

**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

**MOTION RECORD
(Re: Plan Sanction Order & Stay Extension)
(Returnable September 11, 2020)**

September 8, 2020

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TAB 1

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

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Applicants

**NOTICE OF MOTION
(Re: Plan Sanction Order & Stay Extension)
(Returnable September 11, 2020)**

The Applicants will make a motion to a Judge presiding over the Commercial List on September 11, 2020, at 2:00 p.m. (EST), or as soon after that time as the motion can be heard, by judicial video conference via Zoom at Toronto, Ontario. Please refer to the conference details attached as Schedule “A” hereto in order to attend the motion and advise if you intend to join the motion by emailing Adam Driedger at adriedger@tgf.ca.

PROPOSED METHOD OF HEARING:

This motion is to be heard orally.

THIS MOTION IS FOR:

1. An Order (the “**Sanction Order**”) substantially in the form attached to the Motion Record at Tab 3, among other things:

- (a) declaring that the meeting of the Affected Creditors (as defined in the Plan) (the “**Meeting**”) held on August 25, 2020, was duly convened and held, all in accordance with the Order of Mr. Justice Koehnen dated August 4, 2020 (the “**Meeting Order**”);
- (b) sanctioning and approving the Applicants’ Plan of Compromise and Arrangement dated August 22, 2020 (the “**Plan**”), as approved by the required majorities of the Affected Creditors at the Meeting, a copy of which is appended to the draft Sanction Order as Schedule “A”; and
- (c) authorizing the Applicants and the Monitor to take all steps and actions, and to do all things necessary or appropriate to implement the Plan in accordance with its terms and conditions; and
- (d) extending the stay of proceedings from September 11, 2020, until the earlier of: (i) the Effective Time (as defined in the Plan); and (ii) October 9, 2020.

2. Such further and other relief as this Court deems just.

THE GROUNDS FOR THIS MOTION ARE:

Capitalized Terms

3. All capitalized terms not expressly defined herein have the meanings ascribed to them in the Plan.

Background & Overview

4. On December 2, 2019, the Applicants sought and obtained protection under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) pursuant to the initial order of Mr.

Justice Hainey (the “**Initial Order**”) that, among other things, granted the Applicants a stay of proceedings for an initial 10-day period (the “**Stay Period**”) and appointed Ernst & Young Inc. as monitor of the Applicant (in such capacity, the “**Monitor**”).

5. On December 12, 2019, at the comeback motion, Mr. Justice McEwen granted an order (the “**Amended and Restated Initial Order**”), among other things, extending the Stay Period up to and including March 12, 2020, and authorizing and approving the term sheet (the “**DIP Term Sheet**”) entered into between the Applicants and SF V Bridge III, LP (the “**DIP Lender**”), pursuant to which the DIP Lender agreed to provide the Applicants with a debtor-in-possession super priority non-revolving credit facility in the maximum principal amount of \$7,500,000 (the “**DIP Facility**”), subject to the terms and conditions of the DIP Term Sheet.
6. On January 3, 2020, Mr. Justice McEwen granted an order, among other things: (i) approving the definitive agreement (the “**DIP Facility Agreement**”) executed between the DIP Lender and the Applicants dated December 20, 2020, outlining the terms and conditions pursuant to which the DIP Lender provided the Applicants with the DIP Facility; and (ii) approving the Applicants’ Sale and Investment Solicitation Process (the “**SISP**”).
7. On February 4, 2020, pursuant to the order of Mr. Justice McEwen (the “**Claims Procedure Order**”), the Applicants, among other things, established a procedure for the identification, quantification, and resolution of claims against the Applicants and their directors and officers (the “**Claims Procedure**”).

8. On March 9, 2020, Mr. Justice McEwen granted an order (the “**First Stay Extension Order**”), among other things, extending the Stay Period up to and including June 30, 2020, and authorizing and approving the Applicants’ key employee retention plan (the “**KERP**”).
9. On June 26, 2020, Mr. Justice McEwen granted an order (the “**Second Stay Extension Order**”), among other things, extending the Stay Period up to and including September 11, 2020, and terminating the SISP on the basis that the Applicants, in consultation with the Monitor and the DIP Lender, were not satisfied with the sole qualified bid received in connection therewith as it was not sufficient for a successful restructuring and would not have been acceptable to the Applicants’ stakeholders, and that it would be in the best interests of the Applicants and their stakeholders generally to pursue alternative recapitalization transactions.
10. On August 4, 2020, Mr. Justice Koehnen granted: (i) the Meeting Order, pursuant to which the Applicants were authorized to file the Plan, establish a single class of Affected Creditors, and call, hold, and conduct the Meeting; and (ii) an order (the “**Late Claims Order**”) authorizing the Applicants and the Monitor to accept the late filing of certain pre-filing claims.
11. On August 25, 2020, pursuant to the Meeting Order, the Applicants and the Monitor held the Meeting of the Affected Creditors to consider and vote on a resolution to approve the Plan (the “**Resolution**”). As was described in the Ninth Report of the Monitor (the “**Ninth Report**”), 94.74% of the total number of Affected Creditors present and voting at the Meeting in person or by proxy voted in favour of the Resolution and 87.86% of the total

value of the Affected Claims held by such Affected Creditors present and voting at the Meeting in person or by proxy voted in favour of the Resolution.

The Plan of Compromise and Arrangement

12. The Applicants, with the assistance of the Monitor, worked diligently to develop a comprehensive Plan in order to, among other things: (i) fully and finally compromise, release, settle, and discharge all Affected Claims; and (ii) exit this CCAA Proceeding and continue operating as a going concern with the expectation that all Affected Creditors will derive a greater economic benefit from the implementation of the Plan than they would derive from a bankruptcy or liquidation of the Applicants.

13. The key features of the Plan are as follows:

(a) ***Recapitalization Transaction***: Since the termination of the SISP, the Applicants worked diligently to negotiate and finalize an alternative recapitalization transaction (the “**Recapitalization Transaction**”) in order to fund the Plan and the Applicants’ working capital requirements after the Plan Implementation Date. The Recapitalization Transaction is a two-step transaction pursuant to which:

(i) AgMedica shall issue 400,000,000 Class A Preferred Shares to eight (8) confidential individual 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**”); and

(ii) AgMedica 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**”);

- (b) **Single Class of Creditors:** The Plan provides for a single class of Affected Creditors, which is defined under the Plan to include all Creditors that are not Unaffected Creditors. Generally speaking, the Affected Creditors are comprised of those Creditors with proven unsecured claims;
- (c) **Treatment of Affected Creditors:** 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. All Affected Creditors with Proven Claims exceeding \$1,000 will have the option to select one of the following three distribution options:
- (i) the Convenience Amount Option – Convenience Creditors will receive the lesser of \$1,000 and the amount of their Proven Claim;
 - (ii) the Class B Preferred Share Conversion Option (the Default Option) – Class B Converting Creditors will receive a *pro rata* portion of Class B Preferred Shares and will be entitled to an annual return of capital based on the free cash flow of AgMedica until redemption; the Plan was amended on August 24, 2020 in accordance with the Meeting Order to: (a) provide Class B Converting Creditors with the option to have their Class B Preferred Shares held by an escrow agent; and (b) structure the distribution under this default option as a return of capital instead of a dividend, which may provide Class B Converting Creditors with more favourable tax treatment; and

- (iii) the Common Share Conversion Option – Common Share Converting Creditors will receive a *pro rata* portion of Common Shares at a conversion rate of \$0.01 per share up to the Common Share Cap, after which any shortfall will be satisfied with a *pro rata* portion of Class B Preferred Shares.
- (d) **Releases:** Article 7 of the Plan provides for broad releases in favour of the Applicants and the Monitor, together with, among others, their respective current and former affiliates, directors, officers, employees, advisors, legal counsel, and agents from, among other things, all claims, actions, debts, or damages of whatever kind or nature.

