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

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

VII. RELIEF BEING SOUGHT

A. *The Monitor*

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

B. *Proposed Treatment of Creditors*

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

C. *Administration Charge*

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

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

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

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

D. *DIP Charge*

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

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

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

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

E. ***Directors' Charge***

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

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

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

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

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

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

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

F. *Proposed Ranking of Court-Ordered Charges*

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

(a) First, the Administration Charge;

(b) Second, the DIP Charge; and

(c) Third, the Directors' Charge.

VIII. FORM OF ORDER

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

IX. CONCLUSION

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

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

APPENDIX "C"

MONITOR'S CERTIFICATE – 650 RIVERVIEW

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF **AGMEDICA BIOSCIENCE INC., 2472602 ONTARIO INC., 2642466 ONTARIO INC., 8895309 CANADA INC., WELLWORTH HEALTH CORP., 8050678 CANADA INC., 8326851 CANADA INC., TAVIVAT NATURALS INC., WORLDWIDE BEVERAGE INNOVATIONS INC., UNIQUE BEVERAGES (USA) INC., and ESEELA INC.**
(each an “**Applicant**” and, collectively, the "**Applicants**")

MONITOR'S CERTIFICATE

RECITALS

I. Pursuant to an Order of the Honourable Mr. Justice McEwen of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated December 2, 2019 (as amended, the "**Initial Order**), Ernst & Young Inc. was appointed as monitor (in such capacity, the "**Monitor**") of the Applicants.

II. Pursuant to an Order of the Court dated February 21, 2020, the Court approved the agreement of purchase and sale between 2642466 Ontario Inc., as vendor (the “**Vendor**”), and 1803299 Ontario Inc., as purchaser (the "**Purchaser**"), dated January 31, 2020 (the "**Sale Agreement**"), and provided for the vesting in the Purchaser, or as it may direct in accordance with the Sale Agreement, of all of the Vendor’s right, title and interest in and to all of the Vendor’s right, title and interest in and to the property described as the "Real Property" in the Sale

Agreement including all of the lands and premises municipally described as 650 Riverview Drive, Chatham, Ontario (the "**Purchased Assets**"), which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the purchase price for the Purchased Assets; (ii) that the conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Vendor and the Purchaser; and (iii) the transaction has been completed to the satisfaction of the Monitor.

III. The Monitor has been advised by the Vendor and/or the Purchaser, as applicable, that: (i) the Purchaser has paid and the Vendor has received the purchase price for the Purchased Assets payable on the closing date pursuant to the Sale Agreement; (ii) the conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Vendor and the Purchaser, as applicable, in accordance with their terms; and (iii) aside from the delivery of this certificate, the transaction has been completed.

IV. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and the Vendor has received, the purchase price for the Purchased Assets payable on the closing date pursuant to the Sale Agreement;

2. The conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Vendor and the Purchaser, as applicable, in accordance with their terms;

3. The transaction has been completed to the satisfaction of the Monitor; and

4. This Certificate was delivered by the Monitor at 2:20 p.m. on March 3, 2020.

ERNST & YOUNG INC., solely in its capacity as court appointed monitor of the Applicants, and not in its personal capacity or in any other capacity

Per: ______________________________

Name: Alex Morrison

Title: Senior Vice President

APPENDIX "D"

MONITOR'S CERTIFICATE – LONDON PROPERTY

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

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF **AGMEDICA BIOSCIENCE INC., 2472602 ONTARIO INC., 2642466 ONTARIO INC., 8895309 CANADA INC., WELLWORTH HEALTH CORP., 8050678 CANADA INC., 8326851 CANADA INC., TAVIVAT NATURALS INC., WORLDWIDE BEVERAGE INNOVATIONS INC., UNIQUE BEVERAGES (USA) INC., and ESEELA INC.**
(each an “**Applicant**” and, collectively, the "**Applicants**")

MONITOR'S CERTIFICATE

RECITALS

1. Pursuant to an Amended and Restated Order of the Honourable Mr. Justice McEwen of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated December 12, 2019 (as amended, the "**Initial Order**), Ernst & Young Inc. was appointed as monitor (in such capacity, the "**Monitor**") of the Applicants.

2. Pursuant to an Order of the Court dated March 9, 2020, the Court approved the agreement of purchase and sale between 2472602 Ontario Inc., as vendor (the “**Vendor**”), and Dancor Lands Corporation In Trust, as purchaser (the "**Purchaser**"), dated December 2, 2019 (the "**Sale Agreement**"), and provided for the vesting in the Purchaser, or as it may direct in accordance with the Sale Agreement, of all of the Vendor’s right, title and interest in and to all of the Vendor’s right, title and interest in and to the property described as the “Real Property” in the Sale

Agreement including all of the lands and premises municipally described as 1095 Wilton Grove Road, London, Ontario (the "**Purchased Assets**"), which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the purchase price for the Purchased Assets; (ii) that the conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Vendor and the Purchaser; and (iii) the transaction has been completed to the satisfaction of the Monitor.

3. The Monitor has been advised by the Vendor and/or the Purchaser, as applicable, that: (i) the Purchaser has paid and the Vendor has received the purchase price for the Purchased Assets payable on the closing date pursuant to the Sale Agreement; (ii) the conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Vendor and the Purchaser, as applicable, in accordance with their terms; and (iii) aside from the delivery of this certificate, the transaction has been completed.

4. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and the Vendor has received, the purchase price for the Purchased Assets payable on the closing date pursuant to the Sale Agreement;

2. The conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Vendor and the Purchaser, as applicable, in accordance with their terms; and

3. The transaction has been completed to the satisfaction of the Monitor.

This Certificate was delivered by the Monitor effective at 4:43 p.m. on May 29, 2020.

ERNST & YOUNG INC., solely in its capacity as court appointed monitor of the Applicants, and not in its personal capacity or in any other capacity

Per: ______________________________

Name: Alex Morrison

Title: Senior Vice President

APPENDIX "E"

MONITOR'S CERTIFICATE – 830 RICHMOND

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF **AGMEDICA BIOSCIENCE INC., 2472602 ONTARIO INC., 2642466 ONTARIO INC., 8895309 CANADA INC., WELLWORTH HEALTH CORP., 8050678 CANADA INC., 8326851 CANADA INC., TAVIVAT NATURALS INC., WORLDWIDE BEVERAGE INNOVATIONS INC., UNIQUE BEVERAGES (USA) INC., and ESEELA INC.**
(each an “**Applicant**” and, collectively, the "**Applicants**")

MONITOR'S CERTIFICATE

RECITALS

1. Pursuant to an Amended and Restated Order of the Honourable Mr. Justice McEwen of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated December 12, 2019 (as amended, the "**Initial Order**), Ernst & Young Inc. was appointed as monitor (in such capacity, the "**Monitor**") of the Applicants.

