This is Exhibit "L" referred to in the affidavit

of DARREN KARASIUK, SWORN BEFORE ME
this 20th day of October 2022

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A COMMISSIONER FOR TAKING AFFIDAVITS

SUBORDINATED CONVERTIBLE DEBENTURE INDENTURE

DATED APRIL 27, 2020

BETWEEN

THE FLOWR CORPORATION.

AND

COMPUTERSHARE TRUST COMPANY OF CANADA

PROVIDING FOR THE ISSUE OF DEBENTURES

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THIS INDENTURE made this 27th day of April, 2020.

BETWEEN:

> **THE FLOWR CORPORATION.**, a corporation incorporated and existing under the laws of the Province of Ontario (hereinafter called the "**Corporation**")

AND

> **COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust company organized under the federal laws of Canada having an office in the City of Toronto, in the Province of Ontario (hereinafter called the "**Trustee**")

WHEREAS the Corporation wishes to create and issue the Debentures (as defined herein) in the manner and subject to the terms and conditions of this Indenture;

AND WHEREAS the Corporation, under the laws relating thereto, is duly authorized to create and issue the Debentures to be issued as herein provided;

AND WHEREAS, when certified by the Trustee and issued as provided in this Indenture, all necessary steps in relation to the Corporation have been duly enacted, passed and/or confirmed and other proceedings taken and conditions complied with to make the creation and issue of the Debentures proposed to be issued hereunder legal, valid and binding on the Corporation in accordance with the laws relating to the Corporation;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Corporation and not by the Trustee;

NOW THEREFORE THIS INDENTURE WITNESSES that in consideration of the respective covenants and agreements contained herein and for other good and valuable consideration (the receipt and sufficiency of which are mutually acknowledged), the Corporation and the Trustee covenant and agree, for the benefit of each other and for the equal and rateable benefit of the holders, as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Indenture and in the Debentures, unless there is something in the subject matter or context inconsistent therewith, the following expressions shall have the following meanings, namely:

(a) "**90% Redemption Right**" has the meaning ascribed thereto in Section 2.4(f)(iii);

(b) "**this Indenture**", "**this Convertible Debenture Indenture**", "**hereto**", "**herein**", "**hereby**", "**hereunder**", "**hereof**" and similar expressions refer to this Subordinated Convertible Debenture Indenture and not to any particular Article, Section, subsection, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto;

(c) "**Accounts**" has the meaning ascribed thereto in Section 1.1(lllll)(i);

(d) "**Additional Debentures**" means Debentures of any one or more series, other than the first series of Debentures, being the Initial Debentures, issued under this Indenture;

(e) "**Affiliate**", when used to indicate a relationship with a Person or company, has the meaning ascribed thereto in the *Securities Act* (Ontario);

(f) "**Alternative Interest Payment Date VWAP**" means the volume weighted average trading price of the Shares, calculated by dividing the total value by the total volume of Shares traded on the TSXV on the trading day prior to the payment of interest in Shares on any day other than an Interest Payment Date in accordance with Section 2.14(b)(ii);

(g) "**Applicable Laws**" means all laws, rules, regulations, codes, by-laws, statutes, ordinances, directives and orders, in effect from time to time, of all jurisdictions and Governing Authorities having jurisdiction with respect to the Corporation and its Affiliates, including the Guarantors;

(h) "**Applicable Securities Legislation**" means applicable securities laws (including rules, regulations, policies and instruments) in each of the provinces of Canada;

(i) "**Approved Bank**" has the meaning ascribed thereto in Section 16.9;

(j) "**ATB Credit Agreement**" means the credit agreement dated as of November 18, 2019 among, *inter alios*, the Corporation, as borrower, the other Obligors, as guarantors, ATB Financial, as administrative agent and the financial institutions party thereto from time to time as lenders as the same may be amended, modified, amended and restated or replaced from time to time prior to the termination thereof;

(k) "**Auditors of the Corporation**" means an independent firm of chartered accountants duly appointed as auditors of the Corporation and, as of the date hereof, is MNP LLP;

(l) "**Authorized Officer**" has the meaning ascribed to the term "officer" in the *Securities Act* (Ontario) and includes any authorized officer of the Corporation as listed on a certificate of incumbency of the Corporation delivered to the Trustee from time to time;

(m) "**Beneficial Holder**" means any Person who holds a beneficial interest in a Global Debenture or a Book Based Only Debenture, as applicable, as shown on the books of the Depository or a Depository Participant, as applicable;

(n) "**Board of Directors**" means the board of directors of the Corporation or any committee thereof, acting on behalf of the Corporation;

(o) "**Book Based Only Debentures**" means Debentures issued under this Indenture in non-certificated form which are held only by way of a book based (electronic) register maintained by the Depository;

(p) "**Business**" means the business of cultivating, developing, researching, promoting, marketing, selling, purchasing, manufacturing, producing, extracting and distributing cannabis products in Qualified Jurisdictions and including the importation and exportation of cannabis products, and all other ancillary activities related to the foregoing;

(q) "**Business Day**" means any day other than a Saturday, Sunday or any other day that the Trustee in the City of Toronto is not generally open for business;

(r) "**Cannabis**" has the meaning given to the term cannabis under the Cannabis Act;

(s) "**Cannabis Act**" means An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts, S.C. 2018, c. 16, as amended from time to time;

(t) "**Cannabis Laws**" means any Applicable Law relating to Cannabis-Related Activities including, but not limited to, the Cannabis Act and Cannabis Regulations;

(u) "**Cannabis Regulations**" means Cannabis Regulations under the Cannabis Act, as amended from time to time and all other regulations made from time to time under the Cannabis Act or any other statute with respect to Cannabis-Related Activities;

(v) "**Cannabis-Related Activities**" means any activities, including advertising or promotional activities, relating to or in connection with the importation, exportation, cultivation, production, purchase, distribution or sale of Cannabis, industrial hemp or Cannabis-related products;

(w) "**Cannabis Permits**" means all permits or licences of any nature held by the Corporation or any subsidiary of the Corporation, as of the date of this Indenture or thereafter, under Canadian federal, provincial and territorial law, and regulations made thereunder, that are necessary to lawfully conduct or maintain, directly or indirectly, its Cannabis-Related Activities and interests;

(x) "**Cash Equivalents**" means (i) marketable direct obligations issued by, or unconditionally guaranteed by, the Government of Canada or any Province thereof or the Government of the United States or any State thereof or any agency or instrumentality of any of them, and backed by the full faith and credit of Canada or such Province, the United States or such State, as the case may be, in each case maturing within one year from the date of acquisition, (ii) term deposits, certificates of deposit or overnight bank deposits having maturities of six months or less from the date of acquisition issued by any Lender or by any commercial bank organized under the laws of Canada or the United States or any state thereof having combined capital and surplus of not less than $300,000,000, (iii) commercial paper of an issuer rated at least A- 1 or the equivalent thereof by Standard & Poor's Ratings Services or at least P- 1 or the equivalent thereof by Moody's Investors Service Inc. or at least R- 1 (High) or the equivalent thereof by DBRS Limited, and in each case maturing within one year from the date of acquisition and (iv) investments classified in accordance with GAAP as current assets of the Corporation or any Subsidiary, in money market investment programs that are administered by financial institutions having capital of at least $300,000,000 or its equivalent, and the portfolios of which are limited such that substantially all of such investments are of the character, quality and maturity described in clauses (i),(ii) or (iii) of this definition.

(y) "**CDS**" means CDS Clearing and Depository Services Inc.;

(z) "**Change of Control**" means (i) any amalgamation, plan of arrangement, take-over bid, share exchange, merger, corporate reorganization, or other transaction pursuant to which voting securities of the Corporation are issued or the issued and outstanding voting securities of the Corporation are exchanged for or converted into another class of security or securities or the securities of another corporation or entity and pursuant to which the shareholders of the Corporation immediately prior to such transaction hold fewer than fifty percent (50%) of the issued and outstanding voting securities of the Corporation or the successor corporation or other entity, as the case may be, immediately following such transaction; or (ii) any conveyance, transfer, sale, lease or other disposition of all or substantially all of the Corporation's and the Corporation's Subsidiaries' assets and properties, taken as a whole;

(aa) "**Change of Control Notice**" has the meaning ascribed thereto in Section 2.4(f)(ii);

(bb) "**Change of Control Purchase Date**" has the meaning ascribed thereto in Section 2.4(f)(i);

(cc) "**Change of Control Offer**" has the meaning ascribed thereto in Section 2.4(f)(i);

(dd) "**Closing Date**" means April 27, 2020;

(ee) "**Common Share Interest Payment Election**" has the meaning ascribed thereto in Section 2.14(b)(i)(B);

(ff) "**Construction**" means the development and construction of the Projects or any phase thereof in accordance with the Project Plans and in accordance with the Project Budgets;

(gg) "**Conversion Notice**" means a notice of conversion for the Initial Debentures substantially in the form attached as Schedule B hereto;

(hh) "**Conversion Price**" means the dollar amount for which each Share may be issued from time to time upon the conversion of Debentures or any series of Debentures which are by their terms convertible in accordance with the provisions of Article 4, and without limiting the generality of the foregoing, the Conversion Price in effect on the date hereof for each Share to be issued on conversion of the Initial Debentures is $0.58 (subject to adjustment as provided herein);

(ii) "**Corporation**" means The Flowr Corporation and includes any successor to or of the Corporation which shall have complied with the provisions of Article 12;

(jj) "**Counsel**" means a barrister or solicitor or firm of barristers or solicitors retained or employed by the Trustee or retained or employed by the Corporation and acceptable to the Trustee;

(kk) "**Current Market Price**" means the volume weighted average trading price of the Shares on the Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the date of the applicable event. The weighted average trading price will be determined by dividing the aggregate sale price of all Shares sold on the Exchange during the 20 consecutive trading days by the total number of Shares so sold. If the Shares are not listed on the Exchange, reference shall be made for the purpose of the above calculation to the principal securities exchange or market on which the Shares are listed or quoted or if no such prices are available, "**Current Market Price**" shall be the fair value of a Share as reasonably determined by the Board of Directors in good faith;

(ll) "**Date of Conversion**" has the meaning ascribed thereto in Section 4.3(b);

(mm) "**Debenture Documents**" means this Indenture, the Debentures, the Guarantee, the other Security Documents, the Subordination Agreement and all other certificates, instruments, notices, agreements and documents delivered or to be delivered pursuant to any of this Indenture, the Debentures, the Guarantee, the other Security Documents and the Subordination Agreement, each as amended, modified, supplemented, restated or replaced from time to time;

(nn) "**Debenture Liabilities**" has the meaning ascribed thereto in Section 8.7;

(oo) "**Debentureholders**" or "**holders**" means the Persons for the time being entered in the register for Debentures as registered holders of Debentures or any transferees of such Persons by endorsement or delivery;

(pp) "**Debentures**" means the debentures, notes or other evidences of indebtedness of the Corporation issued and certified hereunder, or deemed to be issued and certified hereunder, including, without limitation, the Initial Debentures, and for the time being outstanding, whether in definitive, uncertificated or interim form or in the form of Global Debentures or Book Based Only Debentures;

(qq) **"Debenture Certificate"** means a certificate evidencing Debentures substantially in the form attached as Schedule A hereto;

(rr) "**Defeased Debentures**" has the meaning ascribed thereto in Section 11.6(b);

(ss) "**Depository**" means, with respect to the Debentures of any series issuable or issued in the form of one or more Global Debentures or as Book Based Only Debentures, in either case the Person designated as depository by the Corporation pursuant to Section 3.2(a) until a successor depository shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "**Depository**" shall mean each Person who is then a depository hereunder, and if at any time there is more than one such Person, "**Depository**" as used with respect to the Debentures of any series shall mean each depository with respect to the Global Debentures or Book Based Only Debentures, as the case may be, of such series and, in the case of the Initial Debentures, the Depository shall initially be CDS;

(tt) "**Depository Participant**" means a broker, dealer, bank, other financial institution or other Person for whom a Depository from time to time effects book-entries for a Global Debenture deposited with the Depository or for a Book Based Only Debenture;

(uu) "**Directors**" means the directors of the Corporation on the date hereof or such directors as may, from time to time, be appointed or elected directors of the Corporation pursuant to the Corporation's articles and Applicable Laws, and "**Director**" means any one of them, and reference to action by the Directors means action by the Directors as a board;

(vv) "**Distributed Securities**" has the meaning ascribed thereto in Section 4.4(d);

(ww) "**Documentation**" means all systems, user, technical or other documentation or information (including any input or output formats, program listings, narrative descriptions, operating instructions or manuals, specifications, user guides and systems, user or technical manuals) that have been, are or may be provided in connection with computer software and includes any corrections, replacements, modifications or releases thereof or thereto, whether distributed in print, magnetic, electronic, video or other format;

(xx) "**Encumbrance**" means, with respect to any Person, any mortgage, debenture, pledge, hypothec, lien, charge, assignment by way of security, hypothecation or security interest granted or permitted by such Person or arising by operation of law, in respect of any of such Person's Property, or any consignment by way of security or Lease Liabilities of Property by such Person as consignee or lessee, as the case may be, or any other security agreement, trust or arrangement having the effect of security for the payment of any debt, liability or other obligation, and "**Encumbrances**", "**Encumbrancer**", "**Encumber**" and "**Encumbered**" have corresponding meanings;

(yy) "**Environmental Law**" means any Applicable Law relating to the environment including those pertaining to (i) reporting, licensing, permitting, investigating, remediating and cleaning up in connection with any presence or Release, or the threat of the same, of Hazardous Substances, and (ii) the manufacture, processing, distribution, use, treatment, storage, disposal, transport, handling and the like of Hazardous Substances, including those pertaining to occupational health and safety;

(zz) "**Equipment**" has the meaning ascribed thereto in Section 1.1(lllll)(ii);

(aaa) "**Equity Interest**" means common shares, preferred shares or other equivalent equity interests (howsoever designated) in a body corporate, partnership, trust or other legal or commercial entity;

(bbb) "**especially affected series**" has the meaning ascribed thereto in Section 14.2(b)(i);

(ccc) "**Event of Default**" has the meaning ascribed thereto in Section 10.1;

(ddd) "**Exchange**" means the TSXV or such other stock exchange or quotation system on which the Shares are listed and which forms the primary trading market for the Shares;

(eee) "**Excluded Property**" means:

(i) the last day of any term created by any lease or agreement therefor now held or hereafter acquired by an Obligor but the Obligor agrees, following the occurrence and during the continuance of an Event of Default, to stand possessed of the reversion thereby remaining in the Obligor of any leasehold premises upon trust for the Debentureholder to assign and dispose thereof as the Debentureholder directs; or

(ii) any lease or other agreement which contains a provision which provides in effect that such lease or agreement may not be assigned, subleased, charged or encumbered without the leave, licence, consent or approval of the lessor, until such leave, licence, consent or approval is obtained and the Security Interest will attach and extend to such lease or agreement as soon as such leave, licence, consent or approval is obtained (including the lands and premises legally described as Parcel Identifier: 025-047-426; Legal Description: LOT A SECTIONS 10 AND 11 TOWNSHIP 20 OSOYOOS DIVISION YALE DISTRICT PLAN KAP69077, Registered Owner: 0954717 B.C. LTD Parcel Identifier: 025-047-426; Legal Description: LOT A SECTIONS 10 AND 11 TOWNSHIP 20 OSOYOOS DIVISION YALE DISTRICT PLAN KAP69077, Registered Owner: 0954717 B.C. LTD.); provided, however, that an Obligor agrees to stand possessed of such last day in trust for such Person as the Debentureholder may direct and the Obligor shall assign and dispose thereof in accordance with such direction;

(iii) until leave, licence, consent or approval is obtained from Hawthorne Canada Limited is obtained or the Encumbrances held by Hawthorne Canada Limited are discharged, the lands and premises legally described as Parcel Identifier: 030-547-709, Legal Description: LOT A SECTION 11 TOWNSHIP 20 OSOYOOS DIVISION YALE DISTRICT PLAN EPP84663, Registered Owner: THE FLOWR GROUP (OKANAGAN) INC.;

(iv) all monies which are now or which may from time to time in the future stand to the credit of account number 5290476 maintained at the 700 West Georgia Street, Second Floor Vancouver, B.C. branch of The Toronto-Dominion Bank (Branch number 0277) subject to the blocked account agreement dated February 5, 2020 entered into among The Flowr Canada Holdings ULC, Hawthorne Canada Limited and The Toronto-Dominion Bank.; and

(v) any consumer goods of the Corporation;

(fff) "**Experts**" has the meaning ascribed thereto in Section 16.15(f);

(ggg) "**Extraordinary Resolution**" has the meaning ascribed thereto in Section 14.12;

(hhh) "**Flowr Forest Lands**" means the lands and premises bearing Parcel Identifier: 010-936-637 and legally described as LOT 1 SECTION 11 TOWNSHIP 20 OSOYOOS DIVISION YALE DISTRICT PLAN 2916;

(iii) "**Flowr Forest Project**" means the approximately 17 acre outdoor cannabis cultivation. To be constructed and developed on the Flowr Forest Lands;

(jjj) "**generally accepted accounting principles**" or "**GAAP**" means generally accepted accounting principles from time to time approved by the Chartered Professional Accountants of Canada for publicly accountable enterprises (being IFRS as adopted by the Canadian Accounting Standards Board) (including as further described in Section 1.16);

(kkk) "**Global Debenture**" means a Debenture that is issued to and registered in the name of the Depository, or its nominee, pursuant to Section 2.6 for purposes of being held by or on behalf of the Depository as custodian for Depository Participants in the Depository's book-entry only registration system or non-certificated inventory system, and may be certificated or uncertificated;

(lll) "**Governing Authorities**" means any:

(i) of the governments of Canada, the United States of America, any other nation or any political subdivision thereof, whether multinational, federal, provincial, territorial, municipal, state, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign;

(ii) any subdivision, authority, instrumentality, regulatory body, court, central bank, fiscal or monetary authority or other authority regulating financial institutions, and any other entity exercising, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to any of the foregoing; or

(iii) any quasi-governmental or private body exercising a regulatory, expropriation or taxing authority under or for the account of any of the above;

(mmm) "**guarantee**" means any guarantee or undertaking to assume, endorse, contingently agree to purchase, or to provide funds for the payment of, or otherwise become liable in respect of, any indebtedness, liability or obligation of any Person;

(nnn) "**Guarantee**" means the guarantee of the Debenture Liabilities of the Corporation dated as of April 27, 2020 granted by the Guarantors (as defined therein) party thereto from time to time in favour of the Trustee and the Debentureholders;

(ooo) "**Guarantor**" means any Subsidiary of the Corporation that now or hereafter is party to the Guarantee;

(ppp) "**Hazardous Substance**" means any substance or material that is prohibited, controlled or regulated by any Governing Authority pursuant to Environmental Laws, including pollutants, contaminants, dangerous goods or substances, toxic or hazardous substances or materials, wastes (including solid non-hazardous wastes and subject wastes), petroleum and its derivatives and by-products and other hydrocarbons, all as defined in or pursuant to any Environmental Law;

(qqq) "**Intellectual Property**" means any and all intellectual and industrial property, whether recorded or not and regardless of form or method of recording, including all works in which copyright subsists or may subsist (such as computer software), data bases (whether or not protected by copyright), designs, Documentation, manuals, specifications, industrial designs, trade secrets, confidential information, ideas, concepts, know-how, trademarks, service marks, trade names, domain names, discoveries, inventions, formulae, recipes, product formulations, processes and processing methods, technology and techniques, improvements and modifications, integrated circuit topographies and mask works;

(rrr) "**Intellectual Property Rights**" includes all intellectual and industrial and other proprietary rights in any Intellectual Property;

(sss) "**IFRS**" means International Financial Reporting Standards as adopted by the International Accounting Standards Board;

(ttt) "**Initial Debentures**" means the first series of Debentures designated as "10% Subordinated Convertible Secured Debentures due April 27, 2024" and described in Section 2.4;

(uuu) "**Interest Obligation**" means the obligation of the Corporation to pay interest on the Debentures, as and when the same becomes due;

(vvv) "**Interest Payment Date**" means a date specified in a Debenture as the date on which interest on such Debenture shall become due and payable computed on the basis of a 365 day year, unless otherwise specified herein, and which for the Initial Debentures shall be annual payments in arrears on December 31 of each year, based on semi-annual compounding on each June 30 and December 31 of each year, the first such payment to fall due on December 31 2020, computed on the basis of a 365 day year;

(www) "**Interest Payment Date VWAP**" means, subject to Exchange approval, the volume weighted average trading price of the Shares, calculated by dividing the total value by the total volume of Shares traded on the TSXV on the trading day prior to the Interest Payment Date on which accrued and unpaid Interest Obligations are to be paid by the Corporation;

(xxx) "**Internal Procedures**" means in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register at any time (including without limitation, original issuance or registration of transfer of ownership) the minimum number of the Trustee's internal procedures customary at such time for the entry, change or deletion made to be complete under the operating procedures followed at the time by the Trustee, it being understood that neither preparation and issuance shall constitute part of such procedures for any purpose of this definition;

(yyy) "**Inventory**" has the meaning ascribed thereto in Section 1.1(lllll)(iv);

(zzz) "**Investment Property**" has the meaning ascribed thereto in Section 1.1(lllll)(ix);

(aaaa) "**Kelowna-1 Lands**" means the lands and premises bearing Parcel Identifier: 025-047-426 and legally described as LOT A SECTIONS 10 AND 11 TOWNSHIP 20 OSOYOOS DIVISION YALE DISTRICT PLAN KAP69077;

(bbbb) "**Kelowna-1 Project**" means the 20 grow rooms of approximately 34,000 total square footage indoor grow facility on the Kelowna-1 Lands;

(cccc) "**Legal Reservations**" means (i) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganization and other laws generally affecting the rights of creditors, (ii) the time barring of claims under the *Limitation Act* (Alberta), as amended, or equivalent or analogous legislation of any other applicable jurisdiction, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of Taxes may be void and defences of set-off or counterclaim, (iii) similar principles, rights, defences or requirements under the laws of any applicable jurisdiction and (iv) any other matters which are set out as qualifications or reservations as to matters of law of general application in any of the legal opinions delivered to the Trustee pursuant hereto;

(dddd) "**Material Adverse Change**" means any event, occurrence, state of facts, effect or change that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on: (i) the business, assets, liabilities, operations, results of operations or condition (financial or other) of the Obligors taken as a whole; (ii) the ability of an Obligor to pay or perform its obligations under any Debenture Document; (iii) the validity or enforceability of this Indenture, the Security or any other Debenture Document; or (iv) the priority ranking of any Encumbrance granted by this Indenture, the Security or any other Debenture Document, or the rights or remedies intended or purposed to be granted to the Trustee and the Debentureholders under or pursuant to this Indenture, the Security or any other Debenture Document;

(eeee) “**Material Licences**” means all licences, permits or approvals issued by any Governing Authority, or any applicable stock exchange or securities commission, to any Obligor, and which are at any time on or after the date of this Indenture, necessary or material to the business and operations of such Obligor or to the listing of its securities, the breach or default of which would result in a Material Adverse Change;

(ffff) “**Material Project Contracts**” means (i) the Supply Agreement between The Flowr Group (Okanagan) Inc. and Shoppers Drug Mart Inc. dated December 11, 2018, (ii) the Supply Agreement between the Province of British Columbia and The Flowr Group (Okanagan) Inc. dated July 31, 2018, (iii) the Supply Agreement between the Ontario Cannabis Retail Corporation and The Flowr Group (Okanagan) Inc. dated August 15, 2018, (iv) the Agreement dated December 14, 2018 among The Flowr Canada Holdings ULC, The Flowr Group (Okanagan) Inc. and Hawthorne Gardening Canada Limited, (v) the Lease dated December 1, 2016 between 0954717 B.C. Limited and Cannatech Plant Systems Inc. (now The Flowr Group (Okanagan) Inc.), (vi) the Cultivar Supply Agreement dated June 5, 2019 between The Flowr Group (Okanagan) Inc. and TGR Wholesale Inc., (vii) the Standing Offer Contract Number: 1633 between Alberta Gaming, Liquor and Cannabis Commission and The Flowr Group (Okanagan) Inc. dated June 17, 2019, (viii) the Brand Licensing and Co-Packing Agreement between The Flowr Group (Okanagan) Inc. and AV Cannabis Inc. dated August 30, 2018, (ix) the Second Amended and Restated Letter Agreement Re: Oxygen Handel GMBH Cannabis Supply Arrangement, dated December 24, 2018, as amended by a Direction from Oxygen Handel GMBH, dated March 1, 2019, (x) the Brand Licensing and Co-Packing Agreement among The Flowr Group (Okanagan) Inc., 1672353 Ontario Inc. and Wink Cannabis Inc. dated June 27, 2019, (xi) the Cultivar Supply Agreement between 0957102 B.C. Ltd. Dba Apothecary Botanicals and The Flowr Group (Okanagan) Inc. dated June 20, 2019, (xii) the Cannabis Supply Agreement between The Flowr Group (Okanagan) Inc. and Agripharm Corp. dated October 31, 2019, (xii) Sales, Distribution and Marketing Agreement dated April 9, 2020 between The Flowr Group (Okanagan) Inc. and Rose Lifesciences Inc. and (xiii) any replacement of any of the foregoing;

(gggg) “**Maturity Account**” means an account or accounts required to be established by the Corporation (and which shall be maintained by and subject to the control of the Trustee) for each series of Debentures issued pursuant to and in accordance with this Indenture;

(hhhh) “**Maturity Date**” means the date that is four (4) years from the issuance date of any Debentures issued hereunder, which means for the Initial Debentures, April 27, 2024;

(iiii) “**Maturity Date VWAP**” means the volume weighted average trading price of the Shares, calculated by dividing the total value by the total volume of Shares traded on the TSXV for the 20 trading days ending on the fifth day prior to the Maturity Date;

(jjjj) “**Maturity Notice**” has means the form of notice set forth in Schedule F;

(kkkk) “**NI 62-104**” means National Instrument 62-104 – *Take-Over Bids and Issuer Bids*;

(llll) “**NCI Letter of Instruction**” means the NCI System letter of instruction provided by the Depository to the Trustee in connection with the conversion of the Debentures;

(mmmm) “**NCI System**” means a non-certificated inventory system for Debentures maintained by the Depository, as may be changed, supplemented, replaced or otherwise modified from time to time;

(nnnn) “**Obligor Property**”, at any time, means all of the money, properties and other assets of any nature or kind whatsoever as are, at such time, held by an Obligor or by the Trustee on behalf of an Obligor, and any reference to “property” or “property of an Obligor” or “assets” or “assets of an Obligor” includes, in each case, the Obligor’s Property;

(oooo) "**Obligors**" at any time means the Corporation and the Guarantors at that time, and "**Obligor**" means an applicable one of them, as the context requires;

(pppp) "**Offering**" means the private placement of up to $25,000,000 aggregate principal amount of Initial Debentures;

(qqqq) "**Offer Price**" has the meaning ascribed thereto in Section 2.4(f)(i);

(rrrr) "**Offeror's Notice**" has the meaning ascribed thereto in Section 13.3;

(ssss) "**Officer's Certificate**" means a certificate of an Obligor signed by any one authorized officer or director of an Obligor, in his or her capacity as an officer or director of an Obligor, and not in his or her personal capacity;

(tttt) "**Organizational Documents**" means, with respect to any Person, such Person's articles, memorandum or other charter documents, partnership agreement, joint venture agreement, declaration of trust, trust agreement, by laws, unanimous shareholder agreement, or any and all other similar agreements, documents and instruments pursuant to which such Person is constituted, organized or governed;

(uuuu) "**Permitted Encumbrances**" means as of any particular time any of the following Encumbrances on the Secured Assets or property intended to form part of the Secured Assets or any part thereof:

(i) liens for Taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which are being contested in good faith by proper legal proceedings;

(ii) the lien of any judgment rendered or claim filed which is being contested in good faith by proper legal proceedings (other than that which constitutes an Event of Default);

(iii) undetermined or inchoate liens and charges incidental to current operations which have not at such time been filed pursuant to law or which relate to obligations not yet due or delinquent;

(iv) any and all Encumbrances which affect all or any portion of the Secured Assets relating to Senior Indebtedness and Senior Security;

(v) any Encumbrance consented to in writing by an Extraordinary Resolution delivered to the Trustee;

(vi) the Encumbrance created by the this Indenture and the other Security Documents;

(vii) "Permitted Encumbrances" as defined in the ATB Credit Agreement; and

(viii) Encumbrances securing Senior Indebtedness, other than Senior Indebtedness incurred pursuant to the ATB Credit Agreement, approved by holders of at least 66 2/3% of the principal amount of outstanding Initial Debentures;

(vvvv) "**Periodic Offering**" means an offering of Debentures of a series from time to time, the specific terms of which Debentures, including, without limitation, the rate or rates of interest, if any, thereon, the stated maturity or maturities thereof and the redemption provisions, if any, with respect thereto, are to be determined by the Corporation upon the issuance of such Debentures from time to time;

(wwww) "**Person**" includes an individual, corporation, company, trust, partnership, joint venture, association, trust, trustee, unincorporated organization or other organization, whether or not a legal entity or government or any agency or political subdivision thereof;

(xxxx) "**Pledged ULC Interests**" means any ULC Shares at any time pledged to the Trustee, on behalf of the Debentureholders and the Trustee, pursuant to Section 8.1, in each case, together with all stock certificates, options or rights of any nature whatsoever which may be issued or granted by any of the issuers to any of the Obligors in respect of any Pledged ULC Interests while the Security Documents are in effect;

(yyyy) "**PPSA**" means the *Personal Property Security Act* (Ontario), including the regulations issued thereunder;

(zzzz) "**Prepayment Date**" has the meaning ascribed thereto in Section 5.3;

(aaaaa) "**Prepayment Notice**" has the meaning ascribed thereto in Section 5.3;

(bbbbb) **Projects**" means the Kelowna-1 Project and the Flowr Forest Project, and "**Project**" means any one of them;

(ccccc) "**Property**" means, with respect to any Person, all or any portion of that Person's undertaking and property, both real and personal;

(ddddd) "**Qualified Institutional Buyer**" means a "qualified institutional buyer" as such term is defined in Rule 144A under the U.S. Securities Act that is also a U.S. Accredited Investor;

(eeeee) "**Qualified Institutional Buyer Certificate**" means a certificate executed by a Qualified Institutional Buyer in connection with its purchase of Debentures pursuant to the Offering under which the Initial Debentures were issued;

(fffff) "**Qualified Jurisdiction**" means any country where it is legal on a federal, state, local and all other legal bases to undertake the activities contemplated by the Corporation, whether relating to importation, cultivation, production, purchase or sale of Cannabis, but for certainty, excluding the United States of America for so long as such activities are not legally permitted at the federal level in the United States of America;

(ggggg) "**Receiver**" has the meaning ascribed thereto in Section 10.4(e)(i)(D);

(hhhhh) "**Receiver Certificates**" has the meaning ascribed thereto in Section 10.4(e)(i)(D)(6);

(iiiii) "**Release**" means any release or discharge of any Hazardous Substance including any discharge, spray, injection, inoculation, abandonment, deposit, spillage, leakage, seepage, pouring, emission, emptying, throwing, dumping, placing, exhausting, escape, leach, migration, dispersal, dispensing or disposal;

(jjjjj) "**Relevant Jurisdiction**" means, from time to time, with respect to any Obligor, any province or territory of Canada, any state of the United States or any other country or political subdivision thereof in which such Person has its chief executive office or chief place of business or has Property valued at more than $1,000,000 and, for greater certainty, includes the provinces of Ontario and British Columbia;

(kkkkk) "**Requirements of Law**" means, with respect to any Person, the Organizational Documents of such Person and any Applicable Law or any determination of a Governing Authority, in each case applicable to or binding upon such Person or any of its business or Property or to which such Person or any of its business or Property is subject;

(lllll) "**Secured Assets**" of an Obligor means collectively all right, title and interest in and to all of the Obligor's present and after-acquired personal property and all proceeds of whatsoever nature and kind and wherever situate, other than Excluded Property and other than as provided in Section 8.2, and subject to Permitted Encumbrances, including all of the following property (but excluding Excluded Property):

(i) Accounts. All debts, accounts, claims, monies and choses in action which now are, or which may at any time hereafter be due or owing to or owned by the Obligor, and all books, records, documents, agreements, papers and electronically recorded data recording, evidencing, securing or otherwise relating to such debts, accounts, claims, monies and choses in action or any part or parts thereof (collectively "**Accounts**");

(ii) Equipment. All present and future equipment now or hereafter owned by the Obligor, including all machinery, fixtures, plants, tools, furniture, vehicles of any kind or description, all spare parts, accessions and accessories located at or installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto and any other goods that are not Inventory (collectively "**Equipment**");

(iii) Intangibles: All the Obligor's right, title and interest in and to all the Obligor's present and after-acquired intangible property wherever situate and now or hereafter owned by the Obligor including, without limitation, any patents, trademarks, tradenames, copyrights, other industrial designs and other industrial or intellectual property of the Obligor, all contractual rights, licenses and undertaking of the Obligor and all other choses in action of the Obligor of every kind which now are, or which may at any time hereafter be, due or owing to or owned by the Obligor and all other intangible property of the Obligor which is not Accounts, goods, chattel paper, documents of title, instruments, money or securities.

(iv) Inventory. All present and future inventory of whatever kind now or hereafter owned by the Obligor, including all raw materials, materials used or consumed in the business or profession of the Obligor, goods, work in progress, finished goods, returned goods, repossessed goods, goods used for packing, all packaging materials, supplies and containers, materials used in the business of the Obligor whether or not intended for sale and goods acquired or held for sale, lease or resale or furnished or to be furnished under contracts of rental or service (collectively "**Inventory**");

(v) Documents of Title. All present and future documents of title of the Obligor, whether negotiable or otherwise including all warehouse receipts and bills of lading;

(vi) Chattel Paper. All present and future agreements made between the Obligor as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods;

(vii) Instruments. All present and future bills, notes and cheques (as such are defined pursuant to the *Bills of Exchange Act* (Canada)) made payable to or endorsed in favour of the Obligor, and all other writings that evidence a right to the payment of money to the Obligor and that are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment;

(viii) Money. All present and future money of the Obligor, whether authorized or adopted by the Parliament of Canada as part of its currency or any foreign government as part of its currency;

(ix) Investment Property. All present and future securities held by the Obligor, including shares, options, rights, warrants, other securities, joint venture interests, interests in limited partnerships, bonds, debentures and all other documents which constitute evidence of a security, participation or other interest of the Obligor in property or in an enterprise or which constitute evidence of an obligation of the issuer; and including an uncertified security within the meaning of Part VI (*Corporate Securities*) of the *Business Corporations Act* (Ontario) and all substitutions therefor and dividends and in-come derived therefrom and all rights in respect thereof (collectively, "**Investment Property**");

(x) Leases. All leases now owned or hereafter acquired by the Obligor as tenant (whether oral or written) or any agreement therefor, together with all of the Obligor's erections, improvements and fixtures situate thereupon;

(xi) Undertaking. All present and future personal property, assets and undertaking of the Obligor not referred to in Sections 1.1(lllll)(i) to 1.1(lllll)(x), inclusive; and

(xii) Proceeds. All proceeds derived from the property, assets and undertaking of the Corporation referred to in Sections 1.1(lllll)(i) to 1.1(lllll)(xi), including insurance proceeds and any other payment representing indemnity or compensation for loss of or damage thereto or the proceeds therefrom;

(mmmmm) "**Security Documents**" means this Indenture, the security agreement of even date herewith entered into by the Obligors in favour of the Trustee, and any other security agreement entered into from time to time in favour of the Trustee, for the benefit of the Debentureholders, pursuant to any thereof;

(nnnnn) "**Security Interest**" means the Encumbrances in the Secured Assets created in favour of the Trustee (for itself and the Debentureholders) by each Obligor pursuant to the Security Documents;

(ooooo) "**Senior Creditor**" means a holder or holders of Senior Indebtedness and includes any representative or representatives, agent or agents or trustee or trustees of any such holder or holders;

(ppppp) "**Senior Indebtedness**" means all present and future indebtedness, liabilities and obligations, direct or indirect, absolute or contingent of the Corporation and its Subsidiaries which would, in accordance with IFRS, be classified upon a consolidated balance sheet of the Corporation as liabilities of the Corporation or its Subsidiaries and, whether or not so classified, shall include (without duplication): (A) indebtedness of the Corporation or its Subsidiaries for borrowed money, including such amounts as may be owing pursuant to the ATB Credit Agreement; (B) obligations of the Corporation or its Subsidiaries under guarantees, indemnities, assurances, legally binding comfort letters or other contingent obligations relating to the Senior Indebtedness or other obligations of any other Person which would otherwise constitute Senior Indebtedness within the meaning of this definition; (C) all renewals, extensions and refinancing of any of the foregoing; and (D) all costs and expenses incurred by or on behalf of the holder of any Senior Indebtedness in enforcing payment or collection of any such Senior Indebtedness, including enforcing any Encumbrance securing the same. "**Senior Indebtedness**" shall not include any indebtedness that would otherwise be Senior Indebtedness if it is expressly stated to be subordinate to or rank *pari passu* with the Debentures;

(qqqqq) "**Senior Security**" means all Encumbrances of any kind, contingent or absolute, held by or on behalf of any Senior Creditor and in any manner securing any Senior Indebtedness;

(rrrrr) "**Serial Meeting**" has the meaning ascribed thereto in Section 14.2(b)(i);

(sssss) "**Share Bid Request**" means a request by the Corporation for bids to purchase Shares (which shares are to be issued by the Corporation on the Share Delivery Date) made in accordance with Section 2.14(b)(i)(B) and which shall make the acceptance of any bid made pursuant to such request conditional upon the acceptance of sufficient bids to result in aggregate proceeds from such issue and sale of Shares which, together with the cash payments by the Corporation including cash payments in lieu of fractional Shares (if any), equal the applicable Interest Obligation;

(ttttt) "**Share Delivery Date**" means a date, not more than 90 days and not less than five Business Days prior to the applicable Interest Payment Date, upon which Shares are issued by the Corporation and delivered to the Trustee for delivery pursuant to the share purchase transactions provided for in the applicable Share Purchase Agreements;

(uuuuu) "**Share Interest Payment Election Amount**" means the sum of the amount of the aggregate proceeds resulting from the sale of Shares pursuant to acceptable bids obtained pursuant to the Share Bid Requests, together with an amount paid by the Corporation in cash, including any amount in respect of fractional Shares (if any), that is equal to the aggregate amount of the Interest Obligation in respect of which the Common Share Interest Payment Election was delivered;

(vvvvv) "**Share Purchase Agreement**" means an agreement in customary form as agreed upon by the parties to be entered into among the Corporation and the Persons making acceptable bids pursuant to a Share Bid Request, which complies with all applicable laws, including the Applicable Securities Legislation and the rules and regulations of the Exchange;

(wwwww) "**Share Repayment Right**" has the meaning attributed thereto in Section 7.4(a);

(xxxxx) "**Shares**" means common shares in the capital of the Corporation, as such common shares are constituted on the date of execution and delivery of this Indenture; provided that in the event of a change or exchange or a subdivision, re-division, reduction, combination or consolidation thereof, any reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up, or such successive changes, exchanges, subdivisions, re-divisions, reductions, combinations or consolidations, reclassifications, capital reorganizations, consolidations, amalgamations, arrangements, mergers, sales or conveyances or liquidations, dissolutions or windings-up, then, subject to adjustments, if any, having been made in accordance with the provisions of Section 4.4, "**Shares**" shall mean the shares or other securities or property resulting from such change, exchange, subdivision, re-division, reduction, combination or consolidation, reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up;

(yyyyy) "**Subordination Agreement**" means any subordination agreement among the Corporation, the other Obligors a Senior Creditor and the Trustee in respect of the subordination of the Security Interests and the postponement of the holders' right to payment under the Debentures to the Encumbrances held by and Senior Indebtedness owing to a Senior Creditor as further detailed herein in Article 8, including that certain subordination agreement of even date herewith among the Obligors, ATB Financial and the Trustee, as amended, modified or restated from time to time;

(zzzzz) "**Subsidiary**" has the meaning ascribed thereto in the *Securities Act* (Ontario);

(aaaaaa) "**Successor**" has the meaning ascribed thereto in Section 12.1;

(bbbbbb) "**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder as amended from time to time;

(cccccc) "**Taxes**" means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governing Authority, including any interest, additions to tax or penalties applicable thereto;

(dddddd) "**Time of Expiry**" means the time of expiry of certain rights with respect to the conversion of Debentures under Section 2.4(d) and Article 4 which is to be set forth separately in the form and terms for each series of Debentures which by their terms are to be convertible;

(eeeeee) "**Total Offer Price**" has the meaning ascribed thereto in Section 2.4(f)(i);

(ffffff) "**Trustee**" means Computershare Trust Company of Canada, or its successor or successors for the time being as trustee hereunder;

(gggggg) "**trading day**" means, with respect to the Exchange or other market for securities, any day on which such exchange or market is open for trading or quotation;

(hhhhhh) "**TSXV**" means the TSX Venture Exchange and any successor(s) thereto;

(iiiiii) "**ULC**" means an unlimited company, an unlimited liability company or an unlimited liability corporation incorporated pursuant to or otherwise governed by the laws of any of the provinces of Canada;

(jjjjjj) "**ULC Shares**" means Equity Interests in any ULC at any time owned or otherwise held by an Obligor;

(kkkkkk) "**United States**" means the United States of America, its territories and possessions, any state of the United States of America, or any political subdivision thereof, and the District of Columbia;

(llllll) "**U.S. Person**" has the meaning set forth in Rule 902(k) of Regulation S under the U.S. Securities Act;

(mmmmmm) "**U.S. Purchaser**" means a Purchaser of Initial Debentures who was, at the time of purchase, either a Qualified Institutional Buyer or a U.S. Accredited Investor and (a) a person in the United States, (b) a U.S. Person, (c) any person purchasing that purchased Initial Debentures on behalf of, or for the account or benefit of, a U.S. Person or any person in the United States, (d) any person who receives or received an offer to acquire such Initial Debentures while in the United States, or (e) any person who was in the United States at the time such person's buy order was made or the subscription agreement pursuant to which such Initial Debentures were acquired was executed or delivered;

(nnnnnn) "**U.S. Accredited Investor**" means an "accredited investor" within the meaning of Rule 501(a) of Regulation D under the U.S. Securities Act;

(oooooo) "**U.S. Securities Act**" means the United States Securities Act of 1933, as amended; and

(pppppp) "**Written Direction of the Corporation**" means an instrument in writing signed by any one officer or director of the Corporation on behalf of the Corporation.

1.2 Meaning of "Outstanding"

Every Debenture certified or authenticated by the Trustee completing their Internal Procedures hereunder and delivered by the Trustee hereunder shall be deemed to be outstanding until it is cancelled, converted, prepaid or redeemed or delivered to the Trustee for cancellation, conversion, prepayment or redemption and monies and/or Shares, as the case may be, for the payment thereof shall have been set aside under Article 11, provided that:

(a) Debentures which have been partially redeemed, purchased, prepaid or converted shall be deemed to be outstanding only to the extent of the unredeemed, unpurchased, un-prepaid or unconverted part of the principal amount thereof;

(b) when a new Debenture has been issued in substitution for a Debenture which has been lost, stolen or destroyed, only one of such Debentures shall be counted for the purpose of determining the aggregate principal amount of Debentures outstanding; and

(c) for the purposes of any provision of this Indenture entitling holders of outstanding Debentures to vote, sign consents, requisitions or other instruments or take any other action under this Indenture, or to constitute a quorum of any meeting of Debentureholders, Debentures (other than the Initial Debentures) owned directly or indirectly, legally or equitably, by the Corporation or any Subsidiary of the Corporation shall be disregarded except that:

(i) for the purpose of determining whether the Trustee shall be protected in relying on any such vote, consent, requisition or other instrument or action, or on the Debentureholders present or represented at any meeting of Debentureholders, only the Debentures which are certified by the Corporation as being so owned shall be disregarded;

(ii) Debentures so owned which have been pledged in good faith other than to the Corporation or a Subsidiary of the Corporation shall not be so disregarded if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Debentures, sign consents, requisitions or other instruments or take such other actions in his discretion free from the control of the Corporation or a Subsidiary of the Corporation;

(iii) for the purposes of disregarding any Debentures (other than the Initial Debentures) owned legally or beneficially by the Corporation or any Subsidiary, the Corporation shall provide to the Trustee, at the request of the Trustee, from time to time, an Officer's Certificate of the Corporation setting forth as at the date of such certificate:

(A) the names of the Debentureholders which, to the knowledge of the Corporation, are owned, directly or indirectly, legally or beneficially by the Corporation or any Subsidiary; and

(B) the principal amount of Debentures owned legally or beneficially by each of such holders;

and the Trustee in making such determination shall be entitled to rely upon such certificate; and

(iv) Debentures so owned shall not be disregarded if they are the only Debentures outstanding.

1.3 Interpretation

In this Indenture:

(a) words importing the singular number or masculine gender shall include the plural number or the feminine or neuter genders, and vice versa;

(b) all references to Articles and Schedules refer, unless otherwise specified, to articles of and schedules to this Indenture;

(c) all references to Sections refer, unless otherwise specified, to Sections, subsections or clauses of this Indenture;

(d) words and terms denoting inclusiveness (such as "**include**" or "**includes**" or "**including**"), whether or not so stated, are not limited by and do not imply limitation of their context or the words or phrases which precede or succeed them;

(e) reference to any agreement or other instrument in writing means such agreement or other instrument in writing as amended, modified, replaced or supplemented from time to time;

(f) unless otherwise indicated, reference to a statute shall be deemed to be a reference to such statute as amended, re-enacted or replaced from time to time; and

(g) unless otherwise indicated, time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated by including the day on which the period commences and excluding the day on which the period ends.