The Plan Sanction Order

- 14. The Applicants have complied with all of the procedural requirements of the CCAA and the Orders granted by the Court in this CCAA proceeding. The Plan complies with the all of the CCAA requirements for sanctioning a CCAA plan.
- 15. Throughout the course of this CCAA proceeding, the Applicants have acted in good faith and with due diligence, and have not done anything or purported to do anything that is not authorized by the CCAA.
- 16. The Plan is fair and reasonable in the circumstances for the following reasons, among others:

- (a) the Plan received overwhelming support from the Affected Creditors at the Meeting;¹
 - (b) the Plan and the Recapitalization Transaction are supported by the DIP Lender;
 - (c) the Plan provides numerous advantages for the Applicants' stakeholders relative to a liquidation of the Applicants and their business;
 - (d) the Releases under the Plan are customary to those contained in CCAA plans; and
 - (e) the Plan will see the Applicants and their business emerge from this CCAA proceeding as a competitive, going-concern licensed producer of cannabis, which will preserve approximately 100 jobs in the Chatham-Kent area and the economic activity among the suppliers and customers of the Applicants.
17. The Monitor supports the Recapitalization Transaction, the Plan, and the proposed Sanction Order. The Monitor is of the view that the Plan is fair and reasonable.

Stay Extension

18. The Applicants seek an extension of the stay of proceedings from September 11, 2020, until the earlier of: (i) the Effective Time; and (ii) October 9, 2020.
19. The Cash Flow Forecast demonstrates that the Applicants will have sufficient liquidity to operate their business and meet their obligations up to and including October 9, 2020.

¹ As described above, and as will be more particularly described in the Tenth Report, 94.8% of the total number of Affected Creditors present and voting at the Meeting in person or by proxy voted in favour of the Resolution and 87.9% of the total value of the Affected Claims held by such Affected Creditors present and voting at the Meeting in person or by proxy voted in favour of the Resolution.

20. Although the DIP Facility matures on September 11, 2020, the DIP Lender has agreed to extend the DIP Facility up to and including October 9, 2020, on the terms of the DIP Facility Agreement plus a 1% extension fee to allow the Applicants to implement the Plan.
21. The Applicants are requesting the stay extension in order to continue operating in the ordinary course while they finalize and implement the Plan and the Recapitalization Transaction in accordance with their terms.
22. The Applicants have acted and continue to act in good faith and with due diligence during the course of this CCAA Proceeding. The Monitor supports the proposed extension of the stay period.

Other Grounds:

23. The provisions of the CCAA, including sections 6(1) and 11 thereof, and the statutory, inherent, and equitable jurisdiction of this Honourable Court;
24. Rules 1.04, 1.05, 2.03, 3.02, 16, and 37 of the *Rules of Civil Procedure* (Ontario); and
25. Such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE MOTION:

1. the Affidavit of Trevor Henry sworn September 8, 2020;
2. the Eighth Report of the Monitor dated July 31, 2020;
3. the Ninth Report of the Monitor dated August 31, 2020;

4. the Supplement to the Ninth Report of the Monitor, to be filed; and
5. such further and other materials and evidence as counsel may advise and this Honourable Court may permit.

September 8, 2020

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Schedule "A"
Conference Details to join Motion via Zoom

Join Zoom Meeting

<https://zoom.us/j/98623308212?pwd=eHQ0c1RVUUxxSEdvVmNBNkp2WmNwdz09>

Schedule “B”

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

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(as at September 8, 2020)

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

ONTARIO
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

NOTICE OF MOTION

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TAB 2

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**”)

Applicants

AFFIDAVIT OF TREVOR HENRY
(Sworn September 8, 2020)

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 of AgMedica Bioscience Inc. (“**AgMedica**”). 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 the corporate operations team.

2. 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 that information and believe it to be true.

3. This affidavit is sworn in support of a motion for an Order (the “**Sanction Order**”), among other things:

- (a) declaring that the meeting of the Affected Creditors (as defined in the Plan) (the “**Meeting**”) held on August 25, 2020, was duly convened and held, all in accordance with the Order of Mr. Justice Koehnen dated August 4, 2020 (the “**Meeting Order**”);
- (b) sanctioning and approving the Applicants’ Plan of Compromise and Arrangement (the “**Plan**”), as approved by the required majorities of the Affected Creditors at the Meeting, a copy of which is appended to the draft Sanction Order as Schedule “A”; and
- (c) authorizing the Applicants and the Monitor to take all steps and actions, and to do all things necessary or appropriate to implement the Plan in accordance with its terms and conditions; and
- (d) extending the stay of proceedings from September 11, 2020 to the earlier of (i) the Effective Time (as defined in the Plan), and (ii) October 9, 2020.

II. BACKGROUND

4. On December 2, 2019, the Applicants sought and obtained protection under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) pursuant to the initial order of Mr. Justice Hainey (the “**Initial Order**”) that, among other things, granted the Applicants a stay of proceedings for an initial 10-day period (the “**Stay Period**”) and appointed Ernst & Young Inc. as

monitor of the Applicant (in such capacity, the “**Monitor**”) in this proceeding commenced pursuant to the Initial Order (the “**CCAA Proceeding**”).

5. On December 12, 2019, at the comeback motion, Mr. Justice McEwen granted an order (the “**Amended and Restated Initial Order**”), among other things, extending the Stay Period up to and including March 12, 2020, and authorizing and approving the term sheet (the “**DIP Term Sheet**”) entered into between the Applicants and SF V Bridge III, LP (the “**DIP Lender**”), pursuant to which the DIP Lender agreed to provide the Applicants with a debtor-in-possession super priority non-revolving credit facility in the maximum principal amount of \$7,500,000 (the “**DIP Facility**”), subject to the terms and conditions of the DIP Term Sheet.

6. On January 3, 2020, Mr. Justice McEwen granted an order, among other things: (i) approving the definitive agreement (the “**DIP Facility Agreement**”) executed between the DIP Lender and the Applicants dated December 20, 2020, outlining the terms and conditions pursuant to which the DIP Lender provided the Applicants with the DIP Facility; and (ii) approving the Applicants’ Sale and Investment Solicitation Process (the “**SISP**”).

7. On February 4, 2020, pursuant to the order of Mr. Justice McEwen (the “**Claims Procedure Order**”), the Applicants established a procedure for the identification, quantification, and resolution of claims against the Applicants and their directors and officers (the “**Claims Procedure**”).

8. On March 9, 2020, Mr. Justice McEwen granted an order (the “**First Stay Extension Order**”) extending the Stay Period up to and including June 30, 2020, and authorizing and approving the Applicants’ key employee retention plan (the “**KERP**”).

9. On June 26, 2020, Mr. Justice McEwen granted an order (the “**Second Stay Extension Order**”) extending the Stay Period up to and including September 11, 2020, and terminating the SISP on the basis that the Applicants, in consultation with the Monitor and the DIP Lender, were not satisfied with the sole qualified bid received in connection therewith as it was not sufficient for a successful restructuring and would not have been acceptable to the Applicants’ stakeholders, and that it would be in the best interests of the Applicants and their stakeholders generally to pursue alternative recapitalization transactions.

10. On August 4, 2020, Mr. Justice Koehnen granted: (i) the Meeting Order, pursuant to which the Applicants were authorized to file the Plan, establish a single class of Affected Creditors, and call, hold, and conduct the Meeting; and (ii) an order (the “**Late Claims Order**”) authorizing the Applicants and the Monitor to accept the late filing of certain pre-filing claims.

11. On August 25, 2020, pursuant to the Meeting Order, the Applicants and the Monitor held the Meeting of the Affected Creditors to consider and vote on a resolution to approve the Plan (the “**Resolution**”). As described in the Ninth Report of the Monitor dated August 31, 2020 (the “**Ninth Report**”), 94.8% of the total number of Affected Creditors present and voting at the Meeting in person or by proxy voted in favour of the Resolution and 87.9% of the value of the aggregate amount of all Proven Claims held by the Affected Creditors present and voting at the Meeting in person or by proxy voted in favour of the Resolution.

III. THE PLAN

12. The following provides an overview of the key terms and conditions of the Plan and the Recapitalization Transaction. A copy of the Plan is attached hereto as **Exhibit “A”**.

13. All capitalized terms used in this section that are not expressly defined herein have the meanings ascribed to them in the Plan.

A. Plan Modification

14. Pursuant to the Meeting Order, the Applicants, with the consent of the Monitor, could amend, restate, supplement, or otherwise modify the Plan (each, a “**Plan Modification**”) prior to the Meeting provided that: (i) the Plan Modification was served on the Service List; (ii) the Plan Modification was posted on the Monitor’s Website; and (iii) notice of the Plan Modification was provided at the Meeting prior to the vote.

15. On August 24, 2020, in accordance with the Meeting Order, the Plan was amended to:

- (a) provide that Class B Converting Creditors may elect to have their Class B Preferred Shares held by an escrow agent in the event that such Class B Converting Creditors either cannot or prefer not to hold such shares directly;
- (b) provide that the distributions from the Free Cash Flow of AgMedica to the Class B Converting Creditors would be structured as a return of capital as opposed to a preferential dividend on the expectation that this will be more tax efficient for Class B Converting Creditors; and
- (c) clarify that the face value of the Common Shares distributed to a Common Share Converting Creditor under the Plan shall not exceed the quantum of such Common Share Converting Creditor’s Proven Claim.