2. Pursuant to an Order of the Court dated June 26, 2020, the Court approved the agreement of purchase and sale between 2472602 Ontario Inc., as vendor (the “**Vendor**”), and 1815513 Ontario Inc., as purchaser (the "**Purchaser**"), dated June 5, 2020 (the "**Sale Agreement**"), and provided for the vesting in the Purchaser, or as it may direct in accordance with the Sale Agreement, of all of the Vendor’s right, title and interest in and to all of the Vendor’s right, title and interest in and to the property described as the “Real Property” in the Sale Agreement including

all of the lands and premises municipally described as 830 Richmond Street, Chatham-Kent, Ontario (the "**Purchased Assets**"), which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the purchase price for the Purchased Assets; (ii) that the conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Vendor and the Purchaser; and (iii) the transaction has been completed to the satisfaction of the Monitor.

3. The Monitor has been advised by the Vendor and/or the Purchaser, as applicable, that: (i) the Purchaser has paid and the Vendor has received the purchase price for the Purchased Assets payable on the closing date pursuant to the Sale Agreement; (ii) the conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Vendor and the Purchaser, as applicable, in accordance with their terms; and (iii) aside from the delivery of this certificate, the transaction has been completed.

4. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and the Vendor has received, the purchase price for the Purchased Assets payable on the closing date pursuant to the Sale Agreement;

2. The conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Vendor and the Purchaser, as applicable, in accordance with their terms; and

3. The transaction has been completed to the satisfaction of the Monitor.

This Certificate was delivered by the Monitor at 12:00 p.m. on July 3, 2020.

ERNST & YOUNG INC., solely in its capacity as court appointed monitor of the Applicants, and not in its personal capacity or in any other capacity

Per: ______________________________

Name: Alex Morrison

Title: Senior Vice President

APPENDIX "F"

MONITOR'S CERTIFICATE – SALE OF SURPLUS LIGHTS

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF **AGMEDICA BIOSCIENCE INC., 2472602 ONTARIO INC., 2642466 ONTARIO INC., 8895309 CANADA INC., WELLWORTH HEALTH CORP., 8050678 CANADA INC., 8326851 CANADA INC., TAVIVAT NATURALS INC., WORLDWIDE BEVERAGE INNOVATIONS INC., UNIQUE BEVERAGES (USA) INC., and ESEELA INC.**
(each an "**Applicant**" and, collectively, the "**Applicants**")

MONITOR'S CERTIFICATE

RECITALS

1. Pursuant to the Order of Justice Hainey dated December 2, 2019, as amended (the "**Initial Order**"), the Applicants were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), and Ernst & Young Inc. was appointed as the Monitor of the Applicants (the "**Monitor**").

2. Pursuant to an Order of this Court dated January 27, 2020 (the "**Sale Approval and Vesting Order**"), the Court approved the transaction contemplated by the agreement (the "**Light Sale Agreement**") entered into between AgMedica Bioscience Inc. ("**AgMedica**") and Lighting Plus Wholesale o/a 1128731 Ontario Inc. ("**Lighting Plus**") dated January 14, 2020, and provided for the vesting in Lighting Plus of all of AgMedica's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the

Purchased Assets upon delivery by the Monitor to Lighting Plus of a certificate indicating that the conditions precedent to the consummation of the transaction contemplated by the Light Sale Agreement have been satisfied or waived (where permissible).

3. Unless otherwise indicated, capitalized terms herein shall have the meanings ascribed to them in the Light Sale Agreement.

THE MONITOR CERTIFIES the following:

4. Lighting Plus has paid and AgMedica (or the Monitor on its behalf) has received payment of the Purchase Price in relation to the sale of the Purchased Assets.

5. AgMedica and Lighting Plus have each certified to the Monitor that the conditions to be complied with at or prior to the Closing Date as set out in the Light Sale Agreement have been satisfied or waived by AgMedica or Lighting Plus, as applicable, pursuant to the Light Sale Agreement.

6. This Certificate was delivered by the Monitor effective February 13, 2020.

ERNST & YOUNG INC., solely in its capacity as court appointed monitor of the Applicants, and not in its personal capacity or in any other capacity

Per: 

Name: Alex Morrison
Title: Senior Vice President

APPENDIX “G”

CLAIMS SUMMARY

AgMedica Bioscience Inc. and affiliates
Summary of Claims Process
Status as at July 27, 2020

Disclaimer: This summary is a point in time and subject to change. The status and quantities will change as the claims are reviewed, proven, disallowed, disputed and resolved.

	Total Claims Filed		**Under Review**		**Notice of Disallowance Sent and Dispute Period not Lapsed**			**Disputed**		**Disallowed or withdrawn***		**Final Accepted**	
Claims	Count	Amount	Count	Amount	Count	Amount Accepted	Amount Disallowed	Count	Amount	Count	Amount	Count	Amount
Secured Creditors													
SF V Bridge III, LP	1	10,843,996	-	-	-	-	-	-	-	-	5,742,843	1	5,101,153
Stone Quest Capital Corporation	1	4,060,930	-	-	-	-	-	-	-	1	4,060,930		
Philipp, Kathleen Glynn	1	5,415,507	-	-	-	4,433,913		1	280,769	-	700,826	-	-
Subtotal	**3**	**20,320,433**	**-**	**-**	**-**	**4,433,913**	**-**	**1**	**280,769**	**1**	**10,504,598**	**1**	**5,101,153**
Unsecured Creditors													
Canada Revenue Agency**	11	-	10	-	-	-	-	-	-	1	-	-	-
Convertible Debt and Unsecured Notes	29	8,301,917	-	-	-	-	-	5	-	-	96,630	24	8,205,287
Employee Claim***	36	2,188,977	1	36,125	-	189,194	-	1	17,340	1	355,150	33	1,591,169
Equity Claim	2	662,500	-	-	-	-	-	-	-	2	662,500	-	-
Trade Claim	130	35,137,782	2	1,034,709	-	-	-	1	16,678,857	6	3,509,399	121	13,914,817
Late Claim - Trade Claim	9	343,810	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Late Claim - Employee Claim	2	5,972	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Subtotal	**219**	**46,640,958**	**13**	**1,070,834**	**-**	**189,194**	**-**	**7**	**16,696,197**	**10**	**4,623,678**	**178**	**23,711,274**
Grand Total	**222**	**66,961,392**	**13**	**1,070,834**	**-**	**4,623,106**	**-**	**8**	**16,976,966**	**11**	**15,128,277**	**179**	**28,812,427**
						(a)							(b)

* This represents the total disallowed in dollar amount which includes partially and fully disallowed claims. The count only represents the claims that have been disallowed in its entirety or withdrawn.
** Placeholder claims from CRA to each of the filing entities.
*** These claims include amounts related to outstanding vacation pay and unpaid wages which may have priority in a plan of arrangement.