1.4 Headings, Etc.

The division of this Indenture into Articles and Sections, the provision of a Table of Contents and the insertion of headings are for convenience of reference only and shall not affect the construction, interpretation, validity or enforceability of this Indenture or of the Debentures.

1.5 Time of Essence

Time shall be of the essence of this Indenture.

1.6 Monetary References

Whenever any amounts of money are referred to herein, such amounts shall be deemed to be in lawful currency of Canada unless otherwise expressed.

1.7 Invalidity, Etc.

Any provision hereof which is prohibited or unenforceable shall be ineffective only to the extent of such prohibition or unenforceability, without invalidating the remaining provisions hereof.

1.8 Language

Each of the parties hereto hereby acknowledges that it has consented to and requested that this Indenture and all documents relating thereto, including, without limiting the generality of the foregoing, the form of Initial Debenture attached hereto as Schedule A, be drawn up in the English language only. *Les parties aux présentes reconnaissent avoir accepté et demandé que le présent acte de fiducie et tous les documents s'y rapportant, y compris, sans restreindre la portée générale de ce qui précède, le formulaire de débenture joint aux présentes à titre d'annexe A, soient rédigés en langue anglaise seulement.*

1.9 Successors and Assigns

All covenants and agreements of the Corporation in this Indenture and the Debentures shall bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Trustee in this Indenture shall bind its successors.

1.10 Severability

In case any provision in this Indenture or in the Debentures shall be invalid, illegal or unenforceable, such provision shall be deemed to be severed herefrom or therefrom and the validity, legality and enforceability of the remaining provisions shall not in any way be affected, prejudiced or impaired thereby.

1.11 Entire Agreement

This Indenture and all supplemental indentures and Schedules hereto and thereto, the Debentures issued hereunder and thereunder and each Subordination Agreement together constitute the entire agreement between the parties hereto with respect to the indebtedness created hereunder and thereunder and under the Debentures and supersedes as of the date hereof all prior memoranda, agreements, negotiations, discussions and term sheets, whether oral or written, with respect to the indebtedness created hereunder or thereunder and under the Debentures.

1.12 Benefits of Indenture

Nothing in this Indenture or in the Debentures, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any paying agent, the Debentureholders, any Senior Creditor (to the extent provided in Article 8 only), and (to the extent provided in Section 10.12) the holders of Shares, any benefit or any legal or equitable right, remedy or claim under this Indenture.

1.13 Applicable Law and Attornment

This Indenture, any supplemental indenture and the Debentures shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as Ontario contracts. With respect to any suit, action or proceedings relating to this Indenture, any supplemental indenture or any Debenture, the Corporation, the Trustee and each holder irrevocably submit and attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario located in Toronto.

1.14 Currency of Payment

Unless otherwise indicated in a supplemental indenture with respect to any particular series of Debentures, all payments to be made under this Indenture or a supplemental indenture shall be made in Canadian dollars.

1.15 Non-Business Days

Whenever any payment to be made hereunder shall be due, any period of time would begin or end, any calculation is to be made or any other action is to be taken on, or as of, or from a period ending on, a day other than a Business Day, such payment shall be made, such period of time shall begin or end, such calculation shall be made and such other action shall be taken, as the case may be, unless otherwise specifically provided herein, on or as of the next succeeding Business Day without any additional interest, cost or charge to the Corporation.

1.16 Accounting Terms

Except as hereinafter provided or as otherwise indicated in this Indenture, all calculations required or permitted to be made hereunder pursuant to the terms of this Indenture shall be made in accordance with GAAP. For greater certainty, GAAP shall include any accounting standards, including IFRS, that may from time to time be approved for general application by the Chartered Professional Accountants of Canada.

1.17 Calculations

The Corporation shall be responsible for making all calculations called for hereunder, including calculations of Current Market Price. The Corporation shall make such calculations in good faith and, absent manifest error, the Corporation's calculations shall be final and binding on holders and the Trustee. The Corporation will provide a schedule of its calculations to the Trustee and the Trustee shall be entitled to rely conclusively on the accuracy of such calculations without independent verification.

1.18 Schedules

The following Schedules are incorporated into and form part of this Indenture:

Schedule A - Form of Debenture
Schedule B - Form of Conversion Notice
Schedule C - Form of Prepayment Notice
Schedule D - Form of Maturity Notice
Schedule E - Form of Initial Debenture Maturity Payment Election
Schedule F - Form of ATB Financial Subordination Agreement
Schedule G - Subsidiaries and Corporate Organization
Schedule H - Approved Banks
Schedule I - Senior Indebtedness

In the event of any inconsistency between the provisions of any Section of this Indenture and the provisions of the Schedules which form a part hereof, the provisions of this Indenture shall prevail to the extent of the inconsistency.

ARTICLE 2
THE DEBENTURES

2.1 Limit of Debentures

Subject to the limitation in respect of the aggregate principal amount of Initial Debentures set out in Section 2.4(a), the aggregate principal amount of Debentures authorized to be issued under this Indenture is unlimited, but Debentures may be issued only upon and subject to the conditions and limitations herein set forth. For greater certainty, except as otherwise provided herein, this Indenture does not limit the ability of the Corporation to incur additional indebtedness, including indebtedness for borrowed money or from mortgaging, pledging or charging its properties to secure any future indebtedness of the Corporation.

2.2 Terms of Debentures of any Series

The Debentures may be issued in the same series or of a different series. There shall be established herein or in or pursuant to one or more indentures supplemental hereto, prior to the initial issuance of Debentures of any particular series (other than the Initial Debentures as provided for in Section 2.4):

(a) the designation of the Debentures of the series (other than the Initial Debentures as provided for in Section 2.4), which shall distinguish the Debentures of the series from the Debentures of all other series;

(b) any limit upon the aggregate principal amount of the Debentures of the series that may be certified or authenticated and delivered under this Indenture;

(c) the date or dates on which the principal of the Debentures of the series is payable;

(d) the rate or rates at which the Debentures of the series shall bear interest, if any, the date or dates from which such interest shall accrue, on which such interest shall be payable and on which record date, if any, shall be taken for the determination of holders to whom such interest shall be payable and/or the method or methods by which such rate or rates or date or dates shall be determined;

(e) the place or places where the principal of and any interest on Debentures of the series shall be payable or where any Debentures of the series may be surrendered for registration of transfer or exchange;

(f) the right of the Corporation to redeem Debentures of the series, in whole or in part, at its option and the period or periods within which, the price or prices at which and any terms and conditions upon which, Debentures of the series may be so redeemed, pursuant to any sinking fund or otherwise;

(g) the obligation of the Corporation to convert the Debentures of the series at the option of a holder thereof and the price or prices at which, the period or periods within which, the date or dates on which, and any terms and conditions upon which, Debentures of the series shall be converted, in whole or in part, pursuant to such obligations;

(h) if other than denominations of $1,000 and any integral multiple thereof, the denominations in which Debentures of the series shall be issuable;

(i) subject to the provisions of this Indenture, any trustee, Depositories, authenticating or paying agents, transfer agents or registrars or any other agents with respect to the Debentures of the series;

(j) any other events of default or covenants with respect to the Debentures of the series;

(k) whether and under what circumstances the Debentures of the series will be convertible into or exchanged for Shares;

(l) whether the Debentures of the series will be guaranteed by any Person and the terms of any such guarantee;

(m) the form and terms of the Debentures of the series;

(n) if applicable, that the Debentures of the series shall be issuable in whole or in part as one or more Global Debentures or Book Based Only Debentures and, in such case, the Depository or Depositories for such Global Debentures or Book Based Only Debentures in whose name, or whose nominee's name, the Global Debentures or Book Based Only Debentures will be registered, and any circumstances other than or in addition to those set out in Section 2.9 or 3.1 or those applicable with respect to any specific series of Debentures, as the case may be, in which any such Global Debenture or Book Based Only Debenture may be transferred to and registered in the name of a Person other than the Depository for such Global Debentures or Book Based Only Debentures or a nominee thereof; and

(o) any other terms of the Debentures of the series (which terms shall not be inconsistent with the provisions of this Indenture).

All Debentures of any one series shall be substantially identical. All Debentures of any one series need not be issued at the same time and may be issued from time to time, including pursuant to a Periodic Offering, consistent with the terms of this Indenture, if so provided herein, by or pursuant to such resolution of the Board of Directors, Officer's Certificate of the Corporation or in an indenture supplemental hereto.

2.3 Form of Debentures

Except in respect of the Initial Debentures, the form of which is provided for herein, the Debentures of each series shall be substantially in such form or forms (not inconsistent with this Indenture) as shall be established herein or by or pursuant to one or more resolutions of the Board of Directors (or to the extent established pursuant to, rather than set forth in, a resolution of the Board of Directors, in an Officer's Certificate of the Corporation detailing such establishment) or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform to general usage, all as may be determined by the directors or officers of the Corporation executing such Debentures on behalf of the Corporation, as conclusively evidenced by their execution of such Debentures.

2.4 Form and Terms of Initial Debentures

(a) The first series of Debentures (the "**Initial Debentures**") authorized for issue immediately is limited to an aggregate principal amount of $25,000,000 and shall be designated as "10% Subordinated Convertible Secured Debentures due April 27, 2024". The Initial Debentures may be issued in one or more tranches.

(b) The Initial Debentures (including any Initial Debenture that may be issued after the date of this Indenture) shall be dated as of the Closing Date and shall mature April 27, 2024, being the "**Maturity Date**" for the Initial Debentures.

(c) The Initial Debentures (including any Initial Debentures that may be issued after the date of this Indenture) shall bear interest from and including Closing Date at the rate of 10% per annum (based on a year of 365 days), payable annually in arrears on each Interest Payment Date based on semi-annually compounding on June 30 and December 31 of each year, the first such compounding date to fall on June 30, 2020 and the last Interest Payment Date (representing interest payable from the last Interest Payment Date to, but excluding, the Maturity Date of the Initial Debentures or the earlier date of prepayment, repurchase or conversion of the Initial Debentures) to fall on April 27, 2024 or an earlier date of prepayment, repurchase or conversion, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded semi-annually, computed on the basis of a 365 day year. The Corporation shall only pay accrued interest on the Initial Debentures on the December 31 Interest Payment Date of each year prior to the Maturity Date, and on the Maturity Date. Each payment of interest on the Initial Debentures will include interest compounded (if applicable) and accrued for the period commencing on and including the immediately preceding Interest Payment Date on which Interest Obligations were paid to Debentureholders (or, if none, the initial issuance date of the Initial Debentures) to but excluding the next following Interest Payment Date (or prepayment, repurchase or conversion date, as the case may be). For certainty, the initial interest compounding date will include interest accrued from and including the Closing Date, to, but excluding June 30, 2020, which will be equal to $17.53 for each $1,000 principal amount of Initial Debentures. The record dates for the accrued and unpaid amount of interest on the Initial Debentures will be the close of business on the fourth Business Day prior to the December 31 Interest Payment Date or the Maturity Date, as the case may be. For greater certainty, only holders of record on the fourth Business Day prior to the December 31 Interest Payment Date of a year will receive interest on the Debentures held during that year (including interest in respect of the June 30 Interest Payment Date of that year). The Corporation shall pay interest on the Initial Debentures by issuing to each holder of Initial Debentures, in accordance with the procedures set forth in Section 2.14 for paying Interest Obligations in Shares and subject to Exchange approval, that number of Shares as is determined by dividing the amount of interest payable on the Initial Debentures as of such Interest Payment Date held by such holder by the Interest Payment Date VWAP. Notwithstanding the foregoing sentence, the Corporation may offer and such Debentureholder (in the Debentureholder's discretion) may agree to the delivery of cash for all or a portion of the Shares otherwise deliverable by the Corporation to pay such interest. If Exchange approval to pay interest in Shares in accordance with this Section 2.4(c) is not obtained, subject to the Subordination Agreement, such interest will be paid in cash.

(d) Upon and subject to the terms and conditions of this Indenture, including Article 4, the principal amount of each Initial Debenture will be convertible into Shares, at the option of the Debentureholder, at any time and from time to time upon the Debentureholder providing five Business Days' notice to the Corporation of such election to convert in the manner provided in Section 15.1 prior to the earlier of the close of business on the Business Day immediately preceding: (i) the Maturity Date of the Initial Debentures; and (ii) if subject to repurchase pursuant to a Change of Control, the date specified by the Corporation for repurchase (the earlier of which will be the "**Time of Expiry**" for the purposes of Section 2.4(d) and Article 4 in respect of the Initial Debentures) at a price per Share equal to the Conversion Price, initially being a conversion rate of 1,724 Shares per $1,000 principal amount of Debentures, subject to a minimum conversion amount of $5,000 and subject to adjustments for fractional interests in accordance with Section 4.4. Upon a voluntary conversion by a Debentureholder, the Corporation may offer and such Debentureholder (in the Debentureholder's discretion) may agree to the delivery of cash for all or a portion of the Initial Debentures converted in lieu of Shares in accordance with Section 4.12. Debentureholders converting their Debentures will be entitled to receive, subject to Exchange approval, in addition to the applicable number of Shares (or cash in lieu in accordance with the prior sentence), compounded, accrued and unpaid interest (less any Taxes required to be deducted in accordance with Section 2.15) on such Debentures, payable in Shares in accordance with Section 2.14(b)(ii) in respect thereof for the period from the last payment of Interest Obligations on the Initial Debentures (or the Closing Date if there has not yet been an Interest Payment Date) up to, but excluding, the Date of Conversion; provided that the Corporation may offer and such Debentureholder (in the Debentureholder's discretion) may agree to the delivery of cash for all or a portion of the Shares otherwise deliverable by the Corporation to pay such interest. The Conversion Notice for the Initial Debentures shall be substantially in the form of Schedule B. To the extent a conversion is a conversion in part only of the Initial Debentures as contemplated by Section 4.2, such right to convert, if not exercised prior to the applicable Time of Expiry, shall survive as to any Initial Debentures not converted and be applicable to the next succeeding Time of Expiry. Notwithstanding any other provision of this Indenture, in the event that a Debentureholder exercises its conversion rights contemplated by this Section 2.4(d) and Article 4 less than five Business Days in advance of the Time of Expiry, the Trustee and the Corporation shall use their respective commercially reasonable efforts to deliver cash and/or Shares, as the case may be, to such Debentureholder as soon as reasonably practicable following receipt of the Conversion Notice.

A Debenture in respect of which a holder has accepted a notice in respect of a Change of Control Offer pursuant to the provisions of Section 2.4(f) may be surrendered for conversion only upon the withdrawal of such notice in accordance with this Indenture.

(e) Upon and subject to the terms and conditions of this Indenture, including Article 7, the Corporation will on the Maturity Date:

(i) repay the outstanding principal of the Initial Debentures, at the election of each holder of such Initial Debentures, by:

(A) paying to the Debenture Trustee in lawful currency of Canada an amount equal to the principal amount of the outstanding Initial Debentures held by each holder of Initial Debentures as of the Maturity Date who elects to receive cash; or

(B) subject to Exchange approval, issuing that number of Shares as is determined by dividing the principal amount of the outstanding Initial Debentures by the Maturity Date VWAP to each holder of the Initial Debentures as of the Maturity Date who elects to receive Shares, and

(ii) subject to Exchange approval, satisfy the Interest Obligation in respect of the Initial Debentures which have matured by delivering to holders of such Initial Debentures that number of Shares obtained by dividing compounded (if applicable), accrued and unpaid interest on the Initial Debentures by the Alternative Interest Payment Date VWAP, in accordance with Section 2.14(b); provided, however, that if Exchange approval to pay such interest in Shares is not obtained, subject to the Subordination Agreement, the Corporation shall pay such interest in cash.

In order for a holder of Initial Debentures to receive Shares in accordance with Section 2.4(e)(i)(B) above as repayment of the outstanding principal amount of the Debentures on the Maturity Date, such holder must deliver to the Trustee and the Corporation, at least 25 trading days prior to the Maturity Date, written notice of its election to receive Shares as repayment of the outstanding principal amount of the Debentures on the Maturity Date substantially in the form attached as Schedule E, failing which the Corporation shall repay on the Maturity Date the outstanding principal amount of the Initial Debentures held by such holder in cash.

(f) Subject to each Subordination Agreement, not less than 30 days prior to the consummation of a Change of Control, and subject to the provisions and conditions of this Section 2.4(f), the Corporation shall be obligated to offer to purchase all of the Initial Debentures then outstanding, subject to the exercise of conversion right of holders as set forth below. The terms and conditions of such obligation are set forth below:

(i) Not less than 30 days prior to the consummation of a Change of Control, the Corporation shall deliver to the Trustee, and the Trustee shall promptly deliver to the holders of the Initial Debentures, a notice stating that a Change of Control may occur and specifying the date on which such Change of Control is then expected to occur and the circumstances or events giving rise to such Change of Control (a "**Change of Control Notice**") together with an offer in writing (the "**Change of Control Offer**") to purchase, on the Change of Control Purchase Date, all of the Initial Debentures then outstanding from the holders thereof at a price per Initial Debenture equal to 101% of the principal amount thereof (the "**Offer Price**") plus compounded, accrued and unpaid interest (less any Taxes required to be deducted in accordance with Section 2.15) on such Initial Debentures up to, but excluding, the Maturity Date (collectively, the "**Total Offer Price**").

(ii) If such Change of Control Purchase Date is after a record date for the compounding of interest on the Initial Debentures but on or prior to an Interest Payment Date then the interest payable on such date will be paid to the holder of record of the Debentures on the relevant record date. The Change of Control Offer shall specify the date and time on which such offer shall expire. The "**Change of Control Purchase Date**" shall be the date that is on or immediately prior to the then expected closing date of the Change of Control and as confirmed in writing by the Corporation. On written confirmation from the Corporation, the Trustee will promptly thereafter deliver, by prepaid courier or mail, the Change of Control Offer to the holders of all Initial Debentures then outstanding, at their addresses appearing in the registers of holders of Initial Debentures maintained by the Trustee.

(iii) If 90% or more in aggregate principal amount of Initial Debentures outstanding on the date the Corporation provides the Change of Control Notice and the Change of Control Offer to holders of the Initial Debentures have been tendered for purchase pursuant to the Change of Control Offer on the expiration thereof, the Corporation has the right upon written notice provided to the Trustee within 10 days following the expiration of the Change of Control Offer, to elect to redeem all the Initial Debentures remaining outstanding on the expiration of the Change of Control Offer at the Total Offer Price as at the Change of Control Purchase Date (the "**90% Redemption Right**") and on the other terms and conditions provided herein.

(iv) Upon receipt of notice that the Corporation has exercised or is exercising the 90% Redemption Right and is acquiring the remaining Initial Debentures, the Trustee shall promptly provide written notice to each Debentureholder that did not previously accept the Offer that:

(A) the Corporation has exercised the 90% Redemption Right and is purchasing all outstanding Initial Debentures effective on the expiry of the Change of Control Offer at the Total Offer Price, and shall include a calculation of the amount payable to such holder as payment of the Total Offer Price as at the Change of Control Purchase Date;

(B) each such holder must transfer their Initial Debentures to the Trustee on the same terms as those holders that accepted the Change of Control Offer and must send their respective Initial Debentures, duly endorsed for transfer, to the Trustee within 10 days after the sending of such notice provided that with respect to a Global Debenture, the obligation to surrender an Initial Debenture to the Trustee shall be satisfied if the Trustee makes a notation on the Global Debenture of the principal amount thereof so transferred; and

(C) the rights of such holder under the terms of the Initial Debentures and this Indenture cease effective as of the date of expiry of the Change of Control Offer; provided the Corporation has, on or before the time of notifying the Trustee of the exercise of the 90% Redemption Right, paid the aggregate Total Offer Price to, or to the order of, the Trustee and thereafter the Initial Debentures shall not be considered to be outstanding and the holder shall not have any right except to receive such holder's Total Offer Price upon surrender and delivery of such holder's Initial Debentures in accordance with this Indenture.

(v) The Corporation shall, on or before 9:00 a.m. (Toronto time), on the Business Day immediately prior to the Change of Control Purchase Date, deposit with the Trustee or any paying agent to the order of the Trustee, by way of same day value wire transfer, such sums of money as may be sufficient to pay the aggregate Total Offer Price of the Initial Debentures to be purchased or redeemed by the Corporation on the Change of Control Purchase Date (less any Taxes required to be deducted in accordance with Section 2.15). The Corporation shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection with such purchase. Every such deposit shall be irrevocable. From the sums so deposited, the Trustee shall pay or cause to be paid to the holders of such Initial Debentures, the Total Offer Price to which they are entitled (less any Taxes required to be deducted in accordance with Section 2.15) on the Corporation's purchase. All Initial Debentures in respect of which payment of the Total Offer Price has been made shall be cancelled by the Trustee.

(vi) In the event that one or more of such Initial Debentures being purchased in accordance with this Section 2.4(f) becomes subject to purchase in part only, upon surrender of such Initial Debentures for payment of the Total Offer Price, the Corporation shall execute and the Trustee shall certify and deliver without charge to the holder thereof or upon the holder's order, one or more new Initial Debentures for the portion of the principal amount of the Initial Debentures not purchased.

(vii) Initial Debentures for which holders have accepted the Change of Control Offer and Initial Debentures which the Corporation has elected to redeem in accordance with this Section 2.4(f) shall become due and payable at the Total Offer Price on the Change of Control Purchase Date, in the same manner and with the same effect as if it were the date of maturity specified in such Initial Debentures, anything therein or herein to the contrary notwithstanding, and from and after the Change of Control Purchase Date, if the money necessary to purchase or redeem, the Initial Debentures shall have been deposited as provided in this Section 2.4(f) and affidavits or other proofs satisfactory to the Trustee as to the publication and/or mailing of such notices shall have been lodged with it, interest on the Initial Debentures shall cease. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Trustee whose decision shall, absent manifest error, be final and binding upon all parties in interest.

(viii) In case the holder of any Initial Debenture to be purchased or redeemed in accordance with this Section 2.4(f) shall fail on or before the Change of Control Purchase Date so to surrender such holder’s Initial Debenture or shall not within such time accept payment of the monies payable, or give such receipt therefor, if any, as the Trustee may require, such monies may be set aside in trust, without interest, either in the deposit department of the Trustee or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the sum or the Shares so set aside and the Debentureholder shall have no other right except to receive payment of the monies so paid and deposited, upon surrender and delivery up of such holder’s Initial Debenture. In the event that any money required to be deposited hereunder with the Trustee or any depository or paying agent on account of principal, premium, if any, or interest, if any, on Initial Debentures issued hereunder shall remain so deposited for a period of five years less a day from the Change of Control Purchase Date, then, subject to any Applicable Law regarding unclaimed property, such monies shall at the end of such period, upon the written request of the Corporation, be paid over or delivered over by the Trustee or such depository or paying agent to the Corporation and the Trustee shall not be responsible to Debentureholders for any amounts owing to them.

(ix) Subject to the provisions above related to Initial Debentures purchased in part, all Initial Debentures redeemed and paid under this Section 2.4(f) shall forthwith be delivered to the Trustee and cancelled and thereafter no longer considered to be outstanding and no Initial Debentures shall be issued in substitution therefor.

(g) The Initial Debentures will be subordinated in all material respects to the Senior Indebtedness of the Corporation in accordance with the provisions of Article 8 and each Subordination Agreement. In accordance with Section 2.12, the Initial Debentures will rank *pari passu* with each other and with each series of Debentures issued under this Indenture or under indentures supplemental to this Indenture (regardless of their actual date or terms of issue), unless such other Debentures are subordinated to the Initial Debentures.

(h) Each Initial Debenture and the certificate of the Trustee endorsed thereon shall be issued in definitive certificated form using substantially the form of the Debenture Certificate set out in Schedule A, dated as of the date of issue thereof and issued in denominations of $1,000 and integral multiples thereof, with such insertions, omissions, substitutions or other variations as shall be required or permitted by this Indenture, and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by the Board of Directors, on behalf of the Corporation executing such Initial Debenture in accordance with Section 2.7 hereof, as conclusively evidenced by their execution of an Initial Debenture. Each Initial Debenture shall additionally bear such distinguishing letters and numbers as the Trustee shall approve. Notwithstanding the foregoing, an Initial Debenture may be in such other form or forms as may, from time to time, be approved by a resolution of the Board of Directors, or as specified in an Officer’s Certificate of the Corporation. The Initial Debentures may be engraved, lithographed, printed, mimeographed or typewritten or partly in one form and partly in another. The Initial

Debentures issued to U.S. Purchasers (other than to Qualified Institutional Buyers that have delivered to the Corporation a Qualified Institutional Buyer Certificate) shall be issued only as Debenture Certificates.

2.5 Certification and Delivery of Additional Debentures

The Corporation may from time to time request the Trustee to certify and deliver Additional Debentures of any series, or Initial Debentures issued after the date hereof, as the case may be, by delivering to the Trustee the documents referred to below in this Section 2.5 whereupon the Trustee shall certify such Debentures and cause the same to be delivered in accordance with the Written Direction of the Corporation referred to below or pursuant to such procedures acceptable to the Trustee as may be specified from time to time by a Written Direction of the Corporation. The maturity date, issue date, interest rate (if any) and any other terms of the Debentures of such series shall be set forth in or determined by or pursuant to such Written Direction of the Corporation and procedures. In certifying such Debentures, the Trustee shall be entitled to receive and shall be fully protected in relying upon, unless and until such documents have been superseded or revoked:

(a) an Officer's Certificate of the Corporation and/or executed supplemental indenture by or pursuant to which the form and terms of such Additional Debentures were established;

(b) a Written Direction of the Corporation requesting certification and delivery of such Additional Debentures or Initial Debentures issued after the date hereof, as the case may be, and setting forth delivery instructions; provided that, with respect to Debentures of a series subject to a Periodic Offering:

(i) such Written Direction of the Corporation addressed to the Trustee may be delivered by the Corporation to the Trustee prior to the delivery to the Trustee of such Additional Debentures of such series for certification and delivery;

(ii) the Trustee shall certify and deliver Additional Debentures of such series for original issue from time to time, in an aggregate principal amount not exceeding the aggregate principal amount, if any, established for such series, pursuant to a Written Direction of the Corporation or pursuant to procedures acceptable to the Trustee as may be specified from time to time by a Written Direction of the Corporation;

(iii) the maturity date or dates, issue date or dates, interest rate or rates (if any) and any other terms of Additional Debentures of such series shall be determined by an executed supplemental indenture or by Written Direction of the Corporation or pursuant to such procedures; and

(iv) if provided for in such procedures, such Written Direction of the Corporation may authorize certification and delivery pursuant to electronic instructions from the Corporation which electronic instructions shall be promptly confirmed in writing;

(c) an opinion of Counsel, in form and substances satisfactory to the Corporation to the effect that all requirements imposed by this Indenture and by law in connection with the proposed issue of Additional Debentures or Initial Debentures issued after the date hereof, as the case may be, have been complied with, subject to the delivery of certain documents or instruments specified in such opinion;

(d) an Officer's Certificate of the Corporation certifying that the Corporation is not in default under this Indenture, that the terms and conditions for the certification and delivery of Additional Debentures or Initial Debentures issued after the date hereof, as the case may be, have been complied with subject to the delivery of any documents or instruments specified in such Officer's Certificate and that no Event of Default exists or will exist upon such certification and delivery; and

(e) such other documentation as may be reasonably requested by the Trustee.

2.6 Issue of Global Debentures

(a) The Corporation may specify that the Debentures of a series are to be issued in whole or in part as one or more Global Debentures registered in the name of a Depository, or its nominee, designated by the Corporation in the Written Direction of the Corporation delivered to the Trustee at the time of issue of such Debentures, and in such event the Corporation shall execute and the Trustee shall certify and deliver one or more Global Debentures that shall:

(i) represent an aggregate amount equal to the principal amount of the outstanding Debentures of such series to be represented by one or more Global Debentures;

(ii) be delivered by the Trustee to such Depository or pursuant to such Depository's instructions; and

(iii) bear a legend substantially to the following effect:

"THIS DEBENTURE IS A GLOBAL DEBENTURE WITHIN THE MEANING OF THE INDENTURE HEREIN REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS DEBENTURE MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR DEBENTURES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE DATED AS OF THE 27th DAY OF APRIL, 2020 BETWEEN THE FLOWR CORPORATION AND COMPUTERSHARE TRUST COMPANY OF CANADA (THE "INDENTURE"). EVERY DEBENTURE AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS DEBENTURE SHALL BE A GLOBAL DEBENTURE SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO THE FLOWR CORPORATION (THE "ISSUER") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE."

(b) Each Depository designated for a Global Debenture must, at the time of its designation and at all times while it serves as such Depository, be a clearing agency registered or designated under the securities legislation of the jurisdiction where the Depository has its principal office.

(c) Subject to the provisions hereof, at the Corporation's option, Debentures may be issued and registered in the name of CDS or its nominee and:

(i) the deposit of which may be confirmed electronically by the Trustee to a particular Depository Participant through CDS; and

(ii) shall be identified by a specific CUSIP/ISIN as requested by the Corporation from CDS to identify each specific series of Debentures.

(d) If the Corporation issues Debentures in an uncertificated format, Beneficial Holders of such Debentures registered and deposited with CDS shall not receive Debenture certificates in definitive form and shall not be considered owners or holders thereof under this Indenture or any supplemental indenture. Beneficial interests in Debentures registered and deposited with CDS will be represented only through the non-certificated inventory system administered by CDS. Transfers of Debentures registered and deposited with CDS between Depository Participants shall occur in accordance with the rules and procedures of CDS. Neither the Corporation nor the Trustee shall have any responsibility or liability for any aspects of the records relating to or payments made by CDS or its nominee, on account of the beneficial interests in Debentures registered and deposited with CDS. Nothing herein shall prevent the Beneficial Holders of Debentures registered and deposited with CDS from voting such Debentures using duly executed proxies or voting instruction forms.

(e) All references herein to actions by, notices given or payments made to, Debentureholders shall, where Debentures are held through CDS, refer to actions taken by, or notices given or payments made to, CDS upon instruction from the Depository Participants in accordance with its rules and procedures. For the purposes of any provision hereof requiring or permitting actions with the consent of or the direction of Debentureholders evidencing a specified percentage of the aggregate Debentures outstanding, such direction or consent may be given by Beneficial Holders acting through CDS and the Depository Participants owning Debentures evidencing the requisite percentage of the Debentures. The rights of a Beneficial Holder whose Debentures are held established by law and agreements between such holders and CDS and the Depository Participants upon instructions from the Depository Participants. Each of the Trustee and the Corporation may deal with CDS for all purposes (including the making of payments) as the authorized representative of the respective Debentureholders and such dealing with CDS shall constitute satisfaction or performance, as applicable, of their respective obligations hereunder.

(f) For so long as Debentures are held through CDS, if any notice or other communication is required to be given to Debentureholders, the Trustee will give such notices and communications to CDS.

(g) If CDS resigns or is removed from its responsibility as Depository and the Trustee is unable or does not wish to locate a qualified successor, CDS shall provide the Trustee with instructions for registration of Debentures in the names and in the amounts specified by CDS, and the Corporation shall issue and the Trustee shall certify and deliver the aggregate number of Debentures then outstanding in the form of definitive Debenture Certificates representing such Debentures.

(h) The rights of Beneficial Holders who hold securities entitlements in respect of the Debentures through the non-certificated inventory system administered by CDS shall be limited to those established by Applicable Law and agreements between the Depository and the Depository Participants and between such Depository Participants and the Beneficial Holders who hold securities entitlements in respect of the Debentures through the non-certificated inventory system administered by CDS, and such rights must be exercised through a Depository Participant in accordance with the rules and procedures of the Depository.

(i) Notwithstanding anything herein to the contrary, none of the Corporation nor the Trustee nor any agent thereof shall have any responsibility or liability for:

(i) the electronic records maintained by the Depository relating to any ownership interests or other interests in the Debentures or the depository system maintained by the Depository, or payments made on account of any ownership interest or any other interest of any Person in any Debenture represented by an electronic position in the non-certificated inventory system administered by CDS (other than Depository or its nominee);

(ii) for maintaining, supervising or reviewing any records of the Depository or any Depository Participant relating to any such interest; or

(iii) any advice or representation made or given by the Depository or those contained herein that relate to the rules and regulations of the Depository or any action to be taken by the Depository on its own direction or at the direction of any Depository Participant.

2.7 Execution of Debentures

Unless issued as Book Based Only Debentures, all Debentures shall be signed (either manually or by facsimile or scanned signature) by any one Director or Authorized Officer, on behalf of the Corporation, holding office at the time of signing. A facsimile or scanned signature upon a Debenture shall for all purposes of this Indenture be deemed to be the signature of the Person whose signature it purports to be. Notwithstanding that any Person whose signature, either manual or in facsimile or scan, appears on a Debenture as Director or Authorized Officer on behalf of the Corporation, may no longer hold such office at the date of the Debenture or at the date of the certification and delivery thereof, such Debenture shall be valid and binding upon the Corporation and entitled to the benefits of this Indenture.

2.8 Certification

No Debenture shall be issued or, if issued, shall be obligatory on the Corporation or shall entitle the holder to the benefits of this Indenture, until it has been manually certified by or on behalf of the Trustee substantially in the form set out in this Indenture, in the relevant supplemental indenture, or in some other form approved by the Trustee, or in the case of Debentures issued as Book Based Only Debentures, until such Debentures have been authenticated by the Trustee and confirmed by the Trustee by completing its Internal Procedures. Such certification on any Debenture or authentication of any Book Based Debentures by the Trustee, and the Corporation shall, and hereby acknowledges that it shall, thereupon be conclusive evidence that such Debenture is duly issued, is a valid obligation of the Corporation and the holder is entitled to the benefits thereof.

The certificate of the Trustee signed on any Debentures, or any interim Debentures hereinafter mentioned, shall not be construed as a representation or warranty by the Trustee as to the validity of this Indenture or of the Debentures or interim Debentures or as to the issuance of the Debentures or interim Debentures and the Trustee shall in no respect be liable or answerable for the use made of the Debentures or interim Debentures or any of them or the proceeds thereof. The certificate of the Trustee signed on any Debentures or any interim Debentures shall, however, be a representation and warranty by the Trustee that such Debentures or interim Debentures have been duly certified by or on behalf of the Trustee pursuant to the provisions of this Indenture. The register shall be final and conclusive evidence as to all matters relating to uncertificated Debentures with respect to which this Indenture requires the Trustee to maintain records or accounts. In case of differences between the register at any time and any other time the register at the later time shall be controlling, absent manifest error and such uncertificated Debentures are binding on the Corporation.

2.9 Interim Debentures or Certificates

Pending the delivery of definitive Debentures of any series to the Trustee, the Corporation may issue and the Trustee certify in lieu thereof interim Debentures in such forms and in such denominations and signed in such manner as provided herein, entitling the holders thereof to definitive Debentures of the series when the same are ready for delivery; or the Corporation may execute and the Trustee certify a temporary Debenture for the whole principal amount of Debentures of the series then authorized to be issued hereunder and deliver the same to the Trustee and thereupon the Trustee may issue its own interim certificates in such form and in such amounts, not exceeding in the aggregate the principal amount of the temporary Debenture so delivered to it, as the Corporation and the Trustee may approve entitling the holders thereof to definitive Debentures of the series when the same are ready for delivery; and, when so issued and certified, such interim or temporary Debentures or interim certificates shall, for all purposes but without duplication, rank in respect of this Indenture equally with Debentures duly issued hereunder and, pending the exchange thereof for definitive Debentures, the holders of the interim or temporary Debentures or interim certificates shall be deemed without duplication to be Debentureholders and entitled to the benefit of this Indenture to the same extent and in the same manner as though the said exchange had actually been made. Forthwith after the Corporation shall have delivered the definitive Debentures to the Trustee, the Trustee shall cancel such temporary Debentures, if any, and shall call in for exchange all interim Debentures or certificates that shall have been issued and forthwith after such exchange shall cancel the same. No charge shall be made by the Corporation or the Trustee to the holders of such interim or temporary Debentures or interim certificates for the exchange thereof. All interest paid upon interim or temporary Debentures or interim certificates shall be noted thereon as a condition precedent to such payment unless paid by cheque to the registered holders thereof.

2.10 Mutilation, Loss, Theft or Destruction

In case any of the Debentures issued hereunder shall become mutilated or be lost, stolen or destroyed, the Corporation, in its discretion, may issue, and thereupon the Trustee shall certify and deliver, a new Debenture upon surrender and cancellation of the mutilated Debenture, or in the case of a lost, stolen or destroyed Debenture, in lieu of and in substitution for the same, and the substituted Debenture shall be in a form approved by the Trustee and shall be entitled to the benefits of this Indenture and rank equally in accordance with its terms with all other Debentures issued or to be issued hereunder. In case of loss, theft or destruction the applicant for a substituted Debenture shall furnish to the Corporation and to the Trustee such evidence of the loss, theft or destruction of the Debenture as shall be satisfactory to them in their discretion and shall also furnish an indemnity and surety bond satisfactory to them in their discretion. The applicant shall pay all reasonable expenses incidental to the issuance of any substituted Debenture.

2.11 Concerning Interest

(a) All Debentures issued hereunder, whether originally or upon exchange or in substitution for previously issued Debentures shall bear interest: (i) from and including their issue date provided that all the Initial Debentures (including the Initial Debentures that may be issued after the date hereof) shall bear interest from and including the date hereof, or (ii) from and including the last date to which interest shall have been paid or made available for payment on the outstanding Debentures of that series, whichever shall be the later, or, in respect of Debentures subject to a Periodic Offering, from and including their issue date or from and including the last date to which interest shall have been paid or made available for payment on such Debentures, in all cases, to and excluding the next date to which interest shall be paid.

(b) Unless otherwise specifically provided in the terms of the Debentures or any series of Debentures interest shall be computed on the basis of a 365 day year. Whenever interest is computed on the basis of a year (the "**deemed year**") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

2.12 Debentures to Rank Pari Passu

The Debentures will be direct secured obligations of the Corporation. Each Debenture will rank *pari passu* with each other Debenture of the same series (regardless of their actual date or terms of issue) and, unless otherwise specified herein or in any supplemental indenture, with each series of Debentures issued under this Indenture or under any supplemental indenture to this Indenture, and will be subordinate to the Senior Indebtedness in accordance with the terms and conditions of each Subordination Agreement.

2.13 Payment of Principal

Subject to Article 7, except as may otherwise be provided herein or in any supplemental indenture in respect of any series of Debentures or specified in a resolution of the Board of Directors, on behalf of the Corporation, payments of amounts due upon maturity of the Debentures to be paid and satisfied in cash by the Corporation will be made in the following manner. The Corporation will establish and maintain with the Trustee a Maturity Account for each series of Debentures. Each such Maturity Account shall be maintained by and be subject to the control of the Trustee for the purposes of this Indenture. On or before 9:00 a.m. (Toronto) five Business Days immediately prior to each Maturity Date for Debentures outstanding from time to time under this Indenture, the Corporation will deliver to the Trustee a certified cheque, wire transfer or by other means acceptable to the Trustee for deposit in the applicable Maturity Account in an amount sufficient to pay the cash amount payable in respect of such Debentures (including the principal amount together with any accrued and unpaid interest thereon less any Tax required by law to be deducted or withheld). The Trustee, on behalf of the Corporation, will pay to each holder entitled to receive payment the principal amount of and premium (if any) and accrued and unpaid interest on the Debenture, upon surrender of the Debenture at the principal office of the Trustee in Toronto or regarding Global Debentures based on the usual process acceptable to the CDS and the Trustee, each acting reasonably. The delivery of such funds to the Trustee for deposit to the applicable Maturity Account will satisfy and discharge the liability of the Corporation for the Debentures to which the delivery of funds relates to the extent of the amount delivered (plus the amount of any Tax deducted or withheld as aforesaid) and such Debentures will thereafter to that extent not be considered as outstanding under this Indenture and such holder will have no other right in regard thereto other than to receive out of the money so delivered or made available the amount to which it is entitled. Interest shall cease to accrue on the Debentures on the Maturity Date provided the Trustee has received, by the Maturity Date, from the Corporation all of the funds due and payable on the Debentures.

2.14 Payment of Interest

(a) Subject to Section 2.14(b), except as may otherwise be provided herein (including in respect of the Initial Debentures) or in any supplemental indenture in respect of any series of Debentures or specified in a resolution of the Board of Directors, on behalf of the Corporation, either directly or through the Trustee or any agent of the Trustee, on the date the Interest Obligation is payable under the Indenture the Corporation shall pay and satisfy the applicable Interest Obligation and:

(i) shall send or forward by prepaid ordinary mail, electronic transfer of funds or such other means as may be agreed to by the Trustee, payment of such interest (less any Taxes required to be deducted in accordance with Section 2.15) to the order of the registered holder of such Debenture appearing on the registers maintained by the Trustee at the close of business on the fourth Business Day prior to each Interest Payment Date, and if by cheque addressed to the holder at the holder's last address appearing on the register, unless such holder otherwise directs. Provided the Trustee is in receipt of funds from the Corporation prior to making any payment, if payment is made by cheque, such cheque shall be forwarded at least three days prior to each date on which interest becomes due and if payment is made by other means (such as electronic transfer of funds, provided the Trustee must receive confirmation of receipt of funds prior to being able to wire funds to holders), such payment shall be made in a manner whereby the holder receives credit for such payment on the date such interest on such Debenture becomes due. The mailing of such cheque or the making of such payment by other means shall, to the extent of the sum represented thereby, plus the amount of any Tax withheld as aforesaid, satisfy and discharge all liability for interest on such Debenture, unless in the case of payment by cheque, such cheque is not paid at par on presentation. In the event of non-receipt of any cheque for or other payment of interest by the Person to whom it is so sent as aforesaid, the Corporation will issue to such Person a replacement cheque or other payment for a like amount upon being furnished with such evidence of non-receipt as it shall reasonably require and upon being indemnified to its satisfaction. Notwithstanding the foregoing, if the Corporation is prevented by circumstances beyond its control (including any interruption in mail service) from making payment of any interest due on each Debenture in the manner provided above, the Corporation may make payment of such interest or make such interest available for payment in any other manner acceptable to the Trustee with the same effect as though payment had been made in the manner provided above.

(ii) Notwithstanding Section 2.14(b), if a series of Debentures is represented by one or more Global Debentures or Book Based Only Debentures, then all payments of interest on the Global Debentures or Book Based Only Debentures shall be made by electronic funds transfer or cheque made payable to the Depository or its nominee on the day interest is payable for subsequent payment to Beneficial Holders of interests in the applicable Global Debenture or Book Based Only Debenture, unless the Corporation and the Depository otherwise agree. None of the Corporation, the Trustee or any agent of the Trustee for any Debenture issued as a Global Debenture or Book Based Only Debenture will be liable or responsible to any Person for any aspect of the records related to or payments made on account of beneficial interests in any Global Debenture or Book Based Only Debenture or for maintaining, reviewing, or supervising any records relating to such beneficial interests.

(iii) If payment is made through the Trustee, by 9:00 a.m. (Toronto time) at least four Business Days prior to the related Interest Payment Date for a Debenture or to the date of mailing the cheques for the interest due on such Interest Payment Date, whichever is earlier, the Corporation shall deliver sufficient funds to the Trustee by electronic transfer or certified cheque or make such other arrangements for the provision of funds as may be agreeable between the Trustee and the Corporation in order to effect such interest payment hereunder.

(iv) The Trustee is authorized by the Corporation to make payments of interest, premium (if any) and principal to holders, by electronic funds transfer, upon the request of such holder and the Trustee's fees payable in respect thereof will be for the account of the Corporation.