16. In addition, certain other minor amendments were made to the Plan for the sake of clarity. A copy of the blackline comparison reflecting all of the amendments made to the Plan on August

24, 2020, compared to the original version of the Plan included in the Motion Record of the Applicants dated July 29, 2020, is attached hereto as **Exhibit “B”**.

17. In accordance with the Meeting Order, prior to the Meeting, a revised clean version of the Plan and the blackline comparison were sent to the Service List and posted on the Monitor’s Website. The Chair provided a detailed overview of these amendments to the Plan at the Meeting prior to the vote.

B. Recapitalization Transaction

18. In order to fund the Plan and the continuation of the Applicants and their business after the Plan Implementation Date, the Applicants pursued and finalized the Recapitalization Transaction with the Equity Subscribers and AgriRoots (each as defined below). The Recapitalization Transaction is a two-step transaction pursuant to which:

- (a) AgMedica shall issue 400,000,000 Class A Preferred Shares to eight (8) confidential individual 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 shall be used to fund the Plan and the Applicants’ working capital requirements following the Plan Implementation Date; and
- (b) AgMedica 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 following the Plan Implementation Date.

C. Single Class of Affected Creditors

19. All of the Applicants' creditors are either Affected Creditors or Unaffected Creditors under the Plan. The Plan provides for a single class of Affected Creditors. The Affected Creditors are comprised of those Creditors with Proven Claims in the nature of general unsecured claims. The Unaffected Creditors are comprised of, among others, the Applicants' Secured Creditors, the beneficiaries of the CCAA Charges, and those Creditors with priority claims pursuant to the CCAA.

D. Treatment of Affected Creditors & Distributions Under Plan

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

21. All Affected Creditors with Proven Claims exceeding \$1,000 were given the option to select one of the following three distribution options by filing an Election Notice, which was distributed to the Affected Creditors as part of the Meeting Materials:

- (a) the Convenience Amount Option;
- (b) the Class B Preferred Share Conversion Option (the default option); and
- (c) the Common Share Conversion Option.

22. Affected Creditors were required to file the Election Notice prior to September 1, 2020 at 12:00 p.m. As noted below, Affected Creditors who did not submit an Election Notice by that time are deemed to have selected the Class B Preferred Share Conversion Option.

i. Convenience Amount Option

23. Convenience Creditors shall receive the lesser of \$1,000 and the amount of their Proven Claim in full and final satisfaction of their Claim.

ii. Class B Preferred Share Conversion Option (Default Option)

24. 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.

25. Class B Converting Creditors shall receive a *pro rata* amount of 5,000,000 Class B Preferred Shares of AgMedica, with an aggregate face value of \$5,000,000 (the “**Aggregate Face Value**”).

26. The Class B Preferred Shares shall be redeemed by AgMedica on a yearly and *pro rata* basis at a price of \$1.00 per Class B Preferred Share in an aggregate amount equal to 10% of AgMedica’s Free Cash Flow during the preceding fiscal year, based on AgMedica’s annual financial statements, within sixty (60) days after AgMedica issues such annual financial statements.

27. The Class B Preferred Shares are non-voting and will rank in priority to the holders of Common Shares, but behind the holders of Class A Preferred Shares, in the event of a liquidation or winding up of AgMedica.

28. As described above, with respect to the Class B Preferred Share Conversion Option, the Plan was amended on August 24, 2020, to provide that: (i) Class B Converting Creditors have the option to elect to have their Class B Preferred Shares held by an escrow agent on their behalf in the event that they either cannot or prefer to not hold such shares directly; and (ii) the distributions of Free Cash Flow to Class B Converting Creditors will be structured as a return of capital as opposed to a preferential dividend, as it is anticipated that this may be more tax efficient for Affected Creditors.

iii. Common Share Conversion Option

29. Common Share Converting Creditors shall receive a *pro rata* amount of 61,965,221 Common Shares (the “**Common Share Cap**”) at a conversion rate of \$0.01 per share in the aggregate face value amount of \$619,652.21. The Common Share Cap will represent 10% of the issued and outstanding voting shares of AgMedica after the Plan Implementation Date (which includes both the Class A Preferred Shares and the Common Shares).

30. 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.

31. 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.

32. As described above, with respect to the Common Share Conversion Option, the Plan was amended on August 24, 2020, to clarify that the face value of the Common Shares distributed to a Common Share Converting Creditor shall not exceed the quantum of such Common Share Converting Creditor's Proven Claim.

E. Capital Structure after Recapitalization Transaction & Plan Implementation Date

33. 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:

(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%)
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F. Treatment of Unaffected Creditors

34. Unaffected Creditors will not be entitled to vote on the Plan and their Unaffected Claims will be addressed and satisfied in full in accordance with the applicable agreements as set out in the Plan.

G. Releases Under the Plan

35. Article 7 of the Plan provides for broad releases in favour of the Applicants and the Monitor, together with, among others, their respective current and former affiliates, directors, officers, employees, advisors, legal counsel, and agents from, among other things, all claims, actions, debts, or damages of whatever kind or nature.

36. These releases are necessary to bring the CCAA Proceeding to an end and to provide sufficient protections to the Monitor in carrying out its duties pursuant to the CCAA and the Orders of this Court in the CCAA Proceeding. The beneficiaries of the releases each played an integral role in the successful restructuring of the Applicants in this CCAA proceeding and the development and implementation of the Plan. I am advised by counsel that these releases are typical of those contained in plans of compromise and arrangement under the CCAA.

H. Financing & Restructuring Steps

37. At the Effective Time on the Plan Implementation Date, the following will occur in the order set out below (collectively, the “**Restructuring Steps**”):

- (a) the Applicants will execute the Recapitalization Transaction;
- (b) the Applicants will make the following payments in respect of the following Unaffected Creditors:

- (i) 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;
 - (ii) 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) days after the clearance from Employment and Social Development Canada (unless otherwise agreed to between the Applicants and such Unaffected Claim holders);
 - (iii) 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;
- (c) 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 under the Plan 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;
- (d) 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; and
- (e) all Equity Interests (as defined under the CCAA), which, for greater certainty, does not include any of the Common Shares, 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.

I. Conditions Precedent to Plan Implementation

38. The Plan is subject to the satisfaction of the following conditions:
- (a) the Plan must be approved by the Required Majority;
 - (b) the Sanction Order must be granted by the Court;
 - (c) the existing unanimous shareholders agreement of AgMedica dated July 5, 2017, as amended shall be deemed to be terminated pursuant to the Sanction Order;
 - (d) AgMedica shall file articles of amendment to: (i) restate the rights, privileges, restrictions and conditions attaching to the Common Shares; (ii) create the Class A

Preferred Shares; (iii) create the Class B Preferred Shares; and (iv) delete the existing Class “A” Preference shares of AgMedica;

- (e) 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;
- (f) 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;
- (g) 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;
- (h) 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;
- (i) 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;
- (j) 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

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

IV. THE MEETING

39. All capitalized terms used in this section that are not expressly defined herein have the meanings ascribed to them in the Meeting Order.

A. Notice to Creditors

40. As more particularly described in the Ninth Report, prior to the Meeting, in accordance with the Meeting Order, the Monitor:

- (a) sent a copy of the Meeting Materials via e-mail to each Known Affected Creditor by August 11, 2020;
- (b) posted copies of the Meeting Materials and the Election Notice on the Monitor's Website; and
- (c) caused the Newspaper Notice to be published *The Globe and Mail* (National Edition) on August 8, 2020.

41. In addition, the Applicants contacted several Known Affected Creditors directly to notify them of the Meeting and the Plan. At the time of the Meeting, the Monitor was in receipt of 73 Proxies representing 39% of the 185 Known Affected Creditors.

B. Conduct of the Meeting and the Vote

42. The Meeting was held virtually via Microsoft Teams videoconference on August 25, 2020 at approximately 11:00 a.m. The Scrutineers and the Chair confirmed that the required quorum was present in person or by proxy at the Meeting.