Total Claims Proven and Accepted to Date

	(a) + (b)
Unsecured only	**23,900,467**
All Claims	**33,435,534**

APPENDIX “H”

LIQUIDATION ANALYSIS

Consolidated AgMedica Bioscience Inc.
Illustrative Analysis of Hypothetical Liquidation
Forceasted as at August 30, 2020

			High Realization Estimate		Low Realization Estimate	
Consolidated Asset Realizations	Book Value	Notes	% Realization	Amount	% Realization	Amount
Proceeds from assets						
Cash and cash equivalents	$ 890,394	**Note 1**	100%	$ 890,394	100%	$ 890,394
Accounts Receivable	1,334,215	**Note 2**	89%	1,190,723	41%	551,417
Prepaid expense	827,622	**Note 3**	0%	-	0%	-
Other current assets	204,897	**Note 4**	0%	-	0%	-
Deposits	1,975,074	**Note 5**	0%	-	0%	-
Inventory	11,264,272	**Note 6**	9%	1,006,640	6%	694,361
Biological asset	1,039,005	**Note 7**	69%	715,625	0%	-
Loan receivable	2,904,326	**Note 8**	0%	-	0%	-
Intangible Assets	6,021,623	**Note 9**	0%	-	0%	-
Property	43,353,991	**Note 10**	10%	4,365,000	9%	3,928,500
Equipment	2,944,819	**Note 11**	47%	1,391,562	38%	1,118,731
Future Income Taxes	12,000	**Note 12**	0%	-	0%	-
Investment in Associates	43,288	**Note 13**	0%	-	0%	-
Convertible promissory notes	2,062,115	**Note 13**	0%	-	0%	-
Other long term investments	15,035	**Note 14**	100%	15,035	50%	7,518
Derivatives	823,848	**Note 13**	0%	-	0%	-
Total Consolidated Gross Proceeds	**75,716,524**		**13%**	**9,574,979**	**9%**	**7,190,921**
Liquidation Costs				Amount		Amount
Liquidation Costs						
Cost to wind-down operations		**Note 16**		$ (1,122,408)		$ (910,190)
Professional fees		**Note 17**		(540,000)		(420,000)
Total Liquidation Costs				(1,662,408)		(1,330,190)
Net Proceeds available for Distribution			**10%**	**7,912,571**	**8%**	**5,860,731**
Consolidated Recovery	Claim Value		% Recovery	Recovery Amount		Recovery
Secured claims						
DIP Lender	$ 2,674,698		100.0%	$ 2,674,698	100.0%	$ 2,674,698
Stabilis Secured Debt	1,352,542		72.0%	973,157	50.8%	687,222
KGP Debt	4,966,589		85.9%	4,264,716	50.3%	2,498,811
Total Secured claims	**8,993,829**			**7,912,571**		**5,860,731**
Unsecured claims						
AgMedica Unsecured Creditors	$ 26,565,216		0.0%	-	0.0%	-
Wellworth Unsecured Creditors	810,001		0.0%	-	0.0%	-
2642466 Ontario Inc. ("NIMBY") Unsecured Creditors	45,338		0.0%	-	0.0%	-
2472602 Ontario Inc. ("Crosshair") Unsecured Creditors	516,970		0.0%	-	0.0%	-
Total Unsecured Claims	**27,937,525**			-		-
Unresolved Claim Reserve	$ 14,831,722		0.0%	-	0.0%	-
Total Claims	**51,763,076**					

Totals in the above schedule are subject to rounding errors from the underlying numbers
Unaudited
See Disclaimer and Limitations

Introduction

AgMedica Bioscience Inc. ("**AgMedica**"), 2472602 Ontario Inc. ("**Crosshairs**"), 2642466 Ontario Inc. ("**NIMBY**"), 8895309 Canada Inc., Wellworth Health Corp. ("**Wellworth**"), 8050678 Canada Inc., 8326851 Canada Inc., Tavivat Naturals Inc., Worldwide Beverage Innovations, Unique Beverages (USA) Inc., and Eseela Inc. (collectively, the "**Applicants**") have prepared this illustrative analysis of a hypothetical liquidation of its assets as of August 30, 2020 ("the "**Hypothetical Liquidation Date**") in connection with the Plan. The "**Liquidation Analysis**" provides an estimate of the realizable value of the Applicants' assets in a liquidation and the resulting distribution to creditors in accordance with their respective priorities in the context of a liquidation as opposed to the implementation of the Plan of Arrangement.

The Liquidation of assets will occur on an individual entity basis, but for simplicity of presentation has been presented on a consolidated basis.

Summary

The Applicants estimates that the net realizable value of their assets on a consolidated basis at the Hypothetical Liquidation Date would range from approximately $7.2 million to $9.6 million. The Applicants have not identified any realizable assets for 8895309 Canada Inc., 8050678 Canada Inc., 8326851 Canada Inc., Tavivat Naturals Inc., Worldwide Beverage Innovations., Unique Beverages (USA) Inc., and Eseela Inc., therefore, they have not been presented in the Liquidation Analysis. The capping machine may be owned by one of these entities however, given that there are no proven creditors, it is assumed that the proceeds from this machinery is the available to AgMedica. The net realizable value of the assets and the amounts potentially available for distribution is reflected in the attached appendix should be considered in conjunction with the assumptions below.

General Assumptions

The Liquidation Analysis assumes the liquidation process commences on or shortly after the Hypothetical Liquidation Date under one of two underlying scenarios. The purpose of considering the two scenarios is to illustrate a range of potential net realizations based on varied overall assumptions guiding a hypothetical liquidation.

First, the low estimate of realizable value in liquidation (the "**Low Realization Estimate**") contemplates a complete and immediate cessation of the Applicants' operations where all cannabis production is ceased, all employees that are non-core to the liquidation are terminated immediately and the process for destruction of all cannabis inventory is commencing on the

Hypothetical Liquidation Date. As such, an abrupt cessation of operations would significantly reduce the value realized on cannabis inventory and wind-down of all business functions will take one month. The tangible assets, including production equipment and other machinery, are assumed to be sold within two months. Land and buildings are assumed to require two months to sell, which will only consist of 566 Riverview Drive in Chatham, Ontario.

Second, the high estimate of realizable value in a liquidation (the "**High Realization Estimate**") assumes the Applicants winds down their operations in an orderly fashion by completing the final harvest of cannabis, making arrangements to complete any open orders in a reasonable timeframe, and liquidate the remaining cannabis inventory at market prices through bulk sales. As such, an orderly wind down over a month is anticipated to maximize the realization on working capital assets. This will include finalizing the cultivation of the cannabis that is in progress and any additional cannabis cultivated that is not used to fulfil orders will be destroyed. Following the wind-down of operations, the tangible assets are assumed to be sold within a further period of three months reflecting a more fulsome marketing process resulting in an improvement to the expected realizable value. Land and buildings are assumed to require four months to sell in the High Realization Estimate, which will only consist of 566 Riverview Drive in Chatham, Ontario.

The assets of the Applicants are assumed to be liquidated under the CCAA process.