(b) Notwithstanding Section 2.14(a) and subject to any additional provisions of this Indenture permitting the payment and satisfaction of any Interest Obligation in Shares, the Corporation may at its option, subject to any required regulatory (including Exchange) approval and provided that no Event of Default has occurred and is continuing, satisfy its obligation to pay all or any part of the Interest Obligation (including in respect of the Initial Debentures) by:

(i) in respect of Interest Obligations to be paid on an Interest Payment Date, at the Corporation's option by:

(A) delivering to holders on the Interest Payment Date that number of Shares obtained by dividing compounded (if applicable), accrued and unpaid interest by the Interest Payment Date VWAP. The Corporation shall deliver to the Trustee written notice of such desire to issue Shares not less than 10 Business Days prior to the Interest Payment Date or such earlier time as the Trustee, acting reasonably, may in writing request; or

(B) except in respect of the Initial Debentures, delivering a sufficient number of Shares to the Trustee to satisfy all or any part, as the case may be, of the applicable Interest Obligation (the "**Common Share Interest Payment Election**"). The Corporation shall deliver to the Trustee written notice of such Common Share Interest Payment Election not less than 20 Business Days prior to the Interest Payment Date. Upon receipt of a Common Share Interest Payment Election, the Trustee shall, in accordance with this Section 2.14(b)(i)(B):

(1) notwithstanding anything contrary in this Indenture, for the purposes of this Section 2.14(b)(i)(B), act as agent of the Corporation solely for purposes of settling the sale of the Shares to those investment banks, brokers or dealers designated by the Corporation and at the price agreed to between the Corporation and such investment banks, brokers or dealers (which may be the market price from time to time or based thereon), for paying proceeds therefrom in satisfaction of the Interest Obligation and to take such additional actions as the Corporation, acting reasonably, may in writing request. The Trustee will only act on the Written Direction of the Corporation when acting under this Section 2.14. In connection with the Common Share Interest Payment Election, the Trustee shall have the power to:

1. accept delivery of the Shares from the Corporation and process the Shares in accordance with the Common Share Interest Payment Election and this Section 2.14(b)(i)(B);

2. settle the sale of such Shares, on behalf of the Corporation, as the Corporation shall direct in its absolute discretion through delivery of such Shares to the investment banks, brokers or dealers identified by the Corporation in the Common Share Interest Payment Election and at the price identified therein (which may be the market price from time to time or based thereon);

3. at the written direction of the Authorized Officers and subject to any required regulatory approval, settle the sale of such Shares through delivery of such Shares, as the Authorized Officers shall direct in writing and at the price specified (which may be the market price from time to time or based thereon), over the facilities of the Exchange or otherwise;

4. hold the proceeds of such sales with an Approved Bank in accordance with Section 16.9;

5. use such proceeds from the sale of Shares to pay the Interest Obligation in respect of which the Common Share Interest Payment Election was made;

6. deliver proceeds to holders of Debentures to satisfy all or a portion of the Corporation's Interest Obligations and Tax obligations, as directed by the Corporation in the Common Share Interest Payment Election or at the written direction of the Authorized Officer; and

7. perform any other action necessarily incidental thereto;

(2) The Corporation covenants that each Share Bid Request shall provide that the acceptance of any bid by the Corporation is conditional on the acceptance of, sufficient bids to result in aggregate proceeds from such issue and sale of Shares which, together with the cash payments to be made by the Corporation in lieu of fractional Shares, if any, equal the Interest Obligation on the applicable Interest Payment Date. The Trustee will be the agent of the Corporation solely for purposes of settling the sale of the Shares to those investment banks, brokers or

dealers designated by the Corporation and at the price agreed to between the Corporation and such investment banks, brokers or dealers (which may be the market price from time to time or based thereon), paying proceeds therefrom in satisfaction of the Interest Obligation and to take such additional actions as the Corporation, acting reasonably, may in writing request. The Trustee will only act on the Written Direction of the Corporation when acting under this Section 2.14;

(3) The Common Share Interest Payment Election shall provide for, and all bids shall be subject to, the right of the Corporation, by delivering written notice to the Trustee at any time prior to the Share Delivery Date, to withdraw the Common Share Interest Payment Election (which shall have the effect of withdrawing each related Share Bid Request), whereupon, subject to the Subordination Agreement, the Corporation shall be obliged to pay in cash the Interest Obligation in respect of which the Common Share Interest Payment Election has been delivered;

(4) Neither the Corporation's making of the Common Share Interest Payment Election nor the consummation of sales Shares will:

1. result in the Debentureholders not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the interest payable on the applicable Debentures on such Interest Payment Date; or

2. entitle such holders to receive any Shares in satisfaction of the Interest Obligation;

(5) The Corporation covenants that the aggregate proceeds of all sales of Shares resulting from the acceptance of any bid or bids for Shares, together with the amount of any cash payment by the Corporation including any payment in lieu of any fractional Shares, if any, on the Share Delivery Date, must be not less than the related Common Share Interest Payment Election amount in connection with any bids so accepted. The Corporation and the applicable bidders shall, not later than the Share Delivery Date, enter into Share Purchase Agreements and shall comply with all Applicable Securities Legislation, including the securities rules and regulations of any stock exchange or quotation system on which the Debentures or Shares are then listed. The Corporation shall pay all fees and expenses in connection with the Share Purchase Agreements including the fees and commissions charged by the investment banks, brokers and dealers and the fees and expenses of the Trustee;

(6) Provided that:

1. all conditions specified in each Share Purchase Agreement to the closing of all sales thereunder have been satisfied or waived, other than the delivery of the Shares to be sold thereunder against payment of the purchase price thereof; and

2. the purchasers under each Share Purchase Agreement shall be ready, willing and able to perform thereunder, in each case on or prior to the applicable settlement date,

the Corporation shall, on the Share Delivery Date, deliver to the Trustee the Shares, including with the applicable legend, to be sold on such applicable settlement date, an amount in cash equal to the value of any fractional Shares, if any, and an Officer's Certificate to the effect that all conditions precedent to such sales, including those set forth in this Indenture and in each Share Purchase Agreement, have been satisfied or waived, and the Trustee shall rely on such Officer's Certificate without further investigation. Upon such deliveries, the Trustee shall use its commercially reasonable efforts to consummate such sales on the applicable settlement date and, subject to each Subordination Agreement, shall deliver the Shares to such purchasers against payment to the Trustee in immediately available funds of the purchase price therefor in an aggregate amount equal to the Common Share Interest Payment Election amount as directed in the Common Share Interest Payment Election or in the written direction from an Authorized Officer of the Corporation (less any amount attributable to any fractional Shares, if any);

(7) The Trustee shall have no liability for the value of the proceeds received for the sale of the Shares nor shall it be required to exercise any discretion in the performance of its duties hereunder; and

(ii) except as otherwise provided in this Indenture, in respect of Interest Obligations to be paid on any day other than on an Interest Payment Date, delivering to holders on the applicable date that number of Shares obtained by dividing compounded (if applicable), accrued and unpaid interest by the Alternative Interest Payment Date VWAP.

(c) For greater certainty, if Exchange approval to pay interest in Shares is not obtained, subject to the Subordination Agreement, the Corporation shall pay such interest in cash.In connection with the delivery of Shares pursuant to Section 2.14(b)(i)(A) or 2.14(b)(ii), as applicable:

(i) the Corporation shall deposit with the Trustee or any paying agent to the order of the Trustee, on or before 9:00 a.m. (Toronto time) four days immediately prior to the date of delivery of such Shares contemplated by Section 2.14(b)(i)(A), certificates or book entry system customer confirmations representing such Shares as may be sufficient to pay the Interest Obligation. The Corporation shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection with such payment. Every such deposit shall be irrevocable. From the certificates or book entry system customer confirmations so deposited, the Trustee shall issue or cause to be issued, to the holders of such Debentures the applicable Interest Obligation to which they are respectively entitled on such date (less any Taxes required to be deducted in accordance with Section 2.15);

(ii) each certificate or book entry system customer confirmation representing Shares issued pursuant to Section 2.14(b), as well as all certificates or book entry system customer confirmations issued in exchange for or in substitution of the foregoing securities, shall have imprinted or otherwise reproduced thereon such legend or legends not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by the Corporation or Corporation's counsel, as conclusively evidenced by the issue of such certificates or book entry system customer confirmations with any legends as authorized per written order of the Corporation; and

(A) the Trustee shall have received an Officer's Certificate stating that any required regulatory approval has been obtained and setting forth the number of Shares to be delivered for each $1,000 principal amount of Debentures and the Alternative Interest Payment Date VWAP or the Interest Payment Date VWAP, as the case may be.

2.15 Withholding Tax

The Corporation or the Trustee on behalf of the Corporation will be entitled to deduct and withhold any applicable Taxes or similar charges (including interest, penalties or similar amounts in respect thereof) imposed or levied by or on behalf of any Governing Authority having power to Tax, including pursuant to the Tax Act, from any payment to be made on or in connection with the Debentures and, provided that the Corporation forthwith remits such withheld amount to such Governing Authority and files all required forms in respect thereof and, at the same time, provides copies of such remittance and filing to the Trustee and/or the relevant Debentureholder, as applicable, the amount of any such deduction or withholding will be considered an amount paid in satisfaction of the Corporation's obligations under the Debentures and there is no obligation on the Corporation to gross-up amounts paid to a holder in respect of such deductions. For greater certainty, if any amount is required to be deducted or withheld in respect of withholding Taxes upon a conversion of a Debenture, the Corporation shall be entitled to liquidate such number of Shares (or other securities) issuable as a result of such conversion as shall be necessary in order to satisfy such requirement. The Corporation shall provide the Trustee and/or the relevant Debentureholder, as applicable, with copies of receipts or other communications relating to the remittance of such withheld amount or the filing of such forms received from such government, authority or agency promptly after receipt thereof.

The Trustee shall have no obligation to verify any payments under Applicable Laws. The Trustee shall at all times be indemnified and held harmless by the Corporation from and against any personal liabilities of the Trustee incurred in connection with the failure of the Corporation or its agents, to report, remit or withhold Taxes as required by Applicable Laws or otherwise failing to comply with Applicable Laws respecting Taxes, unless the failure is caused by the gross negligence, bad faith or wilful misconduct of the Trustee. This indemnification shall survive the resignation or removal of the Trustee and the termination of this Indenture solely to the extent that such liabilities have been incurred in connection with taxation years occurring during the term of this Indenture.

Notwithstanding any other provisions of this Indenture but in all cases subject to each Subordination Agreement, in the event that the Corporation is required or elects to deliver Shares, rather than cash, in respect of any accrued and unpaid interest the Corporation shall be entitled, at its election, to deduct and pay any amounts contemplated by this Section 2.15 in cash.

2.16 Debenture Certificate and U.S. Legend

(a) For Debentures issued in certificated form, the form of certificate representing Debentures shall be substantially as set out in Schedule A hereto or such other form as is authorized from time to time by the Trustee. Each Debenture Certificate shall be authenticated manually on behalf of the Trustee. Each Debenture Certificate shall be signed by any authorized officer or director of the Corporation, whose signature shall appear on the Debenture Certificate and may be printed, lithographed or otherwise mechanically reproduced thereon and, in such event, certificates so signed are as valid and binding upon the Corporation as if it had been signed manually. Any Debenture Certificate which has two signatures as hereinbefore provided shall be valid notwithstanding that one or more of the persons whose signature is printed, lithographed or mechanically reproduced no longer holds office at the date of issuance of such certificate. The Debenture Certificates may be engraved, printed or lithographed, or partly in one form and partly in another, as the Trustee may determine.

(b) Any Debenture Certificate validly issued in accordance with the terms of this Indenture in effect at the time of issue of such Debenture Certificate shall, subject to the terms of this Indenture and applicable law, validly entitle the holder to receive Shares, notwithstanding that the form of such Debenture Certificate may not be in the form currently required by this Indenture.

(c) No Debenture shall be considered issued and shall be valid or obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been authenticated by the Trustee. Authentication by the Trustee shall not be construed as a representation or warranty by the Trustee as to the validity of this Indenture or of such Debenture Certificates (except the due authentication thereof) or as to the performance by the Corporation of its obligations under this Indenture and the Trustee shall in no respect be liable or answerable for the use made of the Debentures or any of them or of the consideration thereof. Authentication by the Trustee shall be conclusive evidence as against the Corporation that the Debentures so authenticated have been duly issued hereunder and that the holder thereof is entitled to the benefits of this Indenture.

(d) No Debenture Certificate shall be considered issued and authenticated or, if authenticated, shall be obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been authenticated by manual signature by or on behalf of the Trustee substantially in the form of the Debenture set out in Schedule A hereto. Such authentication on any such Debenture Certificate shall be conclusive evidence that such Debenture is duly authenticated and is valid and a binding obligation of the Corporation and that the holder is entitled to the benefits of this Indenture. The authentication by the Trustee on any such Debenture hereunder shall not be construed as a representation or warranty by the Trustee as to the validity of this Indenture or of such Debenture or its issuance (except the due authentication thereof and any other warranties by law) or as to the performance by the Corporation of its obligations under this Indenture and the Debenture Trustee shall in no respect be liable or answerable for the use made of the Debentures or any of them or the proceeds thereof.

(e) The Debentures and the Shares issuable upon conversion thereof have not been and will not be registered under the U.S. Securities Act or any state securities laws. To the extent that Initial Debentures are offered and sold to U.S. Purchasers in reliance upon Rule 506(b) of Regulation D under the U.S. Securities Act and/or Section 4(a)(2) of the U.S. Securities Act, such Initial Debentures and all Shares issuable on conversion thereof, shall be "restricted securities" within the meaning assigned to that term in Rule 144(a)(3) under the U.S. Securities Act. Subject to 2.16(f), such securities, as well as all securities issued in exchange for or in substitution of such securities, shall be issued in a certificated form and, until such time as the same is no longer required under applicable requirements of the U.S. Securities Act or state securities laws, shall bear the following legend (the **"U.S. Legend"**):

"THE SECURITIES REPRESENTED HEREBY [*for Debentures add*: AND THE SECURITIES ISSUABLE UPON CONVERSION HEREOF] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS, AND THE SECURITIES REPRESENTED HEREBY [*for Debentures add*: AND THE SECURITIES ISSUABLE UPON CONVERSION HEREOF] MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 OR (ii) 144A UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, AND, IN EACH CASE IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN COMPLIANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (E) UNDER AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(i) OR (D) ABOVE, A LEGAL OPINION REASONABLY SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED TO THE CORPORATION AND THE CORPORATION'S TRANSFER AGENT TO THE EFFECT THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY

OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

provided that, if any of the Debentures and the Shares are being sold in accordance with Rule 904 of Regulation S under the U.S. Securities Act, the legend may be removed by (i) providing to the Trustee or the Corporation's registrar and transfer agent, as applicable, a declaration in the form the Corporation may prescribe from time to time and (ii) if required by the Trustee or the Corporation's registrar and transfer agent, as applicable, an opinion of counsel, of recognized standing reasonably satisfactory to the Corporation, or other evidence reasonably satisfactory to the Corporation, that the proposed transfer may be effected without registration under the U.S. Securities Act; and provided, further, that, if any such securities are being sold under Rule 144 under the U.S. Securities Act, the legend may be removed by delivering to the Corporation and the Trustee or the Corporation's registrar and transfer agent, as applicable, an opinion of counsel of recognized standing reasonably satisfactory to the Corporation, that the legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws.

(f) Prior to the issuance of the Debentures, the Corporation shall notify the Trustee, in writing, concerning which Debentures are to bear the U.S. Legend. The Trustee will thereafter maintain a list of all registered holders from time to time of such legended Debentures.

(g) Notwithstanding Section 2.16(e), provided that a Qualified Institutional Buyer acquiring the Initial Debentures pursuant to the Offering has duly executed and delivered a Qualified Institutional Buyer Certificate, any Shares issued to such Qualified Institutional Buyer upon conversion of such Initial Debentures shall neither be required to be issued under a restricted CUSIP nor bear a U.S. Legend; provided, however, that such Initial Debentures and the underlying Shares shall be subject to the Restricted Security Agreements as defined and set forth in the Qualified Institutional Buyer Certificate.

ARTICLE 3
REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP

3.1 Debentures

(a) With respect to each series of Debentures, the Corporation shall cause to be kept by and at the principal office of the Trustee in the City of Toronto and by the Trustee or such other registrar as the Corporation, with the approval of the Trustee, may appoint at such other place or places, if any, as may be specified in the Debentures of such series or as the Corporation may designate with the approval of the Trustee, a register in which shall be entered the names and addresses of the holders of Debentures and particulars of the Debentures held by them respectively and of all transfers of Debentures. Such registration shall be noted on the Debentures by the Trustee or other registrar unless a new Debenture shall be issued upon such transfer.

(b) No transfer of a Debenture shall be valid unless made on such register referred to in Section 3.1(a) by the registered holder or such holder's executors, administrators or other legal representatives or an attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Trustee or other registrar upon surrender of the Debentures together with a duly executed form of transfer attached as Schedule A acceptable to the Trustee and upon compliance with such other reasonable requirements as the Trustee or other registrar may prescribe, nor unless the name of the transferee shall have been noted on the Debenture by the Trustee or other registrar.

3.2 Global Debentures or Book Based Only Debentures

(a) With respect to each series of Debentures issuable in whole or in part as one or more Global Debentures or as Book Based Only Debentures, the Corporation shall cause to be kept by and at the principal offices of the Trustee in the City of Toronto, Ontario and by the Trustee or such other registrar as the Corporation, with the approval of the Trustee, may appoint at such other place or places, if any, as the Corporation may designate with the approval of the Trustee, a register in which shall be entered the name and address of the holder of each such Global Debenture or Book Based Only Debenture (being the Depository, or its nominee, for such Global Debenture or Book Based Only Debenture) as holder thereof and particulars of the Global Debenture or Book Based Only Debenture held by it, and of all transfers thereof. If any Debentures of such series are at any time not Global Debentures or Book Based Only Debentures, the provisions of Section 3.1 shall govern with respect to registrations and transfers of such Debentures.

(b) Notwithstanding any other provision of this Indenture, a Global Debenture or Book Based Only Debenture may not be transferred by the registered holder thereof and accordingly, no definitive certificates shall be issued to Beneficial Holders except in the following circumstances or as otherwise specified in a resolution of the Directors, an Officer's Certificate or a supplemental indenture relating to a particular series of Additional Debentures:

(i) Global Debentures or Book Based Only Debentures may be transferred by a Depository to a nominee of such Depository or by a nominee of a Depository to such Depository or to another nominee of such Depository or by a Depository or its nominee to a successor Depository or its nominee;

(ii) Global Debentures or Book Based Only Debentures may be transferred at any time after (i) the Depository for such Global Debentures or Book Based Only Debentures, as the case may be, or the Corporation has notified the Trustee that the Depository is unwilling or unable to continue as Depository for such Global Debentures or Book Based Only Debentures, or (ii) the Depository ceases to be a clearing agency or otherwise ceases to be eligible to be a Depository under Section 2.6, provided in each case that at the time of such transfer the Trustee and the Corporation are unable to locate a qualified successor Depository for such Global Debentures or Book Based Only Debentures;

(iii) Global Debentures or Book Based Only Debentures may be transferred at any time after the Corporation has determined, in its sole discretion, with the consent of the Trustee to terminate the book-entry only registration system or book based entry, as the case may be, in respect of such Global Debentures or Book Based Only Debentures and has communicated such determination to the Trustee in writing;

(iv) Global Debentures or Book Based Only Debentures may be transferred at any time after the Trustee has determined that an Event of Default has occurred and is continuing with respect to the Debentures of the series issued as a Global Debenture or Book Based Only Debentures, as the case may be, provided that Beneficial Holders of the Debentures representing, in the aggregate, more than 25% of the aggregate principal amount of the Debentures of such series advise the Depository in writing, through the Depository Participants, that the continuation of the book-entry only registration system or book based entry, as applicable, for such series of Debentures is no longer in their best interest and also provided that at the time of such transfer the Trustee has not waived the Event of Default pursuant to Section 10.3;

(v) Global Debentures or Book Based Only Debentures may be transferred if required by Applicable Law; or

(vi) Global Debentures or Book Based Only Debentures may be transferred if the book-entry only registration system or book based entry, as applicable, ceases to exist.

(c) With respect to the Global Debentures or Book Based Only Debentures, unless and until definitive certificates have been issued to Beneficial Holders of the Debentures pursuant to subsection 3.2(b):

(i) the Corporation and the Trustee may deal with the Depository for all purposes (including paying interest on the Debentures) as the sole holder of such series of Debentures and the authorized representative of the Beneficial Holders;

(ii) the rights of the Beneficial Holders shall be exercised only through the Depository and shall be limited to those established by law and agreements between such Beneficial Holders and the Depository or the Depository Participants;

(iii) the Depository will make book-entry or book based, as applicable, transfers among the Depository Participants; and

(iv) whenever this Indenture requires or permits actions to be taken based upon instruction or directions of Debentureholders evidencing a specified percentage of the outstanding Debentures, the Depository shall be deemed to be counted in that percentage only to the extent that it has received instructions to such effect from the Beneficial Holders or the Depository Participants, and has delivered such instructions to the Trustee.

(d) Whenever a notice or other communication is required to be provided to Debentureholders, unless and until definitive certificate(s) have been issued to Beneficial Holders pursuant to Section 3.2(b), the Trustee shall provide all such notices and communications to the Depository for forwarding by the Depository to such Beneficial Holders in accordance with Applicable Securities Legislation. Upon the termination of the book-entry only registration system or book based entry, as applicable, on the occurrence of one of the conditions specified in Section 3.2(b) with respect to a series of Debentures issued hereunder, the Trustee shall notify all applicable Depository Participants and Beneficial Holders, through the Depository, of the availability of definitive Debenture certificates. Upon surrender by the Depository of the certificate(s) representing the Global Debentures, if applicable, and receipt of new registration instructions from the Depository, the Trustee shall deliver the definitive Debenture certificates for such Debentures to the holders thereof in accordance with the new registration instructions and thereafter, the registration and transfer of such Debentures will be governed by Section 3.1 and the remaining Sections of this 2.16(a).

(e) Notwithstanding any other provisions of this Indenture or the Debentures, transfers and exchanges of Debentures and beneficial interests in Global Debentures registered and deposited with CDS between Participants and Beneficial Holders shall occur in accordance with the rules and procedures of CDS.

(f) Notwithstanding any provisions made in this Indenture for the issuance, certification and authentication of Debentures in physical form as Additional Debentures or Global Debentures, the Debentures issued under the terms of this Indenture may also be issued to the Depository in book based only form, non-certificated and appearing on the register of the Trustee as a book based entry. It is the responsibility of the Corporation to make the necessary arrangements with its broker or brokers to obtain, in a timely manner, the necessary instant deposit request identification number to facilitate the issuance of non-certificated Book Based Only Debentures.

In the establishment and maintenance of a non-certificated Book Based Only Debenture issue, the Trustee shall maintain such a record on its register for Debentures in book based form only. Transfers of Debentures appearing on the register of the Depository shall otherwise occur as provided for in this Indenture. The parties hereto further recognize that, notwithstanding the issuance of Book Based Only Debentures, conversions of Debentures shall occur as contemplated by the terms of this Indenture and in accordance with the rules and procedures of the Depository, including with respect to a Book Based Only Debenture, registration and surrender of interests in the Debentures will be made only through the Depository's non-certificated system, and Trustee is permitted to employ whatever reasonable means it may from time to time require for (but subject to the terms and conditions hereof) the conversion of such Debentures appearing on the register for Debentures in book based only form by making whatever arrangements with the Depository are deemed necessary by it and the Depository.

At the time of the execution of this Indenture, no declarations or other paper certificates or documentation will be required in order to effect conversions of Debentures held by Persons in the United States. If at any time subsequent to the initial issuance of Debentures it is determined by the Depository, the Trustee, the Corporation or legal counsel that physical declarations or other paper documentation are required for conversions by such Persons in the United States, the Depository, Trustee or Corporation shall request such necessary documentation, which may include legal opinion in form satisfactory to the Trustee and the Corporation, and Corporation shall provide written approval of all such conversion requests by Persons in the United States and confirm any legending requirements as required. The parties hereto and the Debentureholders acknowledge that the Trustee or the Depository may require the Debentures held by such Persons converting their Debentures to be certificated rather than held in book based form. The Trustee shall rely on the representation made on Conversion Notice regarding the above exceptions for Persons in the United States or representation in Section 4.3(a) regarding electronic conversions with the Depository without further investigation. The Trustee shall be entitled to request any other documents that it may require in accordance with its internal policies for the removal of legends that may be required on the Debentures or the Shares as directed by the Corporation.

(g) Notwithstanding any provisions made in this Indenture with respect to redemptions, either full (at maturity or otherwise) or partial, or conversions, the expiry dates, payment dates and other acts that may be required to be done in connection with this Indenture, may be altered due to the internal procedures and processes with respect to cut-off times of the Depository. It is understood and agreed to by the parties hereto that the Trustee shall have no responsibility in connection with any cut-off time imposed by the Depository.

3.3 Transferee Entitled to Registration

The transferee of a Debenture shall be entitled, after the appropriate form of transfer is lodged with the Trustee or other registrar and upon compliance with all other conditions in that behalf required by this Indenture or by law, to be entered on the register as the owner of such Debenture free from all equities or rights of set-off or counterclaim between the Corporation and the transferor or any previous holder of such Debenture, save in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction.

The Corporation shall direct the Trustee in writing as to matters related to any applicable hold periods and Applicable Securities Legislation and legending restrictions and requirements. Notwithstanding any other provisions of this Indenture, on the issuance, conversion or transfer of any Debentures or any Shares issuable upon conversion thereof, no duty or responsibility whatsoever shall rest upon the Trustee to determine or verify the compliance with any Applicable Laws or regulatory requirements, and the Trustee shall be entitled to assume that all conversions and transfers of Debentures or any Shares issuable upon conversion thereof are permissible pursuant to all Applicable Laws and regulatory requirements and the terms of this Indenture.

The Trustee may assume that the address of a Debentureholder on the register of the Debentures is the actual address of such Debentureholder and is also determinative of the residence of such Debentureholder and the address of any transferee to whom securities are transferred as shown on the transfer form is also determinative of the residence of such transferee.

3.4 No Notice of Trusts

Neither the Corporation nor the Trustee nor any registrar shall be bound to take notice of or see to the execution of any trust (other than that created by this Indenture) whether express, implied or constructive, in respect of any Debenture, and may transfer the same on the direction of the Person registered as the holder thereof, whether named as trustee or otherwise, as though that Person were the beneficial owner thereof.

3.5 Registers Open for Inspection

The registers referred to in Sections 3.1 and 3.2 shall, during regular business hours of the Trustee, be open for inspection by the Corporation, the Trustee or any Debentureholder. Every registrar, including the Trustee, shall from time to time when requested so to do by the Corporation or by the Trustee, in writing, furnish the Corporation or the Trustee, as the case may be, with a list of names and addresses of holders of registered Debentures entered on the register kept by them and showing the principal amount and serial numbers of the Debentures held by each such holder, provided the Trustee shall be entitled to charge a reasonable fee to provide such a list.

3.6 Exchanges of Debentures

(a) Subject to Section 3.7, Debentures in any authorized form or denomination, other than Global Debentures, may be exchanged for Debentures in any other authorized form or denomination, of the same series and date of maturity, bearing the same interest rate and of the same aggregate principal amount as the Debentures so exchanged.

(b) In respect of exchanges of Debentures permitted by Section 3.6(a), Debentures of any series may be exchanged only at the principal office of the Trustee in the City of Toronto or at such other place or places, if any, as may be specified in the Debentures of such series and at such other place or places as may from time to time be designated by the Corporation with the approval of the Trustee. Any Debentures tendered for exchange shall be surrendered to the Trustee. The Corporation shall execute and the Trustee shall certify all Debentures necessary to carry out exchanges as aforesaid. All Debentures surrendered for exchange shall be cancelled.

(c) Debentures issued in exchange for Debentures which at the time of such issue have been selected or called for redemption, conversion or prepayment at a later date shall be deemed to have been selected or called for redemption, conversion or prepayment in the same manner and shall have noted thereon a statement to that effect.

3.7 Closing of Registers

(a) Neither the Corporation nor the Trustee nor any registrar shall be required to:

  (i) make transfers or exchanges of Debentures on any Interest Payment Date or during the four preceding Business Days;

  (ii) make conversions of Debentures on any Interest Payment Date or during the four preceding Business Days;

  (iii) make conversions of Debentures on any applicable Maturity Date for such Debentures or during such period prior to an applicable Maturity Date as directed in writing by the Corporation (which period shall not exceed the four Business Days preceding the applicable date of maturity);

  (iv) make transfers or exchanges or conversions of any Debentures on the day of any selection by the Trustee of Debentures to be prepaid or during the four preceding Business Days; or

  (v) make transfers or exchanges or conversions of any Debentures which will have been selected or called for redemption unless upon due presentation thereof for redemption, conversion or prepayment such Debentures shall not be redeemed, converted or prepaid.

(b) Subject to any restriction herein provided, the Corporation with the approval of the Trustee may at any time close any register for any series of Debentures, other than those kept at the principal office of the Trustee in the City of Toronto, and transfer the registration of any Debentures registered thereon to another register (which may be an existing register) and thereafter such Debentures shall be deemed to be registered on such other register. Notice of such transfer shall be given to the holders of such Debentures.

(c) Notwithstanding any other provision of this Indenture, in the event that a Debentureholder takes any action described in Section 3.7(a) less than four Business Days in advance of the applicable action described in Section 3.7(a), the Trustee and the Corporation shall use their respective commercially reasonable efforts to deliver cash and/or Shares, as the case may be, to such Debentureholder as soon as reasonably practicable following receipt of written notification of the Debentureholder taking such action.

3.8 Charges for Registration, Transfer and Exchange

For each Debenture exchanged, registered, transferred or discharged from registration, the Trustee or other registrar, except as otherwise herein provided, may make a reasonable charge for its services and in addition may charge a reasonable sum for each new Debenture issued (such amounts to be agreed upon from time to time by the Trustee and the Corporation), and payment of such charges and reimbursement of the Trustee or other registrar for any stamp Taxes or governmental or other charges required to be paid shall be made by the party requesting such exchange, registration, transfer or discharge from registration as a condition precedent thereto. Notwithstanding the foregoing provisions, no charge shall be made to a Debentureholder hereunder:

(a) for any exchange of any interim or temporary Debenture or interim certificate that has been issued under Section 2.9 for a definitive Debenture;

(b) for any exchange of a Global Debenture as contemplated in Section 3.1;

(c) for any exchange of any Debenture resulting from a partial conversion under Section 4.2;

(d) for any exchange of any Debenture resulting from a partial repayment under Section 5.2; or

(e) for any exchange of any Debenture resulting from a partial purchase under Section 2.4(f).

3.9 Ownership of Debentures

(a) Unless otherwise required by law, the Person in whose name any registered Debenture is registered shall for all the purposes of this Indenture be and be deemed to be the owner thereof and payment of or on account of the principal of and premium, if any, on such Debenture and interest thereon shall be made to such registered holder.

(b) Neither the Corporation nor the Trustee shall have any liability for:

   (i) any aspect of the records relating to the beneficial ownership of the Debentures held by a Depository or of the payments relating thereto made by the Depository; or

   (ii) maintaining, supervising or reviewing any such records relating to the Debentures.

   The rules governing Depositories provide that they act as the agent and depository for Depository Participants. As a result, such Depository Participants must look solely to the Depository and Beneficial Holders of Debentures must look solely to the Depository Participants for the payment of principal and interest on the Debentures paid by or on behalf of the Corporation to the Depository.

(c) Except as provided in this Article 3, Beneficial Holders of Debentures:

(i) may not have Debenture certificates registered in their name;

(ii) may not have physical certificates representing their interest in the Debentures;

(iii) may not be able to sell the Debentures to institutions required by law to hold certificates for securities they own; and

(iv) may be unable to pledge Debentures as security.

(d) The registered holder for the time being of any registered Debenture shall be entitled to the principal, premium, and/or interest evidenced by such instruments, respectively, free from all equities or rights of set-off or counterclaim between the Corporation and the original or any intermediate holder thereof and all Persons may act accordingly and the receipt of any such registered holder for any such principal, premium or interest shall be a good discharge to the Trustee, any registrar and to the Corporation for the same and none shall be bound to inquire into the title of any such registered holder.

(e) Where Debentures are registered in more than one name, the principal, premium, if any, and interest from time to time payable in respect thereof may be paid to the order of all such holders, failing written instructions from them to the contrary, and the receipt of any one of such holders therefor shall be a valid discharge, to the Trustee, any registrar and to the Corporation.

(f) Subject to the Trustee's receipt of appropriate documentation, in the case of the death of one or more joint holders of any Debenture the principal, premium, if any, and interest from time to time payable thereon may be paid to the order of the survivor or survivors of such registered holders and the receipt of any such survivor or survivors therefor shall be a valid discharge to the Trustee and any registrar and to the Corporation.

3.10 Non-Certificated Inventory System (NCI System)

(a) Notwithstanding anything to the contrary set out herein, all Global Debentures issued or to be issued to the Depository may, in the case of previously issued Debentures, be surrendered to the Trustee for, or, in the case of newly issued Debentures, may be directly registered as, an electronic position on the register of Debentureholders to be maintained by the Trustee in accordance with Section 3.1. In such case, the Debentures will be represented electronically through the NCI System. All Debentures maintained in such electronic position will be legal, valid, binding and enforceable obligations of the Corporation, entitling the registered holders thereof to the same benefits as those registered holders who hold Debentures in physical form. This Indenture and the provisions contained herein will apply, *mutatis mutandis*, to such Debentures held in such electronic position.

(b) It is understood and agreed by the parties that, unless the Trustee or Depository is not in a position to perform electronic conversions, in which case Debentures will need to be withdrawn and certificated and holders will convert certificated Debentures in accordance with Section 4.3(a), in every instance where Debentures held in an electronic position through the Depository are to be converted in whole or in part, such Debentures being converted shall not be certificated, and it shall be sufficient for the Trustee to convert such Debentures upon receiving either the attached Conversion Notice executed by the Depository or an NCI Letter of Instruction in a form agreed upon by the Trustee and the Depository, or such other form as they may require from time to time.

3.11 Debenture Certificate and U.S. Restrictions on Transfer

The parties hereto hereby acknowledge and agree that the Debenture Certificates bearing the U.S. Legend may not be reoffered, or resold, pledged or otherwise transferred except: (i) to the Corporation; (ii) outside the United States in accordance with Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations; (iii) in compliance with the exemption from registration under the U.S. Securities Act provided by (A) Rule 144 under the U.S. Securities Act, if applicable, or (B) Rule 144A under the U.S. Securities Act, if available, and, in each case, and in accordance with applicable state securities laws; or (iv) in another transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws; provided that in the case of each of (iii)(A) and (iv) such Debentureholder has prior to such sale furnished to the Corporation an opinion of counsel reasonably satisfactory to the Corporation stating that such transaction is exempt from registration under the U.S. Securities Act and applicable state securities laws.

ARTICLE 4
CONVERSION OF DEBENTURES

4.1 Applicability of Article

Subject to Section 4.12 and Article 5, any Debentures issued hereunder of any series which by their terms are convertible (subject, however, to any applicable restriction of the conversion of Debentures of such series) will be convertible into Shares of the Corporation, at the option of the Debentureholder, at such conversion rate or rates, and on such date or dates and in accordance with such other provisions as shall have been determined at the time of issue of such Debentures and shall have been expressed in this Indenture, in such Debentures, in an Officer's Certificate of the Corporation, or in a supplemental indenture authorizing or providing for the issue thereof, or in the case of Additional Debentures issued pursuant to a Periodic Offering, in the Written Direction of the Corporation requesting the certification and delivery thereof.

Such right of conversion shall extend only to the maximum number of whole Shares into which the aggregate principal and interest amount of the Debenture or Debentures surrendered for conversion at any one time by the holder thereof may be converted. Fractional interests in Shares shall be adjusted for in the manner provided in Section 4.5.

4.2 Partial Conversion

If less than all the Debentures of any series for the time being outstanding are at any time to be converted or if a portion of the Debentures being converted are being converted for cash and a portion of such Debentures are being converted by the payment of Shares, the Debentures to be so converted shall be selected by the Trustee on a *pro rata* basis to the nearest multiple of $1,000 in accordance with the principal amount of the Debentures registered in the name of each holder or in such other manner as the Trustee deems equitable, subject to compliance with Applicable Securities Legislation and to the approval of the Exchange or such other exchange or quotation system on which the Debentures are then listed, if applicable. Unless otherwise specifically provided in the terms of any series of Debentures, no Debenture shall be converted in part unless the principal amount converted is $1,000 or a multiple thereof, subject to a minimum conversion amount of $5,000. For this purpose, the Trustee may make, and from time to time vary, regulations with respect to the manner in which such Debentures may be drawn for conversion and regulations so made shall be valid and binding upon all holders of such Debentures notwithstanding that as a result thereof one or more of such Debentures may become subject to conversion in part only or for cash only. In the event that one or more of such Debentures becomes subject to conversion in part only, upon surrender of any such Debentures for payment of the applicable conversion amount the Corporation shall execute and the Trustee shall certify and deliver without charge to the holder thereof or upon the holder's order one or more new Debentures for the unconverted part of the principal amount of the Debenture or Debentures so surrendered or, with respect to a Global Debenture, the Trustee shall make notations on the Global Debenture of the principal amount thereof so converted. Unless the context otherwise requires, the terms "**Debenture**" or "**Debentures**" as used in this Article 4 shall be deemed to mean or include any part of the principal amount of any Debenture which in accordance with the foregoing provisions has become subject to conversion.

4.3 Manner of Exercise of Right to Convert

(a) The holder of a Debenture desiring to convert such Debenture in whole or in part into Shares shall surrender such Debenture to the Trustee at its principal office in the City of Toronto together with the conversion notice attached hereto as Schedule B or any other written notice in a form satisfactory to the Trustee, in either case duly executed by the holder or his executors or administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Trustee, exercising his right to convert such Debenture in accordance with the provisions of this Article 4; provided that with respect to a Global Debenture or Book Based Only Debenture, subject to certificating Debentures pursuant to Section 3.2(f) and Section 3.10(b), the obligation to surrender a Debenture to the Trustee shall be satisfied if the Trustee makes notation on the Global Debenture or otherwise in its records (in the case of a Book Based Only Debenture) of the principal amount thereof so converted and the Trustee is provided with all other documentation which it may request. Thereupon such Debentureholder or, subject to payment of all applicable stamp or security transfer Taxes or other governmental charges and compliance with all reasonable requirements of the Trustee, his nominee(s) or assignee(s) shall be entitled to be entered in the books of the Corporation as at the Date of Conversion (or such later date as is specified in Section 4.3(b)) as the holder of the number of Shares into which such Debenture is convertible in accordance with the provisions of this Article 4 and, as soon as practicable thereafter, the Corporation shall deliver to such Debentureholder or, subject as aforesaid, his nominee(s) or assignee(s), certificates or book entry system customer confirmations for such Shares and make or cause to be made any payment of interest to which such holder is entitled in accordance with Section 4.3(e) hereof or in respect of fractional Shares as provided in Section 4.5.

Further to Section 3.2(f) and Section 3.10(b), a Beneficial Owner of Global Debenture or Book Based Only Debenture by a security entitlement in respect of Debentures in the book entry registration system who desires to convert his or her Debentures must do so by causing a Depository Participant to deliver to the Depository on behalf of the entitlement holder, notice of the owner’s intention to convert Debentures in a manner acceptable to the Depository. Forthwith upon receipt by the Depository of such notice, the Depository shall deliver to the Trustee confirmation of its intention to convert Debentures in a manner acceptable to the Trustee, including by electronic means through a book based registration system. An electronic exercise of the Debentures initiated by the Depository Participant through a book based registration system shall constitute a representation to both the Corporation and the Trustee that the beneficial owner at the time of exercise of such Debentures (a) is not in the United States; (b) is not a United States Person and is not exercising such Debentures on behalf of a United States Person or a Person in the United States; and (c) did not execute or deliver the notice of the owner’s intention to exercise such Debentures in the United States. If the Depository Participant is not able to make or deliver the foregoing representations by initiating the electronic exercise of the Debentures, then such Debentures shall be withdrawn from the book based registration system by the Depository and the Participant and an individually registered Debenture certificate shall be issued by the Trustee to such Beneficial Holder or Depository Participant and the exercise procedures set forth above in Section 4.3(a) shall be followed. The Corporation shall approve all conversion requests submitted with a Conversion Notice with the box A or box B checked by a Person with an address in the United States.

(b) For the purposes of this Article 4, a Debenture shall be deemed to be surrendered for conversion on the date (herein called the “**Date of Conversion**”) on which it is so surrendered when the register of the Trustee is open and in accordance with the provisions of this Article 4 or, in the case of a Global Debenture or Book Based Only Debenture, on the date which the Trustee received notice of and all necessary documentation in respect of the exercise of the conversion rights and, in the case of a Debenture so surrendered by post or other means of transmission, on the date on which it is received by the Trustee at its offices specified in Section 4.3(a); provided that if a Debenture is surrendered for conversion on a day on which the register of Shares is closed, the Person or Persons entitled to receive Shares shall be deemed to become the holder or holders of record of such Shares as at the date on which such registers are next reopened. A holder surrendering Debentures as aforementioned shall be treated as the holder of record of the Shares to be issued effective immediately before the close of business on the Date of Conversion, and shall be entitled to all substitutions therefor, all income earned thereon or accretions thereto and all dividends or distributions (dividends or distributions in kind) thereon and arising as of such date, and in the event that the Trustee receives the same, it shall hold the same in trust for the benefit of such holder.

(c) Any part, being $1,000 or an integral multiple thereof, of a Debenture subject to a minimum of $5,000 may be converted as provided in this Article 4 and all references in this Indenture to conversion of Debentures shall be deemed to include conversion of such parts.

(d) The holder of any Debenture of which only a part is converted shall, upon the exercise of his right of conversion surrender such Debenture to the Trustee in accordance with Section 4.3(a), and the Trustee shall cancel the same and shall without charge forthwith certify and deliver to the holder a new Debenture or Debentures in an aggregate principal amount equal to the unconverted part of the principal amount of the Debenture so surrendered or, with respect to a Global Debenture, the Depository shall make notations on the Global Debentures, if applicable, of the principal amount thereof so converted.

(e) The holder of a Debenture surrendered for conversion in accordance with this Section 4.3 shall be entitled (subject to any applicable restriction on the right to receive interest on conversion of Debentures of any series) to receive, in addition to the applicable number of Shares (or cash in lieu thereof in accordance with Section 4.12) in respect of principal amounts, compounded, accrued and unpaid interest payable in Shares (less any Taxes required to be deducted in accordance with Section 2.15) in accordance with Section 2.4(d) in respect thereof from the immediately preceding date of payment of interest (or the Closing Date if there has not yet been an Interest Payment Date) up to, but excluding, the Date of Conversion. In addition, for clarity, Debentures surrendered for conversion following the close of business on any interest payment record date and before the close of business on the corresponding Interest Payment Date will receive the full semi-annual interest payable to the Holders of record on the corresponding Interest Payment Date, payable in cash or Shares on such Debentures on the corresponding Interest Payment Date notwithstanding the conversion. For clarity, any Debenture submitted for conversion during the period when the register is closed shall be converted on the Business Day following such Interest Payment Date.

(f) In the event of a conversion of Debentures into Shares where the holder is subject to withholding Taxes, the Corporation for the account of the holder, shall sell, or cause to be sold through the investment banks, brokers or dealers selected by the Corporation, and approved by the Trustee, out of the Shares issued by the Corporation for this purpose, such number of Shares that together with any cash payment in lieu of fractional Shares, if any, is sufficient to yield net proceeds (after payment of all costs) to cover the amount of Taxes required to be withheld or deducted, and the Trustee shall on Written Direction of the Corporation deduct or withhold such net proceeds and remit such amounts to the appropriate governmental authority, as and when required. Any amounts of net proceeds (after payment of all costs) in excess of the amount required to cover applicable Tax required by Applicable Law to be withheld or deducted will be remitted to the Debentureholder.

4.4 Adjustment of Conversion Price

The Conversion Price in effect at any date shall be subject to adjustment from time to time as set forth below.

(a) If and whenever at any time prior to the Time of Expiry the Corporation shall (i) subdivide or re-divide the outstanding Shares into a greater number of Shares, (ii) reduce, combine or consolidate the outstanding Shares into a smaller number of Shares, or (iii) issue Shares or securities convertible into Shares to the holders of all or substantially all of the outstanding Shares by way of a dividend or distribution (other than the issue of securities to holders of Shares who have elected to receive dividends or distributions in the form of securities of the Corporation in the ordinary course), the Conversion Price in effect on the effective date of such subdivision, re-division, reduction, combination or consolidation or on the record date for such issue of Shares by way of a dividend or distribution, as the case may be, shall in the case of any of the events referred to in (i) and (iii) above be decreased by multiplying such Conversion Price by a fraction, the numerator of which is the number of Shares outstanding immediately prior to the effectiveness of the events referred to in (i) and (iii) above and the denominator of which is the number of outstanding Shares resulting from such subdivision, re-division, dividend or distribution, or shall, in the case of any of the events referred to in (ii) above, be decreased by multiplying such Conversion Price by a fraction, the numerator of which is the number of Shares outstanding immediately prior to the effectiveness of the event referred to in (ii) above and the denominator of which is the number of outstanding Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this Section 4.4(a) shall occur. Any such issue of Shares by way of a dividend or distribution shall be deemed to have been made on the record date for the dividend or distribution for the purpose of calculating the number of outstanding Shares under subsection (b) and (c) of this Section 4.4.

(b) If and whenever at any time prior to the Time of Expiry the Corporation shall fix a record date for the issuance of options, rights or warrants to all or substantially all the holders of its outstanding Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Shares (or securities convertible into Shares) at a price per share (or having a conversion or exchange price per share) less than 95% of the Current Market Price of a Share on such record date, the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Shares outstanding on such record date plus a number of Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible securities so offered) by such Current Market Price per Share, and of which the denominator shall be the total number of Shares outstanding on such record date plus the total number of additional Shares offered for subscription or purchase (or into which the convertible securities so offered are convertible). Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such options, rights or warrants are not so issued or any such options, rights or warrants are not exercised prior to the expiration thereof, the Conversion Price shall be re-adjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect based upon the number of Shares (or securities convertible into Shares) actually issued upon the exercise of such options, rights or warrants.