43. After calling the Meeting to order, the Chair outlined the purpose of the Meeting and provided an overview of the Plan and the amendments that were made on August 24, 2020. The Chair then outlined the Monitor's recommendation with respect to the Plan and reviewed the guidelines for the voting process as set out in the Meeting Order. Prior to voting on the Plan, Affected Creditors were given the opportunity to ask any questions in respect of the Plan or the voting process.

44. The following table summarizes the votes of the Affected Creditors with Proven Claims who voted at the Meeting in person or by proxy:

	Number of Affected Creditors	Percentage	Dollar Value of Affected Claims	Percentage
Votes FOR	73	94.8%	\$14,127,446.07	87.9%
Votes AGAINST	4	5.2%	\$1,945,701.91	12.1%
Total	77	100%	\$16,073,147.98	100%

45. A copy of the minutes of the Meeting, prepared by counsel to the Monitor who was appointed by the Chair as secretary of the Meeting, is attached hereto as **Exhibit "C"**.

46. Based on the results of the vote as summarized in the foregoing table, the Resolution to approve the Plan was passed by the Required Majority of the Affected Creditors present and voting at the Meeting in person or by proxy. Accordingly, the Chair declared that the Resolution had

been adopted and the Plan was duly approved by the Affected Creditors in accordance with the Meeting Order.

V. REQUEST FOR SANCTION OF THE PLAN

47. The Plan will allow the Applicants to exit this CCAA Proceeding, and continue operating their business as a going concern, having addressed their liquidity issues and cleaned up their balance sheet, with the expectation that all Affected Creditors will derive a greater benefit from the implementation of the Plan than they would derive from a bankruptcy or liquidation of the Applicants. The Plan is supported by the overwhelming majority of the Affected Creditors and the DIP Lender. The emergence of the Applicants from this CCAA proceeding as a going concern will also benefit their other stakeholders, including employees, customers, suppliers and the community of Chatham-Kent, Ontario.

48. Throughout the course of the CCAA Proceeding, the Applicants have acted and continue to act in good faith and with due diligence. I am advised by counsel that the Applicants have complied with all of the requirements of the CCAA and the Orders of this Court. I am further advised that the Plan complies with all of the requirements under the CCAA for sanctioning a plan of compromise or arrangement.

49. Accordingly, the Applicants are of the view that the Plan is fair, equitable, and reasonable, and in the best interests of the Applicants and their stakeholders generally.

50. I am advised by counsel that the Monitor supports the Recapitalization Transaction, the Plan, and the proposed Sanction Order, and is of the view that the Plan is fair and reasonable.

VI. STAY EXTENSION & IMPLEMENTATION OF THE PLAN

51. It was the original intention of the Applicants to implement the Plan and exit this CCAA Proceeding by no later than September 11, 2020, as this is the date on which the DIP Facility matures. However, the Applicants are of the view that this timeline is no longer feasible in the circumstances.

52. Due to, among other things, certain outstanding Plan Implementation Conditions that still need to be satisfied and certain Unresolved Claims that the Applicants are still attempting to resolve or determine, the Applicants will no longer be able to implement the Plan and exit this CCAA Proceeding before the Stay Period expires on September 11, 2020.

53. As such, the Applicants are requesting a brief stay extension from September 11, 2020, up to the earlier of (i) the Effective Time, and (ii) October 9, 2020. The proposed extension of the Stay Period will provide the Applicants with sufficient time to implement the Recapitalization Transaction and the Plan, resolve certain Unresolved Claims, and exit this CCAA Proceeding. It remains the Applicants' intention to implement the Plan and exit the CCAA Proceeding as soon as practicable.

54. The Applicants, with the assistance of the Monitor, have prepared a forecast of the projected cash flows (the "**Cash Flow Forecast**"), which demonstrates that the Applicants will have sufficient liquidity to operate their business and meet their obligations up to and including October 9, 2020. A copy of the Cash Flow Forecast is attached hereto as **Exhibit "D"**.

55. Further, the DIP Lender has agreed to extend the DIP Facility from September 11, 2020, up to and including October 9, 2020 on the terms under the DIP Facility Agreement plus an extension fee of 1% of the total amount outstanding under the DIP Facility Agreement.


56. The Applicants have acted and continue to act in good faith and with due diligence during the course of this CCAA proceeding. I am advised by counsel that the Monitor supports the proposed extension of the stay period.

X. CONCLUSION

57. The Applicants are seeking an Order, *inter alia*, substantially in the form of the draft Sanction Order located at Tab 3 of their Motion Record.

58. This affidavit is sworn in support of the within motion and for no other or improper purpose.

SWORN before me at the Municipality of Chatham-Kent, in the Province of Ontario, this 8th day of September, 2020.



Commissioner for Taking Affidavits
Adam Driedger
(LSO# 77296F)



TREVOR HENRY

EXHIBIT “A”

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**

August 22, 2020

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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 \$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, rescission, 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, provided, however, that the claimant in respect of such a Claim shall be solely responsible for any deductible in connection therewith (“**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. If any Affected Creditor to be issued Class B Preferred Shares pursuant to this section cannot hold such shares or elects not to hold such shares directly, such Affected Creditor may elect to have such Class B Preferred Shares held by an escrow agent on their behalf by notifying the Applicants and the Monitor in writing two days prior to the Plan Implementation Date.

The Class B Preferred Shares shall be redeemed by AgMedica on a yearly and pro rata basis at a price of \$1.00 per Class B Preferred Share in an aggregate amount equal to 10% of AgMedica's Free Cash Flow during the preceding fiscal year, based on AgMedica's annual financial statements, within sixty (60) days after AgMedica issues such annual financial statements. For greater certainty, the first such annual redemption that shall occur to the Class B Converting Creditors under the Plan will be in respect of the first full fiscal year after the Plan Implementation Date.

In addition, AgMedica may, at any time, in its sole discretion, redeem the Class B Preferred Shares, in whole or in part, at a redemption price per share equal to \$1.00.

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, 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 up to the full amount of their Proven Claim. The Common Share Cap will represent 10% of the total amount of issued and outstanding Common Shares and Class A Preferred Shares on an as 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.

The face value of the Common Shares distributed to a Common Share Converting Creditor pursuant to the Plan shall not exceed the quantum of such Common Share Converting Creditor's Proven Claim. If the face value of the Common Shares distributed to a Common Share Converting Creditor equals the quantum of such Common Share Converting Creditor's Proven Claim, such distribution will be in full and final satisfaction of their Proven Claim.

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, and such distribution will be in full and final satisfaction of their Proven Claim.

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) the existing unanimous shareholders agreement of AgMedica dated July 5, 2017, as amended shall be deemed to be terminated pursuant to the Sanction Order;
 - (d) AgMedica shall file articles of amendment to: (i) restate the rights, privileges, restrictions and conditions attaching to the Common Shares; (ii) create the Class A Preferred Shares; (iii) create the Class B Preferred Shares; and (iv) delete the existing Class “A” Preference shares of AgMedica;
 - (e) 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;

- (f) 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;
- (g) 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;
- (h) 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;
- (i) 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;
- (j) 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
- (k) 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 22nd day of August, 2020.

EXHIBIT “B”

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~~ August 22, 2020

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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~~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, rescission, 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 6.9(2).

“**Undeliverable Distribution**” is defined in Section 6.9(1).

“**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, provided, however, that the claimant in respect of such a Claim shall be solely responsible for any deductible in connection therewith (“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**

- (2) 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.
- (3) 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).
- (4) 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~~ If any Affected Creditor to be issued Class B Preferred Shares ~~are redeemed by AgMedica, each Class B Converting~~ pursuant to this section cannot hold such shares or elects not to hold such shares directly, such Affected Creditor may elect to have such Class B Preferred Shares held by an escrow agent on their behalf by notifying the Applicants and the Monitor in writing two days prior to the Plan Implementation Date.

~~The Class B Preferred Shares~~ shall be ~~entitled to receive a pro rata annual cumulative dividend from~~ redeemed by AgMedica on a yearly and pro rata basis at a price of \$1.00 per Class B Preferred Share in an aggregate amount equal to 10% of AgMedica’s Free Cash Flow during ~~that the preceding~~ 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~~ For greater certainty, the first such annual redemption that shall occur to the Class B Converting Creditors ~~by way of preferential dividends or the other distributions under the Plan will be in respect of capital (the “Automatic Redemption~~ first full fiscal year after the Plan Implementation Date”).

In addition, AgMedica may, at any time ~~before the Automatic Redemption Date~~, in its sole discretion, redeem the Class B Preferred Shares, in whole or in part, 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~~ 1.00.

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 up to the full and final satisfaction amount of their Proven 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 an as 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.