Certain Tax Matters

AgMedica is subject to Excise Duty and HST, however these impacts have been included as nil for the purpose of the Liquidation Analysis. CRA holds a deposit for Excise Duty which is currently greater than the outstanding Excise Duty amount and therefore will not be in a payable position. In addition, AgMedica is typically in an HST refund position and CRA is currently holding HST refund payments. The Liquidation Analysis does not consider other tax consequences in Canada that may be triggered upon a liquidation. While such tax consequences may be material, the inclusion of the tax consequences would further reduce the amounts available for distribution.

Book Value

The Applicants has prepared this analysis based on the best current information available. The most currently available Financial statement information for the Applicants is at March 31, 2020. The Liquidation Analysis rolls forward these balances to August 30, 2020, incorporates the impact of disclaimed contracts, and uses the forecast cash and accounts receivable balances based on the most current weekly DIP Budget prepared and presented to the DIP Lender. The cash and accounts receive bale balances are the forecast amounts based on the weekly DIP Budget prepared and presented to the DIP Lender.

Asset Realization Assumptions

Note 1: Cash and Cash Equivalents

The Applicants are forecast to hold a consolidated total of unrestricted cash of $890,394 at August 30, 2020. The Liquidation Analysis assumes the unrestricted cash is fully recovered through the liquidation process in both the High and Low Realization Estimates, as the cash is held at a Chartered Canadian Bank and a Credit Union.

Note 2: Trade Accounts Receivable

AgMedica is the only operating entity out of the Applicants. AgMedica's customers consist of provincial cannabis distributors operated by government agencies, a few cannabis stores in Saskatchewan, and a few international customers in Oceania and Europe. The Low Realization Estimate assumes the Alberta Gaming and Liquor Commission sets off current receivables against returnable cannabis products and small distributors and international customers receivables are uncollectible. It assumes that the remaining Provincial agencies recovery will be 80%. Customers who do not have any product to be returned for which they could set off against receivables, are expected to pay their balance over the next 60 days. As a result, it is assumed the Applicants collect approximately $551,417 or 41% of the trade accounts receivable with a book value of approximately $1,334,215 outstanding at the Hypothetical Liquidation Date.

The High Realization Estimate scenario assumes that AgMedica successfully recovers 100% of the receivables from Provincial Distributors and assumes that 10% of receivables from international customers are collectable. The High Realization Estimate assumes recoveries of approximately $1,190,723 or 89% of the trade accounts receivable book value.

Note 3: Prepaid Expense, Other Current Assets, and Deposits

The Applicants Prepaid Expenses consist of payments made for future purchases, travel, tradeshows and insurance. In both the High Realization and Low Realization Estimate, it is assumed that these costs cannot be recovered.

Note 4: Other Current Assets

Other Current Assets consists of an accounting provision for cannabis inventory that will be converted upon harvest. The estimated recoverable amount is included in Biological Assets.

Note 5: Deposits

The Applicants have made deposits to utilities, a deposit to the Receiver General for Cannabis Excise, and equipment that was being designed and/or contracted to be built by third party vendors. In both the High Realization and Low Realization Estimate, it is expected that utilities deposits will be utilized and therefore not recoverable. CRA holds a deposit for Excise Duty which is currently less than the outstanding Excise Duty amount and therefore will not be in a payable position. With respect to the deposits on equipment that is being fabricated, it is assumed that this balance will not be recoverable. The equipment manufacturer has submitted a claim for excess beyond the deposit, therefore, there is no expected recovery of the deposit.

Note 6: Inventory

The Applicants' inventory book value includes cannabis product in various forms from the drying phase until finish goods, as well as packaging and cultivation materials. The cannabis is in the form of bulk and bottled flower, pre-rolls finished product, bulk and packaged oil, and bulk and bottled oil capsules. Packaging and cultivation materials consists of the inputs to grow Cannabis, bottles and cones, and labels. The total book value of the cannabis inventory is $11,264,272 at the Hypothetical Liquidation Date. The Low Realization Estimate assumes the immediate cessation of operations, and that the applicants can sell 50% of their inventory at $0.35 (based on current market wholesale price) per gram for flower and $1.00 per gram equivalent of oil and with the remaining inventory unsaleable. It assumes the recovery on the packaging material is 15%. The High Realization Estimate assumes that operations will continue to the extent necessary to complete existing open purchase orders for customers. The operation costs related to these scenarios are included in Note 17 – Cost to wind-down operations. The High Realization Estimate assumes 100% of the Applicants inventory is sold at $0.35 per gram for flower and $1.00 per gram equivalent of oil. The total cannabis inventory assumed to be realized is $1,006,640 at the Hypothetical Liquidation Date in a High Realization Estimate and $694,361 in a Low Realization Estimate.

Note 7: Biological Assets

Biological Assets is based on the fair market value of the plant biomass from seedlings to plants prior to harvest, less costs. The book value of Biological Assets of $1,039,005. The Low Realization Estimate assumes, following the immediate cessation of operations, all biological assets destroyed by the Applicants under the supervision of Health Canada. Conversely, in the High Realization Estimate scenario the Applicants finish necessary cultivation and processing of their cannabis crop to fulfil 80% of its current open purchase orders, resulting in a net recovery of $715,625.

Note 8: Loan Receivable

AgMedica Bioscience Inc. has extended a loan to Herbolea Biotech S.r.l. as part of an agreement to licence Herbolea technology for a book cost of $2,904,326. However, there are amounts that are likely owed by AgMedica to Herbolea that would exceed these amounts. Therefore, in both the High Realization and Low Realization Estimate this loan will have no realizable value.

Note 9: Intangible Assets

Intangible Assets consists of right of use for licences with Herbolea Biotech S.r.l. ($4.8 million) ,MMG Genetics ($1.1 million) and an Enterprise Resource Management System ($0.1 million). AgMedica Bioscience Inc. has a licence to cultivate a variety of cannabis strains that have been licensed by MMG Genetics that are not transferable. AgMedica Bioscience Inc. started projects relation to an enterprise resource management system and customer support systems. These projects were not completed. In both the High Realization and Low Realization Estimates it is assumed that these intangible assets will not have any recoverable value.

Note 10: Property, Plant and Equipment

The Applicants operate a licensed production facility in Chatham, Ontario which is owned by its subsidiary Crosshair. The book value for AgMedica contains significant capitalized improvements made to the facilities in order to operate a cannabis operation. In the Liquidation Analysis, the property has been assumed to be sold as an industrial building, therefore, the value of the capital improvements, will be $nil. The Liquidation Analysis assumes the owned land and building is sold after being marketed for two to four months for proceeds based on an opinion of value commissioned by the Applicants. In the below table, the appraised value/sale price and estimated closing costs are provided. Estimated closing costs included Real Estate Broker commissions, etc. The holding costs of these properties in the High Realization and Low Realization Estimate is expected to be recovered against Prepaid Deposits that have been made to utility companies.