(c) If and whenever at any time prior to the Time of Expiry, there is a reclassification of the Shares or a capital reorganization of the Corporation other than as described in Section 4.4(a) or a consolidation, amalgamation, arrangement, binding share exchange, merger of the Corporation with or into any other Person or other entity or acquisition of the Corporation or other combination pursuant to which the Shares are converted into or acquired for cash, securities or other property; or a sale or conveyance of the property and assets of the Corporation as an entirety or substantially as an entirety to any other Person (other than a direct or indirect wholly-owned subsidiary of the Corporation) or other entity or a liquidation, dissolution or winding-up of the Corporation, any holder of a Debenture who has not exercised its right of conversion prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, share exchange, acquisition, combination, sale or conveyance or liquidation, dissolution or winding-up, upon the exercise of such right thereafter, shall be entitled to receive and shall accept, in lieu of the number of Shares then sought to be acquired by it, such number of Shares or other securities or property of the Corporation or of the Person or other entity resulting from such merger, amalgamation, arrangement, acquisition, combination or consolidation, or to which such sale or conveyance may be made or which holders of Shares receive pursuant to such liquidation, dissolution or winding-up, as the case may be, that such holder of a Debenture would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, share exchange, acquisition, combination, sale or conveyance or liquidation, dissolution or winding-up, if, on the record date or the effective date thereof, as the case may be, the holder had been the registered holder of the number of Shares sought to be acquired by it and to which it was entitled to acquire upon the exercise of the conversion right. If determined appropriate by the Board of Directors, to give effect to or to evidence the provisions of this Section 4.4(c), the Corporation, its successor, or such purchasing Person or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, share exchange, acquisition, combination, sale or conveyance or liquidation, dissolution or winding-up, enter into an indenture which shall provide, to the extent possible, for the application of the provisions set forth in this Indenture with respect to the rights and interests thereafter of the holder of Debentures to the end that the provisions set forth in this Indenture shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any Shares or other securities or property to which a holder of Debentures is entitled on the exercise of its acquisition rights thereafter. Any indenture entered into between the Corporation and the Trustee pursuant to the provisions of this Section 4.4(c) shall be a supplemental indenture entered into pursuant to the provisions of Article 17. Any indenture entered into between the Corporation, any successor to the Corporation or such purchasing Person or other entity and the Trustee shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 4.4(c) and which shall apply to successive reclassifications, capital reorganizations, amalgamations, consolidations, mergers, share exchanges, acquisitions, combinations, sales or conveyances and to any successive liquidation or winding up or other similar transaction. For greater certainty, nothing in this Section 4.4(c) shall affect or reduce the requirement for any Person to make a Change of Control Offer and notice of any transaction to which this Section 4.4(c) applies shall be given in accordance with Section 4.9.

(d) If the Corporation shall make a distribution to all holders of all or substantially all of the Shares of the Corporation, of evidences of indebtedness or other assets of the Corporation or dividends or distributions, including securities (but excluding any issuance of options, rights or warrants for which any adjustment was made pursuant to Section 4.4(b) (the "**Distributed Securities**")), then in each such case (unless the Corporation distributes such Distributed Securities to the Debentureholders on such dividend or distribution date (as if each holder had converted such Debenture into Shares immediately preceding the record date with respect to such distribution)) the Conversion Price in effect immediately preceding the record date fixed for the determination of shareholders entitled to receive such dividend or distribution shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately preceding such record date by a fraction of which the denominator shall be the Current Market Price per Share on such record date and of which the numerator shall be the Current Market Price per Share on such record date less the fair market value (as determined by the Board of Directors in good faith, whose determination shall, absent manifest error, be conclusive evidence of such fair market value, subject to approval by the Exchange and which shall be evidenced by an Officer's Certificate delivered to the Trustee) on such record date of the portion of the Distributed Securities so distributed applicable to one Share (determined on the basis of the number of Shares outstanding at the close of business on such record date). Such adjustment shall be made successively whenever any such distribution is made and shall become effective immediately after the record date for the determination of shareholders entitled to receive such distribution. In the event that such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price that would then be in effect if such dividend or distribution had not been declared.

If the then fair market value (as so determined) of the portion of the Distributed Securities so distributed applicable to one Share is equal to or greater than the Current Market Price per Share on such record date, in lieu of the foregoing adjustment, adequate provision shall be made so that each holder of a Debenture shall have the right to receive upon conversion the amount of Distributed Securities so distributed that such holder would have received had such holder converted each Debenture on such record date. If the Board of Directors determines the fair market value of any distribution for purposes of this clause (d) of Section 4.4 by reference to the actual or when issued trading market for any securities, it must in doing so consider the prices in such market over the same period used in computing the Current Market Price of the Shares.

(e) In any case in which this Section 4.4 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the holder of any Debenture converted after such record date and before the occurrence of such event the additional Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Shares declared in favour of holders of record of Shares on and after the Date of Conversion or such later date as such holder would, but for the provisions of this Section 4.4(e), have become the holder of record of such additional Shares pursuant to Section 4.3(b).

(f) The adjustments provided for in this Section 4.4 are cumulative and shall apply to successive events resulting in any adjustment under the provisions of this Section 4.4; provided that, notwithstanding any other provision of this Section 4.4, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect; provided however, that any adjustments which by reason of this Section 4.4(f) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

(g) For the purpose of calculating the number of Shares outstanding, Shares owned by or for the benefit of the Corporation shall not be counted.

(h) In the event of any question arising with respect to the adjustments provided in this Section 4.4, such question shall be conclusively determined by a firm of nationally recognized chartered professional accountants appointed by the Corporation and acceptable to the Trustee (who may be the Auditors of the Corporation); such accountants shall have access to all necessary records of the Corporation and such determination shall be binding upon the Corporation, the Trustee, and the Debentureholders, absent manifest error.

(i) In case the Corporation shall take any action affecting the Shares other than action described in this Section 4.4, which in the opinion of the Board of Directors, would materially affect the rights of Debentureholders, the Conversion Price shall be adjusted in such manner and at such time, by action of the Board of Directors, subject to the prior written consent of the Exchange or such other exchange or quotation system on which the Debentures are then listed, as the Board of Directors, in their sole discretion may determine to be equitable in the circumstances. Failure of the directors to make such an adjustment shall be conclusive evidence that they have determined that it is equitable to make no adjustment in the circumstances.

(j) Subject to the prior written consent of the Exchange or such other exchange or quotation system on which the Debentures are then listed, no adjustment in the Conversion Price shall be made in respect of any event described in Section 4.4(d) if the holders of the Debentures are entitled to participate in such event on the same terms *mutatis mutandis* as if they had converted their Debentures prior to the effective date or record date, as the case may be, of such event.

(k) If the Corporation shall set a record date for an event referred to in this Section 4.4 and shall, thereafter and before the event, abandon its plan to complete such event, then no adjustment in the Conversion Price or the number of Shares issuable upon conversion of a Debenture shall be required by reason of the setting of such record date.

4.5 No Requirement to Issue Fractional Shares

The Corporation shall not be required to issue fractional Shares upon the conversion of Debentures pursuant to this Article or otherwise hereunder. If more than one Debenture shall be surrendered for conversion at one time by the same holder, the number of whole Shares issuable upon conversion thereof shall be computed on the basis of the aggregate principal amount of such Debentures to be converted. If any fractional interest in a Share would, except for the provisions of this Section, be deliverable upon the conversion of any principal amount of Debentures, the Corporation shall, in lieu of delivering any certificate representing such fractional interest, make a cash payment to the holder of such Debenture of an amount equal to the fractional interest which would have been issuable multiplied by the Current Market Price on the Date of the Conversion of such fractional interest (less any Taxes required to be deducted in accordance with Section 2.15).

4.6 Corporation to Reserve Shares

The Corporation covenants with the Trustee and Debentureholders that it will at all times reserve and keep available out of its authorized Shares (if the number thereof is or becomes limited), solely for the purpose of issue upon conversion of Debentures as provided in this Article 4, and conditionally allot to Debentureholders who may exercise their conversion rights hereunder, such number of Shares as shall then be issuable upon the conversion of all outstanding Debentures. The Corporation covenants with the Trustee that all Shares which shall be so issuable shall be duly and validly issued as fully-paid and non-assessable.

4.7 Cancellation of Converted Debentures

Subject to the provisions of Section 4.2 as to Debentures converted in part, all Debentures converted in whole or in part under the provisions of this Article shall be forthwith delivered to and cancelled by the Trustee and no Debenture shall be issued in substitution for those converted.

4.8 Certificate as to Adjustment

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 4.4, deliver an Officer's Certificate of the Corporation to the Trustee specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate and the amount of the adjustment specified therein shall be verified by an opinion of a firm of nationally recognized firm of chartered professional accountants appointed by the Corporation and acceptable to the Trustee (who may be the Auditors of the Corporation) and shall be conclusive and binding on all parties in interest. When so approved, the Corporation shall, except in respect of any subdivision, re-division, reduction, combination or consolidation of the Shares, forthwith give notice to the Debentureholders in the manner provided in Section 15.2 specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Conversion Price; provided that, if the Corporation has given notice under this Section 4.8 covering all the relevant facts in respect of such event and if the Trustee approves, no such notice need be given under this Section 4.8. The Trustee shall rely, and shall be protected in so doing, upon the Officer's Certificate of the Corporation, or the opinion of auditor and any other document filed by the Corporation pursuant to this Article 4 for all purposes.

4.9 Notice of Special Matters

The Corporation covenants with the Trustee that so long as any Debenture remains outstanding, it will give notice to the Trustee, and to the Debentureholders in the manner provided in Section 15.2, of its intention to fix a record date for any event referred to in Section 4.4(a), (b), (c) or (d), which may give rise to an adjustment in the Conversion Price, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than fourteen (14) days in each case prior to such applicable record date.

In addition, the Corporation covenants with the Trustee that so long as any Debenture remains outstanding, it will give notice to the Trustee, and to the Debentureholders in the manner provided in Section 15.2, at least 30 days prior to the effective date of any transaction referred to in Section 4.4(a), (b), (c) or (d) stating the consideration into which the Debentures will be convertible after the effective date of such transaction.

4.10 Protection of Trustee

The Trustee:

(a) shall not at any time be under any duty or responsibility to any Debentureholder to determine whether any facts exist which may require any adjustment in the Conversion Price, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;

(b) shall not be accountable with respect to the validity or value (or the kind or amount) of any Shares or of any shares or other securities or property which may at any time be issued or delivered upon the conversion of any Debenture;

(c) shall not be responsible for any failure of the Corporation to make any cash payment or to issue, transfer or deliver Shares or other certificates upon the surrender of any Debenture for the purpose of conversion, or to comply with any of the covenants contained in this Article 4;

(d) shall be entitled to act and rely on any adjustment calculation of the Corporation; and

(e) shall not incur any liability or be in any way responsible for the consequences of any breach on the part of the Corporation of any of the representations, warranties or covenants herein contained or of any acts of the directors, officers, employees, agents or servants of the Corporation.

4.11 Legend on Shares

Each certificate or book entry system customer confirmation representing Shares issued upon conversion of Debentures pursuant to this Article 4, as well as all certificates or book entry system customer confirmations issued in exchange for or in substitution of the foregoing securities, shall have imprinted or otherwise reproduced thereon such legend or legends not inconsistent with the provisions of the Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by the Corporation or Corporation's counsel, as conclusively evidenced by the issue of such certificates or book entry system customer confirmations with any legends as authorized per written order of the Corporation.

4.12 Payment of Cash in Lieu of Shares

Upon a voluntary conversion by a holder, the Corporation may offer and the converting holder may agree to the delivery of cash for all or a portion of the Debentures surrendered in lieu of Shares by a payment in cash effected through the delivery of an amount in cash equal to the Current Market Price of the Shares on the Date of Conversion multiplied by the number of Shares into which the Debentures so surrendered would then be convertible.

If, upon any conversion of Debentures, the Corporation may not issue Shares in an applicable jurisdiction pursuant to the laws thereof, as confirmed by opinion of Counsel, then the Corporation may alternatively satisfy its obligations to issue and deliver Shares in respect of the conversion of such Debentures by, subject to each Subordination Agreement, a payment in cash effected through the delivery of an amount in cash equal to the Current Market Price of the Shares on the Date of Conversion multiplied by the number of Shares into which the Debentures would then be convertible and in connection therewith the holder of such Debentures shall be issued a replacement Debenture pursuant to Section 3.2(f) and Section 3.10(b) for such voluntary conversion by a Holder.

4.13 Conversion by U.S. Purchasers

The Debentures issuable pursuant to this Indenture and the Shares issuable on the conversion thereof have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States. Shares issued upon conversion of Debentures represented by a Debenture Certificate bearing the U.S. Legend shall be represented by a physical certificate, and each such certificate shall continue to bear the U.S. Legend in substantially the form as provided in Section 2.16(e) hereto.

ARTICLE 5
PREPAYMENT

5.1 Prepayment

Subject to the terms and conditions of the Debentures, excluding the Initial Debentures, and each Subordination Agreement, and provided that no Event of Default has occurred and is continuing, the Corporation shall have the right, but not the obligation, at any time after 12 months from the Closing Date to prepay such Debentures in cash, in whole or in part.

5.2 Partial Prepayment

If less than all the Debentures of any series for the time being outstanding are at any time to be prepaid, the Debentures to be so prepaid shall be selected by the Trustee on a *pro rata* basis to the nearest multiple of $1,000 in accordance with the principal amount of the Debentures registered in the name of each holder or in such other manner as the Trustee deems equitable, subject to compliance with Applicable Securities Legislation and to the approval of the Exchange or such other exchange or quotation system on which the Debentures are then listed, as required. Unless otherwise specifically provided in the terms of any series of Debentures, no Debenture shall be prepaid in part unless the principal amount redeemed is $1,000 or a multiple thereof. For this purpose, the Trustee may make, and from time to time vary, regulations with respect to the manner in which such Debentures may be drawn for prepayment and regulations so made shall be valid and binding upon all holders of such Debentures notwithstanding that as a result thereof one or more of such Debentures may become subject to prepayment in part only or for cash only. In the event that one or more of such Debentures becomes subject to prepayment in part only, upon surrender of any such Debentures for payment of the Prepayment Price (as defined in the Prepayment Notice) the Corporation shall execute and the Trustee shall certify and deliver without charge to the holder thereof or upon the holder's order one or more new Debentures for the non-prepaid part of the principal amount of the Debenture or Debentures so surrendered or, with respect to a Global Debenture, the Trustee shall make notations on the Global Debenture of the principal amount thereof so prepaid. Unless the context otherwise requires, the terms "**Debenture**" or "**Debentures**" as used in this Article 5 shall be deemed to mean or include any part of the principal amount of any Debenture which in accordance with the foregoing provisions has become subject to prepayment.

5.3 Notice of Prepayment

Notice of Prepayment (the "**Prepayment Notice**") of any series of Debentures shall be given in writing to the Trustee and the holders of the Debentures so to be prepaid not less than 30 days prior to the date fixed for Prepayment (the "**Prepayment Date**") in the manner provided in Section 15.2. Every such notice shall specify the aggregate principal amount of Debentures called for prepayment, accrued and unpaid interest thereon, the Prepayment Date, the Prepayment Price, and the places of payment and shall state that interest upon the principal amount of Debentures called for prepayment shall cease to accrue and be payable from and after the Prepayment Date. In addition, unless all the outstanding Debentures are to be prepaid, the Prepayment Notice shall specify:

(a) the distinguishing letters and numbers of the registered Debentures which are to be redeemed (or of such thereof as are registered in the name of such Debentureholder);

(b) in the case of a published notice, the distinguishing letters and numbers of the Debentures which are to be redeemed or, if such Debentures are selected *pro rata* or by terminal digit or other similar system, such particulars as may be sufficient to identify the Debentures so selected;

(c) in the case of a Global Debenture, that the prepayment will take place in such manner as may be agreed upon by the Depository, the Trustee and the Corporation; and

(d) in all cases, the principal amounts of such Debentures or, if any such Debenture is to be prepaid in part only, the principal amount of such part.

In the event that all Debentures to be prepaid are registered Debentures, publication shall not be required.

If the payment of any Debenture called for repayment by the Corporation is not made or the payment of the purchase price of any Debenture which has been tendered in acceptance of an offer by the Corporation to purchase Debentures for cancellation is not made, in the case of a repayment upon due surrender of such Debenture or in the case of a purchase on the date on which such purchase is required to be made, as the case may be, then, provided the Time of Expiry has not passed, the right to convert such Debentures shall revive and continue as if such Debenture had not been called for repayment or tendered in acceptance of the Corporation's offer, respectively.

5.4 Debentures Due on Prepayment Dates

Notice having been given as aforesaid, all the Debentures so called for prepayment shall thereupon be and become due and payable at the Prepayment Price on the Prepayment Date specified in such notice, in the same manner and with the same effect as if it were the date of maturity specified in such Debentures, anything therein or herein to the contrary notwithstanding, and from and after such Prepayment Date, if the monies necessary to prepay such Debentures shall have been deposited as provided in Section 5.5 and affidavits or other proof satisfactory to the Trustee as to the publication and/or mailing of such notices shall have been lodged with it, interest upon the Debentures shall cease. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Trustee whose decision shall be final and binding upon all parties in interest.

5.5 Deposit of Prepayment Monies

Prepayment of Debentures shall be provided for by the Corporation depositing with the Trustee or any paying agent to the order of the Trustee, by way of same day value wire transfer, on or before 9:00 a.m. (Toronto time) five Business Days immediately prior to the Prepayment Date specified in such notice, such sums of money as may be sufficient to pay the Prepayment Price of the Debentures so called for prepayment. The Corporation shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection with such prepayment. Every such deposit shall be irrevocable. From the sums so deposited the Trustee shall pay or cause to be paid to the holders of such Debentures so called for prepayment, upon surrender of such Debentures, the principal, premium (if any) and interest (if any) to which they are respectively entitled on prepayment (less any Taxes required to be deducted in accordance with Section 2.15).

5.6 Failure to Surrender Debentures Called for Prepayment

In case the holder of any Debenture so called for prepayment shall fail on or before the Prepayment Date so to surrender such holder's Debenture, or shall not within such time accept payment of the prepayment monies payable or give such receipt therefor, if any, as the Trustee may require, such prepayment monies may be set aside in trust, may be held in trust without interest, either in the deposit department of the Trustee or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the sum so set aside and, to that extent, the Debenture shall thereafter not be considered as outstanding hereunder and the Debentureholder shall have no other right except to receive payment out of the monies so paid and deposited, upon surrender and delivery up of such holder's Debenture of the Prepayment Price, as the case may be, of such Debenture. In the event that any money required to be deposited hereunder with the Trustee or any depository or paying agent on account of principal, premium, if any, or interest, if any, on Debentures issued hereunder shall remain so deposited for a period of five years less a day from the Prepayment Date, then such monies, together with any distribution paid thereon, shall at the end of such period be paid over or delivered over by the Trustee or such depository or paying agent to the Corporation on its written demand, and thereupon the Trustee shall not be responsible to Debentureholders for any amounts owing to them and subject to Applicable Law, thereafter the holder of a Debenture in respect of which such money was so repaid to the Corporation shall have no rights in respect thereof, except to obtain payment of the money due from the Corporation, subject to any limitation period provided by any Applicable Laws relating to unclaimed property.

ARTICLE 6
PURCHASE BY THE CORPORATION

6.1 Purchase of Debentures by the Corporation

Subject to Article 5, unless otherwise specifically provided with respect to a particular series of Debentures, the Corporation may, at any time and from time to time but subject to each Subordination Agreement, purchase Debentures in the market (which shall include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange or quotation system) or by tender or by private contract, at any price provided; however, that if an Event of Default has occurred and is continuing, the Corporation will not have the right to purchase Debentures by private contract. All Debentures so purchased may, at the option of the Corporation, be delivered to the Trustee and shall be cancelled and no Debentures shall be issued in substitution therefor.

If, upon an invitation for tenders, more Debentures are tendered at the same lowest price that the Corporation is prepared to accept, the Debentures to be purchased by the Corporation shall be selected by the Trustee on a *pro rata* basis or in such other manner consented to by the Exchange or such other exchange or quotation system on which the Debentures are then listed which the Trustee considers appropriate, from the Debentures tendered by each tendering Debentureholder who tendered at such lowest price. For this purpose the Trustee may make, and from time to time amend, regulations with respect to the manner in which Debentures may be so selected, and regulations so made shall be valid and binding upon all Debentureholders, notwithstanding the fact that as a result thereof one or more of such Debentures become subject to purchase in part only. The holder of a Debenture of which a part only is purchased, upon surrender of such Debenture for payment, shall be entitled to receive, without expense to such holder, one or more new Debentures for the unpurchased part so surrendered, and the Trustee shall certify and deliver such new Debenture or Debentures upon receipt of the Debenture so surrendered or, with respect to a Global Debenture, the Depository shall make notations on the Global Debenture of the principal amount thereof so purchased.

ARTICLE 7
PAYMENT ON MATURITY

7.1 Notice of Payment in Shares

The Maturity Notice of any series of Debentures shall be given in writing to the Trustee and the holders of the Debentures in the manner provided in Section 15.2. Every Maturity Notice shall specify the aggregate principal amount of Debentures due on the Maturity Date, the Maturity Date, the accrued and unpaid interest, whether the Debentures will be repaid in cash or Shares, and the places of payment and shall state that interest upon the principal amount of Debentures called for payment shall cease to accrue and be payable from and after the Maturity Date. In the event that the Corporation will repay the indebtedness represented by the Debentures by the issuance of Shares, the Maturity Notice of any series of Debentures shall be given in writing to the Trustee and the holders of the Debentures so to be repaid in Shares not more than 60 days nor less than 30 days prior to the Maturity Date in the manner provided in Section 15.2. Notwithstanding the foregoing or any other provision of this Indenture, and subject to the right of the Debentureholders to elect to convert the principal amount owing under the Debentures into Shares as set forth in Section 2.4, on the Maturity Date (i) the outstanding principal amount of the Initial Debentures shall, at the election of the holders thereof but subject to Exchange approval, be repaid by the Corporation in cash or by issuing that number of Shares as is determined by dividing the principal amount of the outstanding Initial Debentures by the Maturity Date VWAP and (ii) the Interest Obligation in respect of the Initial Debentures which have matured shall be satisfied by the Corporation by issuing that number of Shares obtained by dividing compounded (if applicable), accrued and unpaid interest on the Initial Debentures by the Alternative Interest Payment Date VWAP, in each case in accordance with Section 2.4(e). If Exchange approval to repay the principal amount of Initial Debentures in Shares is not obtained, the Corporation shall repay the principal amount of the Initial Debentures in cash.

7.2 Debentures Due on Maturity Date

Notice having been given as aforesaid, all the Debentures shall thereupon be and become due and payable, and from and after such Maturity Date, if the Shares to be issued on such Maturity Date shall have been deposited as provided in Section 7.3 and affidavits or other proof satisfactory to the Trustee as to the publication and/or mailing of such notices shall have been lodged with it, interest upon the Debentures shall cease. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Trustee whose decision shall be final and binding upon all parties in interest.

7.3 Deposit of Shares

Provided that a series of Debentures are by their terms repayable by the delivery of Shares, in the event that the Corporation elects to repay such Debentures on Maturity in Shares, the Corporation shall deposit with the Trustee or any paying agent to the order of the Trustee, on or before 9:00 a.m. (Toronto time) four days immediately prior to the Maturity Date specified in such notice, certificates or book entry system customer confirmations representing such Shares as may be sufficient to pay the amounts owing on the Maturity Date. The Corporation shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection with such payment. Every such deposit shall be irrevocable. From the certificates or book entry system customer confirmations so deposited, the Trustee shall issue or cause to be issued, to the holders of such Debentures so called, upon surrender of such Debentures, the principal, premium (if any) and interest (if any) to which they are respectively entitled on the Maturity Date (less any Taxes required to be deducted in accordance with Section 2.15).

7.4 Right to Repay Principal Amount and Accrued Interest in Shares

(a) Subject to the receipt of any required regulatory (including Exchange) approvals and the other provisions of this Section 7.4, the Corporation may, at its option, in exchange for or in lieu of repaying the Debentures (other than Initial Debentures) in money in accordance with Section 2.13 and Section 2.14, as the case may be, elect to satisfy its obligation to repay the principal amount of all or any portion of the principal amount of the Debentures outstanding, together with any and all accrued and unpaid interest thereon, by issuing and delivering to holders on the Maturity Date of such Debentures that number of Shares obtained by dividing the principal amount of the Debentures (or applicable portion thereof to be satisfied by the issuance and delivery of Shares) together with any and all accrued and unpaid interest thereon, by the Maturity Date VWAP (the "**Share Repayment Right**").

(b) The Corporation shall exercise the Share Repayment Right by so specifying in the Maturity Notice, which shall be delivered to the Trustee and the Debentureholders not more than 60 days and not less than 30 days prior to the Maturity Date, and which shall also specify the aggregate principal amount of Debentures in respect of which it is exercising the Share Repayment Right on the Maturity Date.

(c) The Corporation's right to exercise the Share Repayment Right shall be conditional upon the following conditions being met on the Business Day preceding the Maturity Date:

  (i) the issuance of the Shares on the exercise of the Share Repayment Right shall be made in accordance with Applicable Securities Legislation of the jurisdiction(s) in which such Shares are to be issued;

  (ii) such additional Shares shall be listed on each stock exchange or quotation system on which the Shares are then listed;

(iii) the Corporation shall be a reporting issuer or the equivalent in good standing under Applicable Securities Legislation where the distribution of such Shares occurs;

(iv) no Event of Default shall have occurred and be continuing; and

(v) the Trustee shall have received an Officer's Certificate of the Corporation stating that conditions (i), (ii), (iii), and (iv) above have been satisfied and setting forth the number of Shares to be delivered for each $1,000 principal amount of Debentures and the Maturity Date VWAP.

If the foregoing conditions are not satisfied prior to the close of business on the Business Day preceding the Maturity Date, subject to each Subordination Agreement, the Corporation shall pay the principal amount of the Debentures outstanding, together with all accrued and unpaid interest thereon, in cash, unless the Debentureholders by Extraordinary Resolution waive the conditions which are not satisfied.

(d) No fractional Shares shall be delivered upon the exercise of the Share Repayment Right but, in lieu thereof, the Corporation shall pay to the Trustee for the account of the holders the cash equivalent thereof determined on the basis of the Maturity Date VWAP (less any Taxes required to be deducted in accordance with Section 2.15). Upon request by the Trustee, the Corporation shall provide, in writing to the Trustee, the price to be paid in respect of such fractional Shares.

(e) Subject to the surrender of the Debentures to the Trustee, except the Global Debentures, upon surrender of the Debentures, a holder shall be treated as the shareholder of record of the Shares issued on due exercise by the Corporation of its Share Repayment Right effective immediately after the close of business on the Maturity Date, and shall be entitled to all substitutions therefor, all income earned thereon or accretions thereto and all dividends or distributions (including distributions and dividends in kind) thereon and arising thereafter, and in the event that the Trustee receives the same, it shall hold the same in trust for the benefit of such holder.

(f) The Corporation shall at all times reserve and keep available out of its authorized Shares (if the number thereof is or becomes limited), solely for the purpose of issue and delivery upon the exercise of the Share Repayment Right as provided herein, and shall issue to Debentureholders to whom Shares will be issued pursuant to exercise of the Share Repayment Right, such number of Shares as shall be issuable in such event. All Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.

(g) The Corporation shall comply with all Applicable Securities Legislation regulating the issue and delivery of Shares upon exercise of the Share Repayment Right and shall use commercially reasonable efforts to cause to be listed and posted for trading such Shares on each stock exchange or quotation system on which the Shares are then listed.

(h) The Corporation shall from time to time promptly pay, or make satisfactory provision for the payment of, all Taxes and charges which may be imposed by Applicable Laws (except income tax, withholding tax or security transfer tax, if any) which shall be payable with respect to the issuance or delivery of Shares to holders upon exercise of the Share Repayment Right pursuant to the terms of the Debentures and of this Indenture.

(i) If the Corporation elects to satisfy its obligation to pay all or any portion of the principal amount of Debentures due on maturity together with all accrued and unpaid interest thereon by issuing Shares in accordance with this Section 7.4 and if the amount (or any portion thereof) to which a holder is entitled is subject to withholding Taxes and the amount of the cash payment of the amount due on maturity, if any, is insufficient to satisfy such withholding Taxes, the Corporation for the account of the holder, shall sell, or cause to be sold, through the investment banks, brokers or dealers selected by the Corporation, out of the Shares issued by the Corporation for this purpose, such number of Shares that together with the cash component of the amount due on maturity is sufficient to yield net proceeds (after payment of all costs) to cover the amount of Taxes required to be withheld or deducted, and the Trustee shall on Written Direction of the Corporation deduct or withhold such net proceeds and on receipt of such amount from the Corporation remit same on behalf of the Corporation to the appropriate governmental authority, as and when required within the period of time prescribed for this purpose under Applicable Laws. Any amounts of net proceeds (after payment of all costs) in excess of the amount required to cover applicable Tax required by Applicable Law to be withheld or deducted will be remitted to the Debentureholder.

7.5 Failure to Surrender Debentures Called on Maturity

In case the holder of any Debenture shall fail on or before the Maturity Date to surrender such holder's Debenture, or shall not within such time take delivery of monies or certificates or book entry system customer confirmations representing such Shares issuable in respect thereof, or give such receipt therefor, if any, as the Trustee may require such monies or certificates or book entry system customer confirmations to be held in trust without interest, either in the deposit department of the Trustee or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the monies or Shares so set aside and, to that extent, the Debenture shall thereafter not be considered as outstanding hereunder and the Debentureholder shall have no other right except to receive payment out of the monies so paid and deposited, or take delivery of the certificates or book entry system customer confirmations so deposited, or both, upon surrender and delivery up of such holder's Debenture. In the event that any monies or certificates or book entry system customer confirmations representing Shares, required to be deposited hereunder with the Trustee or any depository or paying agent on account of principal, premium, if any, or interest, if any, on Debentures issued hereunder shall remain so deposited for a period of five years less a day from the Maturity Date, then such certificates or book entry system customer confirmations representing Shares, together with any distribution paid thereon, shall at the end of such period be paid over or delivered over by the Trustee or such depository or paying agent to the Corporation on its written demand, and thereupon the Trustee shall not be responsible to Debentureholders for any amounts owing to them and subject to Applicable Law, thereafter the holder of a Debenture in respect of which such monies or Shares were so repaid to the Corporation shall have no rights in respect thereof except to obtain payment of the monies or certificates or book entry system customer confirmations due from the Corporation, subject to any limitation period provided by any Applicable Laws relating to unclaimed property.

7.6 Cancellation of Debentures on Maturity Date

All Debentures paid on the Maturity Date shall forthwith be delivered to the Trustee and cancelled and no Debentures shall be issued in substitution for those paid.

7.7 Legend on Shares

Each certificate or book entry system customer confirmation representing Shares issued upon payment of Debentures pursuant to this Article 7, as well as all certificates or book entry system customer confirmations issued in exchange for or in substitution of the foregoing securities, shall have imprinted or otherwise reproduced thereon such legend or legends not inconsistent with the provisions of the Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by the Corporation, as conclusively evidenced by the issue of such certificates or book entry system customer confirmations with any legends as authorized per written order of the Corporation.

ARTICLE 8
SECURITY FOR DEBENTURES AND SUBORDINATION OF DEBENTURES

8.1 Grant of Security Interest

As continuing collateral security for the due and timely payment and performance by the Corporation of its Debenture Liabilities, the Corporation hereby (a) subject to Section 8.3, mortgages, charges, pledges, assigns, transfers and sets over to the Trustee, on behalf of the Trustee and the Debentureholders, and grants to the Trustee, on behalf of the Trustee and the Debentureholders, subject only to Permitted Encumbrances, a general and continuing security interest, lien, charge, mortgage and encumbrance in all of the Corporation's right, title and interest in and to its Secured Assets and (b) agrees to cause each Subsidiary that has granted or hereafter grants Senior Security on the Closing Date or when it hereafter grants Senior Security, as the case may be, to (i) enter into the Guarantee and, subject to Section 8.3, (ii) as continuing collateral security for the due and timely payment and performance by such Subsidiary of its Debenture Liabilities, mortgage, charge, pledge, assign, transfer and set over to the Trustee, on behalf of the Trustee and the Debentureholders, and grant to the Trustee, on behalf of the Trustee and the Debentureholders, subject only to Permitted Encumbrances, a general and continuing security interest, lien, charge, mortgage and encumbrance in all of such Subsidiary's right, title and interest in and to its Secured Assets.

The Corporation shall cause each Subsidiary required to deliver the Guarantee and grant the Security Interest in its Secured Assets pursuant to the preceding paragraph to be delivered in accordance with the Written Direction of the Corporation referred to below or pursuant to such procedures acceptable to the Trustee as may be specified from time to time by a Written Direction of the Corporation. The terms of the Guarantee and the Security Documents creating such Security Interest shall be set forth in or determined by or pursuant to such Written Direction of the Corporation. In receiving such Guarantee and Security Documents from any Subsidiary, the Trustee shall be entitled to receive and shall be fully protected in relying upon, unless and until such documents have been superseded or revoked:

(a) an Officer's Certificate of such Subsidiary;

(b) a Written Direction of the Corporation requesting the Trustee to enter into such Guarantee and Security Documents from such Subsidiary; and

(c) such other documentation as may be reasonably requested by the Trustee.

8.2 Exceptions re: Contractual Rights, Licences, etc.

To the extent that the Encumbrances granted pursuant to any Security Document would constitute a breach or cause the acceleration of any agreement, lease, contractual right, licence, approval, privilege, franchise or permit to which any Obligor is a party, the Encumbrance granted thereby shall not attach thereto but such Obligor shall hold its interest therein in trust for the Trustee on behalf of the Trustee and Debentureholders, and shall grant an Encumbrance in such agreement, contractual right, licence or permit to the Trustee on behalf of the Trustee and Debentureholders forthwith upon obtaining the appropriate consents to the creation of such Encumbrance. The Corporation agrees to use, and to cause each Guarantor to use, commercially reasonable efforts to obtain any such consent from time to time requested by the Trustee on behalf of the Trustee and the Debentureholders.

8.3 Pledged ULC Interests

The Encumbrance granted by any Obligor in any Pledged ULC Interests pursuant to any Security Document shall not constitute a mortgage charge, assignment, transfer or setting over to the Trustee, on behalf of the Trustee and the Debentureholders, of such Pledged ULC Interests, but rather shall be limited to constituting a grant to the Trustee, on behalf of the Trustee and the Debentureholders, subject only to Permitted Encumbrances, of a general and continuing security interest in such Pledged ULC Interests. Any Obligor that controls or owns an interest in any Pledged ULC Interest shall remain registered as the sole registered and beneficial owner of the Pledged ULC Interests and will remain as registered and beneficial owner until such time as the Pledged ULC Interests are effectively transferred into the name of the Trustee or any other Person on the books and records of the ULC.

Nothing in any Security Document is intended to or shall constitute the Trustee or any Person other than the ULC a shareholder or member of such ULC until such time as notice is given to the applicable Obligor and the ULC and further steps are taken thereunder so as to register the Trustee or any other Person as the holder of such Pledged ULC Interests. The granting of the pledge and security interest pursuant to any Security Document does not make the Trustee a successor to any Obligor as a member or shareholder of any ULC, and neither the Trustee nor any of its respective successors or assigns hereunder shall be deemed to become a member or shareholder of any ULC by accepting any Security Document or exercising any right granted therein unless and until such time, if any, when the Trustee or any successor or assign expressly becomes a registered member or shareholder of any ULC. To the extent any provision of any Security Document would have the effect of constituting the Trustee or any other Person as a shareholder or member of an ULC prior to such time, such provision shall be severed therefrom and ineffective with respect to the Pledged ULC Interests without otherwise invalidating or rendering unenforceable any Security Document or invalidating or rendering unenforceable such provision insofar as it relates to Equity Interests which are not Pledged ULC Interests. Except upon the exercise of rights to sell or otherwise dispose of Pledged ULC Interests following the occurrence and during the continuance of an Event of Default, no Obligor shall cause or permit, or enable any ULC in which it holds Pledged ULC Interests to cause or permit, the Trustee to: (a) be registered as a shareholder or member of such ULC; (b) have any notation entered in their favour in the share register of such ULC; (c) be held out as a shareholder or member of such ULC; (d) receive, directly or indirectly, any dividends, property or other distributions from such ULC by reason of the Trustee holding a security interest in such Pledged ULC Interests; or (e) to act as a shareholder or member of such ULC, or exercise any rights of a shareholder or member including the right to attend a meeting of, or to vote the shares of, such ULC.

8.4 Attachment

The Corporation and the Trustee agree that they have not agreed to postpone the time for attachment of the Security Interest granted hereby with respect to the Corporation's presently existing Secured Assets, and the Corporation confirms that it has rights in such existing Secured Assets, that such Security Interest shall attach to Secured Assets acquired after the date hereof as soon as the Corporation has rights in such Secured Assets and that value has been given.

8.5 PPSA Registration; Ranking

The Corporation shall cause the Security Interest to be registered pursuant to the PPSA in favour of the Trustee, on behalf of the Trustee and all holders, as a charge against the Secured Assets, *pro rata* to the Debenture Liabilities owing to each respective holder and the Trustee. The Security Interest shall rank *pari passu* among all holders and the Trustee, but shall be senior to all other indebtedness or liabilities of each Obligor, except for Senior Indebtedness. The Debenture Liabilities shall be subordinate and junior in right of payment to the prior payment, in full of the principal, interest and all other items of indebtedness in respect of all Senior Indebtedness to the extent and in the manner set forth herein and pursuant to each Subordination Agreement. The Security Interest shall be subordinate to any and all Encumbrances which affect all or any portion of the Secured Assets which secure Senior Indebtedness. The holder, by his acceptance hereof, shall be deemed to have agreed to the subordinations described herein, shall be bound by the provisions of this Section 8.5 and Article 8 and shall do, perform, execute and deliver all acts, deeds and documents as may be necessary from time to time to give full force and effect to the intent of this Section 8.5 and Article 8, including authorizing the Trustee to enter into each Subordination Agreement, pursuant to Section 8.13.

The Corporation shall, at the Corporation's expense, ensure that the Security Interest in the Secured Assets, and all documents, caveats, security notices, financing statements and financing change statements in respect thereof, are promptly filed and re filed and registered as often as may be required by Applicable Law or as may be necessary or desirable to perfect and preserve the Encumbrances created herein by the Indenture and to ensure that such Security Interest is subordinate only to the Senior Indebtedness, and will promptly provide the Trustee with evidence (satisfactory to the Trustee) of such filing, registration and deposit after the making thereof. The Corporation shall, if and when requested to do so by the Trustee, furnish to the Trustee an opinion of Counsel to establish compliance with the provisions of this Section 8.5.

8.6 Permitted Dispositions of Secured Assets Before Default

Until an Event of Default has occurred and is continuing, an Obligor, without the consent of the Trustee, shall be entitled to make the following disposals of Secured Assets free of the Security Interests:

(a) sales of inventory or equipment in the ordinary course of business;

(b) any sale, lease, transfer or other disposition of any tools, implements, equipment or machinery which have become worn out, unserviceable, obsolete, unsuitable or unnecessary in operations or activities in the ordinary course of business;

(c) immaterial rights or interests which are abandoned, surrendered or terminated in accordance with prudent industry practice;

(d) dispositions by an Obligor to another Obligor;

(e) leases and licences, including intellectual property licences, granted to other Persons in the ordinary course of business;

(f) abandonments, surrenders or terminations of immaterial rights or interests which are effected in the ordinary course of business or otherwise in accordance with prudent industry practice;

(g) damaged or destroyed materials or inventory that is spoiled or otherwise is not marketable;

(h) disposals of Cash Equivalents for cash or other Cash Equivalents;

(i) sales, discounting or forgiveness of accounts receivable in accordance with prudent industry practice or in connection with the collection or compromise thereof;

(j) disposals and/or terminations of leases, subleases, licenses or sublicenses (including the provision of software under an open source license), which (i) are in accordance with prudent industry practice, (ii) do not materially interfere with the conduct of the business of the Obligors and (iii) relate to closed facilities or closed storage or distribution centers or the discontinuation of any product line;

(k) (i) the expiration of any option agreement in respect of real or personal property and (ii) any surrender or waiver of contractual rights or the settlement, release or surrender of contractual rights or other litigation claims in accordance with prudent industry practice;

(l) early termination (in whole or in part) of derivatives;

(m) sales or dispositions of Equity Interests in and indebtedness owing to an Obligor by a Subsidiary which is not an Obligor;

(n) any sale, lease, transfer or other disposition of assets in any fiscal year (excluding any sale or disposition included in clauses (a) through (m) above or (p) below), the fair market value of which, when taken in the aggregate in respect of all such sales and dispositions by all Obligors in such fiscal year, does not exceed $2,500,000; provided such proceeds are re-invested or used to prepay Senior Indebtedness within 365 days;

(o) disposals of Secured Assets as permitted pursuant to the ATB Credit Agreement or any other agreements governing Senior Indebtedness; and

(p) sales, assignments, transfers, abandonments, surrenders or otherwise disposals, free of the Security Interest, any fixtures, equipment, machinery, tools, implements, apparatus, facilities or appliances, which have become worn out, unserviceable, obsolete, unsuitable or unnecessary in the conduct of its business or in the operation of any of the Secured Assets; provided that, there shall have been or shall be substituted for the same other fixtures, equipment, machinery, tools, implements, apparatus, facilities or appliances not necessarily of the same character but at least of equal utility at the date of such substitution or replacement (which forthwith shall become subject to the Security Interest) of and to the extent that such replacement or substitution is necessary or desirable for the proper and efficient conduct of the business of the Obligors or in the operation of the Secured Assets,

and the Trustee will, at the expense of the Corporation, execute and deliver from time to time releases and discharges necessary or required as advised by Counsel with respect to the foregoing subsections. In connection with any such request by the Corporation to the Trustee, the Corporation shall confirm in an Officer's Certificate of the Corporation that the release and discharge of such Secured Assets is permitted by the Debenture Documents and that all conditions precedent under the Debenture Documents for the release and discharge have been satisfied. Except as specifically permitted above, no Obligor will dispose of any property and assets to any Person.

8.7 Applicability of Article

The indebtedness, liabilities and obligations of the Corporation evidenced by Debentures issued hereunder of any series which by their terms are subordinate, including on account of principal, premium, interest or otherwise, but, subject to Section 8.11, excluding the issuance of Shares or other securities upon any conversion or maturity, and the indebtedness, liabilities and obligations of each Guarantor under the Guarantee, (collectively, the "**Debenture Liabilities**"), shall be subordinated and postponed both in right of payment and in right of security to the extent and in the manner hereinafter set forth in the following sections of this Article 8, to the full and final payment of all Senior Indebtedness, and each holder of any such Debenture by his acceptance thereof agrees to and shall be bound by the provisions of this Article 8.

8.8 Order of Payment

In the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to any Obligor, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or voluntary winding-up of any Obligor, whether or not involving insolvency or bankruptcy, or any marshaling of the assets and liabilities of any Obligor:

(a) all Senior Indebtedness shall first be paid in full, before any payment is made on account of the Debenture Liabilities;

(b) any payment or distribution of assets of any Obligor, whether in cash, property or securities, to which the holders of the Debentures or the Trustee on behalf of such holders would be entitled except for the provisions of this Article 8, shall be paid or delivered by the trustee in bankruptcy, receiver, assignee for the benefit of creditors, or other liquidating agent making such payment or distribution, directly to the holders of Senior Indebtedness or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any of such Senior Indebtedness may have been issued, to the extent necessary to pay all Senior Indebtedness in full after giving effect to any concurrent payment or distribution, or provision therefor, to the holders of such Senior Indebtedness; and

(c) any Senior Creditor or a receiver or a receiver-manager of any Obligor or of all or part of its assets or any other enforcement agent may sell, mortgage, or otherwise dispose of such Obligor's assets in whole or in part, free and clear of all Debenture Liabilities and the Security Interest and without the approval of the Debentureholders or the Trustee or any requirement to account to the Trustee or the Debentureholders.

The rights of any Senior Creditor and priority of the Senior Indebtedness and the subordination pursuant hereto shall not be affected by:

(i) whether or not the Senior Indebtedness is secured;

(ii) the time, sequence or order of creating, granting, executing, delivering of, or registering, perfecting or failing to register or perfect any security notice, caveat, financing statement or other notice in respect of the Senior Security;

(iii) the time or order of the attachment, perfection or crystallization of any security constituted by the Senior Security;

(iv) the taking of any collection, enforcement or realization proceedings pursuant to the Senior Security;

(v) the date of obtaining of any judgment or order of any bankruptcy court or any court administering bankruptcy, insolvency or similar proceedings as to the entitlement of the Senior Creditor, or any of them or the Debentureholders, or any of them, to any money or property of the Corporation;

(vi) the failure to exercise any power or remedy reserved to a Senior Creditor under the Senior Security or to insist upon a strict compliance with any terms thereof;

(vii) whether any Senior Security is now perfected, hereafter ceases to be perfected, is avoidable by any trustee in bankruptcy or like official or is otherwise set aside, invalidated or lapses;

(viii) the date of giving or failing to give notice to or making demand upon any Obligor; or

(ix) any other matter whatsoever.

8.9 Subrogation to Rights of Holders of Senior Indebtedness

Subject to the prior and indefeasible payment in full of all Senior Indebtedness and Section 8.11, the holders of the Debentures shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of assets of any Obligor applicable to the Senior Indebtedness, to the extent of the application thereto of such payments or other assets which would have been received by the holders of the Debentures but for the provisions hereof until the principal of, premium, if any, and interest on the Debentures shall be paid in full, and no such payments or distributions to the holders of the Debentures of cash, property or securities, which otherwise would be payable or distributable to the holders of the Senior Indebtedness, shall, as between any Obligor, its creditors other than the holders of Senior Indebtedness, and the Debentureholders, be deemed to be a payment by any Obligor to the holders of the Senior Indebtedness or on account of the Senior Indebtedness, it being understood that the provisions of this Article 8 are and are intended solely for the purpose of defining the relative rights of the holders of the Debentures, on the one hand, and the holders of Senior Indebtedness, on the other hand.