The face value of the Common Shares distributed to a Common Share Converting Creditor pursuant to the Plan shall not exceed the quantum of such Common Share Converting Creditor’s Proven Claim. If the face value of the Common Shares distributed to a Common Share Converting Creditor equals the quantum of such Common Share Converting Creditor’s Proven Claim, such distribution will be in full and final satisfaction of their Proven Claim.

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, and such distribution will be in full and final satisfaction of their Proven Claim.

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) ~~Fe~~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~~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;~~concurrently:
 - (i) ~~The~~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~~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~~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 6.11 hereof; and
- (g) ~~All~~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

- (5) 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**”).
- (6) 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.
- (7) 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 6.8.
- (8) 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 Section 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 Section 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**

- (9) 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) the existing unanimous shareholders agreement of AgMedica dated July 5, 2017, as amended shall be deemed to be terminated pursuant to the Sanction Order;
 - (d) AgMedica shall file articles of amendment to: (i) restate the rights, privileges, restrictions and conditions attaching to the Common Shares; (ii) create the Class A Preferred Shares; (iii) create the Class B Preferred Shares; and (iv) delete the existing Class “A” Preference shares of AgMedica;
 - (e) ~~(e)~~ 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;
 - (f) ~~(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;
 - (g) ~~(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;
 - (h) ~~(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;
 - (i) ~~(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;
 - (j) ~~(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

- (k) ~~(j)~~ 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 10.3(1), 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 10.3(1) and (2), 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: thentry@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.

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Document 1 ID	file://C:\Users\adamd\Desktop\AgMedica - Draft CCAA Plan of Arrangement.DOCX
Description	AgMedica - Draft CCAA Plan of Arrangement
Document 2 ID	file://C:\Users\adamd\Desktop\AgMedica - Draft CCAA Plan of Arrangement - August 22, 2020.DOCX
Description	AgMedica - Draft CCAA Plan of Arrangement - August 22, 2020
Rendering set	Standard

Legend:	
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Statistics:	
	Count
Insertions	62
Deletions	59
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	123

EXHIBIT “C”



Trevor Courtis
Associate
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Memorandum

August 25, 2020

To: Ernst & Young Inc.

From: Trevor Courtis

c: Rebecca Kennedy and Adam Driedger, Thornton Grout Finnigan LLP

Re: Minutes of the Meeting of Affected Creditors of AgMedica Bioscience Inc. et. al.

Date and Time of Meeting: August 25, 2020 at 11:00 a.m. EST

Meeting called pursuant to the meeting order issued by the Ontario Superior Court of Justice (Commercial List) dated August 4, 2020 in Court File No. CV-19-00630052-00CL.

Please see the attached script for further details of the background and information provided by the Chair at the Meeting to attendees.

Meeting commenced at 11:03 a.m.

A. Introductions

Chairman's Call to Order (11:05 a.m.)

Introduction of Head Table: (11:08 a.m.)

- Rebecca Kennedy and Adam Driedger of Thornton Grout Finnigan LLP, counsel to the Applicants;
- Trevor Courtis of McCarthy Tétrault LLP, counsel to the Monitor.
- Also present at this meeting is Trevor Henry, Chief Executive Officer, Peter Van Mol, Chief Financial Officer, and Vince Dore, Vice President, Legal & Corporate Secretary of AgMedica.

Role of Chair and Appointment of Secretary (11:08 a.m.)

- Chair: Alex Morrison, Ernst & Young Inc. (Monitor)

- Secretary: Trevor Courtis, McCarthy Tétrault LLP (Counsel to Monitor)

Attendance at the Meeting (11:09 a.m.)

Appointment of Scrutineers (11:09 a.m.)

- Cecilia Wang and Franca Mazzulla, Ernst & Young Inc. (Monitor)

Order of Business (11:10 a.m.)

Notice of Meeting (11:11 a.m.)

Scrutineer's Report on Attendance and Quorum (11:12 a.m.)

- Attending this meeting in person via videoconference or by proxy are 79 Affected Creditors with Affected Claims that are Proven Claims.

Purpose of the Meeting (11:13 a.m.)

B. Background and Overview of Plan

Overview of Plan (11:13 a.m.)

- Background on AgMedica's CCAA Proceedings
- Classification of Creditors
- Recapitalization Transaction
- Affected Creditor Distribution Options
- Releases
- Unaffected Claims

Alternatives to the Plan and the Monitor's Recommendation (11:25 a.m.)

Preconditions to Plan Implementation (11:27 a.m.)

Procedure for a Vote (11:28 a.m.)

C. Question Period

Questions: (11:30 a.m.)

The Chair provided attendees with an opportunity to submit questions verbally or in writing through the chat function on Microsoft Teams.

1. Greg McDonald confirmed that no written questions had been submitted through the chat function.
2. Walter from Marigold (question posed verbally): Can you go over the two options for Option B and Option C again?
 - a. The Chair provided an overview of the two options.

D. Voting

Resolution for Vote on Plan (11:35 a.m.)

Motion to Approve the Resolution: (11:39 a.m.)

- Moving: Alex Morrison by proxy on behalf of Bruce MacEachern
- Seconding: Trevor Henry, in person
- Chair asked whether there are any opposition. No opposition voiced.

Pre-Meeting Proxy and Convenience Creditor Vote Results (read by Chair):

	# of Proxies	\$ Value of Proxies
For:	46	\$9,930,435.63
Against:	0	\$0

Vote:

Greg McDonald provided link in chat function at 11:42 a.m.

Discussion and Questions:

1. Greg McDonald asked for the proxyholder on behalf of Caxton Mark (Laura Bellinger) to provide their vote with respect to the Plan. She indicated in the chat function that they are voting in favour of the Plan.

2. James Riegling: Verbal vote to approve the Plan.
3. Bridget Hoffer on behalf of Marigold: Changed vote on proxy and voted to approve the Plan.
4. Robert Berzins: Verbal vote to approve the Plan.

The Chair adjourned the meeting at 11:48 a.m. to allow the Scrutineers an opportunity to tabulate the votes. Chair advised that the Meeting will reconvene at approximately 12:00 p.m.

During the adjournment, Bridget Hoffer on behalf of Marigold indicated verbally that they were changing their vote to be against the Plan. The Monitor confirmed that this had been tabulated.

E. Results of Voting

The Chair called the Meeting back to order at 12:03 p.m.

The following question was submitted through the chat function during the adjournment.

1. How long is the Monitor around for?
 - a. The Chair indicated that the CCAA proceedings continue until the Plan is implemented. The new equity and new debt will be advanced and the Applicants will emerge upon implementation as restructured entities without court or Monitor supervision. The exact timing of the plan implementation and distributions remains to be determined.

Report on Vote: (12:06 p.m.)

Proven Claims (read aloud by the Chair):

	Number	Value	%Number	% Value
In favour	72	\$14,077,446.07	94.74%	87.86%
Against	4	\$1,945,701.91	5.26%	12.14%
Total	76	\$16,023,147.98		

Chair indicated that there were no Affected Creditors with Unresolved Claims in attendance and voting at the Meeting.

Overall Result: The Chair indicated that the Motion is carried – the Resolution has been adopted and the Chair declared that the Plan has been duly approved by the class of Affected Creditors.

Motion to Terminate Meeting: (12:08 p.m.)

- Moving: Alex Morrison by proxy on behalf of Bruce MacEachern
- Seconding: Trevor Henry, in person
- Chair asked whether there are any opposition. No opposition voiced.

Meeting Concluded at 12:08 p.m.

EXHIBIT “D”

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

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

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

ONTARIO
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

AFFIDAVIT OF TREVOR HENRY

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Lawyers for the Applicants

TAB 3

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)	FRIDAY, THE 11 th
)	
JUSTICE MCEWEN)	DAY OF SEPTEMBER, 2020

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 SANCTION ORDER

THIS MOTION, made by the Applicants pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) for an order, among other things: (i) extending the stay of proceedings from September 11, 2020, up to and including October 9, 2020; and (ii) approving and sanctioning the Plan of Compromise and Arrangement pursuant to the CCAA affecting and involving the Applicants dated August 22, 2020 (the “**Plan**”), a copy of which is attached hereto as Schedule “A”, was heard this day by Zoom judicial video conference due to the COVID-19 pandemic.