Property	Appraised Value	Value	Estimated Closing Costs	Net Proceeds
566 Riverview Drive	Appraised Value	4,850,000	(485,000)	4,365,000

Based on the net recovery value in the table above, the recovery in the Low Realization Estimate assumes 90% recovery and 100% in the High Realization Estimate.

See Note 17 and Note 18 for the breakdown and allocation of Wind-down Costs and Professional Fees.

Note 11: Plant and Machinery and Other Fixed Assets

This includes equipment for the grow rooms, and the processing equipment for the cannabis cultivation facility at 566 Riverview in Chatham, Ontario. Wellworth Health Corp. has computer equipment and hardware related to their tele-health platform.

The Low Realization Estimate is 90% of appraised valueand in . the High Realization Estimate assumes 100% of appraised value. The appraisal was performed as at May 4, 2020 on a forced liquidation basis.

Note 12: Future Income Taxes

2642466 Ontario Inc. has a book value of $12,000 of Future Income Tax Assets. The Liquidation Analysis assumes that there is no realizable value to this tax asset.

Note 13: Investment in Associates

AgMedica Bioscience Inc. has recorded investments in MMG. In is assumed that this investment will have no realizable value as the agreement is currently in default.

Note 14: Other long-term investments

The Applicants holds shares of the Credit Union they are part of for a total Book Cost of $15,035. These shares are redeemable upon an entity leaving the credit union. In the High Realization Estimate it is assumed that AgMedica will be able to fully redeem their shares for a 100% realization. In the Low Realization Estimate, it is assumed that AgMedica will be able to redeem their shares but there will be transaction costs related to finalizing the account and usage fees that may result in a lower recovery which is assumed to be 50%.

Post-File Intercompany Transactions

Note 15: During the period of December 2, 2019 to the hypothetical liquidation date of August 30, 2020, the Applicants have participated in inter-group advances as some of the Applicants are not cash flow positive. During this period, the Applicants have loaned money between the entities, which in both the High Realization Estimate and Low Realization Estimate it is assumed will be settled before determining the net proceeds for each entity to distribute to the extent that there is sufficient realization to do so.

Wind-Down and Liquidation Cost Assumptions

Note 16: Cost to Wind-Down Operations

The Low Realization Estimate does not contemplate a continuation of the Applicants' operations past the Hypothetical Liquidation Date. The cost of the wind-down of the Applicants' operations over a one-month period assumed in the High Realization Estimate is based on the minimum operating costs for payroll. Asset realization costs include the cost to decommission the Applicants' facilities as well as the fees and commissions to be paid to liquidators and other service firms on the liquidation of inventory, land and building, machinery, equipment and other fixed assets. This also includes the payment of any post-filing obligations and the payment of certain Key Employee Retention agreements to assist with the liquidation.

The allocation of the wind-down costs is based on the specific costs that are associated with operations and the real property. All operational costs are allocated to AgMedica and costs related to the real property such as property tax and utilities are allocated to Crosshair based on historical rates.

Note 17: Professional Fees

Professional fees include estimates of the fees and expenses of the financial and legal advisors retained by the Applicants. In a High Realization Estimate, it is expected to take one month to finish the cultivation of cannabis, and 10 weeks for completion of the CCAA proceedings. In the Low Realization Estimate, it is expected to take one month to destroy all cannabis inventory and 16 weeks for completion of the CCAA proceedings.

Distribution Assumptions

Note 18: DIP Facility

At the commencement of the CCAA Proceeding, the Applicants, as borrowers, entered into the DIP Facility. The outstanding balance of the DIP is $2.67 million Canadian under the DIP Credit Agreement at the Hypothetical Liquidation Date. The DIP has a charge over all assets of the Applicants; therefore, is paid first in full ahead of all the secured creditors.

Note 20: Claims of the Secured Lenders

The Secured Lenders are owed approximately $4.36 million for loans made to the Applicants with security as follows:

- Stabilis – first priority on all Chatham properties
- KGP – general security over all assets of AgMedica

Based on the Liquidation Analysis, it is estimated that Secured Lenders will experience a potential shortfall, leaving no recovery available for unsecured creditors.

APPENDIX “I”

NOTICE OF THE CREDITORS’ MEETING

NOTICE OF THE MEETING OF AGMEDICA BIOSCIENCE INC., 2472602 ONTARIO INC., 2642466 ONTARIO INC., 8895309 CANADA INC., WELLWORTH HEALTH CORP., 8050678 CANADA INC., 8326851 CANADA INC., TAVIVAT NATURALS INC., WORLDWIDE BEVERAGE INNOVATIONS INC., UNIQUE BEVERAGES (USA) INC., and ESEELA INC.

(hereinafter referred to as the "Applicants")

NOTICE IS HEREBY GIVEN that the Plan of Compromise and Arrangement of the Applicants dated July 29, 2020 (as may be amended from time to time, the "**Plan**") was filed pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") with the Ontario Superior Court of Justice (Commercial List) (the "**Court**") on August 4, 2020. The Plan contemplates the reorganization of the Applicants and the compromise of the rights and claims of certain creditors of the Applicants. A copy of the Plan is enclosed.

NOTICE IS ALSO HEREBY GIVEN that the Applicants may vary, amend, modify or supplement the Plan (the "**Plan Modification**") with the consent of the Monitor:

(i) at any time prior to the Meeting (as defined hereafter), provided that the Applicants file the Plan Modification with the Court, arrange to have the Plan Modification posted on the Monitor's website, and serve the Plan Modification on the parties listed on the service list to these CCAA proceedings and any other party requesting a copy of such amendments. Eligible Voting Creditors (as defined hereafter) present at the Meeting will also be advised of any such amendments made to the Plan;

(ii) at any time during the Meeting, provided that the Applicants give notice to all Eligible Voting Creditors present at the Meeting prior to the vote being taken, file the Plan Modification with the Court as soon as practically possible following the Meeting and arrange to have the Plan Modification promptly posted on the Monitor's website; or

(iii) at any time after the Meeting with consent of the Monitor and without further order of the Court or notice to any creditor, provided that the Applicants, the Monitor, acting reasonably and in good faith, determine the variation, amendment, modification or supplement in the amended Plan to be of a technical or administrative nature that would not materially prejudice the interests of any of the Affected Creditors under the Plan and necessary in order to give effect to the substance of the Plan or the Sanction Order (as defined hereafter).

NOTICE IS ALSO HEREBY GIVEN that the order of the Court dated August 4, 2020 (the "**Meeting Order**") established the procedures for the Applicants to call, hold and conduct a meeting (the "**Meeting**") to consider and pass resolution, if thought advisable, approving the Plan and to transact such other business as may be properly brought before the Meeting. For the purpose of voting on and receiving distributions pursuant to the Plan, the Plan places all Creditors with Affected Claims of all Applicants, into one class.