The Trustee, for itself and on behalf of each of the Debentureholders, hereby waives any and all rights to require a Senior Creditor to pursue or exhaust any rights or remedies with respect to any Obligor or any property and assets subject to any Senior Security or in any other manner to require the marshalling of property, assets or security in connection with the exercise by the Senior Creditors of any rights, remedies or recourses available to them.

8.10 Obligation to Pay Not Impaired

Nothing contained in this Article 8 or elsewhere in this Indenture or in the Debentures is intended to or shall impair, as between any Obligor, its creditors other than the holders of Senior Indebtedness, and the holders of the

Debentures, the obligation of any Obligor, which is absolute and unconditional, to pay to the holders of the Debentures the principal of, premium, if any, and interest on the Debentures, as and when the same shall become due and payable in accordance with their terms, or affect the relative rights of the holders of the Debentures and creditors of any Obligor other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Trustee or the holder of any Debenture from exercising all remedies otherwise permitted by Applicable Law upon default under this Indenture, subject to the rights, under this Article 8 of the holders of Senior Indebtedness in respect of cash, property or securities of any Obligor received upon the exercise of any such remedy.

8.11 No Payment if Senior Indebtedness in Default

Upon the maturity of any Senior Indebtedness by lapse of time, acceleration or otherwise, or any other enforcement of any Senior Indebtedness, then, except as provided in Section 8.12, all principal of and interest on all such matured Senior Indebtedness shall first be paid in full before any payment is made on account of the Debenture Liabilities.

In case of a circumstance constituting a default or event of default with respect to any Senior Indebtedness, and during the continuance thereof, or upon the acceleration of the maturity of any Senior Indebtedness unless and until such default or event of default shall have been cured or waived or shall have ceased to exist or such acceleration has been rescinded or when a payment would cause a default or event of default under any Senior Indebtedness, no cash payment shall be made by any Obligor (except as provided in Section 8.12) with respect to the Debenture Liabilities and neither the Trustee nor the Debentureholders shall be entitled to demand, accelerate, institute proceedings for the collection of (which shall, for certainty include proceedings related to an adjudication or declaration as to the insolvency or bankruptcy of any Obligor and other similar creditor proceedings), or receive any payment or benefit (including without limitation by set-off, combination of accounts or otherwise in any manner whatsoever) on account of the Debenture Liabilities after the happening of such a default or event of default or acceleration (except as provided in Section 8.12), and unless and until such default or event of default shall have been cured or waived or shall have ceased to exist or such acceleration has been rescinded, such payments shall be held in trust for the benefit of, and, if and when such Senior Indebtedness shall have become due and payable, shall be paid over to, the holders of the Senior Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing an amount of the Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness; provided, however, subject to each Subordination Agreement, that the foregoing shall in no way prohibit, restrict or prevent the Trustee, pursuant to the terms and conditions of this Indenture, from taking such actions as may be necessary to preserve claims of the Trustee and/or the holders of the Debentures under any Debenture Document in any bankruptcy, reorganization or insolvency proceeding (including, without limitation, the filing of proofs of claim in any such bankruptcy, reorganization or insolvency proceedings by or against any Obligor and exercising its rights to vote as an unsecured creditor under any such bankruptcy, reorganization or insolvency proceedings commenced by or against any Obligor).

The fact that any payment hereunder is prohibited by this Section 8.11 shall not prevent the failure to make such payment from being an Event of Default hereunder.

8.12 Payment on Debentures Permitted

Subject to the terms and conditions of each Subordination Agreement, nothing contained in this Article 8 or elsewhere in this Indenture, or in any of the other Debenture Documents, shall affect the obligation of the Corporation to make, or prevent the Corporation from making, where it is otherwise permitted to do so, at any time except as prohibited by Sections 8.8 or 8.11 any payment of principal of or, premium, if any, or interest or payments on conversion on the Debentures. The fact that any such payment is prohibited by a Subordination Agreement, Sections 8.8 or 8.11 shall not prevent the failure to make such payment from being an Event of Default hereunder. Subject to the terms of a Subordination Agreement, nothing contained in this Article 8, elsewhere in this Indenture or in any of the Debenture Documents, other than in the case of a continuing default or event of default under Senior Indebtedness or acceleration of Senior Indebtedness that has not been rescinded, in which case Section 8.11 shall govern, or except as prohibited by Sections 8.8 or 8.11, shall prevent the conversion of the Debentures or the application by the Trustee of any monies deposited with the Trustee hereunder for the purpose, to the payment of or on account of the Debenture Liabilities.

8.13 Confirmation of Subordination

Each holder of Debentures by his acceptance thereof authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effect the subordination as provided in this Article 8 and appoints the Trustee his attorney-in-fact for any and all such purposes. This power of attorney, being coupled with an interest and rights, shall be irrevocable. Each holder of Debentures by his acceptance thereof authorizes and directs the Trustee to execute the Subordination Agreement among each Obligor, ATB Financial, as agent for the lenders thereunder, as Senior Creditor, and the Trustee of even date herewith attached as Schedule F hereto. In addition upon request of the Corporation, and upon being furnished an Officer's Certificate of the Corporation stating that one or more named Persons are Senior Creditors and specifying the amount and nature of the Senior Indebtedness of such Senior Creditor, and the Corporation shall confirm in the Officer's Certificate that such subordination agreement is permitted by the Debenture Documents and that all conditions precedent under the Debenture Documents for the subordination agreement have been satisfied in compliance with this Section 8.13 and no Event of Default has occurred or event has occur that with the lapse of time will become an Event of Default, the Trustee shall enter into a written subordination agreement or agreements, with each Obligor and the Person or Persons named in such Officer's Certificate providing that such Person or Persons are entitled to all the rights and benefits of this Article 8 as a Senior Creditor and for such other matters, such as an agreement not to amend the provisions of this Article 8 and the definitions herein, which prejudice the rights of the holders of Senior Indebtedness under this Article 8 without the prior written consent of such Senior Creditor, or their representative or the trustee under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued as the Senior Creditor may reasonably request. Such agreement shall be conclusive evidence that the indebtedness specified therein is Senior Indebtedness, however, nothing herein shall impair the rights of any Senior Creditor who has not entered into such a subordination agreement. Notwithstanding any terms set out in this Indenture or the other Debenture Documents, the holders of the Debentures acknowledge that their rights pursuant to this Indenture and the other Debenture Documents, and the obligations and undertakings of each Obligor, shall in all respects be subject to the terms and conditions of the Subordination Agreement. The holders of the Debentures acknowledge that the Trustee will not be involved in the negotiation or preparation of any Subordination Agreement. The holders of the Debentures further acknowledge that the Trustee has not and will not provide any advice to the holders of the Debentures in respect of the Debenture Documents, the adequacy of the Debenture Documents or as to the priority, registration or perfection of their interest in the Secured Assets.

8.14 Knowledge of Trustee

Notwithstanding the provisions of this Article 8 or any provision in this Indenture or in any other Debenture Documents contained, the Trustee will not be charged with knowledge of any Senior Indebtedness or of any default in the payment thereof, or of the existence of any Event of Default or any other fact that would prohibit the making of any payment of monies or Shares to or by the Trustee, or the taking of any other action by the Trustee, unless and until the Trustee has received written notice thereof from the Corporation, any Debentureholder or any Senior Creditor or a trustee or agent on behalf of any one or more Senior Creditors, and such notice to the Trustee shall be deemed to be notice to holders of the Debentures. The Trustee will notify Debentureholders as soon as reasonably practicable of such notice.

8.15 Trustee May Hold Senior Indebtedness

The Trustee is entitled to all the rights set forth in this Article 8 with respect to any Senior Indebtedness at the time independently held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture deprives the Trustee of any of its rights as such holder.

8.16 Rights of Holders of Senior Indebtedness Not Impaired

No right of any present or future holder of any Senior Indebtedness to enforce the subordination herein will at any time or in any way be prejudiced or impaired by any act or failure to act on the part of any Obligor or by any non-compliance by any Obligor with the terms, provisions and covenants of any Debenture Document, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

8.17 Altering the Senior Indebtedness

Subject to Section 8.18, the holders of the Senior Indebtedness have the right to extend, renew, modify or amend the terms of the Senior Indebtedness or any security therefor and to release, sell or exchange such security and otherwise to deal freely with any Obligor, all without notice to or consent of the Debentureholders or the Trustee and without affecting the liabilities and obligations of the parties to this Indenture, any other Obligor or the Debentureholders.

8.18 Additional Indebtedness

This Indenture does not restrict any Obligor or any of its Subsidiaries from incurring additional indebtedness for borrowed money or other obligations or liabilities save that no additional Senior Indebtedness may be incurred unless approved by holders of at least 66 2/3% of the principal amount of outstanding Initial Debentures.

8.19 Additional Encumbrances

No Obligor may incur additional Encumbrances, except for (i) Permitted Encumbrances and (ii) Encumbrances approved by holders of at least 66 2/3% of the principal amount of outstanding Initial Debentures.

8.20 Right of Debentureholder to Convert Not Impaired

The subordination of the Debenture Liabilities to the Senior Indebtedness and the provisions of this Article 8 do not impair in any way the right of a Debentureholder to convert its Debentures.

8.21 Invalidated Payments

In the event that any of the Senior Indebtedness shall be paid in full and subsequently, for whatever reason, such formerly paid or satisfied Senior Indebtedness becomes unpaid or unsatisfied, the terms and conditions of this Article 8 shall be reinstated and the provisions of this Article shall again be operative until all Senior Indebtedness is repaid in full, provided that such reinstatement shall not give the Senior Creditors any rights or recourses against the Trustee or the Debentureholders for amounts paid to the Debentureholders subsequent to such payment or satisfaction in full and prior to such reinstatement.

8.22 Contesting Security

The Trustee, for itself and on behalf of the Debentureholders, agrees that it shall not contest or bring into question the validity, perfection or enforceability of any of the Senior Indebtedness, the Senior Security, or the relative priority of the Senior Security.

8.23 Obligations Created by Article 8

The Corporation, each other Obligor by entering into the Guarantee and each holder by its acceptance of a Debenture likewise agrees, that:

(a) the provisions of this Article 8 are an inducement and consideration to each holder of Senior Indebtedness to give or continue credit to the Corporation, the Corporation’s Subsidiaries or others or to acquire Senior Indebtedness;

(b) each holder of Senior Indebtedness may accept the benefit of this Article 8 on the terms and conditions set forth in this Article 8 by giving or continuing credit to the Corporation, the Corporation’s Subsidiaries or others or by acquiring or having outstanding as of the date hereof

Senior Indebtedness, in each case without notice to the Trustee and without establishing actual reliance on this Article 8; and

(c) each obligation created by this Article 8 for the benefit of the holders of Senior Indebtedness is irrevocable and shall be binding on each Obligor, the Trustee and each holder of a Debenture whether or not any confirmation described in Section 8.13 is requested, executed or delivered.

ARTICLE 9
COVENANTS OF THE CORPORATION

The Corporation hereby covenants and agrees with the Trustee for the benefit of the Trustee and the Debentureholders, that so long as any Debentures remain outstanding:

9.1 To Pay Principal, Premium and Interest

The Corporation will duly and punctually pay or cause to be paid to every Debentureholder the principal of, premium (if any) and interest accrued on the Debentures of which it is the holder on the dates, at the places and in the manner mentioned herein and in the Debentures.

9.2 To Give Notice of Default

The Corporation shall notify the Trustee in writing immediately upon obtaining knowledge of any Event of Default hereunder.

9.3 Preservation of Existence, Etc.

Subject to the express provisions hereof, the Corporation will carry on and conduct its activities, and cause its Subsidiaries to carry on and conduct their businesses and activities in a manner consistent with past business practices; and, subject to the express provisions hereof, it will do or cause to be done all things necessary to preserve and keep in full force and effect its and its Subsidiaries' respective existences and rights.

9.4 Performance of Covenants by Trustee

If any Obligor shall fail to perform any of its covenants contained in any Debenture Document, the Trustee may notify the Debentureholders of such failure on the part of such Obligor or may itself perform any of the covenants capable of being performed by it, but the Trustee shall be under no obligation to do so or to notify the Debentureholders. All sums so expended or advanced by the Trustee shall be promptly repayable by the Debentureholders. No such performance, expenditure or advance by the Trustee shall be deemed to relieve any Obligor of any default under any Debenture Document.

9.5 Maintain Listing

The Corporation will use reasonable commercial efforts to ensure that the Shares are listed and posted for trading on the Exchange, to maintain such listing and posting for trading of the Shares on the Exchange, and to maintain the Corporation's status as a "reporting issuer" not in default of the requirements of the Applicable Securities Legislation; provided that the foregoing covenant shall not prevent or restrict the Corporation from carrying out a transaction to which Article 12 would apply if carried out in compliance with Article 12 even if as a result of such transaction the Corporation ceases to be a "reporting issuer" in all or any of the provinces of Canada or the Shares or Debentures cease to be listed on the Exchange or any other stock exchange or quotation system.

9.6 Certificate of Compliance

The Corporation shall deliver to the Trustee, within 45 days after the end of each fiscal quarter, an Officer's Certificate of the Corporation as to the knowledge of such officer of the Corporation who executes the Officer's

Certificate of the Corporation's compliance with all conditions and covenants in this Indenture certifying that after reasonable investigation and inquiry, the Corporation has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which could, with the giving of notice, lapse of time or otherwise, constitute an Event of Default hereunder, or if such is not the case, setting forth with reasonable particulars the circumstances of any failure to comply and steps taken or proposed to be taken to eliminate such circumstances and remedy such Event of Default, as the case may be.

9.7 SEC Notice

The Corporation confirms that as at the date of execution of this Indenture it does not have a class of securities registered pursuant to Section 12 of the United States Securities Exchange Act or have a reporting obligation pursuant to Section 15(d) of the United States Securities Exchange Act. The Corporation further represents and warrants that it is not filing with the U.S. Securities and Exchange Commission ("**SEC**") as a Foreign Private Issuer (as such term is defined in the Securities Exchange 1934 Act) and covenants that, in the event that it shall begin to file as a Foreign Private Issuer, the Corporation shall promptly deliver to the Trustee an Officers' Certificate (in a form provided by the Trustee) certifying such "reporting issuer" status and such other information as the Trustee may require at such given time including, but not limited to, the Central Index Key that has been assigned for filing purposes. The Corporation covenants that in the event that (i) any class of its securities shall become registered pursuant to Section 12 of the United States Securities Exchange Act or the Corporation shall incur a reporting obligation pursuant to Section 15(d) of the United States Securities Exchange Act, or (ii) any such registration or reporting obligation shall be terminated by the Corporation in accordance with the United States Securities Exchange Act, the Corporation shall promptly deliver to the Trustee an Officers' Certificate of the Corporation notifying the Trustee of such registration or termination and such other information as the Trustee may require at the time. The Corporation acknowledges that the Trustee is relying upon the foregoing representation and covenants in order to meet certain SEC obligations with respect to those clients who are filing with the SEC.

9.8 Further Instruments and Acts

The Corporation will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Indenture.

9.9 To Reserve Shares

Without limiting any other provision of this Indenture, the Corporation will reserve and keep available a sufficient number of Shares for the purpose of enabling it to satisfy its obligations to issue Shares upon the (a) conversion of Debentures, (b) any payment of principal and interest by way of Shares and (c) Share Repayment Election, will cause the Shares from time to time so issuable to be duly issued and delivered in accordance with the Debentures and the terms hereof, and all Shares which shall be issued upon conversion of the Debentures or the right to acquire provided for herein shall be issued as fully paid and non-assessable.

9.10 Covenants as to Security

The Corporation will:

(a) ensure that the Security Interest will at all times constitute a valid and perfected security on the Secured Assets, subordinate only to the Senior Security pursuant to the Subordination Agreement, and at all times take all actions necessary or desirable to create, perfect and maintain the Security Interest as perfected security over the Secured Assets, subordinate only to the Senior Security pursuant to the Subordination Agreement;

(b) at all times do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all such acts, deeds, mortgages, hypothecs, transfers, assignments and assurances in law (including consents, approvals or waivers from third parties under applicable documents or applicable legislation) as may be necessary or desirable to ensure that the Trustee (for itself and the Debentureholders) has a perfected Security Interest upon the Secured Assets, subordinate only to the Senior Security pursuant to the Subordination Agreement;

(c) cause all necessary and proper steps to be taken diligently to protect and defend the Secured Assets and the proceeds thereof against any adverse claims or demands, including without limitation, the employment or use of counsel for the prosecution or defence of litigation and the contest, settlement, release or discharge of any such claim or demand; and

(d) if the Security Interest shall have become enforceable and the Trustee shall have become bound to enforce or has commenced enforcing the same, it shall from time to time execute and do all such assurances and things as the Trustee may reasonably require for facilitating the realization of the Security Interest and for exercising all the powers, authorities and discretions conferred upon the Trustee under this Indenture and for confirming to any purchaser of the Secured Assets, whether sold by the Trustee hereunder or by judicial proceedings, the title to the Secured Assets so sold, and will give all notices and directions as the Trustee may consider expedient.

9.11 Notice of Change of Chief Executive Officer and Notice of Changes Affecting the Business of the Corporation

(a) The Corporation shall promptly notify the Trustee upon a change in the individual or individuals holding the office of chief executive officer of the Corporation, and as soon as practicable provide an updated certificate of incumbency.

(b) The Corporation will give written notice to the Trustee forthwith upon:

(i) request by the Trustee, confirmation of the place of business of each Obligor, including its chief executive office;

(ii) the change of location of the chief executive office of an Obligor if the change is to a location outside of the province in which the office was previously located;

(iii) any change in the name of an Obligor; and

(iv) any continuance of an Obligor into another jurisdiction.

9.12 Securities Laws

(a) The Corporation will, at the relevant times and upon exercise of the relevant rights or elections, comply and take all measures necessary to comply at all times with Applicable Securities Legislation including make application for any order, ruling, registration or filing or give any notice required under Applicable Securities Legislation.

(b) The Trustee shall have no obligation to verify information relating to the Corporation's compliance with this Section 9.12 and may act and rely upon all information provided by the Corporation with respect to such compliance, without independent inquiry.

ARTICLE 10
DEFAULT

10.1 Events of Default

Each of the following events constitutes, and is herein sometimes referred to as, an "**Event of Default**":

(a) the failure to pay an Interest Obligation within thirty (30) days of when due;

(b) the failure to pay the principal amount, or premium (if any), of a Debenture when due whether at maturity, upon redemption, prepayment or conversion, by acceleration or otherwise;

(c) default in the performance of any material covenant in this Debenture that is not cured (or waiver obtained for) within thirty (30) days of the Corporation receiving notice in writing given by the Trustee or from holders of not less than 25% in aggregate principal amount of the Debentures to the Corporation notifying of such default and requiring the Corporation to rectify such default or obtain a waiver for same;

(d) default in the delivery, when due, of any cash and/or any Shares or other consideration, payable on conversion with respect to the Debentures, which default continues for fifteen (15) days;

(e) any Obligor institutes any proceeding or takes any corporate action or executes any agreement in connection with the commencement of any proceeding:

(i) seeking to adjudicate an Obligor a bankrupt or insolvent;

(ii) seeking liquidation, dissolution, winding-up, reorganization, arrangement, protection, relief or composition of an Obligor or all or substantially all of its property or debt, or making a proposal with respect to an Obligor under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws; or

(iii) seeking appointment of a receiver, trustee, agent, custodian or other similar official for an Obligor or for all or substantially all of its properties and assets or the Secured Assets;

(f) any creditor of an Obligor or any other Person institutes any proceeding or takes any corporate action or executes any agreement in connection with the commencement of any proceeding:

(i) seeking to adjudicate an Obligor a bankrupt or insolvent;

(ii) seeking liquidation, dissolution, winding-up, reorganization, arrangement, protection, relief or composition of an Obligor or all or substantially all of its property or debt, or making a proposal with respect to an Obligor under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws; or

(iii) seeking appointment of a receiver, trustee, agent, custodian or other similar official for the Corporation or for all or substantially all of its properties and assets or the Secured Assets;

and such proceeding is not contested by such Obligor in good faith within ten (10) days of initiation of the proceedings or if any order sought in such proceeding (other than a procedural order) is granted and such order is not either dismissed or contested by such Obligor and the effect thereof stayed within forty-five (45) days thereafter; or

(g) any creditor of an Obligor or any other Person privately appoints a receiver, trustee or similar official for any material part of the properties or assets of an Obligor and such appointment is not contested by such Obligor in good faith within ten days of such appointment and the appointment stayed within forty-five (45) days thereafter,

then in each and every such event listed above, the Trustee may, in its discretion, but subject to the provisions of this Section 10.1, and shall, upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding (or if the Event of Default shall exist only in respect of one or more series of the Debentures then outstanding, then upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures of such series then outstanding), subject to the provisions of

Section 10.3, by notice in writing to the Corporation declare the principal of and interest and premium, if any, on all Debentures then outstanding (or, as the case may be, on all Debentures of such series outstanding) and all other monies outstanding hereunder to be due and payable and the same shall thereupon forthwith become immediately due and payable to the Trustee, and the Corporation shall forthwith pay to the Trustee for the benefit of the Debentureholders such principal, accrued and unpaid interest and premium, if any, and interest on amounts in default on such Debenture (and, where such a declaration is based upon a voluntary winding-up or liquidation of the Corporation, the premium, if any, on the Debentures then outstanding which would have been payable upon the redemption thereof by the Corporation on the date of such declaration) and all other monies outstanding hereunder, together with subsequent interest at the rate borne by the Debentures on such principal, interest, premium, if any, and such other monies from the date of such declaration or event until payment is received by the Trustee, such subsequent interest to be payable at the times and places and in the manner mentioned in and according to the tenor of the Debentures. Such payment when made by the Corporation or by any Guarantor pursuant to the Guarantee shall be deemed to have been made in discharge of the Corporation's obligations hereunder or such Guarantor's obligations under the Guarantee and any monies so received by the Trustee shall be applied in the manner provided in Section 10.6.

For greater certainty, for the purposes of this Section 10.1, a series of Debentures shall be in default in respect of an Event of Default if such Event of Default relates to a default in the payment of principal, premium, if any, or interest on the Debentures of such series in which case references to Debentures in this Section 10.1 refer to Debentures of that particular series.

For purposes of this Article 10, where the Event of Default refers to an Event of Default with respect to a particular series of Debentures as described in this Section 10.1, then this Article 10 shall apply *mutatis mutandis* to the Debentures of such series and references in this Article 10 to the Debentures shall mean Debentures of the particular series and references to the Debentureholders shall refer to the Debentureholders of the particular series, as applicable.

10.2 Notice of Events of Default

If an Event of Default shall occur and be continuing the Trustee shall, within 30 days after it receives written notice of the occurrence of such Event of Default from any Person, give notice of such Event of Default to the Debentureholders in the manner provided in Section 14.2, provided that, notwithstanding the foregoing, unless the Trustee shall have been requested to do so by the holders of at least 25% of the principal amount of the Debentures then outstanding, the Trustee shall not be required to give such notice if the Trustee in good faith shall have determined that the withholding of such notice is in the best interests of the Debentureholders.

When notice of the occurrence of an Event of Default has been given to the Debentureholders and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Trustee to the Debentureholders within 15 days after the Trustee becomes aware the Event of Default has been cured.

10.3 Waiver of Default

Upon the happening of any Event of Default hereunder:

(a) the holders of the Debentures shall have the power (in addition to the powers exercisable by Extraordinary Resolution as hereinafter provided) by requisition in writing by the holders of more than 66 2/3% of the principal amount of Debentures then outstanding, to instruct the Trustee to waive any Event of Default and to cancel any declaration made by the Trustee pursuant to Section 10.1 and the Trustee shall thereupon waive the Event of Default and cancel such declaration, or either, upon such terms and conditions as shall be prescribed in such requisition; provided that notwithstanding the foregoing if the Event of Default has occurred by reason of the non-observance or non-performance by the Corporation of any covenant applicable only to one or more series of Debentures, then the holders of more than 66 2/3% of the principal amount of the outstanding Debentures of that series shall be entitled to exercise the foregoing power and the

Trustee shall so act and it shall not be necessary to obtain a waiver from the holders of any other series of Debentures; and

(b) the Trustee, so long as it has not become bound to declare the principal and interest on the Debentures then outstanding to be due and payable, or to obtain or enforce payment of the same, shall have power to waive any Event of Default if, in the Trustee's opinion, the same shall have been cured or adequate satisfaction made therefor, and in such event to cancel any such declaration theretofore made by the Trustee in the exercise of its discretion, upon such terms and conditions as the Trustee may deem advisable.

No such act or omission either of the Trustee or of the Debentureholders shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights of the Trustee and the Debentureholders resulting therefrom.

10.4 Enforcement by the Trustee

(a) Subject to the provisions of Section 10.3 and to the provisions of any Extraordinary Resolution that may be passed by the Debentureholders, if the Corporation shall fail to pay to the Trustee, forthwith after the same shall have been declared to be due and payable under Section 10.1, the principal of and premium (if any) and interest on all Debentures then outstanding, together with any other amounts due hereunder, the Trustee may in its discretion and shall upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding and upon being funded and indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed in its name as trustee hereunder to obtain or enforce payment of such principal of and premium (if any) and interest on all the Debentures then outstanding together with any other amounts due under each Debenture Document by such proceedings authorized by any Debenture Document or by law or equity as the Trustee in such request shall have been directed to take, or if such request contains no such direction, or if the Trustee shall act without such request, then by such proceedings authorized by this Indenture or by suit at law or in equity as the Trustee shall deem expedient.

(b) The Trustee shall be entitled and empowered, either in its own name or as trustee of an express trust, or as attorney-in-fact for the holders of the Debentures, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Trustee and of the holders of the Debentures allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to any Obligor or its creditors or relative to or affecting its property. The Trustee is hereby irrevocably appointed (and the successive respective holders of the Debentures by taking and holding the same shall be conclusively deemed to have so appointed the Trustee) the true and lawful attorney-in-fact of the respective holders of the Debentures with authority to make and file in the respective names of the holders of the Debentures or on behalf of the holders of the Debentures as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the holders of the Debentures themselves, any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof, and to execute any such other papers and documents and to do and perform any and all such acts and things for and on behalf of such holders of the Debentures, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claims of the Trustee and of the holders of the Debentures against an Obligor or its property allowed in any such proceeding, and to receive payment of or on account of such claims; provided, however, that subject to Section 10.3, nothing contained in this Indenture shall be deemed to give to the Trustee, unless so authorized by Extraordinary Resolution, any right to accept or consent to any plan of reorganization or otherwise by action of any character in such proceeding to waive or change in any way any right of any Debentureholder.

(c) The Trustee shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Debentureholders.

(d) All rights of action hereunder may be enforced by the Trustee without the possession of any of the Debentures or the production thereof on the trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in the name of the Trustee as trustee of an express trust, and any recovery of judgment shall be for the rateable benefit of the holders of the Debentures subject to the provisions of this Indenture. In any proceeding brought by the Trustee (and also any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of any Debenture Document, to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Debentures, and it shall not be necessary to make any holders of the Debentures parties to any such proceeding.

(e) If the Trustee has become entitled to enforce the Security Interest, in addition to any right or remedy arising under the Security Documents or pursuant to Applicable Laws, including the PPSA:

(i) the Trustee, by itself, its officers, its agents or its attorneys, may, in its discretion, as advised by Counsel, and either with or without notice, enter into and upon and take possession of the Secured Assets with full power to exclude each Obligor and additionally shall have full power and authority:

(A) to carry on, manage and conduct the business operations of or relating to the Secured Assets and to borrow money in its own name or advance its own monies for the purpose of the conduct of such business operations, the maintenance and preservation of the Secured Assets or any part thereof, the making of such replacements of and additions to the Secured Assets as the Trustee shall deem desirable, as advised by Counsel, and the payment of Taxes, wages and other charges ranking in priority to the Security Interest and of current operating expenses incurred not more than 45 Business Days prior to such taking of possession, and monies so borrowed or advanced shall be repaid by the Corporation on demand and until repaid shall (with interest thereon at the rate of 10% per annum) be secured by the Security Interest in priority to sums otherwise secured thereby; and

(B) to receive and give notifications of and receipts for the revenues, incomes, issues and profits in respect of the Secured Assets and to pay therefrom the reasonable costs, charges and expenses of the Trustee incurred in connection with carrying on the said business operations, and all Taxes, assessments and other charges against such property ranking in priority to the Security Interest or the payment of which may be necessary as advised by Counsel to preserve such property, and to apply the remainder of the monies so received in the same manner as if the same arose from a sale or realization of such property. If so requested by the holders of no less than 50% in principal amount of the Debentures then outstanding, the Trustee and such agents and attorneys as advised by Counsel shall return such business and property to an Obligor without prejudice to the rights of the Trustee and the Debentureholders under any Debenture Document with respect to the same Event of Default (if not then waived or remedied) or any other subsequent Event of Default, and in such event, the balance of income received by the Trustee pursuant any Debenture Document, after payment in full of all amounts due to or property payable to the Trustee hereunder as advised by Counsel, shall be returned to the Obligor entitled thereto and the Security Interest shall no longer be deemed to have become enforceable by reason of the Event of Default which theretofore existed, but the rights arising out of the same

Event of Default (if not then waived or remedied) or any other subsequent Event of Default shall not be affected thereby;

(1) the Trustee, either after entry as aforesaid or after other entries by itself or its agents, or without any entry, may sell or dispose of the Secured Assets either as a whole or in separate parcels (to the extent permitted by applicable legislation):

1. by private contract upon notice to the Corporation given prior thereto of such length; or

2. at public auction or by public tender, having first given such notice of the time and place of such sale to the Corporation and otherwise.

The Trustee may make any such sale either for cash or upon credit and upon such reasonable conditions as to upset or reserve bid or price and terms of payment, rescind or vary any contract or sale that may have been entered into and re-sell with or under any of the powers conferred herein, adjourn such sale from time to time, and execute and deliver to the purchaser or purchasers of the said property or any part thereof good and sufficient deed or deeds for the same, the Trustee being irrevocably constituted the attorney of each Obligor under the Debenture Documents for the purpose of making such sale and executing such deeds, and any such sale made as aforesaid shall be a perpetual bar at law and in equity against each Obligor and their respective successors and assigns and all other Persons claiming the said property or any part or parcel thereof by, from, through or under any Obligor and their respective successors or assigns, and the proceeds of any such sale shall be distributed in the manner hereinafter provided;

(C) the Trustee may, with or without entry or sale as aforesaid, proceed to protect and enforce its rights under this Indenture and the other Debenture Documents by sale under judgment or order in any judicial proceeding or by foreclosure or a suit or suits in equity or at law or otherwise whether for the specific performance of any covenant or agreement contained in this Indenture or any other Debenture Document or in aid of the execution of this Indenture or any other Debenture Document or for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effective to protect and enforce any of the rights or duties of the Trustee and Debentureholders, on the advice of Counsel;

(D) the Trustee may appoint a receiver (the "**Receiver**") of an Obligor, its Secured Assets or any part thereof and of the rents, issues, profits, revenues and income thereof and in respect thereto the following provisions shall apply:

(1) such appointment shall be made in writing signed by the Trustee and such writing shall be conclusive evidence for all purposes of such appointment. The Trustee may from time to time in the same manner remove any Receiver so appointed and appoint another in its stead; in making any such appointment the Trustee shall be deemed to be acting as the attorney for such Obligor;

(2) any such appointment may be limited to any part or parts of the Secured Assets or may extend to the whole thereof;

(3) every such Receiver may be vested with all or any of the powers and discretions of the Trustee;

(4) the Trustee may from time to time fix the reasonable remuneration of every such Receiver and direct the payment thereof out of the Secured Assets, the income therefrom or the proceeds thereof (in priority to the Trustee);

(5) the Trustee may from time to time require any such Receiver to give security for the performance of its duties and may fix the nature and amount thereof, but shall not be bound to require such security;

(6) every such Receiver may, with the consent in writing of the Trustee as advised by Counsel, borrow money for the purposes of carrying on the business of such Obligor in respect of any part of the Secured Assets or for the maintenance, protection or preservation of the Secured Assets or any part thereof, and any receiver may issue certificates (in this Section called "**Receiver Certificates**") for such sums as will be sufficient for obtaining upon the security of the Secured Assets or any part thereof the amounts from time to time required, and such Receiver's Certificates may be payable either to order or bearer and may be payable at such time or times as the Trustee may consider expedient as advised by Counsel, and shall bear interest at the rate of 10% per annum and the Receiver may sell, pledge or otherwise dispose of the same in such manner as the Trustee may consider advisable as advised by Counsel and may pay such commission on the sale thereof and the amount from time to time payable by virtue of such Receiver's Certificates shall at the option of the Trustee as advised by Counsel be entitled to the Security Interest in priority to the principal, interest and other amounts secured thereby;

(7) every such Receiver shall, so far as concerns responsibility for his acts or omissions, be deemed the agent of such Obligor, and in no event the agent of the Trustee or any Debentureholder, and the Trustee shall not, in making or consenting to such appointment, incur any liability to any Receiver for his remuneration or otherwise; provided, however, that the Trustee shall not in any way be responsible for any misconduct, negligence or non-feasance of such Receiver, his employees or agents;

(8) except as may be otherwise directed by the Trustee, on the advice of Counsel, all monies from time to time received by any Receiver shall be received in trust for and paid over to the Trustee at the principal office of the Trustee in the City of Toronto as hereinbefore provided, to be held by it as part of the Secured Assets; and

(9) the Trustee may, on the advice of Counsel, pay over to any Receiver any monies constituting part of the Secured Assets to the extent that the same may be applied for the purposes hereof by such receiver, and the Trustee may, on the advice of Counsel, from time to time determine what funds any Receiver shall be at liberty to keep on hand with a view to the performance of his duties as such Receiver;

(E) the Trustee may, on the advice of Counsel, in lieu of appointing a Receiver as provided in Section 10.4(e)(i)(D), and without regard to the adequacy of the Security Interest or the solvency of any Obligor, apply to any court or courts of competent jurisdiction for the appointment of a receiver or receiver and manager of such Obligor or any of the Secured Assets, and of the rents, issues, profits, revenues and income thereof, with such powers as the court making such appointment or appointments shall confer; and

(F) such Obligor shall on demand by the Trustee, yield up possession of the Secured Assets whenever the Trustee shall have a right or entry under the foregoing provisions and agrees to put no obstacle in the way of, but to facilitate by all legal means, the actions of the Trustee or any Receiver or court appointed receiver or receiver and manager and not to interfere with the carrying out of the powers granted by the Debenture Documents or conferred by any court or courts hereunder to or upon the Trustee, any Receiver or any court appointed receiver or receiver and manager.

10.5 No Suits by Debentureholders

No holder of any Debenture shall have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal of or interest on the Debentures or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Corporation wound up or subject to any proceeding under the *Companies' Creditors Arrangement Act* (Canada) or to file or prove a claim in any liquidation, insolvency or bankruptcy proceeding or for any other remedy hereunder, unless: (a) such holder shall previously have given to the Trustee written notice of the happening of an Event of Default hereunder; and (b) the Debentureholders by Extraordinary Resolution or by written instrument signed by the holders of at least 25% in principal amount of the Debentures then outstanding shall have made a request to the Trustee and the Trustee shall have been afforded reasonable opportunity either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; and (c) the Debentureholders or any of them shall have furnished to the Trustee, when so requested by the Trustee, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (d) the Trustee shall have failed to act within a reasonable time after such notification, request and offer of indemnity; and (e) no direction inconsistent with such request has been received by the Trustee from holders of a majority in principal amount of the Debentures and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Debentures. Notwithstanding the foregoing, a Debentureholder may not use this Indenture to prejudice the rights of any other Debentureholder or to obtain a preference or priority over any other Debentureholder.

10.6 Application of Monies by Trustee

(a) Except as herein otherwise expressly provided, any monies received by the Trustee from the Corporation pursuant to the foregoing provisions of this Article 10, or as a result of legal or other proceedings or from any trustee in bankruptcy or liquidator of the Corporation, shall be applied, together with any other monies in the hands of the Trustee available for such purpose, as follows:

(i) *first*, if and to the extent that the Trustee deems it in the interest of the Debentureholders generally, based on the advice of Counsel, in payment of all Encumbrances (if any) on the Secured Assets ranking in priority to the Security Interest or to keep in good standing any such prior Encumbrances, including the Senior Security (if applicable);

(ii) *second*, in payment or in reimbursement to the Trustee or Receiver of its compensation, costs, charges, expenses, borrowings, advances or other monies furnished or provided by or at the instance of the Trustee or Receiver in or about the execution of its trusts under, or otherwise in relation to, the Debenture Documents, with interest thereon as herein provided;

(iii) *third*, but subject as hereinafter provided in this Section 10.6 provided, in payment, rateably and proportionately to (and in the case of applicable withholding Taxes, if any, on behalf of) the holders of Debentures, of the principal of and premium (if any) and accrued and unpaid interest and interest on amounts in default on the Debentures which shall then be outstanding in the priority of principal first and then premium and then accrued and unpaid interest and interest on amounts in default unless otherwise directed by Extraordinary Resolution and in that case in such order or priority as between principal, premium (if any) and interest as may be directed by such resolution; and

(iv) *fourth*, in payment of the surplus, if any, of such monies to the Obligor entitled thereto or its assigns;

provided, however, that no payment shall be made pursuant to clause (iii) above in respect of the principal, premium or interest on any Debenture (other than the Initial Debentures) held, directly or indirectly, by or for the benefit of any Obligor or any Subsidiary (other than (y) any original holder of an Initial Debenture and (z) any Debenture pledged for value and in good faith to a Person other than an Obligor or any Subsidiary but only to the extent of such Person's interest therein), except subject to the prior payment in full of the principal, premium (if any) and interest (if any) on all Debentures which are not so held.

(b) The Trustee shall not be bound to apply or make any partial or interim payment of any monies coming into its hands if the amount so received by it, after reserving thereout such amount as the Trustee may think necessary to provide for the payments mentioned in Section 10.6(a), is insufficient to make a distribution of at least 2% of the aggregate principal amount of the outstanding Debentures, but it may retain the money so received by it and invest or deposit the same as provided in Section 16.9 until the money or the investments representing the same, with the income derived therefrom, together with any other monies for the time being under its control shall be sufficient for the said purpose or until it shall consider it advisable to apply the same in the manner hereinbefore set forth. The foregoing shall, however, not apply to a final payment in distribution hereunder.

10.7 Distribution of Proceeds

Payment to Debentureholders pursuant to Section 10.6(a)(iii) shall be made as follows:

(a) not less than 15 days' notice shall be given in the manner provided in Section 15.2 by the Trustee to the Debentureholders of any payment to be made under this Article 10. Such notice shall state the time when and place where such payment is to be made and also the liability under this Indenture to which it is to be applied;

(b) from and after the date of payment specified in the notice, interest shall accrue only on the amount owing on each Debenture after giving credit for the amount of the payment specified in such notice unless the Debenture with respect to which such amount is owing be duly presented on or after the date so specified and payment of such amount be not made; and

(c) the Trustee shall not be bound to apply or make any partial or interim payment of any moneys coming into its hands if the amount so received by it, after reserving thereout such amount as the Trustee may think necessary to provide for the payments mention in Subsection 10.6(a)(i), is insufficient to make a distribution of at least 2% of the aggregate principal amount of the outstanding Debentures.

10.8 Trustee May Demand Production of Debentures

The Trustee shall have the right to demand production of the Debentures in respect of which any payment of principal, interest or premium required by this Article 10 is made and may cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Trustee may, in its discretion, dispense with such production and endorsement, upon such indemnity being given to it and to the Corporation as the Trustee shall deem sufficient.

10.9 Trustee Appointed Attorney

The Corporation hereby irrevocably appoints the Trustee to be the attorney of the Corporation in the name and on behalf for the Corporation to execute any instruments and do any acts and things which the Corporation ought to execute and do and has not executed or done, under the covenants and provisions contained in this Indenture and generally to use the name of the Corporation in the exercise of all or any of the powers hereby conferred on the Trustee with full powers of substitution and revocation.

10.10 Remedies Cumulative

No remedy herein conferred upon or reserved to the Trustee, or upon or to the Debentureholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now existing or hereafter to exist by law or by statute.

10.11 Judgment Against the Corporation

The Corporation covenants and agrees with the Trustee that, in case of any judicial or other proceedings to enforce the rights of Debentureholders, judgment may be rendered against it in favour of the Debentureholders or the Trustee, as trustee for the Debentureholders, for any amount which may remain due in respect of the Debentures and premium (if any) and the interest thereon and any other monies owing thereunder.

10.12 Immunity of Directors, Officers and Others

The Debentureholders and the Trustee hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any past, present or future officer, director or employee of the Corporation or of any Subsidiary of the Corporation, as the case may be, or holder of Shares or of any successor thereto, for the payment of the principal of or premium (if any) or interest on any of the Debentures or on any covenant, agreement, representation or warranty by the Corporation contained herein or in the Debentures.

10.13 Subordination

For greater certainty, this Indenture and the rights and obligations hereunder are subject in all material respects to to the terms and provisions of the Subordination Agreement and each Debentureholder and the Trustee acknowledges and agrees to be bound by the subordination, postponement and priority of the Senior Creditor's right to payment and security interests set forth therein.

10.14 Rights of Holders to Receive Payment and to Convert

Notwithstanding any other provisions of this Indenture, the right of any Debentureholder to receive any payment under the Debentures or this Indenture pursuant to the terms thereof or hereof, whether satisfied by cash or by the issuance of Shares in respect of the Debentures held by such Debentureholder, on or after the respective due dates expressed in or determined in accordance with the Debentures or this Indenture (whether upon redemption, repurchase, or otherwise), and to convert such Debenture in accordance with Article 4, and to bring suit for the enforcement of any such payment on or after such respective due dates or for the right to convert in accordance with Article 4, is absolute and unconditional and shall not be impaired or affected without the consent of each Debentureholder.

ARTICLE 11
SATISFACTION AND DISCHARGE

11.1 Cancellation

All Debentures shall forthwith after payment thereof be delivered to the Trustee and cancelled by it. All Debentures cancelled or required to be cancelled under this or any other provision of this Indenture shall be cancelled by the Trustee and, if required by the Corporation, the Trustee shall furnish to it a cancellation certificate setting out the designating numbers of the Debentures so cancelled.

11.2 Non-Presentation of Debentures

In case the holder of any Debenture shall fail to present the same for payment on the date on which the principal of, premium (if any) or the interest thereon or represented thereby becomes payable either at maturity or otherwise or shall not accept payment on account thereof and give such receipt therefor, if any, as the Trustee may require:

(a) the Corporation shall be entitled to pay or deliver to the Trustee and direct it to set aside; or

(b) in respect of monies or Shares in the hands of the Trustee which may or should be applied to the payment of the Debentures, the Corporation shall be entitled to direct the Trustee to set aside; or

(c) if the redemption was pursuant to notice given by the Trustee, the Trustee may itself set aside;

the monies or Shares, as the case may be, in trust to be paid to the holder of such Debenture upon due presentation or surrender thereof in accordance with the provisions of this Indenture; and thereupon the principal of, premium (if any) or the interest payable on or represented by each Debenture in respect whereof such monies or Shares, if applicable, have been set aside shall be deemed to have been paid and the holder thereof shall thereafter have no right in respect thereof except that of receiving delivery and payment of the monies or Shares, if applicable (less any Taxes required to be deducted in accordance with Section 2.15) so set aside by the Trustee upon due presentation and surrender thereof, subject always to the provisions of Section 11.3.

11.3 Repayment of Unclaimed Monies or Shares

Subject to Applicable Law, any monies or Shares, if applicable, set aside under Section 11.2 and not claimed by and paid to Debentureholders as provided in Section 11.2 within five years less a day after the date of such setting aside shall be repaid and delivered upon the Corporation's written request, to the Corporation by the Trustee and thereupon the Trustee shall be released from all further liability with respect to such monies or Shares, if applicable, and thereafter the holders of the Debentures in respect of which such monies or Shares, if applicable, were so repaid to the Corporation shall have no rights in respect thereof, except to obtain payment and delivery of the monies or Shares, if applicable, from the Corporation subject to any limitation provided by Applicable Laws. Notwithstanding the foregoing, the Trustee will pay any remaining funds prior to the expiry of five years less a day after the setting aside described in Section 11.2 to the Corporation upon receipt from the Corporation, of an unconditional letter of credit from a Canadian chartered bank in an amount equal to or in excess of the amount of the remaining funds. If the remaining funds are paid to the Corporation prior to the expiry of five years less a day after such setting aside, the Corporation shall reimburse the Trustee for any amounts so set aside which are required to be paid by the Trustee to a holder of a Debenture after the date of such payment of the remaining funds to the Corporation but prior to five years less a day after such setting aside.

11.4 Discharge

The Trustee shall at the written request and expense of the Corporation release and discharge this Indenture and the Security Interest and execute and deliver such instruments as it shall be advised by Counsel are requisite for that purpose and release each Obligor from its covenants contained in each Debenture Document (other than the provisions relating to the indemnification of the Trustee), upon proof being given to the reasonable satisfaction of the Trustee that the principal of, premium (if any) and interest (including interest on amounts in default, if any), on all the Debentures and all other monies payable under each Debenture Document have been paid or satisfied or that all the Debentures having matured or having been duly called for redemption, payment of the principal of and interest (including interest on amounts in default, if any) on such Debentures and of all other monies payable hereunder has been duly and effectually provided for in accordance with the provisions hereof.