ON READING the Affidavit of Trevor Henry sworn September ●, 2020, the Eighth Report of the Monitor dated July 31, 2020, the Ninth Report of the Monitor dated August 31, 2020 and the Supplement to the Ninth Report of the Monitor, to be filed (collectively, the “**Reports**”),

and on hearing the submissions of counsel for the Applicants, counsel to the Monitor, and such other counsel as were present, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of Adam Driedger sworn September ●, 2020, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record in support of this motion and the Reports be and is hereby abridged and validated, such that this motion is properly returnable today and hereby dispenses with further service thereof.

CAPITALIZED TERMS

2. **THIS COURT ORDERS** that all capitalized terms used in this Sanction Order and not expressly defined herein shall have the meanings ascribed to them in the Plan or, if not therein defined, then as defined in the Meeting Order granted in this proceeding on August 4, 2020 (the “**Meeting Order**”).

STAY EXTENSION

3. **THIS COURT ORDERS** that the Stay Period as ordered and defined in paragraph 17 of the Initial Order, is hereby extended up to and including the earlier of:

- (a) the Effective Time; and
- (b) October 9, 2020.

FEE APPROVAL

4. **THIS COURT ORDERS** that the fees and disbursements of the Monitor for the period from May 16, 2020 to July 31, 2020 inclusive, as set out in the Supplement to the Ninth Report of the Monitor, are hereby approved.

5. **THIS COURT ORDERS** that the fees and disbursements of McCarthy Tétrault LLP, in its capacity as counsel to the Monitor, for the period from May 1, 2020 to July 31, 2020 inclusive, as set out in the Supplement to the Ninth Report of the Monitor, are hereby approved.

6. **THIS COURT ORDERS** that the Monitor and its counsel shall not be required to pass their accounts for any fees incurred from and after August 1, 2020.

NOTICE AND MEETING

7. **THIS COURT ORDERS AND DECLARES** that there has been good and sufficient notice, service, and delivery of the Plan, the Meeting Order and the Meeting Materials to all Persons upon which notice, service, and delivery were required.

8. **THIS COURT ORDERS AND DECLARES** that the Meeting was duly convened, held, and conducted on August 25, 2020, in accordance with the Meeting Order, the CCAA and all other Orders of the Court in this CCAA Proceeding.

SANCTION OF THE PLAN

9. **THIS COURT ORDERS AND DECLARES** that the Plan has been approved by the Required Majority of the Affected Creditors at the Meeting in accordance with the Meeting Order and the CCAA.

10. **THIS COURT ORDERS AND DECLARES** that the Applicants have complied with the provisions of the CCAA and the Orders of the Court made in this CCAA Proceeding in all respects.

11. **THIS COURT ORDERS AND DECLARES** that the Applicants have acted, and continue to act, in good faith and with due diligence, and have not done or purported to do anything, nor does the Plan do or purport to do anything, that is not authorized by the CCAA or the Orders of the Court in this CCAA Proceeding.

12. **THIS COURT ORDERS AND DECLARES** that the Plan, including all of the terms and conditions thereof, and all of the matters and transactions contemplated thereby, including the Recapitalization Transaction, are fair and reasonable.

13. **THIS COURT ORDERS AND DECLARES** that the Plan and all associated steps, compromises, transactions, arrangements, releases, and reorganizations effected thereby are hereby sanctioned and approved pursuant to section 6 of the CCAA.

PLAN IMPLEMENTATION

14. **THIS COURT ORDERS** that each of the Applicants and the Monitor, as applicable, are hereby authorized and directed to take all steps and actions, and to do all things, necessary or appropriate to implement the Plan in accordance with and subject to its terms and conditions, and enter into, execute, deliver, complete, implement and consummate all of the steps, transactions, distributions, payments, deliveries, allocations, instruments and agreements contemplated by, and subject to the terms and conditions of, the Plan, and all such steps and actions are hereby authorized, ratified and approved. Neither the Applicants, including their respective directors and officers, nor the Monitor shall incur any liability as a result of acting in accordance with the terms of the Plan and this Sanction Order.

15. **THIS COURT ORDERS** that: (i) the Applicants and the Monitor, and any other Person required to make any distributions, deliveries or allocations or take any steps or actions related thereto pursuant to the Plan are hereby authorized and directed to complete such distributions, deliveries or allocations and to take any such related steps or actions, as the case may be, in accordance with the terms of the Plan, and such distributions, deliveries and allocations, and steps and actions related thereto, are hereby approved; and (ii) such distributions, deliveries or allocations shall be free and clear of all claims, rights and interests of any Person, including, without limitation, the CCAA Charges.

16. **THIS COURT ORDERS** that, as soon as practicable following the Effective Time, the Monitor shall be authorized and directed to serve on the service list in this CCAA Proceeding (the “**Service List**”) and post on the Monitor’s Website a certificate substantially in the form attached hereto as Schedule “B” (the “**Monitor's Certificate**”), signed by the Monitor, certifying that the Plan Implementation Date has occurred. The Monitor shall file the Monitor’s Certificate with this Court as soon as reasonably practicable thereafter.

17. **THIS COURT ORDERS** that the Plan, subject to its terms and conditions, including the Plan Implementation Conditions described in Section 9.1 of the Plan, will be binding and effective as at the Effective Time 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.

18. **THIS COURT ORDERS** that the Restructuring Steps to be taken and the transactions, arrangements, reorganizations, transfer, assignments, cancellations, compromises, settlements, payments, extinguishments, discharges, injunctions and releases to be effected on the Plan

Implementation Date are hereby authorized and approved and are and shall be deemed to occur and be effected in accordance with the terms of the Plan in the sequence and at the times contemplated by Section 4.1 of the Plan, without any further act or formality.

19. **THIS COURT ORDERS** that, at the Effective Time, the existing unanimous shareholders agreement of AgMedica dated July 5, 2017, as amended, shall be deemed to be terminated.

RESERVES

20. **THIS COURT ORDERS** that the Unresolved Claims Reserve and Administration Reserve are hereby approved, and the Applicant shall deliver the Unresolved Claims Reserve and Administration Reserve to the Monitor, in trust, at or prior to the Effective Time. The Applicant and Monitor are hereby authorized and directed to distribute funds from the Unresolved Claims Reserve in accordance with the provisions of Section 6.7 of the Plan.

21. **THIS COURT ORDERS** that the Applicants' counsel, the Monitor and Monitor's counsel shall be entitled to payment from the Administration Reserve for their fees and expenses in connection with administering the resolution of Unresolved Claims in accordance with the Claims Procedure Orders and performing any other work required after the Effective Time.

22. **THIS COURT ORDERS** that any amounts remaining in the Unresolved Claims Reserve or the Administration Reserve, as the case may be, after all Unresolved Claims have been finally resolved in accordance with the applicable Claims Procedure Orders and any required distributions have been made with respect to Proven Claims, shall be distributed or released in accordance with the Plan.

EFFECT OF PLAN IMPLEMENTATION

23. **THIS COURT ORDERS** that, as at the Effective Time and in accordance with the sequence of steps set out in Section 4.1 of the Plan, any and all Affected Claims of Affected Creditors shall be and shall be deemed to be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred, and the ability of any Person to proceed against the Applicants in respect of or relating to any Affected Claims, whether directly, indirectly, derivatively or otherwise is hereby forever discharged, enjoined and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims are hereby permanently stayed, excepting only the obligations to make distributions and deliveries in respect of such Affected Claims in the manner and to the extent provided for in the Plan and this Sanction Order.

24. **THIS COURT ORDERS** that the treatment of Affected Claims under the Plan shall be final and binding for all purposes and enure to the benefit of the Applicants, all Affected Creditors, the Released Parties, 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.

25. **THIS COURT ORDERS** that from and after the Effective Time, all Persons with an Affected Claim shall be deemed to have granted, executed and delivered to the Applicants all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety.

26. **THIS COURT ORDERS** that any Person that did not file a Proof of Claim or a Dispute Notice, as applicable, by the applicable Claims Bar Date (each as defined in the Claims Procedure Order), or such other date provided for in the Claims Procedure Order, as applicable, and any Person with an Affected Claim that is not a Proven Claim or Unresolved Claim, shall be and is hereby

fully, finally, irrevocably and forever barred from making any Claim and shall not be entitled to any consideration under the Plan, and such Person's Claim shall be and is hereby fully, finally, irrevocably and forever barred and extinguished.

27. **THIS COURT ORDERS** that each Person named or referred to in, or subject to the Plan, will be deemed to have consented and agreed to all of the provisions of the Plan.