NOTICE IS ALSO HEREBY GIVEN that the Meeting will be held at the following date, times and location:

Date: August 25, 2020

Time: 11:00 a.m. (Eastern Time)

Location: Video Conference

Only those Affected Creditors (as defined the Plan) with Proven Claims or Disputed Claims (each such creditor, an "**Eligible Voting Creditor**") will be eligible to attend the Meeting and vote on the resolution to approve the Plan. The votes of creditors holding Disputed Claims will be separately tabulated, and Disputed Claims will be resolved in accordance with the Claims Procedure Order, the Meeting Order and the Plan prior to any distribution on account of such Disputed Claims. Unaffected Creditors (as defined under the Plan) will not be entitled to attend and vote at the Meeting.

Any Eligible Voting Creditor who is unable to attend the Meeting may vote by proxy. Further, any Eligible Voting Creditor who is not individual may only attend and vote at the Meeting if a proxyholder has been appointed to act on its behalf at such Meeting.

Proxies, once duly completed, dated and signed, must be received by the Monitor by e-mail mail (preferred), delivery, courier, or facsimile at the address of the Monitor set out on the Proxy by no later than 11:00 a.m. (Eastern Time) on August 23, 2020 in order to be acted upon at the Meeting or 48 hours (excluding days that are not Business Days) prior to any adjourned, postponed, or rescheduled Meeting. After the commencement of a Meeting, no Proxies can be accepted by the Monitor.

If you wish to attend the video conference, you will be required to pre-register. If you are submitting a Proxy, the representative indicated on the proxy will be invited to the video conference. Otherwise, if you are an individual who wishes to attend the Meeting, complete and submit a Pre-Registration Form to the Monitor no later than 11:00 am August 23, 2020. Once a Pre-Registration Form is received, the Monitor will send you an invitation to the video conference for the Meeting.

NOTICE IS ALSO HEREBY GIVEN that in accordance with the provisions of the CCAA, the Monitor has filed a report (the "**Eighth Report**") in respect of the Plan and the affairs of the Applicants with the Court on July ▶, 2020. A copy of the Eighth Report is posted on the Monitor's website (www.ey.com/ca/agmedica).

NOTICE IS ALSO HEREBY GIVEN that if the Plan is approved at the Meeting by the Eligible Voting Creditors and all other necessary conditions are met, the Applicants intend to make a motion before the Court on September 1, 2020 seeking an order sanctioning the Plan pursuant to the CCAA (the "**Sanction Order**"). Any person wishing to oppose the motion for the Sanction Order must serve a copy of the materials to be used to oppose the motion and setting out the basis for such opposition upon the lawyers for both the Applicants and the Monitor as well as those parties listed on the Service List posted on the Monitor's website (www.ey.com/ca/agmedica). Such materials must be served by no later than 5:00 p.m. (Eastern time) on August 27, 2020.

NOTICE IS ALSO HEREBY GIVEN that in order for the Plan to become effective:

(i) the Plan must be approved at the Meeting by the affirmative vote of a majority in number, representing not less than two-thirds in value of the voting claims, of Eligible Voting Creditors in person or by proxy;

(ii) the Plan must be sanctioned by the Court; and

(iii) the conditions to the implementation and effectiveness of the Plan as set out in the Plan must be satisfied or waived.

Capitalized terms used and not otherwise defined in this Notice are as defined in the Meeting Order.

Additional copies of the Meeting Materials may be obtained from the Monitor’s website (www.ey.com/ca/agmedica) or by contacting the Monitor by telephone at (866) 220-2247/416-941-1872 or by email at Agmedica.monitor@ca.ey.com.

APPENDIX “J”

PROXY AND INSTRUCTIONS

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

AGMEDICA BIOSCIENCE INC. 2472602 ONTARIO INC., 2642466 ONTARIO INC., 8895309 CANADA INC., WELLWORTH HEALTH CORP., 8050678 CANADA INC., 8326851 CANADA INC., TAVIVAT NATURALS INC., WORLDWIDE BEVERAGE INNOVATIONS INC., UNIQUE BEVERAGES (USA) INC., and ESEELA INC.

PROXY FOR CREDITOR NAME: **REFERENCE #:**

Before completing this Proxy, please read carefully the accompanying instructions for the proper completion and return of the form.

In addition, the proxyholder will be the individual receiving the invitation to Meeting held via video conference using the credential provided in this form.

Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Plan of Compromise and Arrangement of the Applicants dated July 29, 2020 (as may be amended from time to time, the "Plan") filed pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") with the Ontario Superior Court of Justice (Commercial List) (the "**Court**") on August 4, 2020.

In accordance with the Plan, Proxies may only be filed by Affected Creditors having a Proven Claim or Disputed Claim ("**Eligible Voting Creditors**")

1. PROXIES, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE RECEIVED BY THE MONITOR BY E-MAIL (PREFERRED), MAIL, DELIVERY, COURIER, OR FACSIMILE AT THE ADDRESS SET OUT BELOW BY NO LATER THAN 11:00 A.M. (EASTERN TIME) ON AUGUST 23, 2020 IN ORDER TO BE ACTED UPON AT THE APPLICABLE CREDITORS' MEETING OR 48 HOURS (EXCLUDING DAYS THAT ARE NOT BUSINESS DAYS) IMMEDIATELY PRECEDING ANY ADJOURNMENT, POSTPONEMENT OR RESCHEDULING OF THE MEETING IF ANY PERSON ON THE ELIGIBLE VOTING CREDITOR'S BEHALF IS TO ATTEND SUCH MEETING AND VOTE ON THE RESOLUTION TO APPROVE THE PLAN OR IF THE ELIGIBLE VOTING CREDITOR WISHES TO APPOINT AN REPRESNTATIVE OF THE MONITOR TO ACT AS THE ELIGIBLE VOTING CREDITOR'S NOMINEE.

AFTER THE COMMENCEMENT OF A CREDITORS' MEETING, NO PROXIES CAN BE ACCEPTED BY THE MONITOR.

THE UNDERSIGNED ELIGIBLE VOTING CREDITOR hereby revokes all Proxies previously given and nominates, constitutes, and appoints:

____
Print Name of Proxyholder

or, instead of the foregoing, Mr. Alex Morrison of Ernst & Young Inc., in its capacity as Monitor or such other officer of Ernst & Young Inc. as he, in his sole discretion, may designate, to attend on behalf of and act for the Eligible Voting Creditor at the Meeting to be held in connection with the Plan and at any and all adjournments, postponements or other rescheduling of the Meeting, and to vote the amount of the Eligible Voting Creditor's claim(s) for voting purposes as determined by and accepted for voting purposes in accordance with the Meeting Order and as set out in the Plan as follows:

A. (mark one only):

☐ Vote **FOR** approval of the Plan; or

☐ Vote **AGAINST** approval of the Plan.

If an box is not marked as a vote for or against approval of the Plan, this Proxy shall be voted <u>for</u> approval of the Plan.