11.5 Satisfaction

(a) The Corporation shall be deemed to have fully paid, satisfied and discharged all of the outstanding Debentures of any series and the Trustee, at the expense of the Corporation, shall execute and deliver proper instruments acknowledging the full payment, satisfaction and discharge of such Debentures, when, with respect to all of the outstanding Debentures or all of the outstanding Debentures of any series, as applicable:

(i) the Corporation has deposited or caused to be deposited with the Trustee as trust funds or property in trust for the purpose of making payment on such Debentures, an amount in cash or Shares, if applicable, sufficient to pay, satisfy and discharge the entire amount of principal of, premium (if any), and interest, if any, to maturity, or any repayment date or Dates of Conversion, or any Change of Control Purchase Date, or upon conversion or otherwise as the case may be, of such Debentures;

(ii) the Corporation has deposited or caused to be deposited with the Trustee as trust property in trust for the purpose of making payment on such Debentures:

(A) if the Debentures are issued in Canadian dollars, such amount in Canadian dollars of direct obligations of, or obligations the principal and interest of which are guaranteed by, the Government of Canada or Shares, if applicable; or

(B) if the Debentures are issued in a currency or currency unit other than Canadian dollars, cash in the currency or currency unit in which the Debentures are payable and/or such amount in such currency or currency unit of direct obligations of, or obligations the principal and interest of which are guaranteed by, the Government of Canada or the government that issued the currency or currency unit in which the Debentures are payable or Shares, if applicable;

as will, together with the income to accrue thereon and reinvestment thereof, be sufficient to pay and discharge the entire amount of principal of, premium, if any on, and accrued and unpaid interest to maturity or any repayment date, as the case may be, of all such Debentures; or

(iii) all Debentures certified and delivered (other than (A) Debentures which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.9 and (B) Debentures for whose payment has been deposited in trust and thereafter repaid to the Corporation) as provided hereunder have been delivered to the Trustee for cancellation;

so long as in any such event:

(iv) the Corporation has paid, caused to be paid or made provisions to the satisfaction of the Trustee for the payment of all other sums payable or which may be payable with respect to all of such Debentures (together with all applicable expenses of the Trustee in connection with the payment of such Debentures); and

(v) the Corporation has delivered to the Trustee an Officer's Certificate of the Corporation stating that all conditions precedent herein provided relating to the payment, satisfaction and discharge of all such Debentures have been complied with.

Any deposits with the Trustee referred to in this Section 11.5 shall be irrevocable, subject to Section 11.6, and shall be made under the terms of an escrow and/or trust agreement in form and substance satisfactory to the Trustee and which provides for the due and punctual payment of the principal of, premium, if any, and interest on the Debentures being satisfied.

(b) Upon the satisfaction of the conditions set forth in this Section 11.5 with respect to all the outstanding Debentures, or all the outstanding Debentures of any series, as applicable, the terms and conditions of the Debentures, including the terms and conditions with respect thereto set forth in this Indenture (other than those contained in Article 2, Article 4, Article 5, Article 6, Article 7, Article 9 and Article 10 and the provisions of Article 1 pertaining to Article 2, Article 4, Article 5, Article 6, Article 7, Article 9 and Article 10) shall no longer be binding upon or applicable to the Corporation.

(c) Any funds or obligations deposited with the Trustee pursuant to this Section 11.5 shall be denominated in the currency or denomination of the Debentures in respect of which such deposit is made.

(d) If the Trustee is unable to apply any money or securities in accordance with this Section 11.5 by reason of any legal proceeding or any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Corporation's obligations under this Indenture and the affected Debentures shall be revived and reinstated as though no money or securities had been deposited pursuant to this Section 11.5 until such time as the Trustee is permitted to apply all such money or securities in accordance with this Section 11.5, provided that if the Corporation has made any payment in respect of principal of, premium (if any), or interest on Debentures or, as applicable, other amounts because of the reinstatement of its obligations, the Corporation shall be subrogated to the rights of the holders of such Debentures to receive such payment from the money or securities held by the Trustee.

11.6 Continuance of Rights, Duties and Obligations

(a) Where trust funds or trust property have been deposited pursuant to Section 11.5, the Debentureholders and the Corporation shall continue to have and be subject to their respective rights, duties and obligations under Article 2, Article 4, Article 5, Article 6, Article 7, Article 9 and Article 10.

(b) In the event that, after the deposit of trust funds or trust property pursuant to Section 11.5 in respect of a series of Debentures (the "**Defeased Debentures**"), any holder of any of the Defeased Debentures from time to time converts its Debentures to Shares or other securities of the Corporation in accordance with Subsection 2.4(e) (in respect of Initial Debentures or the comparable provision of any other series of Debentures), Article 9 or any other provision of this Indenture, the Trustee shall upon receipt of a Written Direction of the Corporation return to the Corporation from time to time the proportionate amount of the trust funds or other trust property deposited with the Trustee pursuant to Section 11.5 in respect of the Defeased Debentures which is applicable to the Defeased Debentures so converted (which amount shall be based on the applicable principal amount of the Defeased Debentures being converted in relation to the aggregate outstanding principal amount of all the Defeased Debentures).

(c) In the event that, after the deposit of trust funds or trust property pursuant to Section 11.5, the Corporation is required to make a Change of Control Offer to purchase any outstanding Debentures pursuant to Subsection 2.4(f) (in respect of Initial Debentures or the comparable provision of any other series of Debentures), in relation to Initial Debentures or to make an offer to purchase Debentures pursuant to any other similar provisions relating to any other series of Debentures, the Corporation shall be entitled to use any trust money or trust property deposited with the Trustee pursuant to Section 11.5 for the purpose of paying to any holders of Defeased Debentures who have accepted any such offer of the Corporation the Total Offer Price payable to such holders in respect of such Change of Control Offer in respect of Initial Debentures (or the total offer price payable in respect of an offer relating to any other series of Debentures). Upon receipt of a Written Direction of the Corporation, the Trustee shall be entitled to pay to such holder from such trust money or trust property deposited with the Trustee pursuant to Section 11.5 in respect of the Defeased Debentures which is applicable to the Defeased Debentures held by such holders who have accepted any such offer to the Corporation (which amount shall be based on the applicable principal amount of the Defeased Debentures held by accepting offerees in relation to the aggregate outstanding principal amount of all the Defeased Debentures).

ARTICLE 12
SUCCESSORS

12.1 Corporation may Consolidate, Etc., Only on Certain Terms

Subject to the provisions of Article 13, the Corporation shall not, and shall not permit any other Obligor to, enter into any transaction or series of transactions whereby all or substantially all of its undertaking, property or assets would become the direct or indirect property of any other Person (herein called a "**Successor**") whether by way of reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, unless:

(a) prior to or contemporaneously with the consummation of such transaction the Corporation or such other Obligor, as the case may be, (the "**Merging Obligor**") and the Successor shall have executed such instruments and done such things as, in the opinion of Counsel, are necessary or advisable to establish that upon the consummation of such transaction:

(i) the Successor will have assumed or otherwise become bound by all the covenants and obligations of the Merging Obligor under the Debenture Documents to which it is party;

(ii) the Debenture Documents to which the Merging Obligor is party will be valid and binding obligations of the Successor entitling the holders thereof, as against the Successor, to all the rights of the Trustee and the Debentureholders under such Debenture Documents; and

(iii) the Successor is incorporated under the law of a province or territory of Canada and in the case of an entity organized otherwise than under the laws of the Province of Ontario, the Successor shall attorn to the jurisdiction of the courts of the Province of Ontario;

(b) such transaction, in the opinion of Counsel, shall be on such terms as to preserve and not impair any of the rights and powers of the Trustee or of the Debentureholders under the Debenture Documents; and

(c) no condition or event shall exist as to the Merging Obligor (at the time of such transaction) or the Successor (immediately after such transaction) and after giving full effect to the transaction or immediately after the Successor shall become liable to pay the principal monies, premium, if any, interest and other monies due or which may become due under any Debenture Documents to which the Merging Obligor is party, which constitutes or would constitute an Event of Default hereunder; and

for greater certainty, for the purposes of the foregoing, the sale, conveyance, transfer or lease (in a single transaction or a series of related transactions) of the properties or assets of one or more Obligors (other than to another Obligor), which, if such properties or assets were directly owned by the Corporation, would constitute all or substantially all of the properties and assets of the Corporation and its Subsidiaries, taken as a whole, shall be deemed to be the sale, conveyance, transfer or lease of all or substantially all of the properties and assets of the Corporation.

12.2 Successor Substituted

Upon any consolidation of any Obligor with, or amalgamation or merger of any Obligor into, any other Person or any sale, conveyance, transfer or lease of all or substantially all of the properties and assets of the Corporation and its Subsidiaries, taken as a whole, in accordance with Section 12.1, the successor Person formed by such consolidation or into which any Obligor is amalgamated or merged or to which such sale, conveyance, transfer or lease is made shall succeed to and assume in writing the obligations of, and be substituted for, and may exercise every right and power of, such Obligor under the Debenture Documents to which it is party with the same effect as if such successor Person had been named as such Obligor therein, and thereafter, except in the case of a lease, and except for obligations the predecessor Person may have under a supplemental indenture entered into pursuant to Section 12.1(a), the predecessor Person shall be relieved of all obligations and covenants under the Debenture Documents to which it is party.

12.3 Amalgamation

The Corporation acknowledges (on behalf of itself and the Guarantors) that if it (or any Guarantor) amalgamates with any other Person or Persons, then (i) its Security Assets and the Security Interest granted by it under each Debenture Document to which it is party shall extend to and include all assets of the same nature or character as the Security Assets of each other amalgamating Person at the time of amalgamation as well as of the amalgamated Person thereafter owned or acquired, (ii) the term "Corporation", "Guarantor" or "Obligor", as applicable, where used in the applicable Debenture Documents, shall extend to and include the amalgamated Person, and (iii) the term "Debenture Liabilities", where used in this Indenture or any other Debenture Document, shall extend to and include the Debenture Liabilities of the amalgamated Person.

ARTICLE 13
COMPULSORY ACQUISITION

13.1 Definitions

In this Article:

(a) "**Affiliate**" and "**Associate**" shall have their respective meanings set forth in the *Securities Act* (Ontario);

(b) "**Dissenting Debentureholders**" means a Debentureholder who does not accept an Offer referred to in Section 13.2 and includes any assignee of the Debenture of a Debentureholder to whom such an Offer is made, whether or not such assignee is recognized under this Indenture;

(c) "**Offer**" means an offer to acquire outstanding Debentures, which is a takeover bid for Debentures within the meaning ascribed thereto in NI 62-104, such that as of the date of the offer to acquire, the Debentures that are subject to the offer to acquire, together with the Offeror's Debentures, constitute in the aggregate 20% or more of the outstanding principal amount of the Debentures;

(d) "**offer to acquire**" includes an acceptance of an offer to sell;

(e) "**Offeror**" means a Person, or two or more Persons acting jointly or in concert, who make an Offer to acquire Debentures;

(f) "**Offeror's Debentures**" means Debentures beneficially owned, or over which control or direction is exercised, on the date of an Offer by the Offeror, any Affiliate or Associate of the Offeror or any Person or Corporation acting jointly or in concert with the Offeror; and

(g) "**Offeror's Notice**" means the notice described in Section 13.3.

For purposes of this Article 13, where the Offer refers only with respect to a particular series of Debentures, then this Article 13 shall apply *mutatis mutandis* to the Debentures of such series and references in this Article 13 to the Debentures shall mean Debentures of the particular series and references to all Debentures shall refer to the Debentureholders of the particular series, as applicable.

13.2 Offer for Debentures

If an Offer for all of the outstanding Debentures (other than Debentures held by or on behalf of the Offeror or an Affiliate or Associate of the Offeror) is made and:

(a) within the time provided in the Offer for its acceptance or within 120 days after the date the Offer is made, whichever period is the shorter, the Offer is accepted by Debentureholders representing at least 90% of the outstanding principal amount of the Debentures, other than the Offeror's Debentures;

(b) the Offeror is bound to take up and pay for, or has taken up and paid for the Debentures of the Debentureholders who accepted the Offer; and

(c) the Offeror complies with Sections 13.3 and 13.5;

the Offeror is entitled to acquire, and the Dissenting Debentureholders are required to sell to the Offeror, the Debentures held by the Dissenting Debentureholder for the same consideration per Debenture payable or paid, as the case may be, under the Offer.

13.3 Offeror's Notice to Dissenting Shareholders

Where an Offeror is entitled to acquire Debentures held by Dissenting Debentureholders pursuant to Section 13.2 and the Offeror wishes to exercise such right, the Offeror shall send by registered mail within 30 days after the date of termination of the Offer a notice (the "**Offeror's Notice**") to each Dissenting Debentureholder stating that:

(a) Debentureholders holding at least 90% of the principal amount of all outstanding Debentures, other than Offeror's Debentures, have accepted the Offer;

(b) the Offeror is bound to take up and pay for, or has taken up and paid for, the Debentures of the Debentureholders who accepted the Offer;

(c) Dissenting Debentureholders must transfer their respective Debentures to the Offeror on the terms on which the Offeror acquired the Debentures of the Debentureholders who accepted the Offer within 21 days after the date of the sending of the Offeror's Notice; and

(d) Dissenting Debentureholders must send their respective Debenture certificate(s) to the Trustee within 21 days after the date of the sending of the Offeror's Notice.

13.4 Delivery of Debenture Certificates

A Dissenting Debentureholder to whom an Offeror's Notice is sent pursuant to Section 13.3 shall, within 21 days after the sending of the Offeror's Notice, send his or her Debenture certificate(s) to the Trustee duly endorsed for transfer.

13.5 Payment of Consideration to Trustee

Within 21 days after the Offeror sends an Offeror's Notice pursuant to Section 13.3, the Offeror shall pay or transfer to the Trustee, or to such other Person as the Trustee may direct, the cash or other consideration that is payable to

Dissenting Debentureholders pursuant to Section 13.2. The acquisition by the Offeror of all Debentures held by all Dissenting Debentureholders shall be effective as of the time of such payment or transfer.

13.6 Consideration to be held in Trust

The Trustee, or the Person directed by the Trustee, shall hold in trust for the Dissenting Debentureholders the cash or other consideration they or it receives under Section 13.5. The Trustee, or such Persons, shall hold such cash in accordance with Section 16.9.

13.7 Completion of Transfer of Debentures to Offeror

Within 30 days after the date of the sending of an Offeror's Notice pursuant to Section 13.3, the Trustee, if the Offeror has complied with Section 13.5, shall:

(a) do all acts and things and execute and cause to be executed all instruments as in the Trustee's opinion, as advised by Counsel, may be necessary or desirable to cause the transfer of the Debentures of the Dissenting Debentureholders to the Offeror;

(b) send to each Dissenting Debentureholder who has complied with Section 13.4 the consideration to which such Dissenting Debentureholder is entitled under this Article 13 net of applicable withholding Taxes, if any; and

(c) send to each Dissenting Debentureholder who has not complied with Section 13.4 a notice stating that:

    (i) his or her Debentures have been transferred to the Offeror;

    (ii) the Trustee or some other Person designated in such notice are holding in trust the consideration for such Debentures; and

    (iii) the Trustee, or such other Person, will send the consideration to such Dissenting Debentureholder as soon as possible after receiving such Dissenting Debentureholder's Debenture certificate(s) or such other documents as the Trustee or such other Person may require in lieu thereof;

and the Trustee is hereby appointed the agent and attorney and is granted power of attorney with respect to the Debentures, of the Dissenting Debentureholders for the purposes of giving effect to the foregoing provisions including, without limitation, the power and authority to execute such transfers as may be necessary or desirable in respect of the book-entry only registration system of the Depository.

13.8 Communication of Offer to the Corporation

An Offeror cannot make an Offer for Debentures unless, concurrent with the communication of the Offer to any Debentureholder, a copy of the Offer is provided to the Corporation which will then provide a copy to the Trustee.

ARTICLE 14
MEETINGS OF DEBENTUREHOLDERS

14.1 Right to Convene Meeting

The Trustee or the Corporation may at any time and from time to time, and the Trustee shall, on receipt of a Written Direction of the Corporation or a written request signed by the holders of not less than 25% of the principal amount of the Debentures then outstanding or in the case of a meeting of a series of Debentures, not less than 25% of the principal amount of such series outstanding and upon receiving funding and being indemnified to its reasonable satisfaction by the Corporation or by the Debentureholders signing such request against the costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Debentureholders. In the event of the Trustee failing, within 30 days after receipt of any such request and such funding of indemnity, to give notice convening a meeting, the Corporation or such Debentureholders, as the case may be, may convene such meeting. Every such meeting shall be held in in the City of Toronto or at such other place as may be approved or determined by the Corporation and the Trustee.

14.2 Notice of Meetings

(a) At least 21 days' notice of any meeting shall be given to the Debentureholders in the manner provided in Section 15.2 and a copy of such notice shall be sent by mail to the Trustee, unless the meeting has been called by it. Such notice shall state the time when and the place where the meeting is to be held and shall state briefly the general nature of the business to be transacted thereat and it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article. The accidental omission to give notice of a meeting to any holder of Debentures shall not invalidate any resolution passed at any such meeting. A holder may waive notice of a meeting either before or after the meeting.

(b) If the business to be transacted at any meeting by Extraordinary Resolution or otherwise, or any action to be taken or power exercised by instrument in writing under Section 14.15, especially affects the rights of Debentureholders of one or more series in a manner or to an extent differing in any material way from that in or to which the rights of Debentureholders of any other series are affected (determined as provided in Sections 14.2(c) and (d)), then:

(i) a reference to such fact, indicating each series of Debentures in the opinion of Counsel so especially affected (hereinafter referred to as the "**especially affected series**") shall be made in the notice of such meeting, and in any such case the meeting shall be and be deemed to be and is herein referred to as a "**Serial Meeting**"; and

(ii) the Debentureholders of an especially affected series shall not be bound by any action taken at a Serial Meeting or by instrument in writing under Section 14.15 unless in addition to compliance with the other provisions of this Article 14:

(A) at such Serial Meeting: (I) there are Debentureholders present in person or by proxy and representing at least 25% in principal amount of the Debentures then outstanding of such series, subject to the provisions of this Article 14 as to quorum at adjourned meetings; and (II) the resolution is passed by the affirmative vote of the holders of more than 50% (or in the case of an Extraordinary Resolution not less than 66 2/3%) of the principal amount of the Debentures of such series then outstanding voted on the resolution; or

(B) in the case of action taken or power exercised by instrument in writing under Section 14.15, such instrument is signed in one or more counterparts by the holders of not less than 66 2/3% in principal amount of the Debentures of such series then outstanding.

(c) Subject to Section 14.2(d), the determination as to whether any business to be transacted at a meeting of Debentureholders, or any action to be taken or power to be exercised by instrument in writing under Section 14.15, especially affects the rights of the Debentureholders of one or more series in a manner or to an extent differing in any material way from that in or to which it affects the rights of Debentureholders of any other series (and is therefore an especially affected series) shall be determined by an opinion of Counsel, which shall be binding on all Debentureholders, the Trustee and the Corporation for all purposes hereof.

(d) A proposal:

(i) to extend the maturity of Debentures or to change the interest payment dates thereof, of any particular series or to reduce the principal amount thereof, or to change the rate of interest or the redemption, conversion or prepayment premium thereon, or to impair or change any conversion right thereof;

(ii) to modify or terminate any covenant or agreement which by its terms is effective only so long as Debentures of a particular series are outstanding; or

(iii) to reduce with respect to Debentureholders of any particular series any percentage stated in this Section 14.2 or Sections 14.4, 14.12 and 14.15;

shall be deemed to especially affect the rights of the Debentureholders of such series in a manner differing in a material way from that in which it affects the rights of Debentureholders of any other series, whether or not a similar extension, reduction, impairment, change, modification or termination is proposed with respect to Debentures of any or all other series.

14.3 Chairman

Some person, who need not be a Debentureholder, nominated in writing by the Corporation (in case it convenes the meeting) or by the Trustee (in any other case) shall be chairman of the meeting and if no person is so nominated, or if the person so nominated is not present within 15 minutes from the time fixed for the holding of the meeting, a majority of the Debentureholders present in person or by proxy shall choose some person present to be chairman.

14.4 Quorum

Subject to the provisions of Section 14.12, at any meeting of the Debentureholders a quorum shall consist of Debentureholders present in person or by proxy and representing at least 25% in principal amount of the outstanding Debentures and, if the meeting is a Serial Meeting, at least 25% of the Debentures then outstanding of each especially affected series. If a quorum of the Debentureholders shall not be present within 30 minutes from the time fixed for holding any meeting, the meeting, if summoned by the Debentureholders or pursuant to a request of the Debentureholders, shall be dissolved, but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day thereafter) at the same time and place and no notice shall be required to be given in respect of such adjourned meeting. At the reconvening of the adjourned meeting, the Debentureholders present in person or by proxy shall, subject to the provisions of Section 14.12, constitute a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not represent 25% of the principal amount of the outstanding Debentures or of the Debentures then outstanding of each especially affected series. Any business may be brought before or dealt with at an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless the required quorum, as applicable, is present at the commencement of business.

14.5 Power to Adjourn

The chairman of any meeting at which a quorum of the Debentureholders is present may, with the consent of the holders of a majority in principal amount of the Debentures represented thereat, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

14.6 Show of Hands

Every question submitted to a meeting shall, subject to Section 14.7, be decided in the first place by a majority of the votes given on a show of hands except that votes on Extraordinary Resolutions shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Debentures, if any, held by him.

14.7 Poll

On every Extraordinary Resolution, and on any other question submitted to a meeting when demanded by the chairman or by one or more Debentureholders or proxies for Debentureholders, a poll shall be taken in such manner and either at once or after an adjournment as the chairman shall direct. Questions other than Extraordinary Resolutions shall, if a poll be taken, be decided by the votes of the holders of a majority in principal amount of the Debentures and of each especially affected series, if applicable, represented at the meeting in person or represented by proxy and voted upon on a poll on such resolution, and voted on the poll.

14.8 Voting

On a show of hands every Person who is present and entitled to vote, whether as a Debentureholder or as proxy for one or more Debentureholders or both, shall have one vote. On a poll each Debentureholder present in person or represented by a proxy duly appointed by an instrument in writing shall be entitled to one vote in respect of each $1.00 principal amount of Debentures of which they shall then be the holder. In the case of any Debenture denominated in a currency or currency unit other than Canadian dollars, the principal amount thereof for these purposes shall be computed in Canadian dollars on the basis of the conversion of the principal amount thereof at the applicable spot buying rate of exchange for such other currency or currency unit as reported by the Bank of Canada on the Bank of Canada website at the close of business on the Business Day next preceding the meeting. Any fractional amounts resulting from such conversion shall be rounded to the nearest $100. A proxy need not be a Debentureholder. In the case of joint holders of a Debenture, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but in case more than one of them be present in person or by proxy, they shall vote together in respect of the Debentures of which they are joint holders.

In the case of a Global Debenture, the Depository may appoint or cause to be appointed a person or persons as proxies and shall designate the number of votes entitled to each such person, and each such person shall be entitled to be present at any meeting of Debentureholders and shall be the persons entitled to vote at such meeting in accordance with the number of votes set out in the Depository's designation.

14.9 Proxies

The Corporation (in case it convenes the meeting) or the Trustee (in any other case) for the purpose of enabling the Debentureholders to be present and vote at any meeting without producing their Debentures, and of enabling them to be present and vote at any such meeting by proxy and of lodging instruments appointing such proxies at some place other than the place where the meeting is to be held, may from time to time make and vary such regulations as it shall think fit providing for and governing any or all of the following matters:

(a) the form of the instrument appointing a proxy, which shall be in writing, and the manner in which the same shall be executed and the production of the authority of any person signing on behalf of a Debentureholder;

(b) the deposit of instruments appointing proxies at such place as the Trustee, the Corporation or the Debentureholder convening the meeting, as the case may be, may, in the notice convening the meeting, direct and the time, if any, before the holding of the meeting or any adjournment thereof by which the same must be deposited; and

(c) the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed, faxed, cabled, telegraphed or sent by other electronic means before the meeting to the Corporation or to the Trustee at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as the holders of any Debentures, or as entitled to vote or be present at the meeting in respect thereof, shall be Debentureholders and persons whom Debentureholders have by instrument in writing duly appointed as their proxies.

14.10 Persons Entitled to Attend Meetings

The Corporation and the Trustee, by their respective officers and directors, the Auditors of the Corporation and the legal advisors of the Corporation, the Trustee or any Debentureholder may attend any meeting of the Debentureholders, but shall have no vote as such.

14.11 Powers Exercisable by Extraordinary Resolution

In addition to the powers conferred upon them by any other provisions of this Indenture or by law, a meeting of the Debentureholders shall have the following powers exercisable from time to time by Extraordinary Resolution, subject in the case of the matters in paragraphs (a), (b),(c), (d) and (l) to receipt of the prior approval of the Exchange or such other exchange or quotation system on which the Debentures are then listed:

(a) power to authorize the Trustee to grant extensions of time for payment of any principal, premium or interest on the Debentures, whether or not the principal, premium, or interest, the payment of which is extended, is at the time due or overdue;

(b) power to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Debentureholders or the Trustee (with its consent) against the Corporation, or against its property, whether such rights arise under this Indenture or any other Debenture Document or otherwise;

(c) power to assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture or any other Debenture Document which shall be agreed to by the Corporation and to authorize the Trustee to concur in and execute any indenture supplemental hereto embodying any modification, change, addition or omission;

(d) power to sanction any scheme for the reconstruction, reorganization or recapitalization of any Obligor or for the consolidation, amalgamation, arrangement, reorganization, combination or merger of any Obligor with any other Person or for the sale, leasing, transfer or other disposition of all or substantially all of the undertaking, property and assets of any Obligor or any part thereof; provided that no such sanction shall be necessary in respect of any such transaction if the provisions of Section 12.1 shall have been complied with;

(e) power to direct or authorize the Trustee to exercise any power, right, remedy or authority given to it by this Indenture in any manner specified in any such Extraordinary Resolution or to refrain from exercising any such power, right, remedy or authority;

(f) power to waive, and direct the Trustee to waive, any default under any Debenture Document and/or cancel any declaration made by the Trustee pursuant to Section 10.1 either unconditionally or upon any condition specified in such Extraordinary Resolution;

(g) power to restrain any Debentureholder from taking or instituting any suit, action or proceeding for the purpose of enforcing payment of the principal, premium or interest on the Debentures, or for the execution of any trust or power hereunder;

(h) power to direct any Debentureholder who, as such, has brought any action, suit or proceeding to stay or discontinue or otherwise deal with the same upon payment, if the taking of such suit, action or proceeding shall have been permitted by Section 10.5, of the costs, charges and expenses reasonably and properly incurred by such Debentureholder in connection therewith;

(i) power to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any Shares or other securities of the Corporation;

(j) power to appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in the resolution) to exercise, and to direct the Trustee to exercise, on behalf of the Debentureholders, such of the powers of the Debentureholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the resolution appointing the committee. The resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee. Such committee shall consist of such number of persons as shall be prescribed in the resolution appointing it and the members need not be themselves Debentureholders. Every such committee may elect its chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedure generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debentureholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

(k) power to remove the Trustee from office and to appoint a new Trustee or Trustees; provided that no such removal shall be effective unless and until a new Trustee or Trustees shall have become bound by this Indenture;

(l) other than with respect to conversions permitted under any series of a Debenture on the date of issuance, power to sanction the exchange of the Debentures for or the conversion thereof into Shares, bonds, debentures or other securities or obligations of the Corporation or of any other Person formed or to be formed;

(m) power to authorize the distribution in specie of any shares or securities received pursuant to a transaction authorized under the provisions of Section 14.11(l); and

(n) power to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Debentureholders or by any committee appointed pursuant to Section 14.11(j).

Notwithstanding the foregoing provisions of this Section 14.11, none of such provisions shall in any manner allow or permit any amendment, modification, abrogation or addition to the provisions of Article 5 which could reasonably be expected to materially and detrimentally affect the rights, remedies or recourse of the priority of the Senior Creditors, based on the opinion of Counsel.

Except as otherwise provided in this Indenture, all other powers of and matters to be determined by the Debentureholders may be exercised or determined from time to time by Ordinary Resolution.

The expression "**Ordinary Resolution**" when used in this Indenture means, except as otherwise provided in this Indenture, a resolution proposed to be passed as an ordinary resolution at a meeting of Debentureholders duly convened for the purpose and held in accordance with the provisions of this Article 14 at which a quorum of the Debentureholders is present and passed by the affirmative votes of Debentureholders present in person or represented by proxy at the meeting who hold more than 50% of the aggregate principal amount of the Debentures voted in respect of such resolution.

14.12 Meaning of "Extraordinary Resolution"

(a) The expression "**Extraordinary Resolution**" when used in this Indenture means, subject as hereinafter in this Article provided, a resolution proposed to be passed as an Extraordinary Resolution at a meeting of Debentureholders (including an adjourned meeting) duly convened for the purpose and held in accordance with the provisions of this Article at which the holders of not less than 25% of the principal amount of the Debentures then outstanding, and if the meeting is a Serial Meeting, at which holders of not less than 25% of the principal amount of the Debentures then outstanding of each especially affected series, are present in person or by proxy and passed by the favourable votes of the holders of not less than 66 2/3% of the principal amount of the Debentures represented at the meeting in person or represented by proxy and voted upon on a poll on such resolution, and if the meeting is a Serial Meeting by the affirmative vote of the holders of not less than 66 2/3% of the principal amount of Debentures of each especially affected series, represented at the meeting in person or represented by proxy and voted upon on a poll on such resolution.

(b) If, at any such meeting where an Extraordinary Resolution is to be considered, the holders of not less than 25% of the principal amount of the Debentures then outstanding and, if the meeting is a Serial Meeting, 25% of the principal amount of the Debentures then outstanding of each especially affected series, in each case are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by or on the requisition of Debentureholders, shall be dissolved but in any other case it shall stand adjourned to such date, being not less than 21 nor more than 60 days later, and to such place and time as may be appointed by the chairman. Not less than 7 days' notice shall be given of the time and place of such adjourned meeting in the manner provided in Section 15.2. Such notice shall state that at the adjourned meeting the Debentureholders present in person or by proxy shall form a quorum. At the adjourned meeting the Debentureholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed thereat by the affirmative vote of holders of not less than 66 2/3% of the principal amount of the Debentures represented at the meeting in person or represented by proxy and voted upon on a poll on such resolution, and, if the meeting is a Serial Meeting, by the affirmative vote of the holders of not less than 66 2/3% of the principal amount of the Debentures of each especially affected series represented at the meeting in person or represented by proxy and voted upon on a poll shall be an Extraordinary Resolution within the meaning of this Indenture, notwithstanding that the holders of not less than 25% in principal amount of the Debentures then outstanding, and if the meeting is a Serial Meeting, holders of not less than 25% of the principal amount of the Debentures then outstanding of each especially affected series, are not present in person or by proxy at such adjourned meeting.

(c) Votes on an Extraordinary Resolution shall always be given on a poll and no demand for a poll on an Extraordinary Resolution shall be necessary.

14.13 Powers Cumulative

Any one or more of the powers in this Indenture stated to be exercisable by the Debentureholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers from time to time shall not be deemed to exhaust the rights of the Debentureholders to exercise the same or any other such power or powers thereafter from time to time.

14.14 Minutes

Minutes of all resolutions and proceedings at every meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Trustee at the expense of the Corporation, and any such minutes as aforesaid, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Debentureholders, shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings taken thereat to have been duly passed and taken.

14.15 Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Debentureholders at a meeting held as hereinbefore in this Article provided may also be taken and exercised by the holders of more than 50% of the principal amount of outstanding Debentures in the case of an Ordinary Resolution and not less than 66 2/3% of the principal amount of all the outstanding Debentures in the case of an Extraordinary Resolution and, if the meeting at which such actions might be taken would be a Serial Meeting, by the holders of more than 50% of the principal amount of outstanding Debentures of such series in the case of an Ordinary Resolution and not less than 66 2/3% of the principal amount of the Debentures of such series then outstanding in the case of an Extraordinary Resolution of each especially affected series, by an instrument in writing signed in one or more counterparts and the expression "**Extraordinary Resolution**" when used in this Indenture shall include an instrument so signed.

14.16 Binding Effect of Resolutions

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article at a meeting of Debentureholders shall be binding upon all the Debentureholders, whether present at or absent from such meeting, and every instrument in writing signed by Debentureholders in accordance with Section 14.15 shall be binding upon all the Debentureholders, whether signatories thereto or not, and each and every Debentureholder and the Trustee (subject to the provisions for its indemnity herein contained) shall be bound to give effect accordingly to every such resolution, Extraordinary Resolution and instrument in writing.

14.17 Evidence of Rights Of Debentureholders

(a) Any request, direction, notice, consent or other instrument which this Indenture may require or permit to be signed or executed by the Debentureholders may be in any number of concurrent instruments of similar tenor signed or executed by such Debentureholders.

(b) The Trustee may, in its discretion, require proof of execution in cases where it deems proof desirable and may accept such proof as it shall consider proper.

14.18 Concerning Serial Meetings

If in the opinion of Counsel any business to be transacted at any meeting, or any action to be taken or power to be exercised by instrument in writing under Section 14.15, does not adversely affect the rights of the Debentureholders of one or more series, the provisions of this Article 14 shall apply as if the Debentures of such series were not outstanding and no notice of any such meeting need be given to the Debentureholders of such series. Without limiting the generality of the foregoing, a proposal to modify or terminate any covenant or agreement which is effective only so long as Debentures of a particular series are outstanding shall be deemed not to adversely affect the rights of the Debentureholders of any other series.

14.19 Record Dates

If the Corporation shall solicit from the Debentureholders any request, demand, authorization, direction, notice, consent, waiver or other action, the Corporation may, at its option, by or pursuant to a Written Direction of the Corporation, fix in advance a record date for the determination of such holders entitled to provide such request, demand, authorization, direction, notice, consent, waiver or other action, but the Corporation shall have no obligation to do so. Any such record date shall be the record date specified in or pursuant to such Written Direction of the Corporation.

If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other action may be given before or after such record date, but only the holders of record at the close of business on such record date shall be deemed to be holders for the purposes of determining whether holders of the requisite proportion of Debentures then outstanding have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other act, and for this purpose the Debentures then outstanding shall be computed as of such record date.

ARTICLE 15
NOTICES

15.1 Notice to Corporation

Any notice to the Corporation under the provisions of this Indenture shall be valid and effective if delivered to the Corporation at: 60 Adelaide Street E, Suite 1000, Toronto, Ontario M5C 3E4, Attention: Francesco Tallarico, Chief Legal Officer and Corporate Secretary, c/o E-mail: francesco@flowr.ca, and a copy delivered to Fasken Martineau DuMoulin LLP, 333 Bay Street, Suite 2400, Toronto, Ontario, Canada M5J 2T9, Attention: John Sabetti, E-mail: jsabetti@fasken.com, and shall be deemed to have been effectively delivered on the date of transmission, or if such day is not a Business Day, on the first Business Day following the day of transmission, provided that such notice delivered by e-mail is delivered before 4:00 p.m. (Toronto time) on such Business Day and the sender does not receive a delivery failure notice or if given by registered letter, postage prepaid, to such offices and so addressed and if mailed, shall be deemed to have been effectively given five Business Days following the mailing thereof. The Corporation may from time to time notify the Trustee in writing of a change of address which thereafter, until changed by like notice, shall be the address of the Corporation for all purposes of this Indenture.

15.2 Notice to Debentureholders

All notices to be given hereunder with respect to the Debentures shall be deemed to be validly given to the holders thereof if sent by first class mail, postage prepaid, by letter or circular addressed to such holders at their post office addresses appearing in any of the registers hereinbefore mentioned and shall be deemed to have been effectively given three Business Days following the day of mailing. Accidental error or omission in giving notice or accidental failure to mail notice to any Debentureholder or the inability of the Corporation to give or mail any notice due to anything beyond the reasonable control of the Corporation shall not invalidate any action or proceeding founded thereon.

If any notice given in accordance with the foregoing paragraph would be unlikely to reach the Debentureholders to whom it is addressed in the ordinary course of post by reason of an interruption in mail service, whether at the place of dispatch or receipt or both, the Corporation shall give such notice by publication at least once in the City of Toronto (or in such of those cities as, in the opinion of the Trustee, is sufficient in the particular circumstances), each such publication to be made in a daily newspaper of general circulation in the designated city.

Any notice given to Debentureholders by publication shall be deemed to have been given on the day on which publication shall have been effected at least once in each of the newspapers in which publication was required. All notices with respect to any Debenture may be given to whichever one of the holders thereof (if more than one) is named first in the registers hereinbefore mentioned, and any notice so given shall be sufficient notice to all holders of any Persons interested in such Debenture.

15.3 Notice to Trustee

Any notice to the Trustee under the provisions of this Indenture shall be valid and effective if delivered to the Trustee at its principal office in the City of Toronto at 100 University Ave, 11th Floor, Toronto, Ontario M5J 2Y1, Attention: Manager, Corporate Trust, Email: corporatetrust.toronto@computershare.com and shall be deemed to have been effectively on the date of transmission, or if such day is not a Business Day, on the first Business Day following the day of transmission; provided that such notice delivered by e-mail is delivered before 4:00 p.m. (Toronto time) on such Business Day and the sender does not receive a delivery failure notice or if given by registered letter, postage prepaid, to such offices and so addressed and if mailed, shall be deemed to have been effectively given three Business Days following the mailing thereof. The Trustee may from time to time notify the

Corporation in writing of a change of address which thereafter, until changed by like notice, shall be the address of the Trustee for all purposes of this Indenture.

15.4 Mail Service Interruption

If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Trustee or the Corporation, as applicable, would reasonably be unlikely to reach its destination by the time notice by mail is deemed to have been given pursuant to Sections 15.1 or 15.3, as applicable, such notice shall be valid and effective only if delivered at the appropriate address in accordance with this Sections 15.1 or 15.3, as applicable.

ARTICLE 16
CONCERNING THE TRUSTEE

16.1 No Conflict of Interest

The Trustee represents to the Corporation that, to the best of its knowledge, at the date of execution and delivery by it of this Indenture there exists no material conflict of interest in the role of the Trustee as a fiduciary hereunder but if, notwithstanding the provisions of this Section 16.1, such a material conflict of interest exists, or hereafter arises, the validity and enforceability of this Indenture, and the Debentures issued hereunder, and the other Debenture Documents shall not be affected in any manner whatsoever by reason only that such material conflict of interest exists or arises but the Trustee shall, within 30 days after ascertaining that it has a material conflict of interest, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Section 16.2.

16.2 Replacement of Trustee

The Trustee may resign its trust and be discharged from all further duties and liabilities under the Debenture Documents by giving to the Corporation 90 days' notice in writing or such shorter notice as the Corporation may accept as sufficient. If at any time a material conflict of interest exists in the Trustee's role as a fiduciary hereunder the Trustee shall, within 30 days after ascertaining that such a material conflict of interest exists, either eliminate such material conflict of interest or resign in the manner and with the effect specified in this Section 16.2. The validity and enforceability of this Indenture, the Debentures issued hereunder and the other Debenture Documents shall not be affected in any manner whatsoever by reason only that such a material conflict of interest exists. In the event of the Trustee resigning or being removed or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new Trustee unless a new Trustee has already been appointed by the Debentureholders. Failing such appointment by the Corporation, the retiring Trustee or any Debentureholder may apply to a Judge of the Supreme Court of Ontario, on such notice as such Judge may direct at the Corporation's expense, for the appointment of a new Trustee but any new Trustee so appointed by the Corporation or by the Court shall be subject to removal as aforesaid by the Debentureholders and the appointment of such new Trustee shall be effective only upon such new Trustee becoming bound by this Indenture. Any new Trustee appointed under any provision of this Section 16.2 shall be a corporation authorized to carry on the business of a trust company in all of the provinces and territories of Canada. On any new appointment the new Trustee shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named in each Debenture Document as Trustee.

Any trust company into which the Trustee may be merged or, with or to which it may be consolidated, amalgamated or sold, or any trust company resulting from any merger, consolidation, sale or amalgamation to which the Trustee shall be a party, shall be the successor trustee under each Debenture Document without the execution of any instrument or any further act. Nevertheless, upon the written request of the successor Trustee or of the Corporation, the Trustee ceasing to act shall execute and deliver an instrument assigning and transferring to such successor Trustee, upon the trusts expressed in each Debenture Document, all the rights, powers and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver all property and money held by such Trustee to the successor Trustee so appointed in its place. Should any deed, conveyance or instrument in writing from the Corporation be required by any new Trustee for more fully and certainly vesting in and confirming to it such estates, properties, rights, powers and trusts, then any and all such deeds, conveyances and instruments in writing shall on request of said new Trustee, be made, executed, acknowledged and delivered by the Corporation.

16.3 Duties of Trustee

In the exercise of the rights, duties and obligations prescribed or conferred by the terms of this Indenture, the Trustee shall act honestly and in good faith and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

16.4 Reliance Upon Declarations, Opinions, etc.

In the exercise of its rights, duties and obligations hereunder the Trustee may, if acting in good faith, rely, as to the truth of the statements and accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports or certificates furnished pursuant to any covenant, condition or requirement of this Indenture or required by the Trustee to be furnished to it in the exercise of its rights and duties hereunder, if the Trustee examines such statutory declarations, opinions, reports or certificates and determines that they comply with Section 16.5, if applicable, and with any other applicable requirements of this Indenture. The Trustee may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. Without restricting the foregoing, the Trustee may rely on an opinion of Counsel satisfactory to the Trustee notwithstanding that it is delivered by a solicitor or firm which acts as solicitors for the Corporation.

16.5 Evidence and Authority to Trustee, Opinions, Etc.

The Corporation shall furnish to the Trustee evidence of compliance with the conditions precedent provided for in this Indenture relating to any action or step required or permitted to be taken by the Corporation or the Trustee under this Indenture or as a result of any obligation imposed under this Indenture, including the certification and delivery of Debentures hereunder, the satisfaction and discharge of this Indenture and the taking of any other action to be taken by the Trustee at the request of or on the application of the Corporation, forthwith if and when (a) such evidence is required by any other Section of this Indenture to be furnished to the Trustee in accordance with the terms of this Section 16.5, or (b) the Trustee, in the exercise of its rights and duties under this Indenture, gives the Corporation written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice.

Such evidence shall consist of:

(a) a certificate made by any one officer or director of the Corporation, stating that any such condition precedent has been complied with in accordance with the terms of this Indenture;

(b) an opinion of Counsel that such condition precedent has been complied with in accordance with the terms of this Indenture; and

(c) in the case of any such condition precedent compliance with which is subject to review or examination by auditors or accountants, an opinion or report of the Auditors of the Corporation whom the Trustee for such purposes hereby approves, that such condition precedent has been complied with in accordance with the terms of this Indenture.

Whenever such evidence relates to a matter other than the certificates and delivery of Debentures and the satisfaction and discharge of this Indenture, and except as otherwise specifically provided herein, such evidence may consist of a report or opinion of any solicitor, auditor, accountant, engineer or appraiser or any other person whose qualifications give authority to a statement made by him; provided that if such report or opinion is furnished by a trustee, officer or employee of the Corporation or the Corporation, as the case may be, it shall be in the form of a statutory declaration. Such evidence shall be, so far as appropriate, in accordance with the immediately preceding paragraph of this Section 16.5.

Each statutory declaration, certificate, opinion or report with respect to compliance with a condition precedent provided for in the Indenture shall include (a) a statement by the person giving the evidence that he has read and is familiar with those provisions of this Indenture relating to the condition precedent in question, (b) a brief statement of the nature and scope of the examination or investigation upon which the statements or opinions contained in such evidence are based, (c) a statement that, in the belief of the person giving such evidence, he has made such examination or investigation as is necessary to enable him to make the statements or give the opinions contained or expressed therein, and (d) a statement whether in the opinion of such person the conditions precedent in question have been complied with or satisfied.

The Corporation shall furnish or cause to be furnished to the Trustee at any time if the Trustee reasonably so requires, an Officer's Certificate of the Corporation certifying that the Corporation has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which would, with the giving of notice or the lapse of time, or both, or otherwise, constitute an Event of Default, or if such is not the case, specifying the covenant, condition or other requirement which has not been complied with and giving particulars of such non-compliance. The Corporation shall, whenever the Trustee so requires, furnish the Trustee with evidence by way of statutory declaration, opinion, report or certificate as specified by the Trustee as to any action or step required or permitted to be taken by the Corporation or as a result of any obligation imposed by this Indenture.

16.6 Officer's Certificates Evidence

Except as otherwise specifically provided or prescribed by this Indenture, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, the Trustee, if acting in good faith, may rely upon an Officer's Certificate.

16.7 Experts, Advisers and Agents

The Trustee may:

(a) employ or retain and act and rely on the opinion or advice of or information obtained from any solicitor, auditor, valuator, engineer, surveyor, appraiser or other expert, whether obtained by the Trustee or by the Corporation, or otherwise, in relation to any matter arising in the administration of hereof, and shall not be liable for acting, or refusing to act, in good faith on any such opinion or advice and shall not be responsible for any misconduct on the part of any of them and may pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid. The reasonable costs of such services shall be added to and become part of the Trustee's remuneration hereunder; and

(b) employ such agents and other assistants as it may reasonably require for the proper discharge of its duties hereunder, and shall not be responsible for any misconduct on the part of any of them, provided they were selected with reasonable care, and may pay reasonable remuneration for all services performed for it (and shall be entitled to receive reasonable remuneration for all services performed by it) in the discharge of the trusts hereof and compensation for all disbursements, costs and expenses made or incurred by it in the discharge of its duties hereunder and in the management of the trusts hereof and any solicitors employed or consulted by the Trustee may, but need not be, solicitors for the Corporation.