28. **THIS COURT ORDERS** that subject to the performance by the Applicant of its obligations under the Plan, and except to the extent expressly contemplated by the Plan (including Section 7.1 of the Plan) or this Sanction Order, 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 related provision of the CCAA will be and remain in full force and effect as of the Effective Time, and no Person who is a party to any such 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:

- (a) 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 of default arising as a result of the insolvency of the Applicants);
- (b) the insolvency of the Applicants or the fact that the Applicants sought or obtained relief under the CCAA;

- (c) any steps, compromises, releases, discharges, cancellations, transactions, arrangements or reorganizations effected pursuant to the Plan or any action taken or transaction effected pursuant to the Plan; or
- (d) any change of control of any of the Applicants arising from the implementation of the Plan.

29. **THIS COURT ORDERS**, for greater certainty, that: (a) nothing in paragraph 28 hereof shall waive, compromise or discharge any obligations of the Applicants in respect of any Unaffected Claim; (b) the designation of any claim as an Unaffected Claim is without prejudice to the Applicants' right to dispute the existence, validity or quantum of any Unaffected Claim; and (c) nothing in this Sanction Order or the Plan shall affect or waive the Applicants' rights and defences, both legal and equitable, with respect to any Unaffected Claim, including, but not limited to, all rights with respect to entitlements to set-offs or recoupments against such Unaffected Claim.

30. **THIS COURT ORDERS** that from and after the Plan Implementation Date, all Persons shall be deemed to have waived any and all defaults of the Applicants then existing or previously committed by the Applicants, or caused by the Applicants, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition or obligation, expressed or implied, in any contract, instrument, credit document, lease, guarantee, agreement for sale, deed, license, permit or other agreement, written or oral, and any and all amendments or supplements thereto (each, an "**Agreement**"), existing between such Person and the Applicants arising directly or indirectly from the filing by the Applicants under the CCAA and the implementation of the Plan, including without limitation any of the matters or events listed in paragraph 28 hereof and any and all notices of default and

demands for payment or any step or proceeding taken or commenced in connection therewith under an Agreement shall be deemed to have been rescinded and of no further force or effect, provided that nothing herein shall be deemed to excuse the Applicants from performing their obligations under the Plan or be a waiver of defaults by the Applicants under the Plan and the related documents.

RELEASES AND INJUNCTIONS

31. **THIS COURT ORDERS AND DECLARES** that the compromises, arrangements, releases, discharges and injunctions contemplated in the Plan granted for the benefit of the Released Parties, including, without limitation, pursuant to section 7.1 and 7.2 of the Plan, are integral components of the Plan and are necessary for, and vital to, the success of the Plan and that, as of the Effective Time and in accordance with the sequence of steps set out in Section 4.1 of the Plan, all such compromises, arrangements, releases, discharges and injunctions are hereby sanctioned, approved and given full force and effect, and all such compromises, arrangements, releases, discharges and injunctions shall be binding upon and effective against all Affected Creditors and all other Persons; provided, however, that the foregoing shall not affect the rights or obligations of the Applicants with respect to: (i) any Unaffected Claim; or (ii) carrying out the Plan in accordance with its terms and conditions, including, without limitation, making any distributions to the Affected Creditors thereunder.

CONFLICT WITH THE PLAN

32. **THIS COURT ORDERS** that from and after the Effective Time on the Plan Implementation Date, any conflict between:

- (a) the Plan; and
- (b) the covenants, warranties, representations, terms, conditions, provisions or obligations, express 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 any Person and the Applicants as at the Plan Implementation Date,

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

BANKRUPTCY

33. **THE COURT ORDERS AND DECLARES** that, notwithstanding: (i) the pendency of this CCAA Proceeding; (ii) any application 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 its 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, the 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.

ORDERS OF THIS COURT

34. **THIS COURT ORDERS** that other than as expressly set out herein, the provisions of the Initial Order, including the Stay Period (as defined in the Initial Order), shall terminate at the Effective Time except with respect to the protections granted therein in favour of the Monitor. All other Orders of the Court made in this CCAA Proceeding shall continue in full force and effect in accordance with their respective terms, except to the extent that such Orders are varied by or are inconsistent with this Sanction Order or any further Order of this Court in this CCAA Proceeding.

CCAA CHARGES

35. **THIS COURT ORDERS** that the Administration Charge (as provided for and defined in the Initial Order) shall be terminated, discharged, expunged and released upon the filing of the Monitor's Second Certificate (as defined below).

36. **THIS COURT ORDERS** that the Directors' Charge (as provided for and defined in the Initial Order) shall be terminated, discharged, expunged and released at the Effective Time.

37. **THIS COURT ORDERS** that the DIP Lender's Charge (as provided for and defined in the Initial Order or any further Order of the Court) shall be terminated, discharged, expunged and released upon payment from the Applicants to the DIP Lender of all amounts required to satisfy all of the obligations and liabilities of the Applicants to the DIP Lender under the DIP Facility Agreement in full at the Effective Time.

CONDUCT OF THE BOARD OF DIRECTORS

38. **THIS COURT ORDERS AND DECLARES** that the activities and conduct of the Directors of the Applicants in this CCAA Proceeding, as disclosed in the affidavits filed with the Court on behalf of the Applicants from time to time and the reports of the Monitor to the Court from time to time (including, without limitation, in relation to negotiating, executing and implementing the Plan and the Recapitalization Transaction) be and are hereby ratified and approved.

THE MONITOR

39. **THIS COURT ORDERS AND DECLARES** that the Monitor has complied with the provisions of the CCAA and the Orders of this Court made in this CCAA Proceeding in all respects.

40. **THIS COURT ORDERS AND DECLARES** that the Monitor has not done or purported to do anything that is not authorized by the CCAA.

41. **THIS COURT ORDERS AND DECLARES** that the activities and conduct of the Monitor in this CCAA Proceeding, as disclosed in its reports to the Court from time to time, including, without limitation, in relation to conducting and administering the Meeting on August 25, 2020, be and are hereby ratified and approved, and that the Monitor has satisfied all of its obligations up to and including the date of this Sanction Order and all claims of any kind or nature against the Monitor arising from or relating to the services provided to the Applicants up to and including the date of this Sanction Order are hereby barred and extinguished.

42. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA and the powers provided to the Monitor herein, under the Plan and under the Orders of this Court, shall be and is hereby authorized, directed and empowered to perform its functions and fulfill its obligations under the Plan to facilitate the implementation of the Plan and to complete all matters incidental to the termination of this CCAA Proceeding.

43. **THIS COURT ORDERS** that: (a) in carrying out the terms of this Sanction Order and the Plan, the Monitor shall have all the protections given to it by the CCAA and the other Orders in these proceedings, and as an officer of the Court, including the stay of proceedings in its favour; (b) the Monitor shall incur no liability or obligation for any act or omission as a result of carrying out any duties or work in connection with the Sanction Order and/or the Plan, save and except for any gross negligence or wilful misconduct on its part; (c) the Monitor shall be entitled to rely on the books and records of the Applicants and any information provided by the Applicants without independent investigation; and (d) the Monitor shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.

44. **THIS COURT ORDERS AND DECLARES** that any payments or deliveries under the Plan or this Sanction Order made or assisted by the Monitor, shall not constitute a "distribution" and the Monitor shall not constitute a "legal representative" or "representative" of the Applicants or "other person" for the purposes of Section 159 of the *Income Tax Act* (Canada), Section 270 of the *Excise Tax Act* (Canada), Section 46 of the *Employment Insurance Act* (Canada), Section 22 of the *Retail Sales Tax Act* (Ontario), Section 107 *Corporations Tax Act* (Ontario), or any other similar federal, provincial or territorial tax legislation (collectively, the "**Statutes**"), and the Monitor in making any such payments or deliveries of funds or assets in relation to the Plan is not

“distributing”, nor shall it be considered to have “distributed”, such funds or assets for the purposes of the Statutes, and the Monitor shall not incur any liability under the Statutes for making any payments or deliveries under the Plan or failing to withhold amounts, ordered or permitted hereunder, and the Monitor shall not have any liability for any of the Applicants’ tax liabilities regardless of how or when such liabilities may have arisen, and is hereby forever released, remised and discharged from any claims against it under or pursuant to the Statutes or otherwise at law, arising as a result of the distributions and deliveries under the Plan and this Sanction Order and any claims of this nature are hereby forever barred.