- and -

B. Vote at the nominee's discretion and otherwise act for and on behalf of the undersigned Eligible Voting Creditor with respect to any amendments, modifications, variations or supplements to the Plan and to any other matters that may come before the Meeting or any adjournment, postponement or other rescheduling of the Meeting.

Dated this _______ day of ___________________, 2020.

____
Print Name of Eligible Voting Creditor

____
Title of the authorized signing officer of the corporation, partnership or trust, if applicable

____
Signature of Eligible Voting Creditor or, if the Eligible Voting Creditor is a corporation, partnership or trust, signature of an authorized signing officer of the corporation, partnership or trust

____
Telephone number(s) of Eligible Voting Creditor or authorized signing officer

____
E-mail address of Eligible Voting Creditor

____
Print Name of Witness, if Eligible Voting Creditor is an individual

____
Signature of Witness

1. This Proxy should be read in conjunction with the Plan of Compromise and Arrangement of the Applicants dated July 29, 2020 (as may be amended from time to time, the "**Plan**") filed pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") with the Ontario Superior Court of Justice (Commercial List) (the "**Court**") on August 4, 2020 and the Meeting Order.

2. Each Eligible Voting Creditor has the right to appoint a person (who need not be an Creditor) to attend, act and vote for and on behalf of the Eligible Voting Creditor and such right may be exercised by inserting the name of the person to be appointed in the space provided on the Proxy.

3. If no name has been inserted in the space provided, the Eligible Voting Creditor will be deemed to have appointed Mr. Alex Morrison of Ernst & Young Inc., in its capacity as Monitor or such other representative of Ernst & Young Inc. as he, in his sole discretion, may designate to attend on behalf of and act for the Eligible Voting Creditor at the Meeting to be held in connection with the Plan and at any and all adjournments, postponements or other rescheduling of the Meeting.

4. An Eligible Voting Creditor who has given a Proxy may revoke it unless such Eligible Voting Creditor has agreed otherwise (as to any matter on which a vote has not already been cast pursuant to its authority) by delivering written notice (email accepted) to the Monitor.

5. If this Proxy is not dated in the space provided, it shall be deemed to be dated as of the date on which it is received by the Monitor.

6. A valid Proxy from the same Eligible Voting Creditor bearing or deemed to bear a later date shall revoke this Proxy. If more than one valid Proxy from the same Eligible Voting Creditor and bearing or deemed to bear the same date are received with conflicting instructions, such Proxies will be treated as disputed Proxies and shall not be counted.

7. This Proxy confers discretionary authority in respect of amendments, variations or supplements to the Plan or other matters that may properly come before the Meeting or any adjournment, postponement or other rescheduling of the Meeting.

8. The Person named in the Proxy shall vote the Proven Claim or Disputed Claim, as applicable, of the Eligible Voting Creditor in accordance with the direction of the Eligible Voting Creditor appointing them on any ballot that may be called for at the applicable Creditors' Meeting. **IF A ELIGIBLE VOTING CREDITOR FAILS TO INDICATE ON THIS PROXY A VOTE FOR OR AGAINST APPROVAL OF THE PLAN, THIS PROXY WILL BE VOTED <u>FOR</u> APPROVAL OF THE PLAN, INCLUDING ANY AMENDMENTS, VARIATIONS OR SUPPLEMENTS THERETO.**

9. This Proxy must be signed by the Eligible Voting Creditor or by a person duly authorized (by power of attorney) to sign on the Eligible Voting Creditor's behalf or, if the Eligible Voting Creditor is a corporation, partnership or trust, by a duly authorized officer or attorney of the corporation, partnership or trust. If you are voting on behalf of a corporation, partnership or trust, you may be required to provide documentation evidencing your power and authority to sign this Proxy.

10. **PROXIES, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE RECEIVED BY THE MONITOR BY E-MAIL (PREFERRED), MAIL, DELIVERY, COURIER, OR FACSIMILE AT THE ADDRESS SET OUT BELOW BY NO LATER THAN 11:00 A.M. (EASTERN TIME) ON AUGUST 23, 2020 IN ORDER TO BE ACTED UPON AT THE APPLICABLE CREDITORS' MEETING OR 48 HOURS (EXCLUDING DAYS THAT ARE NOT BUSINESS DAYS) IMMEDIATELY PRECEDING ANY ADJOURNMENT, POSTPONEMENT OR RESCHEDULING OF THE MEETING IF ANY PERSON ON THE ELIGIBLE VOTING CREDITOR'S BEHALF IS TO ATTEND SUCH MEETING AND VOTE ON THE RESOLUTION TO APPROVE THE PLAN OR IF THE ELIGIBLE VOTING CREDITOR WISHES TO APPOINT AN REPRESNTATIVE OF THE MONITOR TO ACT AS THE ELIGIBLE VOTING CREDITOR'S NOMINEE.**

By email: Agmedica.monitor@ca.ey.com

By mail or courier: Ernst & Young Inc.
Monitor of AgMedica *et al*
100 Adelaide Street West
Toronto, Ontario, Canada
M5H 0B3

By facsimile: (416) 943-3300

AFTER THE COMMENCEMENT OF A CREDITORS' MEETING, NO PROXIES CAN BE ACCEPTED BY THE MONITOR.

11. The Applicants and the Monitor are authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which any Proxy is completed and executed and may waive strict compliance with the requirements in connection with the deadlines imposed by the Meeting Order.

APPENDIX “K”

RESOLUTION

AGMEDICA BIOSCIENCE INC. 2472602 ONTARIO INC., 2642466 ONTARIO INC., 8895309 CANADA INC., WELLWORTH HEALTH CORP., 8050678 CANADA INC., 8326851 CANADA INC., TAVIVAT NATURALS INC., WORLDWIDE BEVERAGE INNOVATIONS INC., UNIQUE BEVERAGES (USA) INC., and ESEELA INC.

(the "Applicants")

PLAN OF COMPROMISE AND ARRANGEMENT UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED

PLAN RESOLUTION

BE IT RESOLVED THAT:

1. The Plan of Compromise and Arrangement Dated July 29, 2020 filed by the Applicants under the Companies Creditors Arrangement Act, as may be amended, varied, restated or supplemented (the "Plan"), presented to the Meeting be and is hereby authorized and approved;

2. Notwithstanding that this resolution has been passed and the Plan approved by the single Class of the Creditors with Affected Claims, or the Plan has been approved by the CCAA Court, the directors of AgMedica Bioscience Inc. be and they are hereby authorized and empowered to amend or not proceed with its resolution in accordance with the Plan and

3. Any other director or officer of AgMedica Bioscience Inc. be, and he or she is hereby authorized, empowered and instructed, acting for, and in the name of and on behalf of the Applicants, to execute, or cause to be executed under the seal of the respective Applicants or otherwise, and to deliver or cause to be delivered for, on behalf of and in the name of the Applicant, all such documents, agreements and instruments and to do or cause to be done all such other acts and things as such director or officer of an Applicant or Partnership determines to be necessary or desirable in order to carry out the Plan, such determination to be conclusively evidenced by the execution and delivery by such directors and officers of such documents, agreements or instruments or the doing of any such act or thing.