16.8 Trustee May Deal in Debentures

Subject to Sections 16.1 and 16.3, the Trustee may, in its personal or other capacity, buy, sell, lend upon and deal in the Debentures and generally contract and enter into financial transactions with any Obligor or otherwise, without being liable to account for any profits made thereby.

16.9 Investment of Monies Held by Trustee

Unless otherwise provided in this Indenture, until released in accordance with this Indenture, monies held by Trustee shall be kept segregated in the records of the Trustee and shall be deposited in one or more interest-bearing trust accounts to be maintained by the Trustee in the name of the Trustee at one or more banks listed in Schedule H (an "**Approved Bank**"). All amounts held by the Trustee pursuant to this Indenture shall be held by the Trustee pursuant to the term of this Indenture and shall not give rise to a debtor-creditor or other similar relationship. Alternatively monies held by the Trustee, which, under the trusts of this Indenture may be invested and reinvested in the name or under the control of the Trustee in securities in which, under the laws of the Province of Ontario, trustees are authorized to invest trust monies; provided that such securities are expressed to mature within two years or such shorter period selected to facilitate any payments expected to be made under this Indenture, after their purchase by the Trustee, and unless and until the Trustee shall have declared the principal of and premium (if any) and interest on the Debentures to be due and payable, the Trustee shall so invest such monies at the Written Direction of the Corporation given in a reasonably timely manner. The amounts held by the Trustee pursuant to this Indenture or invested are at the sole risk of Corporation and, without limiting the generality of the foregoing, the Trustee shall have no responsibility or liability for any diminution of the monies which may result from any deposit made with an Approved Bank or invested pursuant to this Section 16.9, including any losses resulting from a default by the Approved Bank or other credit losses (whether or not resulting from such a default) and any credit or other losses on any deposit liquidated or sold prior to maturity. The parties hereto acknowledge and agree that the Trustee will have acted prudently in depositing the monies at any Approved Bank. Pending instructions to investment of any monies as hereinbefore provided, such monies may be deposited in the name of the Trustee at an Approved Bank and with interest payable at the usual rate of interest then provided by the Trustee, if any, on similar deposits.

16.10 Trustee Not Ordinarily Bound

Except as provided in Section 10.2 and as otherwise specifically provided herein, the Trustee shall not, subject to Section 16.3, be bound to give notice to any Person of the execution hereof, nor to do, observe or perform or see to the observance or performance by any Obligor of any of the obligations imposed under any Debenture Document upon such Obligor or of the covenants on the part of any Obligor therein contained, nor in any way to supervise or interfere with the conduct of the business of any Obligor, unless the Trustee shall have been required to do so in writing by the holders of not less than 25% of the aggregate principal amount of the Debentures then outstanding or by any Extraordinary Resolution of the Debentureholders passed in accordance with the provisions contained in Article 14, and then only after it shall have been funded and indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages and expenses which it may incur by so doing.

16.11 Trustee Not Required to Give Security

The Trustee shall not be required to give any bond or security in respect of the execution of the trusts and powers of this Indenture or otherwise in respect of the premises.

16.12 Trustee Not Bound to Act on Corporation's Request

Except as in this Indenture otherwise specifically provided, the Trustee shall not be bound to act in accordance with any direction or request of the Corporation until a duly certified copy of the instrument or resolution containing such direction or request shall have been delivered to the Trustee, and the Trustee shall be empowered to act upon any such copy purporting to be certified and believed by the Trustee to be genuine.

16.13 Conditions Precedent to Trustee's Obligations to Act Hereunder

The obligation of the Trustee to commence or continue any act, action or proceeding for the purpose of enforcing the rights of the Trustee and of the Debentureholders hereunder shall be conditional upon the Debentureholders furnishing when required by notice in writing by the Trustee, sufficient funds to commence or continue such act, action or proceeding and indemnity reasonably satisfactory to the Trustee to protect and hold harmless the Trustee against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified and funded as aforesaid.

The Trustee may, before commencing or at any time during the continuance of any such act, action or proceeding require the Debentureholders at whose instance it is acting to deposit with the Trustee the Debentures held by them for which Debentures the Trustee shall issue receipts.

16.14 Authority to Carry on Business

The Trustee represents to the Corporation that at the date of execution and delivery by it of this Indenture it is authorized to carry on the business of a trust company in each of the provinces and territories of Canada but if, notwithstanding the provisions of this Section 16.14, it ceases to be so authorized to carry on business, the validity and enforceability of the Debenture Documents and the securities issued hereunder shall not be affected in any manner whatsoever by reason only of such event but the Trustee shall, within 90 days after ceasing to be authorized to carry on the business of a trust company in any of the provinces and territories of Canada, either become so authorized or resign in the manner and with the effect specified in Section 16.2.

16.15 Compensation and Indemnity

(a) *Compensation:* The Corporation shall pay to the Trustee from time to time compensation for its services hereunder as agreed separately by the Corporation and the Trustee, and shall pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of its duties under the Debenture Documents (including the reasonable and documented compensation and disbursements of its Counsel and all other advisers and assistants not regularly in its employ), both before any default hereunder and thereafter until all duties of the Trustee under the Debenture Documents shall be finally and fully performed. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust.

(b) *Indemnity*: The Corporation hereby indemnifies and saves harmless the Trustee and its Affiliates, their successors and assigns, as well as its and their respective directors, officers, employees, and agents, harmless from and against any and all loss, damages, charges, expenses, claims, demands, assessments, interest, penalties, actions or liability whatsoever which may be brought against the Trustee or which it may suffer or incur including expert, consultant and counsel fees and disbursements on a solicitor and client basis, as a result of or arising out of the performance of its duties and obligations or omissions hereunder, save only in the event of the gross negligence, or the fraud, wilful misconduct or bad faith of the Trustee. This indemnity will survive the termination or discharge of this Indenture and the resignation or removal of the Trustee. The Trustee shall notify the Corporation promptly of any claim for which it may seek indemnity. The Corporation shall defend the claim and the Trustee shall co-operate in the defence. The Trustee may have separate Counsel and the Corporation shall pay the reasonable fees and expenses of such Counsel. The Corporation need not pay for any settlement made without its consent, which consent must not be unreasonably withheld. This indemnity shall survive the resignation or removal of the Trustee or the discharge of this Indenture.

(c) *Environmental Indemnity*: The Corporation hereby indemnifies and holds harmless the Trustee, its affiliates, their directors, officers, employees, representatives and agents, and all of their respective representatives, heirs, successors and assigns (collectively, the "Indemnified Parties") against any loss, suits, actions, damages, obligations, fines, penalties, charges, expenses, claims, proceedings, judgements, liability or asserted liability including strict liability and including costs and expenses of abatement and remediation of spills or releases of contaminants and including liabilities of the Indemnified Parties to third parties, including any Governing Authority arising as a result of any order, investigation or action by any Governing Authority relating to the Corporation, or its business or real property interests of the Corporation, or arising in respect of bodily injuries, property damage, damage to or impairment of the environment or any other injury or damage and including liabilities of the Indemnified Parties to third parties for the third parties' foreseeable and unforeseeable consequential damages incurred as a result of:

(i) the Release of any Hazardous Substance that may (i) injure or damage plant or animal life, (ii) adversely affect the health of any individual, (iii) render any property or plant or animal life unfit for use by humans, or (iv) interfere with the normal course of business, the threat of the Release of a Hazardous Substance, or the presence of any Hazardous Substance, by any means or for any reason, any real property of the Corporation comprising security under this Indenture), whether or not the Release or presence of the Hazardous Substance was under the control, care or management of the Corporation or of a previous owner, or of a tenant;

(ii) any Hazardous Substance present on or released from any contiguous property to the mortgaged property of the Corporation;

(iii) any costs incurred by any Governing Authority or any other person or damages from injury to, destruction of, or loss of natural resources in relation to any real property of the Corporation comprising security under this Indenture or personal property located thereon, including reasonable costs of assessing such injury, destruction or loss incurred under Environmental Laws;

(iv) liability for personal injury or property damages arising by reason of any civil law offenses or quasi-offenses or under any statutory or common law tort or similar theory, including, without limitation, damages assessed for the maintenance of a public or private nuisance or for the carrying on of a dangerous activity at, near or with respect to any real property of the Corporation comprising security under this Indenture or elsewhere; and

(v) the breach or alleged breach of any Environmental Laws by the Corporation, and any other environmental matter affecting any real property of the Corporation comprising security under this Indenture or the operations and activities of the Corporation within the jurisdiction of any Governing Authority.

For the purposes of this Section 16.15(c), “liability” shall include (i) liability of an Indemnified Party for costs and expenses of abatement and remediation of spills and releases of Hazardous Substances, (ii) liability of an Indemnified Party to a third party to reimburse the third party for bodily injuries, property damages and other injuries or damages which the third party suffers, including (to the extent, if any, that the Indemnified Party is liable therefore) foreseeable and unforeseeable consequential damages suffered by the third party and (iii) liability of the Indemnified Party for damage suffered by the third party, (iv) liability of an Indemnified Party for damage to or impairment of the environment and (v) liability of an Indemnified Party for court costs, expenses of alternative dispute resolution proceedings, and fees and disbursements of expert consultants and legal counsel on a solicitor and client basis.

The obligations of the Corporation to the Indemnified Parties under this Section 16.15(c) shall be joint and several and shall survive the satisfaction and discharge of this Indenture or the earlier resignation or removal of the Trustee.

Notwithstanding the foregoing, the Corporation shall have no liability to any Indemnified Party for any liability incurred by an Indemnified Pary in the event of the gross negligence, or the fraud, wilful misconduct or bad faith of an Indemnified Party.

(d) *Exceptions:* The Corporation need not reimburse any expense or indemnify against any loss or liability incurred by the Trustee through gross negligence, fraud, willful misconduct or bad faith of the Trustee.

(e) *Limitations:* Notwithstanding any other provision of this Indenture, and whether such losses or damages are foreseeable or unforeseeable, the Trustee shall not be liable under any circumstances whatsoever for any (i) breach by any other party of the securities law or other rule of any securities regulatory authority, (ii) lost profits or (iii) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

(f) *Reliance on Experts*: The Trustee shall be entitled to rely on, and shall not be liable for acting or failing to act, in good faith, in relation to any matter relating to the Corporation where such action or failure to act is based upon, statements from, the opinion or advice of, or information from the Auditors, Counsel or any valuator, engineer, surveyor, appraiser or other expert (herein "**Experts**") where it is reasonable to conclude that the matter in respect of which such statements are made, or opinion or advice given, ought to be within the expertise of such Expert; provided that, with respect to the retention of Experts, the Trustee or Corporation have satisfied its standard of care.

(g) *Good Faith Reliance*: The Trustee shall not be liable to any Debentureholder or other Persons in relying in good faith upon statements or information from, the opinion or advice of, or instruments or directions given by an officer, director, trustee, employee or agent of any Obligor or of an affiliate of the Corporation or by a broker, a custodian or any Debentureholder, or by such other parties as may be authorized to give instructions or directions to the Trustee. If required by the Trustee, the Corporation shall file with the Trustee a certificate of incumbency setting forth the names and titles of parties authorized to give instructions or directions to the Trustee together with specimen signatures of such persons and the Trustee shall be entitled to rely on the latest such certificate of incumbency filed with it. The Trustee, each Obligor and each affiliate of the Corporation and their respective directors, officers, trustees, shareholders, employees and agents shall not be liable to any Debentureholder or other Persons for, and shall each be fully protected from liability in respect to, acting upon any instrument, certificate or paper believed by it, in good faith, to be genuine and signed or presented by the proper Person or Persons.

(h) *Limit on Liability*: In addition to those limits on the liability of the Trustee set forth above, the Trustee, as trustee of the Debentureholders, shall to the greatest extent permitted by Applicable Laws, have no liability whatsoever (whether direct or indirect, absolute or contingent) in tort, contract or otherwise to any Debentureholder or any other Person and no resort shall be had to its property or assets for satisfaction of any obligation, liability or claim against it as Trustee of the Debentureholders, and the Obligor Property shall only be subject to levy or execution in respect thereof, where such obligation, liability or claim arises out of or in connection with, directly or indirectly, the Obligor Property or the conduct and undertaking of the activities and affairs of any Obligor.

16.16 Acceptance of Trust

The Trustee hereby accepts the trusts in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various Persons who shall from time to time be Debentureholders, subject to all the terms and conditions herein set forth.

16.17 Third Party Interests

Each party to this Indenture (in this paragraph referred to as a "**representing party**") hereby represents to the Trustee that any account to be opened by, or interest to be held by, the Trustee in connection with this Indenture, for or to the credit of such representing party, either (a) is not intended to be used by or on behalf of any third party; or (b) is intended to be used by or on behalf of a third party, in which case such representing party hereby agrees to complete, execute and deliver forthwith to the Trustee a declaration, in the Trustee's prescribed form or in such other form as may be satisfactory to it, as to the particulars of such third party.

16.18 Anti-Money Laundering

The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment, acting reasonably, determines that such act might cause it to be in noncompliance with any applicable anti-money laundering or anti-terrorist legislation, or economic sanctions legislation, regulation or guideline. Further, should the Trustee, in its sole judgment, acting reasonably, determine at any time that its acting under any Debenture Document has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, economic sanctions legislation, regulation or guideline, then it shall have the right to resign on 10 days' prior written notice sent to the Corporation; provided that (a) the Trustee's written notice shall describe the circumstances of such non-compliance; and (b) if such circumstances are rectified to the Trustee's satisfaction within such 10-day period, then such resignation shall not be effective.

16.19 Privacy Laws

The parties acknowledge that the Trustee may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

(a) to provide the services required under any Debenture Document and other services that may be requested from time to time;

(b) to help the Trustee manage its servicing relationships with such individuals;

(c) to meet the Trustee's legal and regulatory requirements; and

(d) if social insurance numbers are collected by the Trustee, to perform Tax reporting and to assist in verification of an individual's identity for security purposes.

Each party acknowledges and agrees that the Trustee may receive, collect, use and disclose personal information provided to it or acquired by it in the course of this Indenture for the purposes described above and, generally, in the manner and on the terms described in its privacy code, which the Trustee shall make available on its website or upon request, including revisions thereto. The Trustee may transfer some of that personal information to other companies in or outside of Canada that provide data processing and storage or other support in order to facilitate the services it provides. Further, each party agrees that it shall not provide or cause to be provided to the Trustee any personal information relating to an individual who is not a party to any Debenture Document unless that party has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

16.20 Force Majeure

Neither party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, pandemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, general mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 16.20.

16.21 Concerning the Trustee

By way of supplement to the provisions of any law for the time being relating to the Trustee, it is expressly declared and agreed as follows:

(a) the Trustee shall not be liable for or by reason of:

(i) any defect in title to any Secured Assets or any failure of the Security Interest to constitute a valid and perfected Encumbrance upon any Secured Assets with the priority contemplated hereby;

(ii) any failure of or defect in the registration, filing or recording of any Debenture Document, or any other deed or writing delivered hereunder by way of mortgage or charge upon the Secured Assets or any part thereof, or any notice, caveat or financing statement with respect to the foregoing; or

(iii) any failure to do any act necessary to constitute, perfect and maintain the Security Interest or priority of the Security Interest in the Secured Assets;

(b) the Trustee shall not be liable for or by reason of any statement of fact or recitals in any Debenture Document or be required to verify the same, but all such statements or recitals are and shall be deemed to be made by the applicable Obligor;

(c) the Trustee shall not be bound to give notice to any Person of the execution hereof; and

(d) the Trustee shall not incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of any Obligor of any of the covenants contained in any Debenture Document or of any acts of the agents or servants of any Obligor.

The Trustee will disburse monies according to this Indenture only to the extent that monies have been deposited with it.

The Trustee shall not be responsible for ensuring that the proceeds of any offering of Debentures are used in the manner contemplated by the offering documents.

16.22 Trustee Not to be Appointed Receiver

The Trustee and any Person related to the Trustee shall not be appointed a receiver, a receiver and manager or liquidator of all or any part of the assets or undertaking of any Obligor.

16.23 Trustee Not Required to Give Notice of Default

The Trustee shall not be required to take notice of any Event of Default hereunder, unless and until notified in writing of such Event of Default, which notice shall distinctly specify the Event of Default desired to be brought to the attention of the Trustee and in the absence of any such notice the Trustee may for all purposes of this Indenture conclusively assume that no Event of Default has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained herein.

ARTICLE 17
SUPPLEMENTAL INDENTURES

17.1 Supplemental Indentures

Subject to any approval that may be required pursuant to the requirements of the Exchange and subject to each Subordination Agreement, from time to time the Trustee and, when authorized by a resolution of the Board of Directors, the Corporation, may, and they shall when required by this Indenture, execute, acknowledge and deliver by their proper officers deeds or indentures supplemental hereto which thereafter shall form part hereof, for any one or more of the following purposes:

(a) providing for the creation and issuance of Additional Debentures under this Indenture and establishing the terms thereof;

(b) adding to the covenants of the Corporation or otherwise amending the terms hereof if in the opinion of the Trustee, relying on the opinion of Counsel, such addition or amendment will not be prejudicial to the rights of the Debentureholders or the Trustee, and provided further that the Trustee may in its sole discretion decline to enter into any such supplemental indenture which in its opinion may not afford adequate protection to the Trustee when the same shall become operative;

(c) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder, including the making of any modifications in the form of the Debentures which do not affect the substance thereof and which in the opinion of the Trustee relying on an opinion of Counsel will not be prejudicial to the rights of the Debentureholders or the Trustee;

(d) evidencing the succession, or successive successions, of others to any Obligor and the covenants of and obligations assumed by any such successor in accordance with the provisions of a Debenture Document;

(e) giving effect to any Extraordinary Resolution passed as provided in Article 15; and

(f) for any other purpose not inconsistent with the terms of this Indenture, including the correction or rectification of any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions herein, provided that in the opinion of the Trustee, relying on the opinion of Counsel, the rights of the Trustee and of the Debentureholders are in no way prejudiced thereby.

Unless the supplemental indenture requires the consent or concurrence of Debentureholders or the holders of a particular series of Debentures, as the case may be, by Extraordinary Resolution, the consent or concurrence of Debentureholders or the holders of a particular series of Debentures, as the case may be, shall not be required in connection with the execution, acknowledgement or delivery of a supplemental indenture. The Corporation and the Trustee may amend any of the provisions of this Indenture related to matters of United States law or the issuance of Debentures into the United States in order to ensure that such issuances can be made in accordance with Applicable Law in the United States without the consent or approval of the Debentureholders. Further, the Corporation and the Trustee may without the consent or concurrence of the Debentureholders or the holders of a particular series of Debentures, as the case may be, by supplemental indenture or otherwise, make any changes or corrections in this Indenture which (a) in the opinion of the Trustee or its counsel or Counsel is of a format, minor or technical nature, or that (b) it shall have been advised by Counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omissions or mistakes or manifest errors contained herein or in any indenture supplemental hereto or any Written Direction of the Corporation provided for the issue of Debentures; provided that in the opinion of the Trustee (relying upon an opinion of Counsel) the rights of the Debentureholders and Trustee, and rights of Senior Creditors under the provisions of Article 8 are in no way prejudiced thereby.

ARTICLE 18
REPRESENTATIONS AND WARRANTIES

18.1 Initial Representations

The Corporation represents and warrants to the Trustee, for the benefit of the Trustee and the Debentureholders, as follows:

(a) each of the Obligors (i) that is a corporation or company has been duly incorporated, amalgamated or continued, as the case may be, and is validly subsisting as a corporation or company under the laws of its jurisdiction of incorporation, amalgamation, or continuance, as the case may, (ii) that is not a corporation or company has been duly created or established as a partnership or other entity and validly exists under the laws of the jurisdiction in which it has been created or established, and (iii) is duly qualified to carry on business in all jurisdictions in which it carries on its business and has all Material Licences, save where the failure to be so qualified has not had, and is not reasonably expected to have, a Material Adverse Change or adversely affect, in any material way, the conduct of its business;

(b) each of the Obligors has the power, authority and right (i) to enter into and deliver, and to exercise its rights and perform its obligations under, the Debenture Documents to which it is a party and all other instruments and agreements delivered by it pursuant to any of the Debenture Documents, and (ii) to own its undertaking and property, both real and personal, and carry on its business as currently conducted and as currently proposed to be conducted by it, save where the failure to have such power, authority and right has not had, and is not reasonably expected to have, a Material Adverse Change or adversely affect, in any material respect, the conduct of its business. Without limiting the foregoing, each applicable Obligor has all necessary power and authority to own or lease the Project Lands and is duly licensed, registered and qualified to carry out such activities, save and except where the failure to be so licensed, registered or qualified would not reasonably be expected to result in a Material Adverse Change;

(c) the execution, delivery and performance of each of the Debenture Documents to which an Obligor is a party, and every other instrument or agreement delivered by it pursuant to any Debenture Document, has been duly authorized by all actions, if any, required on its part and by its shareholders and directors (or where applicable partners, members or managers), each of the Debenture Documents and such other instruments and agreements has been duly executed and delivered and each of the Debenture Documents constitutes a valid and legally binding obligation of the particular Obligor enforceable against it in accordance with its terms subject to applicable Legal Reservations;

(d) save for those which have not been obtained, taken, made or are not in full force and effect and the consequences thereof have not had, and are not reasonably expected to have, a Material Adverse Change or adversely affect, in any material way, the conduct of its business, all Business authorizations: (i) have been duly obtained, taken, given or made, (ii) are valid and in full force and effect, and (iii) are free from conditions or requirements that have not been met or complied with where the failure to do so may allow for the material modification or revocation thereof, except where such failure would be capable of being remedied within the time period typically permitted by the applicable Governing Authority;

(e) neither the entering into nor the delivery of, and neither the consummation of the transactions contemplated in nor compliance with the terms, conditions and provisions of, the Debenture Documents by any Obligor conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under or contravention of, any Requirement of Law applicable to it or any of its Organizational Documents (except, in each case, where such conflict, breach, default, or contravention would not, individually or in the aggregate, constitute, or be reasonably expected to result in, a Material Adverse Change), or results or will result in the creation or imposition of any Encumbrance upon any of its Property (other than a Permitted Encumbrance);

(f) each of the Obligors has obtained, made or taken all consents, approvals, authorizations, declarations, registrations, filings, notices and other actions whatsoever required as to the date hereof in connection with the execution and delivery by it of each of the Debenture Documents to which it is a party and the consummation of the transactions contemplated in the Debenture Documents, save for those the absence of which has not had, and is not reasonably expected to have, a Material Adverse Change or adversely affect, in any material way, the conduct of its business;

(g) each of the Obligors has paid or made adequate provision for the payment of all Taxes levied on it or on its Property or income that are due and payable, including interest and penalties, or has accrued such amounts in its financial statements for the payment of such Taxes, except Taxes that are not material in amount, that are not delinquent or if delinquent are being contested, and in respect of which non-payment would not individually or in the aggregate constitute, or be reasonably expected to cause, a Material Adverse Change, and there is no material action, suit, proceeding, investigation, audit or claim now pending, or to its knowledge threatened, by any Governing Authority regarding any Taxes that would reasonably be expected to result in a Material Adverse Change nor has it agreed to waive or extend any statute of limitations with respect to the payment or collection of Taxes;

(h) none of the Obligors is subject to any judgment, order, writ, injunction, decree or award, or to any restriction, rule or regulation (other than customary or ordinary course restrictions, rules and regulations consistent or similar with those imposed on other Persons engaged in similar businesses) that has not been stayed, satisfied or discharged or of which enforcement has not been suspended and that individually or in the aggregate constitutes, or would reasonably be expected to cause a Material Adverse Change;

(i) there are no actions, suits or proceedings pending or, to the best of the Corporation's knowledge and belief, after due inquiry and all reasonable investigation, threatened against or affecting any Obligor that would reasonably be expected to cause, either separately or in the aggregate, a Material Adverse Change. None of the Obligors is in default with respect to any Applicable Law in a manner or to an extent that would reasonably be expected to cause a Material Adverse Change;

(j) The Flower Group (Okanagan) Inc. is the registered owner of the Project Lands, other than the Kelowna-1 Lands, with good and marketable title thereto, and any other real and personal property of any nature which is part of the Projects, free and clear of all Encumbrances except Permitted Encumbrances;

(k) each of the Obligors has good title to its owned Property, free and clear of all Encumbrances, except Permitted Encumbrances and title defects that do not have a Material Adverse Change or adversely affect, in any material way, the conduct of its business or the value of such Property and no Person has any agreement or right to acquire an interest in such Property other than in the ordinary course of the business of the applicable Obligor, and any applicable Permitted Encumbrance;

(l) all real property owned or leased by each of the Obligors may be used in all material respects by it pursuant to Applicable Law for the present use and operation of the material elements of the business conducted, or intended to be conducted, on such real property by it, except where non-compliance with any such Applicable Law would not constitute, or would not reasonably be expected, individually or in the aggregate, to constitute, or cause, a Material Adverse Change;

(m) none of the Obligors is engaged in any unfair labour practice that would reasonably be expected to cause a Material Adverse Change; and there is no unfair labour practice complaint pending against any of the Obligors, or threatened against any of them, before any Governing Authority that would reasonably be expected to cause a Material Adverse Change. No grievance or arbitration arising out of or under any collective bargaining agreement is pending against any of the Obligors or threatened against any of them that is reasonably expected to have a Material Adverse Change or adversely affect, in any material way, the conduct of its business. No strike, labour dispute, slowdown or stoppage is pending against any of the Obligors or threatened against any of them and no union representation proceeding is pending with respect to any employees of the Obligors, except (with respect to any matter specified in this sentence, either individually or in the aggregate) such as would not reasonably be expected to cause a Material Adverse Change;

(n) none of the Obligors is in default under any Applicable Law where such default would reasonably be expected to cause a Material Adverse Change or adversely affect its ability to perform any of its obligations under any Debenture Document to which it is a party. The Project Lands are in compliance with all Applicable Law, including, without limitation, all Environmental Law, save for non-compliance that would not reasonably be expected to result in a Material Adverse Change. Each Obligor is in compliance with all Cannabis Laws applicable to it and its Business in all material respects, except where any failure to do so is capable of being remedied, and is being diligently remedied, within the time period permitted by the applicable Governing Authority. Specifically, but without limitation, none of: (i) the purchase from any Obligor, or import from Canada, of Cannabis by a Person resident (or otherwise located) in a Qualified Jurisdiction, or (ii) the sale to a Person resident (or otherwise located) in a Qualified Jurisdiction, or export to such Qualified Jurisdiction, of Cannabis by any Obligor, shall violate or result in a breach of any applicable Cannabis Law at any such time;

(o) except as may hereafter be notified from time to time by the Corporation to the Trustee and except for a construction lien on the Kelowna 1 Lands, which is being remedied, no Default or Event of Default has occurred; and none of the Obligors is in default under any agreement, guarantee, indenture or instrument to which it is a party or by which it is bound, the breach of which would reasonably be expected to cause a Material Adverse Change or adversely affect its ability to perform any of its obligations under any Debenture Document to which it is a party;

(p) the ownership structure of the Corporation's Subsidiaries is as set out in Schedule G, which contains (i) a list of the Corporation and all Obligors, (ii) complete and accurate information respecting (A) each such Person's name (including any French and English forms of name) and the jurisdiction in which each such Person was formed and (B) the address (including postal code or zip code) of each Obligor's chief executive office and chief place of business and, if the same is different, the address at which the books and records of such Obligor are located, the address at which senior management of such Obligor are located and conduct their deliberations and make their decisions with respect to the business of such Obligor and the address from which the invoices and accounts of such Obligor are issued and (iii) the authorized capital of the Corporation and each Obligor, the number of issued and outstanding shares of each such Person and the beneficial owners thereof;

(q) the Relevant Jurisdictions for each Obligor are any of the provinces of British Columbia and Ontario;

(r) the Security Interest is effective to create in favour of the Trustee, in its capacity as trustee for the Debentureholders, as security for the Debenture Liabilities described therein, a legal, valid, binding and enforceable security interest in the collateral described therein and proceeds thereof, subject to applicable Legal Reservations;

(s) each of the Obligors has sufficient Intellectual Property Rights necessary for the conduct of its businesses, save for Intellectual Property Rights the absence of which would not reasonably be expected to result in a Material Adverse Change; and to the Corporation's knowledge, none of the Obligors is infringing or is alleged to be infringing the Intellectual Property Rights of any other Person in a manner that would reasonably be expected to cause, or if any allegation is determined adversely would reasonably be expected to cause, a Material Adverse Change;

(t) true copies of each of the Material Project Contracts and Material Licences existing as of the date of this Agreement have been delivered to the holders of Initial Debentures, and except as may hereafter be notified from time to time by the Corporation to the Trustee, no event has occurred and is continuing that would constitute a material breach of or a material default under any Material Project Contract or Material Licence and each Material Project Contract to which a Obligor is a party is binding upon it and, to the knowledge of the applicable Obligor, is a binding agreement of each other Person who is a party thereto subject in each case to applicable Legal Reservations;

(u) all of the quarterly and annual financial statements that have been furnished to the holders of Initial Debentures in connection with this Indenture are complete in all material respects and such financial statements fairly present the financial position of the Corporation or other Obligor, as the case maybe, as of the dates referred to therein and have been prepared in accordance with GAAP; as at the Closing Date, none of the Obligors has any liabilities (contingent or other) or other obligations of the type required to be disclosed in accordance with GAAP that are not fully disclosed on the consolidated financial statements of the Corporation provided to the holders of Initial Debentures for the fiscal period ended December 31, 2019, other than liabilities and obligations incurred in the ordinary course of business, and the Debenture Liabilities;

(v) since the date of the Corporation's most recent annual audited financial statements provided to the holders of Initial Debentures, other than the COVID-19 pandemic, there has been no condition (financial or otherwise), event or change in any Obligor's business, liabilities, operations, results of operations or assets which constitutes, or would reasonably be expected to constitute, or cause, a Material Adverse Change;

(w) except as may hereafter be notified from time to time by the Corporation to the Trustee, (i) the Project Lands are in full compliance with all Environmental Law save for non-compliance which would not reasonably be expected to result in a Material Adverse Change, (ii) the Corporation is not aware of, nor has it received notice of, any past, present or future condition, event, activity, practice or incident that would reasonably be expected to interfere with or prevent the compliance or continued compliance of the Projects or the Corporation in all respects with all Environmental Law, save for non-compliance which would not reasonably be expected to result in a Material Adverse Change, (iii) the use that the Corporation has made and intends to make of the Project Lands will not result in the use, generation, storage, transportation, accumulation, disposal, or Release of any Hazardous Substances on, in or from the Project Lands except in accordance and compliance with all Environmental Law, save for non-compliance which would not reasonably be expected to result in a Material Adverse Change, (iv) there is no action, suit or proceeding, or, to its knowledge, any investigation or inquiry, before any Governing Authority pending or, to its knowledge, threatened against the Corporation or in connection with the Project Lands relating in any way to any Environmental Law which would reasonably be expected to result in a Material Adverse Change, (v) the Corporation has not (A) with respect to the Project Lands and to its knowledge with respect to the Kelowna-1 Lands, incurred any current and outstanding liability for any clean-up or remedial action under any Environmental Law with respect to current or past operations, events, activities, practices or incidents relating thereto, (B) received any outstanding written request for information (other than information to be provided in the normal course in connection with applications for licences, permits or approvals) by any Person under any Environmental Law with respect to the condition, use or operation of the Project Lands, (C) received any outstanding written notice or claim under any Environmental Law with respect to any violation of or liability under any Environmental Law or relating to the presence of Hazardous Substance on or originating from the Project Lands, or (D) ever been convicted of an offence or subjected to any judgment, injunction or other proceeding for non-compliance with any Environmental Law with respect to the Project Lands or been fined or otherwise sentenced or settled such prosecution or other proceeding short of conviction for non-compliance with any Environmental Law with respect to the Project Lands, (vi) copies of all analysis and monitoring data for soil, ground water, surface water and the like and reports pertaining to any environmental assessments/audits, including without limitation any inspections, investigations and tests, relating to the Project Lands that were obtained, are in the possession or control of, or were carried out on behalf of, the Corporation have been delivered to the Trustee following the request therefor by the Trustee, (vii) since acquiring its respective interest in the Project Lands it owns, the Corporation has maintained all environmental and operating documents and records relating to the Project Lands in the manner and for the time periods required by Environmental Law and the Material Licences, save where the failure to do so would not reasonably be expected to result in a Material Adverse Change, and (viii) the Corporation has not defaulted in reporting in any respect to any applicable Governing Authority in relation to the Project Lands on the happening of an occurrence which it is or was required by any Environmental Law to report where such default would reasonably be expected to result in a Material Adverse Change;

(x) all information provided to the Trustee and the holders of Initial Debentures in connection with this Indenture is, taken as a whole and to the Corporation's knowledge, true and correct in all material respects and none of the factual information furnished to the Trustee and the holders of Initial Debentures by or on behalf of it, to its knowledge, omits or will omit as of such time, a material fact necessary to make the statements contained therein not misleading in any material way, and all expressions of expectation, intention, belief and opinion contained therein were honestly made on reasonable grounds after due and careful inquiry by it (and any other Person who furnished such material on behalf of it);

(y) except as the Corporation may from time to time hereafter notify the Trustee in writing, all Material Licences from third parties and Governing Authorities have been obtained and those not obtained may be reasonably expected to be received in the ordinary course of business prior to the date when required to permit the Corporation to complete the transactions provided for in the Material Project Contracts and to operate the Projects;

(z) except for matters that would not reasonably be expected to result in a Material Adverse Change and except as the Corporation may from time to time hereafter notify the Trustee in writing, (i) the Projects are zoned to permit the Construction and operation of the Projects for their current use, and the Construction and operation of the Projects following completion of the Construction for the proposed use, (ii) the existing and proposed uses of the Projects comply with all Applicable Law, (iii) it has not received notice of any proposed rezoning of all or any part of the Project Lands and (iv) it has not received notice of any expropriation of all or any part of the Project Lands;

(aa) except as the Corporation may from time to time hereafter notify the Trustee in writing, there are no liabilities (including contingent liabilities) that, in the aggregate, are material in respect of the Projects or that would reasonably be expected to cause a Material Adverse Change to any of the Obligors, or their respective businesses;

(bb) except as the Corporation may from time to time hereafter notify the Trustee and except for a construction lien on the Kelowna 1 Lands, which is being remedied, no Obligor has received notice of any Encumbrances related to the Project Lands, other than Permitted Encumbrances, and the Corporation and the Projects are in compliance with the Permitted Encumbrances, save for non-compliance which has not had, and is not reasonably expected to have, a Material Adverse Change or adversely affect, in any material way, the development of the Project or the conduct of its business;

(cc) none of the Obligors (i) has committed any act of bankruptcy, (ii) is insolvent, or has proposed, or given notice of its intention to propose, a compromise or arrangement to its creditors generally, (iii) has made any petition for a receiving order in bankruptcy filed against it, made a voluntary assignment in bankruptcy, taken any proceeding with respect to any compromise or arrangement under any bankruptcy or insolvency law, taken any proceeding to have itself declared bankrupt or wound-up, taken any proceeding to have a receiver appointed of any substantial part of its assets, has had any Encumbrancer take possession of its Property, or (iv) has had an execution or distress become enforceable or become levied on, any substantial portion of its assets and property;

(dd) the Construction and operation of the Projects do not infringe and will not infringe upon any patents, trademarks, trade names, service marks, or copyrights, domestic or foreign, or any other industrial property or intellectual property of any other Person, which infringement would reasonably be expected to result in a Material Adverse Change;

(ee) the location of any buildings on the Projects are, to the extent they have been constructed have been constructed in accordance with the plans and specifications, within the boundary lines of the Projects as a whole and are in compliance with all applicable setback requirements, save for non-compliance that would not reasonably be expected to result in a Material Adverse Change;

(ff) other than short term access leases with neighbouring properties, the only real property interests necessary for the operation of the Projects for the existing and proposed uses, as well as for the Construction of the Projects in accordance with the plans and specifications are the real property interests comprising the Project Lands and any easements, interests or rights appurtenant thereto (including any rights to encroach over, under or across any adjacent public sidewalks or road allowances, with the approval of the City thereto);

(gg) the Obligors have not been required to obtain or provide any letters of credit in connection with the issuance of any Material Licence with respect to the Projects, save and except for any letters of credit to be issued pursuant to the ATB Credit Agreement;

(hh) the insurance policies in respect of the Projects and the Project Lands required under this Indenture have been obtained, are in good standing, and the Obligors are in compliance in all material respects with all terms and conditions of such insurance policies; and

(ii) the only Senior Indebtedness as at the date hereof is the indebtedness listed in Schedule I.

18.2 Cannabis Compliance

(a) To the extent that the Corporation currently has Cannabis-Related Activities or interests, the Corporation represents, warrants and agrees that, in addition to any other representation and warranty in this Indenture:

(i) its Cannabis Permits are in good standing and it has all permits and licences required by any Canadian or other applicable Governing Authority that are necessary to lawfully conduct or maintain, directly or indirectly, its Cannabis-Related Activities and interests;

(ii) other than warrants held in Seven Leaf Ventures Corp. (which are exercisable only in the event that the TSXV or the Toronto Stock Exchange do not prohibit listed companies from having U.S. Cannabis-Related Activities), it does not have or hold cannabis or cannabis-related operations or interests in the United States of America (including, without limiting the generality of the foregoing, royalty entitlements or investments in a cannabis business), or sell or distribute cannabis into the United States of America; and

(iii) it does not have or hold cannabis or cannabis-related operations or interests in any other country (including, without limiting the generality of the foregoing, royalty entitlements or investments in a cannabis business) where the production, distribution or possession of cannabis is prohibited as a matter of the law of the applicable country.

(b) To the extent that the Corporation has Cannabis-Related Activities or interests now or in the future, the Corporation covenants and agrees that, in addition to any other covenant or obligation in this Indenture, it shall:

(i) upon the reasonable request of the Trustee, promptly provide to the Trustee copies of any (i) existing Cannabis Permits; and, (ii) other permits and licences required by any other applicable Governing Authority that it currently holds;

(ii) obtain any applicable Cannabis Permits that are required to undertake such Cannabis-Related Activities;

(iii) at all times keep and maintain in good standing its Cannabis Permits, and shall notify the Trustee of any breach of this requirement immediately upon obtaining knowledge thereof;

(iv) ensure at all times that it continues to have all permits and licences required by any Canadian or other applicable Governing Authority that are necessary to lawfully conduct or maintain, directly or indirectly, its Cannabis-Related Activities and interests;

(v) notify the Trustee immediately of, and provide it with a copy of, any and all correspondence and notices that could reasonably be expected to result in a loss of, or a penalty or other sanction under, any Cannabis Permit or applicable laws;

(vi) deliver to the Trustee, (i) at any reasonable time upon demand by the Trustee; (ii) in any event, immediately upon the breach of any representation, warranty or covenant contained in this Section 18.2; and, (iii) within 120 days after the end of each calendar year, an Officer's Certificate (or a supplement to an Officer's Certificate otherwise being provided) as to the knowledge of such officer(s) of the Corporation's compliance or non-compliance with this Section 18.2, in each case attaching evidence of the current status of all Cannabis Permits;

(vii) meet, in all material respects, all record keeping and reporting requirements set out by all applicable Governing Authorities, including but not limited to, keeping records of all Cannabis-Related Activities and inventories, as well as filing ongoing reports; which, at a minimum, must include, among other things, the total amounts (i) produced; (ii) released for sale; (iii) received from other licensed producers; (iv) sold or transferred to registered clients, other licensed producers and licensed dealers; or, (v) otherwise retailed, with the associated revenues;

(viii) deliver to the Trustee, (i) at any reasonable time upon demand by the Trustee; and, (ii) at a minimum annually, an Officer's Certificate attaching and certifying to the aggregate records described in Section 18.2(b)(vii) above, for the preceding twelve (12) months;

(ix) carry on and conduct its activities in accordance with all applicable laws and regulations of all Governing Authorities in all material respects;

(x) meet all listing requirements for each stock exchange upon which it is listed relating to compliance with applicable law in all jurisdictions in which the Corporation has interests;

(xi) other than warrants held in Seven Leaf Ventures Corp. (which are exercisable only in the event that the TSXV or the Toronto Stock Exchange do not prohibit listed companies from having U.S. Cannabis-Related Activities), in no event, acquire or hold cannabis or cannabis-related operations or interests in the United States of America (including, without limiting the generality of the foregoing, royalty entitlements or investments in a cannabis business), or sell or distribute cannabis into the United States of America, so long as the production, distribution or possession of cannabis remains prohibited as a matter of any applicable federal, territorial or state laws of the United States of America or is prohibited as a matter of any applicable United States of America Governing Authority; and

(xii) in no event, acquire or hold cannabis or cannabis-related operations or interests in any other country (including, without limiting the generality of the foregoing, royalty entitlements or investments in a cannabis business) if the production, distribution or possession of cannabis is prohibited as a matter of the law of the applicable country.

(c) The Corporation acknowledges and agrees that notwithstanding any other provision of this Indenture, any default of any provision of this Section 18.2 will result in the right of the Trustee, at its sole discretion, to resign as Trustee effective immediately, and the Corporation hereby acknowledges such right of the Trustee to immediately resign. For greater certainty, no cure period or advance notice is required to be given by the Trustee before the Trustee may exercise such discretion.

(d) The Corporation acknowledges and agrees, in addition to any other provision herein relating to the resignation or replacement of the Trustee, that the Trustee may resign its trust and be discharged from all further duties and liabilities hereunder, without notice, if the Trustee reasonably determines that (i) the Corporation has become unable to continue to lawfully operate any part of its cannabis or cannabis-related business or to own or maintain, directly or indirectly, its cannabis or cannabis-related investments or operations; or (ii) as a result of the Corporation's Cannabis-Related Activities, the Trustee would be materially prejudiced by continuing to act as Trustee hereunder.

(e) The Corporation shall cause all of its subsidiaries to comply with the provisions of this Section 18.2 as if such subsidiaries were expressly referred to in such provisions in replacement of references to the Corporation, mutatis mutandis.

18.3 Survival of Representations

The representations and warranties set out in Section 18.1 survive the execution and delivery of this Indenture and all other Debenture Documents.

ARTICLE 19
LIABILITY OF TRUSTEE

19.1 Limitation of Liability

Computershare Trust Company of Canada has entered into this agreement and any document delivered in connection herewith solely in its capacity as Trustee (and in such capacity is herein only referred to as the "Trustee") and not in its personal capacity. Whenever any reference is made in this agreement or in any document delivered in connection herewith, to an act to be performed by the Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by the Trustee for and on behalf of the Debentureholders. Any and all of the representations, undertakings, covenants, indemnities, agreements and other obligations (in this section, collectively "obligations") made on the part of the Trustee herein or therein are made and intended not as personal obligations of or by Computershare Trust Company of Canada or for the purpose or with the intention of binding Computershare Trust Company of Canada in its personal capacity, but are made and intended for the purpose of binding only the Trustee in its capacity as trustee for the Debentureholders. No property or assets of Computershare Trust Company of Canada, whether owned beneficially by it in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedures with regard to any of the Trustee's obligations hereunder or thereunder. No recourse may be had or taken, directly or indirectly, against Computershare Trust Company of Canada in its personal capacity, or any incorporator, shareholder, officer, director, employee or agent of Computershare Trust Company of Canada or of any predecessor or successor of Computershare Trust Company of Canada, with regard to the Trustee's obligations hereunder.

ARTICLE 20
EXECUTION AND FORMAL DATE

20.1 Execution

The words "execution," "signed," "signature," and words of like import in any Debenture Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Laws, including Parts 2 and 3 of the P*ersonal Information Protection and Electronic Documents Act* (Canada), the *Electronic Commerce Act, 2000* (Ontario) and other similar federal or provincial laws based on the Uniform Electronic Commerce Act of the Uniform Law Conference of Canada or its Uniform Electronic Evidence Act, as the case may be.

20.2 Counterparts

This Indenture may be simultaneously executed in counterparts, each of which when so executed and delivered shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution they shall be deemed to be dated as of the date hereof. Transmission of a facsimile of a counterpart of this Indenture signed by one party hereto to the other shall be as effective as delivery of an original manually signed counterpart hereof.

20.3 Contracts of the Corporation

(a) The directors of the Corporation, in incurring any debts, liabilities or obligations, or in taking or omitting any other actions for or in connection with the affairs of the Corporation are, and will be conclusively deemed to be, acting for and on behalf of the Corporation, and not in their own personal capacities. None of the directors of the Corporation will be subject to any personal liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses (including legal expenses) against or with respect to the Corporation or in respect to the affairs of the Corporation. No property or assets of the directors, owned in their personal capacity or otherwise, will be subject to any levy, execution or other enforcement procedure with regard to any obligations under this Indenture or the Debentures. No recourse may be had or taken, directly or indirectly, against the directors in their personal capacity. The Corporation will be solely liable therefor and resort will be had solely to the property and assets of the Corporation for payment or performance thereof.

(b) No holder of Shares as such will be subject to any personal liability whatsoever, whether extra-contractually, contractually or otherwise, to any party to this Indenture or pursuant to the Debentures in connection with the obligations or the affairs of the Corporation or the acts or omissions of the directors, whether under this Indenture, the Debentures or otherwise, and the other parties to this Indenture and the holders of the Debentures will look solely to the property and assets of the Corporation for satisfaction of claims of any nature arising out of or in connection therewith and the property and assets of the Corporation only will be subject to levy or execution.