45. **THIS COURT ORDERS** that upon: (i) fulfillment of the Monitor's duties under the Claims Procedure Order and this Sanction Order; and (ii) the Monitor receiving an acknowledgement of payment in full of the claims secured by the Administration Charge, the Monitor shall serve on the Service List, post on the Monitor’s Website, and file with the Court a certificate substantially in the form attached hereto as Schedule “C” (the “**Monitor's Second Certificate**”), and that, upon the filing of the Monitor's Second Certificate, Ernst & Young Inc. shall be deemed to be discharged from its duties, obligations and responsibilities as Monitor of the Applicants and shall be forever released, remised and discharged from any claims against it relating to its activities as Monitor.

NOTICE

46. **THIS COURT ORDERS** that, as soon as practicable after the granting of this Order, the Monitor shall cause a copy of this Sanction Order to be posted on the Monitor’s Website, and the Applicants shall serve a copy on the parties on the Service List and those parties who appeared at the hearing of the motion for this Sanction Order. From and after the Effective Time, any notices,

motions or documents which may be filed with the Court need only be served on the Applicants, the Monitor, the parties on the Service List and such Persons who deliver a Notice of Appearance to the Applicant and the Monitor, and file it with the Court, after the Effective Time.

47. **THIS COURT ORDERS** that the measures in paragraph 46 shall constitute good and sufficient service and notice of this Order on all Persons who may be entitled to receive notice thereof or who may have an interest in these proceedings, and no other form of notice or service need be made on such Persons and no other document or material need be served on such Persons in respect of these proceedings.

GENERAL PROVISIONS

48. **THIS COURT ORDERS** that, notwithstanding any other provision of this Sanction Order, the Applicants and the Monitor shall remain entitled to seek advice, directions or assistance from the Court in respect of the interpretation and implementation of this Sanction Order and the performance by the Applicants and the Monitor of their respective obligations under the Plan, the Sanction Order and any other matters that pertain to the completion of the administration of this CCAA Proceeding.

49. **THIS COURT ORDERS AND DECLARES** that, pursuant to section 142 of the *Courts of Justice Act* (Ontario), no person shall be liable for any act done in good faith in accordance with any Order issued in this proceeding, and any person who takes any action whatsoever in reliance on this Sanction Order prior to the commencement of any appeal hereof or the expiry of any appeal period shall not be prejudiced or harmed in any manner by any such subsequent appeal.

50. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may be enforceable.

51. **THIS COURT ORDERS** that, notwithstanding Rule 59.05, this Order is effective from the date that it is made, and is enforceable without any need for entry and filing. In accordance with Rules 77.07(6) and 1.04, no formal order need be entered and filed unless an appeal or a motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original signing, entry and filing when the Court returns to regular operations.

52. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, or abroad, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order and the Plan. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order and the Plan, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order and the Plan.

53. **THIS COURT ORDERS** that the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and the Plan.

Schedule "A"

Applicants' Plan of Compromise and Arrangement

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**

August 22, 2020

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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 \$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, rescission, 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, provided, however, that the claimant in respect of such a Claim shall be solely responsible for any deductible in connection therewith (“**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. If any Affected Creditor to be issued Class B Preferred Shares pursuant to this section cannot hold such shares or elects not to hold such shares directly, such Affected Creditor may elect to have such Class B Preferred Shares held by an escrow agent on their behalf by notifying the Applicants and the Monitor in writing two days prior to the Plan Implementation Date.

The Class B Preferred Shares shall be redeemed by AgMedica on a yearly and pro rata basis at a price of \$1.00 per Class B Preferred Share in an aggregate amount equal to 10% of AgMedica's Free Cash Flow during the preceding fiscal year, based on AgMedica's annual financial statements, within sixty (60) days after AgMedica issues such annual financial statements. For greater certainty, the first such annual redemption that shall occur to the Class B Converting Creditors under the Plan will be in respect of the first full fiscal year after the Plan Implementation Date.

In addition, AgMedica may, at any time, in its sole discretion, redeem the Class B Preferred Shares, in whole or in part, at a redemption price per share equal to \$1.00.

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, 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 up to the full amount of their Proven Claim. The Common Share Cap will represent 10% of the total amount of issued and outstanding Common Shares and Class A Preferred Shares on an as 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.

The face value of the Common Shares distributed to a Common Share Converting Creditor pursuant to the Plan shall not exceed the quantum of such Common Share Converting Creditor's Proven Claim. If the face value of the Common Shares distributed to a Common Share Converting Creditor equals the quantum of such Common Share Converting Creditor's Proven Claim, such distribution will be in full and final satisfaction of their Proven Claim.

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, and such distribution will be in full and final satisfaction of their Proven Claim.

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) the existing unanimous shareholders agreement of AgMedica dated July 5, 2017, as amended shall be deemed to be terminated pursuant to the Sanction Order;
 - (d) AgMedica shall file articles of amendment to: (i) restate the rights, privileges, restrictions and conditions attaching to the Common Shares; (ii) create the Class A Preferred Shares; (iii) create the Class B Preferred Shares; and (iv) delete the existing Class “A” Preference shares of AgMedica;
 - (e) 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;

- (f) 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;
- (g) 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;
- (h) 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;
- (i) 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;
- (j) 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
- (k) 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: thentry@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 22nd day of August, 2020.

Schedule "B"
Monitor's Certificate

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

WHEREAS pursuant to the Order of this Court dated December 2, 2019, Ernst & Young Inc. was appointed as the monitor (the “**Monitor**”) of the Applicants;

AND WHEREAS pursuant to the Meeting Order of this Court dated August 4, 2020, the Applicants filed the Plan of Compromise and Arrangement pursuant to the CCAA affecting and involving the Applicants dated August 22, 2020 (as may be further amended in accordance with its terms, the “**Plan**”);

AND WHEREAS the Plan has been sanctioned by this Honourable Court by Order dated September 11, 2020 (the “**Sanction Order**”);

AND WHEREAS the Sanction Order requires the Monitor to serve on the service list in the CCAA Proceeding and post on the Monitor’s Website a certificate, signed by the Monitor, certifying that the Plan Implementation Date has occurred;

AND WHEREAS the Plan Implementation Date has occurred;

AND WHEREAS all capitalized terms used but not defined herein shall have the meanings given to them in the Plan;

THE MONITOR HEREBY CERTIFIES that:

1. The Plan Implementation Date has occurred; and
2. This Certificate is delivered by the Monitor on _____, 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:
Title:

Schedule "C"

Monitor's Second Certificate

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 SECOND CERTIFICATE

WHEREAS pursuant to the Order of this Court dated December 2, 2019, Ernst & Young Inc. was appointed as the monitor (the “**Monitor**”) of the Applicants;

AND WHEREAS pursuant to the Meeting Order of this Court dated August 4, 2020, the Applicants filed the Plan of Compromise and Arrangement pursuant to the CCAA affecting and involving the Applicants dated August 22, 2020 (as may be further amended in accordance with its terms, the “**Plan**”);

AND WHEREAS the Plan has been sanctioned by this Honourable Court by Order dated September 11, 2020 (the “**Sanction Order**”);

AND WHEREAS the Sanction Order requires that, upon (i) fulfillment of the Monitor's duties under the Claims Procedure Order and the Sanction Order and (ii) the Monitor receiving an acknowledgement of payment in full of the claims secured by the Administration Charge, the Monitor shall serve on the service list in the CCAA Proceeding and post on the Monitor’s Website a certificate, signed by the Monitor, certifying same;

AND WHEREAS the Monitor has completed its duties under the Claims Procedure Order and the Sanction Order and has received an acknowledgement of payment in full of the claims secured by the Administration Charge;

AND WHEREAS all capitalized terms used but not defined herein shall have the meanings given to them in the Plan;

THE MONITOR HEREBY CERTIFIES that:

1. The Monitor has completed its duties under the Claims Procedure Order and the Sanction Order;
2. The Monitor has received an acknowledgement of payment in full of the claims secured by the Administration Charge;
3. Upon the filing of this Monitor's Second Certificate:
 - (a) the CCAA Proceedings shall be terminated;
 - (b) the Monitor shall be discharged and released from its duties, obligations and responsibilities as Monitor of the Applicants and shall be forever released, remised and discharged from any claims against it relating to its activities as Monitor; and
 - (c) the Administration Charge (as provided for and defined in the Initial Order) shall be terminated, discharged, expunged and released.
4. This Certificate is delivered by the Monitor on _____, 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:
 Title:

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

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

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

ONTARIO
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

SANCTION ORDER

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Lawyers for the Applicants

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

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

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

ONTARIO
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

**MOTION RECORD
Returnable September 11, 2020**

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