APPENDIX "L"

ELECTION NOTICE

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

AGMEDICA BIOSCIENCE INC. 2472602 ONTARIO INC., 2642466 ONTARIO INC., 8895309 CANADA INC., WELLWORTH HEALTH CORP., 8050678 CANADA INC., 8326851 CANADA INC., TAVIVAT NATURALS INC., WORLDWIDE BEVERAGE INNOVATIONS INC., UNIQUE BEVERAGES (USA) INC., and ESEELA INC.

ELECTION NOTICE FOR [CREDITOR] – REFERENCE [#]

Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Plan of Compromise and Arrangement of the Applicants dated July 29, 2020 (as may be amended from time to time, the "**Plan**") filed pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA") with the Ontario Superior Court of Justice (the "Court") on August 4, 2020.

This Election Notice, once duly completed, dated and signed, must be received by the Monitor by e-mail (preferred), mail, delivery, courier, or facsimile at the address set out below by no later than the Sanction Hearing (which is currently scheduled for September 1, 2020 at 12:00 p.m. (Eastern Time)), in order to be accepted. Otherwise, you will be deemed to have elected Class B Preferred Share Conversion Option. In addition, if a portion of your Claim is an Unresolved Claim, this election will only be accepted for the port ion of your claim that is a Proven Claim.

I hereby elect the following option for my distribution (choose only one):

☐ the Convenience Amount of $1,000;

☐ the Class B Preferred Share Conversion Option; or

☐ the Common Share Conversion Option.

THE UNDERSIGNED ELIGIBLE VOTING CREDITOR hereby revokes any previously given election.

Dated this _______ day of ___________________, 2020.

______________________________ Print Name of Affected Creditor	______________________________ Title of the authorized signing officer of the corporation, partnership or trust, if applicable
______________________________ Signature of Affected Creditor or, if the Affected Creditor is a corporation, partnership or trust, signature of an authorized signing officer of the corporation, partnership or trust	______________________________ Telephone number(s) of Affected Creditor or authorized signing officer
______________________________	______________________________

E-mail address of Affected Creditor

Name and Signature of Witness, if Affected Creditor is an individual

Please return this completed for to the Monitor at:

By email (preferred):	Agmedica.monitor@ca.ey.com
By mail or courier:	Ernst & Young Inc. Monitor of AgMedica *et al* 100 Adelaide Street West Toronto, Ontario, Canada M5H 0B3
By facsimile:	(416) 943-3300

IF THIS ELECTION FORM IS NOT RECEIVED BEFORE 12:00 PM (EASTERN TIME) ON SEPTEMBER 1, 2020 YOU WILL BE DEEMED TO HAVE ELECTED THE CLASS B PREFERRED CONVERSION OPTION.

APPENDIX “M”

PRE-REGISTRATION FORM

Pre-Registration Form

The Creditors' Meeting will take place on August 25, 2020 at 11:00 AM EST via video conference . The meeting will be held on Microsoft Teams. **All attendees will be required to pre-register for the meeting in order to receive the link to the video conference.** Affected Creditors may pre-register by either sending a Proxy or returning this Pre-Registration Form. Note that all Affected Creditors that are not individuals, will be required to send a Proxy.

If you plan to attend the Creditors' Meeting, please return either your Proxy or this Pre-Registration Form by 11:00am EST on August 23, 2020, or 48 hours before the Creditors' Meeting, if applicable.

The Monitor will open the lobby of the video conference at 10:00 AM EST to 10:50 AM EST for attendees to sign-in. Only proxyholders and those individuals indicated in this Pre-Registration Form will be admitted into the Creditors' Meeting based on the credentials provided.

Based on the Proof of Claim submitted, the Monitor has pre-populated the below section for ease of reference. However, amend as necessary based on who will be attending on your behalf. The information provided below will be used to admit you into the meeting. Upon returning this form, you will receive an invite to the Creditors' Meeting. You will also require your Reference Number for the submission of your vote on the Plan.

Full Legal Name of Claimant: [**ABC Company]**

Reference Number/Personal Meeting Identification Number: [**0000**]

	Please amend the below as necessary:
Name of Representative(s)	[John Smith]
E-Mail Address of Representative(s)	[John@smith.com]
Phone Number of Representative(s)	[519-555-5555]

Signature of Claimant:____

Please complete and return a pdf copy of this form to the Monitor via email at AgMedica.Monitor@ca.ey.com with the subject line "**RSVP – AgMedica Creditors' Meeting**".

APPENDIX “N”

NEWSPAPER NOTICE

NOTICE OF THE CREDITORS' MEETING OF AGMEDICA BIOSCIENCE INC., 2472602 ONTARIO INC., 2642466 ONTARIO INC., 8895309 CANADA INC., WELLWORTH HEALTH CORP., 8050678 CANADA INC., 8326851 CANADA INC., TAVIVAT NATURALS INC., WORLDWIDE BEVERAGE INNOVATIONS INC., UNIQUE BEVERAGES (USA) INC., and ESEELA INC.
(hereinafter referred to as the "Applicants")

This notice is being published pursuant to the order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated August 4, 2020 (the "**Meeting Order**") which established the procedures for the Applicants to call, hold and conduct a meeting of their Affected Creditors (as defined under the Plan) (the "**Creditors' Meeting**") to consider and pass resolution, if thought advisable, approving the Plan of Compromise and Arrangement of the Applicants dated July 29, 2020 (as may be amended from time to time, the "**Plan**") and to transact such other business as may be properly brought before the Creditors' Meeting. The Creditors' Meeting will be held at the following date, times and location:

Date: August 25, 2020

Time: 11:00 a.m. (Eastern Time)

Location: Video Conference

ONLY THOSE CREDITORS WHO HAVE SUBMITTED A PROOF OF CLAIM IN ACCORDANCE WITH THE TERMS OF THE CLAIMS PROCEDURE ORDER DATED FEBRUARY 4, 2020 AND WITH PROVEN CLAIMS OR DISPUTED CLAIMS THAT ARE AFFECTED CLAIMS SHALL BE ENTITLED TO ATTEND AND VOTE ON THE RESOLUTION TO APPROVE THE PLAN AT THE CREDITORS' MEETING.

Creditors who are eligible to attend and wish to attend must pre-register in order to be provided access to the Creditors' Meeting. Creditors who have not received copies of the Meeting Materials, including the Plan and Pre-Registration Form, may obtain copies from the Monitor's website (www.ey.com/ca/agmedica) or by contacting the Monitor by telephone at (866) 220-2247/416-941-1872 or by email at Agmedica.monitor@ca.ey.com.