20.4 Formal Date

For the purpose of convenience this Indenture may be referred to as bearing the formal date of April 27, 2020 irrespective of the actual date of execution hereof.

[Remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF the parties have hereunto executed this Convertible Debenture Indenture as of the day and year first above written.

THE FLOWR CORPORATION

By: Vinay Tolia
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA

By: ______________________
Name:
Title:

By: ______________________
Name:
Title:

IN WITNESS WHEREOF the parties have hereunto executed this Convertible Debenture Indenture as of the day and year first above written.

THE FLOWR CORPORATION

By: ______________________________

Name:

Title:

COMPUTERSHARE TRUST COMPANY OF CANADA

By: ______________________________

Name: Neil Scott

Title: Corporate Trust Officer

By: ______________________________

Name: Yana Nedyalkova

Title: Corporate Trust Officer

SCHEDULE A
FORM OF DEBENTURE

THE FLOWR CORPORATION

AND

COMPUTERSHARE TRUST COMPANY OF CANADA

FORM OF DEBENTURE

[*If Global Debenture, include the following legends*]

THIS DEBENTURE IS A GLOBAL DEBENTURE WITHIN THE MEANING OF THE INDENTURE HEREIN REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS DEBENTURE MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR DEBENTURES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE DATED AS OF THE 27th DAY OF APRIL, 2020 BETWEEN THE FLOWR CORPORATION AND COMPUTERSHARE TRUST COMPANY OF CANADA (THE "**INDENTURE**"). EVERY DEBENTURE AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS DEBENTURE SHALL BE A GLOBAL DEBENTURE SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("**CDS**") TO THE FLOWR CORPORATION (THE "**ISSUER**") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE AUGUST 28, 2020.

[*For Debenture Certificates issued to U.S. Purchasers who are not Qualified Institutional Buyers, include the following legends*]

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON CONVERSION HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS, AND THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON CONVERSION HEREOF MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 OR (ii) 144A UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, AND, IN EACH CASE IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN COMPLIANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE

STATE SECURITIES LAWS, OR (E) UNDER AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(i) OR (D) ABOVE, A LEGAL OPINION REASONABLY SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED TO THE CORPORATION AND THE CORPORATION'S TRANSFER AGENT TO THE EFFECT THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE AUGUST 28, 2020.

CUSIP: 34354XAA6
ISI: CA34354XAA69

No. ____ $________________

THE FLOWR CORPORATION

(A corporation incorporated and existing under the laws of the Province of Ontario)

10% SUBORDINATED CONVERTIBLE SECURED DEBENTURE DUE APRIL 27, 2024

THE FLOWR CORPORATION (the "**Corporation**" or the "**Issuer**") for value received hereby acknowledges itself indebted and, subject to the provisions of the indenture (the "**Indenture**") dated April 27, 2020 between the Corporation and Computershare Trust Company of Canada (the "**Trustee**"), promises to pay to ______________________ on April 27, 2024 (the "**Maturity Date**") or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture the principal sum of __________________ dollars ($___________________) in lawful currency of Canada on presentation and surrender of this Initial Debenture at the main branch of the Trustee in the City of Toronto in accordance with, and subject to the conditions of, the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from the date hereof, or from the last day to which interest shall have been paid or made available for payment hereon, whichever is later. The Initial Debentures shall bear interest from and including the Closing Date at the rate of 10% per annum (based on a year of 365 days), compounded semi-annually in arrears (with the exception of the first compounding period which will include interest from and including the Closing Date) on June 30 and December 31 of each year, the first such compounding date to fall due on June 30, 2020 and the last such compounding date (representing interest payable from the last Interest Payment Date to, but excluding, the Maturity Date of the Initial Debentures or the earlier date of prepayment, repurchase or conversion of the Initial Debentures) to fall due on December 31, 2023 or an earlier date of prepayment, repurchase or conversion, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded semi-annually, computed on the basis of a 365 day year. Compounded, accrued and unpaid interest shall be paid in Shares, subject to TSXV approval, in accordance with the provisions of the Indenture.

This Initial Debenture is one of the 10% Subordinated Convertible Secured Debentures (referred to herein as the "**Initial Debenture**") of the Corporation issued or issuable in one or more series under the provisions of the Indenture. The Initial Debentures authorized for issue immediately are limited to an aggregate principal amount of $25,000,000 in lawful currency of Canada. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Initial Debentures are or are to be issued and held and the rights and remedies of the holders of the Initial Debentures and of the Corporation and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Initial Debenture by acceptance hereof assents. In the event of any discrepancy between the terms in this Debenture and the Indenture, the Indenture shall prevail with respect to such discrepancy.

The Initial Debentures are issuable only in denominations of $1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations.

Upon and subject to the terms and conditions of the Indenture, including Article 4 of the Indenture, the principal amount of each Initial Debenture is convertible into Shares, at the option of the Debentureholder, at any time and from time to time upon the Debentureholder providing five Business Days' notice to the Corporation of such election to convert in the manner provided in Section 15.1 of the Indenture, prior to the earlier of the close of business on the Business Day immediately preceding: (i) the Maturity Date of the Initial Debentures; and (ii) if subject to repurchase pursuant to a Change of Control, the date specified by the Corporation for repurchase, at a price per Share equal to the Conversion Price, initially being a conversion rate of 1,724 Shares per $1,000 principal amount of Debentures, subject to a minimum conversion amount of $5,000 and subject to adjustments for fractional interests in accordance with Section 4.4 of the Indenture. Upon a voluntary conversion by a Debentureholder, the Corporation may offer and such Debentureholder (in the Debentureholder's discretion) may agree to the delivery of cash for all or a portion of the Initial Debentures converted in lieu of Shares in accordance with Section 4.12 of the Indenture. Debentureholders converting their Debentures will be entitled to receive, in addition to the applicable number of Shares (or cash in lieu), compounded, accrued and unpaid interest (less any Taxes required to be deducted in accordance with Section 2.15 of the Indenture) on such Debentures payable in Shares in accordance with Section 2.14(b)(ii) in respect thereof for the period from the last date on which interest was paid on the Initial Debentures (or the Closing Date if there has not yet been an Interest Payment Date) up to, but excluding, the Date of Conversion.

Upon and subject to the terms and conditions of this Indenture, including Article 7 of the Indenture, the Corporation will on the Maturity Date: (i) repay the outstanding principal of the Initial Debentures, at the election of each holder of such Initial Debentures, by paying to the Debenture Trustee in lawful currency of Canada an amount equal to the principal amount of the outstanding Initial Debentures held by each holder of Initial Debentures as of the Maturity Date who elects to receive cash or issuing that number of Shares as is determined by dividing the principal amount of the outstanding Initial Debentures by the Maturity Date VWAP to each holder of the Initial Debentures as of the Maturity Date who elects to receive Shares; and (ii) satisfy the Interest Obligation in respect of the Initial Debentures which have matured by delivering to holders of such Initial Debentures that number of Shares obtained by dividing compounded (if applicable), accrued and unpaid interest on the Initial Debentures by the Alternative Interest Payment Date VWAP, in accordance with Section 2.14(b)(ii) of the Indenture. In order for a holder of Initial Debentures to receive Shares in accordance with Section 2.4(e)(i)(B) of the Indenture as repayment of the outstanding principal amount of the Debentures on the Maturity Date, such holder must deliver to the Trustee and the Corporation, at least 25 trading days prior to the Maturity Date, written notice of its election to receive Shares as repayment of the outstanding principal amount of the Debentures on the Maturity Date, failing which the Corporation shall repay on the Maturity Date the outstanding principal amount of the Initial Debentures held by such holder in cash.

Upon the occurrence of a Change of Control of the Corporation, the Corporation is required to make an offer to purchase all of the Initial Debentures at a price equal to 101% of the principal amount of such Initial Debentures plus unpaid interest up to, but excluding, the Maturity Date (the "**Change of Control Offer**"). If 90% or more of the principal amount of all Debentures outstanding on the date the Corporation provides notice of a Change of Control to the Trustee have been tendered for purchase pursuant to the Change of Control Offer, the Corporation has the right to redeem all the remaining outstanding Initial Debentures on the same date and at the same price.

If an offer is made for the Initial Debentures and 90% or more of the principal amount of all the Initial Debentures (other than Initial Debentures held at the date of the offer by or on behalf of the Offeror, associates or Affiliates of the Offeror or anyone acting jointly or in concert with the Offeror) are taken up and paid for by the Offeror, the Offeror will be entitled to acquire the Initial Debentures of those holders who did not accept the offer on the same terms and for the same purchase price as the Offeror acquired the first 90% of the principal amount of the Initial Debentures.

The indebtedness evidenced by this Initial Debenture, and by all other Initial Debentures now or hereafter certified and delivered under the Indenture, is a direct secured obligation of the Corporation which is guaranteed and secured by each Guarantor, and is subordinated in right of payment and in right of security, to the extent and in the manner provided in the Indenture, to the prior payment in full of all Senior Indebtedness, whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

This Initial Debenture and the Shares issuable upon conversion hereof have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States. This Initial Debenture may not be converted by or for the account or benefit of a U.S. person or a person in the United States absent an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. In addition, this Initial Debenture and the underlying Shares may only be offered and sold to a U.S. person or a person in the United States pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. "**U.S. person**" and "**United States**" are as defined in Regulation S under the U.S. Securities Act.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder (or in certain circumstances specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Initial Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Shares and officers, directors and employees of each Obligor in respect of any obligation or claim arising out of the Indenture, this Debenture or any other Debenture Document.

This Initial Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Trustee in the City of Toronto and in such other place or places and/or by such other registrars (if any) as the Corporation with the approval of the Trustee may designate. No transfer of this Initial Debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee or other registrar, and upon compliance with such reasonable requirements as the Trustee and/or other registrar may prescribe and upon surrender of this Initial Debenture for cancellation. Thereupon a new Initial Debenture or Initial Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Initial Debenture shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture. The Initial Debentures are governed by the Indenture. If any of the provisions of this Initial Debenture are inconsistent with the provisions of the Indenture, the provisions of the Indenture shall take precedence and shall govern. Capitalized words or expressions used in this Initial Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

IN WITNESS WHEREOF THE FLOWR CORPORATION has caused this Debenture to be signed by its authorized representative this ______th day of April, 2020.

THE FLOWR CORPORATION

By: ________________________________

Name:
Title:

(FORM OF TRUSTEE'S CERTIFICATE)

This Initial Debenture is one of the 10% Subordinated Convertible Secured Debentures due April 27, 2024 referred to in the Indenture within mentioned.

COMPUTERSHARE TRUST COMPANY OF CANADA

By: ______________________________
(Authorized Officer)

Date:

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto __________________________, whose address and social insurance number, if applicable, are set forth below, this Initial Debenture (or $________ principal amount hereof*) of The Flowr Corporation (the "Corporation") standing in the name(s) of the undersigned in the register maintained by the Corporation with respect to such Initial Debenture and does hereby irrevocably appoints_____________________ as it's attorney to transfer such Initial Debenture in such register, with full power of substitution in the premises.

____

Address of Transferee: ____

(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable: ____

*If less than the full principal amount of the within Initial Debenture is to be transferred, indicate in the space provided the principal amount (which must be $1,000 or an integral multiple thereof, unless you hold an Initial Debenture in a non-integral multiple of $1,000, in which case such Initial Debenture is transferable only in its entirety) to be transferred.

In the case of a Debenture Certificate bearing the U.S. Legend described in Section 2.16(e) of the Indenture, the undersigned hereby represents, warrants and certifies that (one (only) of the following must be checked):

☐ (A) the transfer is being made to the Corporation;

☐ (B) the transfer is being made outside the United States in accordance with Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") and in compliance with any applicable local securities laws and regulations, and the holder has provided herewith a declaration in the form prescribed by the Corporation;

☐ (C) the transfer is being made pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144 under the U.S. Securities Act and in accordance with applicable state securities laws; OR

☐ (D) the transfer is being made in another transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws.

In the case of a transfer in accordance with (C) or (D) above, the Trustee and the Corporation shall first have received an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation and the Trustee, to such effect. If Box C or D above is checked, holders are encouraged to consult with the Corporation and the Trustee in advance to determine that the legal opinion tendered in connection with the conversion will be satisfactory in form and substance to the Corporation and the Trustee.

"United States" and "U.S. Person" are as defined in Rule 902 of Regulation S under the U.S. Securities Act.

Dated: ________________________________

SPACE FOR GUARANTEES OF)

SIGNATURES (BELOW))

.	)	
	)	Signature of Transferor
	)	
	)	
Guarantor's Signature/Stamp	)	Name of Transferor

REASON FOR TRANSFER – For US Citizens or Residents only (where the individual(s) or corporation receiving the securities is a US citizen or resident). Please select only one (see instructions below).

☐ Gift ☐ Estate ☐ Private Sale ☐ Other (or no change in ownership)

Date of Event (Date of gift, death or sale): **Face Value per Debenture** on the date of event:

__ __ / __ __ / __ __ __ __ $ __ __ __ . __ __ ☐ CAD **OR** ☐ USD

CERTAIN REQUIREMENTS RELATING TO TRANSFERS – READ CAREFULLY

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. All securityholders or a legally authorized representative must sign this form. The signature(s) on this form must be guaranteed in accordance with the transfer agent's then-current guidelines and requirements at the time of transfer. Notarized or witnessed signatures are not acceptable as guaranteed signatures. As at the time of closing, you may choose one of the following methods (although subject to change in accordance with industry practice and standards):

Canada and the USA: A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words “Medallion Guaranteed”, with the correct prefix covering the face value of the certificate.

Canada: A Signature Guarantee obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust. The Guarantor must affix a stamp bearing the actual words “Signature Guaranteed”, sign and print their full name and alpha numeric signing number. Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program. For corporate holders, corporate signing resolutions, including certificate of incumbency, are also required to accompany the transfer, unless there is a “Signature & Authority to Sign Guarantee” Stamp affixed to the transfer (as opposed to a “Signature Guaranteed” Stamp) obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a Medallion Signature Guarantee with the correct prefix covering the face value of the certificate.

Outside North America: For holders located outside North America, present the certificates(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

OR

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed by an authorized officer of Royal Bank of Canada, Scotia Bank or TD Canada Trust whose sample signature(s) are on file with the transfer agent, or by a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: “SIGNATURE GUARANTEED”, “MEDALLION GUARANTEED” OR “SIGNATURE & AUTHORITY TO SIGN GUARANTEE”, all in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. For corporate holders, corporate signing resolutions, including certificate of incumbency, will also be required to accompany the transfer unless there is a “SIGNATURE & AUTHORITY TO SIGN GUARANTEE” Stamp affixed to the Form of Transfer obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a “MEDALLION GUARANTEED” Stamp affixed to the Form of Transfer, with the correct prefix covering the face value of the certificate.

REASON FOR TRANSFER – FOR US CITIZENS OR RESIDENTS ONLY

Consistent with U.S. IRS regulations, Computershare is required to request cost basis information from U.S. securityholders. Please indicate the reason for requesting the transfer as well as the date of event relating to the reason. The event date is not the day in which the transfer is finalized but, rather, the date of the event which led to the transfer request (i.e. date of gift, date of death of the securityholder, or the date the private sale took place).

SCHEDULE B
FORM OF CONVERSION NOTICE

TO: **THE FLOWR CORPORATION**. (the "**Corporation**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.3 of the debenture indenture (the "**Indenture**") dated April 27, 2020 between the Corporation and Computershare Trust Company of Canada (the "**Trustee**"), that the aggregate principal amount of $__________________of the $__________________of Debentures outstanding will be converted as of___________________ (the "**Conversion Date**"), upon the issuance of a number of Shares calculated by dividing the principal amount of Debentures plus accrued and unpaid interest thereon, by the Conversion Price, which Conversion Price is $_____ per Share as at the date hereof.

In accordance with the foregoing, the undersigned tenders herewith the Debentures, and, if applicable, directs that the Shares issuable upon a conversion be issued and delivered to the Person indicated below. (If Shares are to be issued in the name of a Person other than the holder, all requisite transfer Taxes must be tendered by the undersigned).

If the Debentures are being converted by, or for the account or benefit of a U.S. Person or a Person in the United States, the undersigned represents, warrants and certifies as follows ((one only) of the following must be checked):

☐ **A.** The undersigned has not been solicited to convert the Debentures by any Person, or if the undersigned has been solicited to convert the Debentures, the undersigned has confirmed that no commission or remuneration has been or will be paid or given, directly or indirectly, for soliciting such conversion, and the undersigned acknowledges that the Corporation is relying on the registration exemption provided by Section 3(a)(9) of the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), to issue the Shares.

☐ **B.** The undersigned has delivered to the Corporation and the Trustee an opinion of counsel reasonably satisfactory to the Corporation to the effect that an exemption from the registration requirements of the U.S Securities Act and applicable state securities laws is available. (Note: If this box is to be checked, holders are encouraged to consult with the Corporation in advance to determine that the legal opinion tendered in connection with conversion will be satisfactory in form and substance to the Corporation.)

If the undersigned has checked Box A or B, and the undersigned has determined with the benefit of legal advice that the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the undersigned in order to maintain compliance with the U.S. Securities Act, the undersigned has caused to be delivered to the Corporation and the Trustee an opinion of counsel of recognised standing, in form and substance reasonably satisfactory to the Corporation, to the foregoing effect. Otherwise, the undersigned acknowledges and agrees that the Shares issued upon the conversion of the Debentures will continue to have the U.S. Legend.

The undersigned represents, warrants and certifies that the undersigned has complied with all of the conditions in the Indenture with respect to conversion have been met.

It is understood that the Corporation and Computershare Trust Company of Canada may require evidence to verify the foregoing representations.

"United States" and "U.S. Person" are as defined in Rule 902 of Regulation S under the U.S. Securities Act.

The undersigned acknowledges that the interest upon the principal amount of Debentures called for conversion shall cease to be payable from and after the Conversion Date, unless payment of the Conversion Price shall not be made on presentation for surrender of such Debentures on or after the Conversion Date or prior to the setting aside of the Conversion Price pursuant to the Indenture.

No fractional Shares shall be delivered upon the exercise by the undersigned of the above-mentioned conversion right but, in lieu thereof, the Corporation shall pay the cash equivalent thereof determined on the basis of the Current Market Price of Shares on the Conversion Date (less any Tax required to be deducted, if any).

In this connection, upon presentation and surrender of the Debentures for payment on the Conversion Date, the undersigned requires the Corporation shall, on the Business Day immediately prior to the Conversion Date, make the delivery to the Trustee, at the above-mentioned corporate trust office, for delivery to and on account of the holders, of certificates or book entry system customer confirmations representing the Shares to which holders are entitled.

Dated: ______________________________ ____

(Signature of Registered Holder)

* If less than the full principal amount of the Debentures, indicate in the space provided the principal amount (which must be $1,000 or integral multiples thereof).

NOTE: If Shares are to be issued in the name of a person other than the holder the Form of Assignment attached to the Indenture must be completed and signature guaranteed as specified in that form.

(Print name in which Shares are to be issued, delivered and registered) Name:

Name: ____

____

(Address)

____

(City, Province and Postal Code)

Name of guarantor: ___________________________________

Authorized signature: ___________________________________

SCHEDULE C
FORM OF PREPAYMENT NOTICE

THE FLOWR CORPORATION

10% SUBORDINATED CONVERTIBLE SECURED DEBENTURES DUE APRIL 27, 2024

FORM OF PREPAYMENT NOTICE

To: Holders of 10% Subordinated Convertible Secured Debentures due April 27, 2024 (the "**Debentures**") of the Flowr Corporation (the "**Corporation**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 5.3 of the debenture indenture (the "**Indenture**") dated April 27, 2020 among the Corporation and Computershare Trust Company of Canada (the "**Trustee**"), that the aggregate principal amount of $__________________ of the $__________________ of Debentures outstanding will be prepaid as of ________________ (the "**Prepayment Date**"), upon payment of a Prepayment Price of $_____________ for each $1,000 principal amount of Debentures, being equal to the aggregate of (i) $______________, (ii) all accrued and unpaid interest hereon to but excluding the Prepayment Date, and (iii) all other amounts owed thereon under the Indenture (collectively, the "**Prepayment Price**").

The Prepayment Price will be payable upon presentation and surrender of the Debentures called for Prepayment at the following office:

•
Attention: •

The interest upon the principal amount of Debentures called for Prepayment shall cease to be payable from and after the Prepayment Date, unless payment of the Prepayment Price shall not be made on presentation for surrender of such Debentures at the above-mentioned office on or after the Prepayment Date or prior to the setting aside of the Prepayment Price pursuant to the Indenture.

In this connection, upon presentation and surrender of the Debentures for payment on the Prepayment Date, the Corporation shall, on the Business Day immediately prior to the Prepayment Date, make the delivery to the Trustee, at the above-mentioned corporate trust office, for delivery to and on account of the holders, of cash representing the balance of the Prepayment Price.

DATED:

THE FLOWR CORPORATION

By: ______________________________
Name:
Title:

SCHEDULE D
FORM OF MATURITY NOTICE

THE FLOWR CORPORATION

10% SUBORDINATED CONVERTIBLE SECURED DEBENTURES DUE APRIL 27, 2024

MATURITY NOTICE - PAYMENT BY WAY OF SHARES

To: Holders of 10% Subordinated Convertible Secured Debentures due April 27, 2024 (the "**Debentures**") of the Flowr Corporation (the "**Corporation**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 7.1 of the debenture indenture (the "**Indenture**") dated April 27, 2020 among the Corporation and Computershare Trust Company of Canada, as trustee (the "**Trustee**"), that the Debentures are due and payable as of April 27, 2024 (the "**Maturity Date**") and the Corporation elects to satisfy its obligation to repay to holders of Debentures the principal amount of all of the Debentures outstanding on the Maturity Date, together with all accrued and unpaid interest thereon, by issuing and delivering to the holders that number of Shares equal to the number obtained by dividing such principal amount of the Debentures and accrued and unpaid interest thereon by the Maturity Date VWAP, less withholding .

The payment of Shares on the Maturity Date will be payable upon presentation and surrender of the Debentures at the following office:

•

Attention: •

The interest upon the principal amount of Debentures shall cease to be payable from and after the Maturity Date, unless payment of the Shares shall not be made on presentation for surrender of such Debentures at the above-mentioned office on or after the Maturity Date.

No fractional Shares shall be delivered on exercise by the Corporation of the above mentioned repayment right but, in lieu thereof, the Corporation shall pay the cash equivalent thereof determined on the basis of the Current Market Price of Shares on the Maturity Date (less any Tax required to be deducted, if any).

In this connection, upon presentation and surrender of the Debentures for payment on the Maturity Date, the Corporation shall, on the Maturity Date, make delivery to the Trustee, at its principal trust office in the City of Toronto for delivery to and on account of the holders, of certificates or book entry system customer confirmations representing the Shares to which holders are entitled together with the cash equivalent in lieu of fractional Shares, and if only a portion of the Debentures are to be repaid by issuing Shares, cash representing the balance of the principal amount and premium (if any) and interest due on the Maturity Date.

DATED:

THE FLOWR CORPORATION

By: ______________________________
Name:
Title:

SCHEDULE E
FORM OF INITIAL DEBENTURE MATURITY PAYMENT ELECTION

TO: **THE FLOWR CORPORATION**. (the "**Corporation**")

AND TO: **COMPUTERSHARE TRUST COMPANY OF CANADA** (the "**Trustee**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 2.4(e) of the debenture indenture (the "**Indenture**") dated April 27, 2020 between the Corporation and the Trustee, that the undersigned holder of the Initial Debentures elects that the Corporation shall satisfy its obligation to repay the holder of the Initial Debentures the aggregate principal amount of $__________________ of Initial Debentures outstanding on the Maturity Date, together with all accrued and unpaid interest thereon, by issuing and delivering to the holder that number of Shares equal to the number obtained by dividing such principal amount of the Initial Debentures and accrued and unpaid interest thereon by the Maturity Date VWAP, less withholding.

In accordance with the foregoing, the undersigned tenders herewith the Initial Debentures, and, if applicable, directs that the Shares issuable upon maturity be issued and delivered to the Person indicated below. (If Shares are to be issued in the name of a Person other than the holder, all requisite transfer Taxes must be tendered by the undersigned).

If the Initial Debentures are being repaid by, or for the account or benefit of a U.S. Person or a Person in the United States, the undersigned represents, warrants and certifies as follows ((one only) of the following must be checked):

☐ **A.** The undersigned has not been solicited to receive Shares as repayment for the Initial Debentures by any Person, or if the undersigned has been solicited to receive Shares as repayment for the Initial Debentures, the undersigned has confirmed that no commission or remuneration has been or will be paid or given, directly or indirectly, for soliciting such election, and the undersigned acknowledges that the Corporation is relying on the registration exemption provided by Section 3(a)(9) of the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), to issue the Shares.

☐ **B.** The undersigned has delivered to the Corporation and the Trustee an opinion of counsel reasonably satisfactory to the Corporation to the effect that an exemption from the registration requirements of the U.S Securities Act and applicable state securities laws is available. (Note: If this box is to be checked, holders are encouraged to consult with the Corporation in advance to determine that the legal opinion tendered in connection with repayment will be satisfactory in form and substance to the Corporation.)

If the undersigned has checked Box A or B, and the undersigned has determined with the benefit of legal advice that the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the undersigned in order to maintain compliance with the U.S. Securities Act, the undersigned has caused to be delivered to the Corporation and the Trustee an opinion of counsel of recognised standing, in form and substance reasonably satisfactory to the Corporation, to the foregoing effect. Otherwise, the undersigned acknowledges and agrees that the Shares issued upon the repayment of the Initial Debentures on the Maturity Date will continue to have the U.S. Legend.

The undersigned represents, warrants and certifies that the undersigned has complied with all of the conditions in the Indenture with respect to the election to receive Shares as repayment of the outstanding principal amount of the Initial Debentures on the Maturity Date have been met.

It is understood that the Corporation and Computershare Trust Company of Canada may require evidence to verify the foregoing representations.

"United States" and "U.S. Person" are as defined in Rule 902 of Regulation S under the U.S. Securities Act.

The undersigned acknowledges that the interest upon the principal amount of Initial Debentures shall cease to be payable from and after the Maturity Date, unless payment of the Shares shall not be made on presentation for surrender of such Initial Debentures on or after the Maturity Date.

No fractional Shares shall be delivered upon the exercise by the undersigned of the above-mentioned election but, in lieu thereof, the Corporation shall pay the cash equivalent thereof determined on the basis of the Current Market Price of Shares on the Maturity Date (less any Tax required to be deducted, if any).

In this connection, upon presentation and surrender of the Initial Debentures for payment on the Maturity Date, the undersigned requires the Corporation shall, on the Business Day immediately prior to the Maturity Date, make the delivery to the Trustee, at the above-mentioned corporate trust office, for delivery to and on account of the holders, of certificates or book entry system customer confirmations representing the Shares to which holders are entitled together with the cash equivalent in lieu of fractional Shares, and if only a portion of the Initial Debentures held by such holder are to be repaid by issuing Shares, cash representing the balance of the principal amount due on the Maturity Date.

Dated: ______________________________ ____
(Signature of Registered Holder)

* If less than the full principal amount of the Initial Debentures, indicate in the space provided the principal amount (which must be $1,000 or integral multiples thereof).

NOTE: If Shares are to be issued in the name of a person other than the holder of the Initial Debentures the Form of Assignment attached to the Indenture must be completed and signature guaranteed as specified in that form.

(Print name in which Shares are to be issued, delivered and registered) Name:

Name: ____

____
(Address)

____
(City, Province and Postal Code)

Name of guarantor: ______________________________

Authorized signature: ______________________________

SCHEDULE F
FORM OF SUBORDINATION AGREEMENT

See attached.

SUBORDINATION AND POSTPONEMENT AGREEMENT

THIS SUBORDINATION AND POSTPONEMENT AGREEMENT is made as of the 27th day of April, 2020 between ATB Financial, as administrative agent (in such capacity, the "**Senior Agent**") for and on behalf of itself and the Senior Secured Creditors, The Flowr Corporation, as borrower (the "**Borrower**"), The Flowr Canada Holdings ULC ("**ULC**") and The Flowr Group (Okanagan) Inc. ("**Okanagan**"), as guarantors, and Computershare Trust Company of Canada, as trustee (in such capacity, the "**Subordinated Agent**") for and on behalf of itself and the Subordinated Secured Creditors;

WHEREAS the Debtors have granted, and in the future may grant, the Senior Security to the Senior Agent and the Senior Secured Creditors to secure the repayment of the Senior Debt;

AND WHEREAS the Senior Agent is entering into this Agreement on behalf of and for the benefit of each Senior Secured Creditor;

AND WHEREAS the Borrower has issued, and may in the future issue, debentures in favour of the Subordinated Secured Creditors pursuant to the Subordinated Indenture;

AND WHEREAS the Debtors have granted, and in the future may grant, the Subordinated Security to the Subordinated Agent and the Subordinated Secured Creditors to secure the repayment of the Subordinated Debt;

AND WHEREAS the foregoing recitals are representations and statements of fact made by the Debtors and not by the Subordinated Agent.

AND WHEREAS, subject to the terms of this Agreement, the Subordinated Agent, on behalf of the Subordinated Secured Creditors, has agreed to unconditionally and irrevocably subordinate and postpone the Subordinated Security to and in favour of the Senior Security and the Senior Agent on behalf of each Senior Secured Creditor has agreed to the Debtors incurring the Subordinated Debt and granting the Subordinated Security;

NOW THEREFORE in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby irrevocably acknowledged by each of the parties hereto, the parties make the following covenants, acknowledgments and agreements;

1. **Defined Terms**. Unless otherwise defined herein or the context otherwise requires, capitalized terms used herein which are not otherwise defined herein shall have the meanings provided in the Senior Credit Agreement. References in this Agreement to any agreement shall be deemed to be a reference to such agreement as amended, supplemented, substituted or replaced from time to time. In this Agreement, unless something in the subject matter or context is inconsistent therewith:

    (a) "**Acceleration Event**" means the occurrence of a Default or Event of Default under the Senior Credit Agreement or if any default or event of default occurs any Swap Document.

    (b) "**Agreement**" means this Subordination and Postponement Agreement (as amended, modified, supplemented, restated or replaced in writing from time to time) and all the schedules and other documents delivered according to a requirement of this Agreement; this Agreement is sometimes also referred to by the terms "hereof", "hereunder", "herein" or similar terms.

    (c) "**Bankruptcy Law**" means, collectively: (a) the *Bankruptcy and Insolvency Act* (Canada), as amended from time to time and any successor act or statute, (b) the *Companies' Creditors Arrangement Act* (Canada), as amended from time to time and any successor act or statute, (c) the *Winding-up and Restructuring Act* (Canada), as amended from time to time and any successor act or statute, and (d) any similar laws or any corporate law in any jurisdiction including, without limitation, any laws relating to assignments for the benefit of creditors, a stay of proceedings, formal or informal moratorium, compositions, extensions generally with creditors, or proceedings seeking reorganization, restructuring, re-capitalization, arrangement or other similar relief, any law permitting the appointment of a receiver, interim receiver, receiver manager or other person having similar powers and any law of any jurisdiction permitting a debtor to obtain a stay or a compromise of the claims of its creditors;

(d) "**Borrower**" has the meaning ascribed to such term in the preamble of this Agreement.

(e) "**Collateral**" means, in respect of any Person, all of its undertaking, property and assets (whether real or personal, tangible or intangible, and wherever located) now owned or hereafter acquired by such Person.

(f) "**Debtors**" means, collectively, the Borrower, ULC, Okanagan and any other person that may from time to time, after the date hereof, grant Senior Security in favour of the Senior Secured Creditors.

(g) "**Insolvency Proceeding**" means, as to any Person, any proceeding commenced by or against it under any provision of any Bankruptcy Law.

(h) "**Senior Agent**" has the meaning ascribed to such term in the preamble to this Agreement, and includes its successors and assigns.

(i) "**Senior Credit Agreement**" means the credit agreement dated as of November 18, 2019 by and among the Borrower, as borrower, the financial institutions which are or may become party thereto from time to time, as lenders, and the Senior Agent, as administrative agent, as amended by a first amending agreement dated as of March 11, 2020 and a second amending agreement dated as of the date hereof, as such credit agreement may be further amended, amended and restated, modified or replaced, restated or supplemented from time to time.

(j) "**Senior Debt**" means all indebtedness, liabilities and obligations, of any nature or kind, present or future, direct or indirect, matured or unmatured, absolute or contingent, whether revolving or term, and whether secured or unsecured, whether as primary debtor, surety or guarantor, at any time owing by the Debtors to any Senior Secured Creditor pursuant to the Senior Credit Agreement or any other Loan Document (including pursuant to the MasterCard, Service Agreements and Hedge Transactions, and all interest, fees and other costs and expenses arising under or in respect of the Senior Credit Agreement) (as each of those terms is defined in the Senior Credit Agreement). For greater certainty, and without limiting the foregoing, any subsequent increase in the principal amount of the indebtedness under the Senior Credit Agreement that is in excess of the existing aggregate commitments of the Senior Secured Creditors is and shall be "**Senior Debt**".

(k) "**Senior Debt Repayment Date**" means the date on which the Senior Debt has been indefeasibly paid in full (other than contingent indemnity obligations), and the Senior Credit Agreement and Loan Documents have been terminated.

(l) "**Senior Secured Creditors**" means collectively, the Senior Agent, each Lender, each Hedge Lender and their respective successors and permitted assigns.

(m) "**Senior Security**" means all liens, charges, pledges, security interests and other security agreements of any nature or kind, now held or hereafter granted to the Senior Agent that secures the payment, performance or discharge of the Senior Debt.

(n) "**Subordinated Agent**" has the meaning ascribed to such term in the preamble to this Agreement, and includes its successors and assigns.

(o) "**Subordinated Debentureholders**" means the persons from time to time being entered in the register for Subordinated Debentures as registered holders of Subordinated Debentures and their respective successors and assigns.

(p) "**Subordinated Debentures**" means the debentures, notes or other evidences of indebtedness of the Borrower issued and certified pursuant to the Subordinated Indenture.

(q) "**Subordinated Debt**" means all indebtedness, liabilities and obligations, of any nature or kind, present or future, direct or indirect, whether revolving or term, matured or unmatured, absolute or contingent, and whether secured or unsecured, whether as primary debtor, surety or guarantor, matured or not and at any time owing by the Debtors to any Subordinated Secured Creditor under any Subordinated Debentures issued pursuant to the Subordinated Indenture (including all interest, fees and other costs arising under or in respect of the Subordinated Debentures and the Subordinated Indenture) .

(r) "**Subordinated Indenture**" means the indenture dated as of the date hereof between the Borrower and the Subordinated Agent, pursuant to which the Subordinated Debentures are issued.

(s) "**Subordinated Secured Creditors**" means collectively, the Subordinated Agent, the Subordinated Debentureholders and their respective successors and permitted assigns.

(t) "**Subordinated Security**" means all liens, charges, pledges, security interests and other security agreements of any nature or kind, now or hereafter granted to the Subordinated Agent that secures the payment, performance or discharge of the Subordinated Debt.

2. **Headings**.

The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder", and similar expressions refer to this Agreement and not to any particular Section or other portion hereof. Unless something in the subject matter of context is inconsistent therewith, references herein to Sections are to Sections of this Agreement.

3. **Extended Meanings**.

In this Agreement, words importing the singular number only include the plural and vice versa and words importing a gender includes both genders. The term "including" means "including without limiting the generality of the foregoing".

4. **Statutory References**.

In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that statute and now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulation thereunder.

5. **References to Agreements**.

Each reference in this Agreement to any agreement (including this Agreement and any other defined term that is an agreement) shall be construed so as to include such agreement (including any attached schedules) and each amendment, supplement, amendment and restatement, novation and other modification made to it at or before the time in question.

6. **Subordination and Postponement**.

(a) The Subordinated Agent hereby agrees that all Subordinated Debt is hereby unconditionally and irrevocably deferred, postponed and, together with the Subordinated Security, subordinated in all respects (in favour of the Senior Agent for and on behalf of the Senior Secured Creditors) to the prior indefeasible repayment in full of all the Senior Debt. The Subordinated Agent acknowledges and agrees that the subordination and postponement provided for herein are for the benefit of the Senior Secured Creditors and will be enforceable by the Senior Agent on their behalf. Each party hereto acknowledges, consents and agrees to the foregoing.

(b) Without limiting the generality of the foregoing, the deferment, postponement and subordination of the provisions contained herein will be effective notwithstanding:

(i) the dates of any advances secured by the Senior Security;

(ii) the time or sequence of giving any notice or the making of any demand in respect of the Senior Debt, the Senior Security or the Subordinated Debt or the attachment, registration, perfection or crystallization of the security constituted by the Senior Security;

(iii) that any of the Senior Security shall be defective, unperfected or unenforceable for any reason whatsoever;

(iv) the method of perfection of the Senior Security;

(v) the provisions of the Senior Security or the Subordinated Security;

(vi) any invalidity or unenforceability of, or any limitation on, the liability of any Debtor;

(vii) any defense, compensation, set off or counterclaim which any Debtor may have or assert;

(viii) any Insolvency Proceeding of any person or entity;

(ix) the taking of any collection, enforcement or realization proceedings pursuant to the Senior Security, the Senior Debt, the Subordinated Security or the Subordinated Debt;

(x) the date of obtaining any judgment or the order of any bankruptcy court or any court administering an Insolvency Proceeding as to the entitlement of any of the Senior Secured Creditors or any Subordinated Secured Creditors to any money or property of any Debtor;

(xi) the giving or failing to give any notice, or the sequence of giving any notice to the Subordinated Agent including the giving or failing to give notice of the acquisition of any additional Senior Security;

(xii) the failure to exercise any power or remedy reserved to the Senior Agent or any of the other Senior Secured Creditors under the Senior Credit Agreement, under any Senior Security or any other Loan Document, or to insist upon a strict compliance with any of the terms thereof;

(xiii) the date or dates of any default by the Borrower or any other Debtor in respect of the Senior Debt or any default under the Senior Security;

(xiv) the rules of priority established under applicable Law;

(xv) any waiver, consent, extension, indulgence or other action, inaction or omission by the Senior Secured Creditors under or in respect of this Agreement, the Senior Credit Agreement, the other Loan Documents, the Senior Debt or the Senior Security;

(xvi) the lack of authority or revocation thereof by any other party;

(xvii) any defence based upon an election of remedies by any of the Senior Secured Creditors which destroys or otherwise impairs the subrogation rights of the Subordinated Secured Creditors to proceed against any other Debtor for reimbursement;

(xviii) any merger, consolidation or amalgamation of any Subordinated Secured Creditor, or any Debtor into or with any other person or entity; or

(xix) any other fact, matter or defect whatsoever that, except for this Agreement, would impact on the respective priorities of the Senior Security or the Subordinate Security, or the order and timing of payment of the Senior Debt or the Subordinated Debt.

7. **No Repayment of Subordinated Debt**. Subject to this Section 7, until the Senior Debt Repayment Date, no direct or indirect distribution, payment (including, but not limited to, principal, interest, fees and costs), prepayment or repayment on account of, or other distribution in respect of, the Subordinated Debt shall be made by, or on behalf of, the Borrower or any other Debtor or received by, or on behalf of, the Subordinated Agent or any other Subordinated Secured Creditor. The parties hereto acknowledge that the Subordinated Debt is Junior Permitted Debt (as defined in the Senior Credit Agreement) and that no interest can be paid thereon in cash or other property of the Borrower, but nothing herein shall prohibit or restrict payment of interest by the issuance of shares of the capital stock of the Borrower or adding the accrued amount of interest owed to the outstanding principal obligations under the Debentures in accordance with Section 7.4 of the Subordinated Indenture in effect on the date hereof.

8. **Restriction on Enforcement**. The Subordinated Agent hereby agrees that prior to the Senior Debt Repayment Date, the Subordinated Agent and the other Subordinated Secured Creditors may not and will not take any action or proceeding of any nature or type whatsoever to demand, accelerate or enforce payment or performance of all or any part of the Subordinated Debt or to enforce the Subordinated Security (including, without limitation, rights of set-off, initiate or commence, or make or propose any plan, proposal, compromise, arrangement or similar transaction in connection with, or issue any notice of intention to commence, an Insolvency Proceeding, foreclosure, sale, power of sale, taking of possession, giving in payment or any other means of enforcement or realization thereof); provided, however, subject in all respects to the terms and conditions contained in this Agreement and Section 12(c), that (a) the Subordinated Agent may commence and maintain a civil action against the Debtor for failure to pay regularly scheduled payments of interest under the Subordinated Indenture and (b) the Subordinated Agent shall be entitled to accelerate the maturity of the Subordinated Debt and file a proof of claim immediately on or following the commencement of any Insolvency Proceeding.

9. **<u>Subordinated Security</u>**.

(a) The Subordinated Agent hereby:

(i) acknowledges and agrees that the Senior Security has priority over the Subordinated Security as they relate to the rights and interests created in the Collateral by the Subordinated Security;

(ii) postpones and subordinates the mortgages, charges, liens, assignments and security interests created in the Collateral by the Subordinated Security to the mortgages, charges, liens, assignments and security interests in such Collateral created by the Senior Security; and

(iii) agrees to ratify and confirm the subordination and postponement set out above from time to time in favour of the Senior Agent and the other Senior Secured Creditors, as reasonably required by the Senior Agent, following the written request of the Senior Agent therefor; and

(b) The Subordinated Agent agrees that it will not seek or obtain from any Debtor any lien, charge, or security interest for the payment of or performance of any obligations owing to the Subordinated Secured Creditors, including in respect of the Subordinated Debt, other than the Subordinated Security, unless such Debtor grants the same lien, charge, or security interest to the Senior Agent for the benefit of the Senior Secured Creditors in priority to the Subordinated Secured Creditors and Subordinated Debt in accordance with the terms and conditions of this Agreement.

(c) The Subordinated Agent agrees that any and all proceeds of Collateral or distributions paid to creditors in the course of any Insolvency Proceeding, insurance proceeds, and expropriation proceeds as applicable, shall be paid to the Senior Agent for the benefit of the Senior Secured Creditors and dealt with in such a manner as to give effect to the provisions of this Agreement.

(d) Each Debtor hereby acknowledges and agrees: (i) that it has taken notice of the foregoing subordination and postponement of claim by the Subordinated Agent and expressly consents thereto; (ii) that it will not deliver to the Subordinated Agent or any other Subordinated Secured Creditor any lien, charge or security interest for the payment, performance or discharge of its obligations in respect of the Subordinated Indebtedness other than the Subordinated Security; and (iii) that it will not make any payment to the Subordinated Agent or any other Subordinated Secured Creditor, save and except as permitted under Section 7 hereof, until the Senior Debt has been indefeasibly paid in full (other than contingent indemnity obligations), and the Senior Credit Agreement and Loan Documents have terminated.

10. **<u>No Objection</u>**. The Subordinated Agent will not take, or cause or permit any other person to take on its behalf, or support any other person to, take any steps whatsoever whereby (i) the existence, priority or validity of any of the Senior Security or Senior Debt or (ii) the rights of the Senior Agent or the other Senior Secured Creditors hereunder, under the Senior Credit Agreement, the Senior Security or any other Loan Document will be contested, delayed, defeated, impaired or diminished. Without limiting the generality of the foregoing, the Subordinated Agent will not, and will not support any other person to, challenge, object to, compete with or impede in any manner any act taken or proceeding commenced by the Senior Secured Creditors, in accordance with the terms of the Senior Credit Agreement, in connection with the enforcement by the Senior Agent of the Senior Security and Senior Debt.

11. **<u>Application of Proceeds</u>**. The Subordinated Agent and the Borrower acknowledge that (a) all and every part of the Senior Security is held by the Senior Agent on behalf of, *inter alia*, itself and

the other Senior Secured Creditors as security for all and every part of the Senior Debt and (b) the Senior Secured Creditors may apply, as a permanent reduction of the Senior Debt, any moneys received by any of them in accordance with the provisions of the Senior Credit Agreement, whether from the enforcement of and realization upon any or all of the Senior Security or otherwise, to any part of the Senior Debt in a manner consistent with the Senior Credit Agreement.

12. **Liquidation, Dissolution, Bankruptcy, etc**.

(a) In the event of distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of any Debtor, or the proceeds thereof, to creditors in connection with an Insolvency Proceeding, the Senior Secured Creditors will be entitled to receive payment in full (including interest accruing to the date of receipt of such payment at the applicable rate whether or not allowed as a claim in any such proceeding) of the Senior Debt before the Subordinated Agent or any other Subordinated Secured Creditor is entitled to receive any direct or indirect payment or distribution of any cash or other assets of any Debtor on account of the Subordinated Debt. In connection with such Insolvency Proceeding, the Senior Secured Creditors will be entitled to receive directly, for application in accordance with the provisions of the Senior Credit Agreement, in payment of any outstanding Senior Debt, any payment or distribution of any kind or character, whether in cash or other assets, which would otherwise be payable or deliverable upon or with respect to the Subordinated Debt. To the extent any payment of Senior Debt (whether by or on behalf of the Borrower, any other Debtor or any Subordinated Secured Creditor, as proceeds of security or enforcement of any right of set-off or otherwise) is determined to be a fraudulent preference or otherwise preferential, set aside or required to be paid to a trustee, receiver or other similar person under any Bankruptcy Law, then if such payment is recoverable by, or paid over to, such trustee, receiver or other person, the Senior Debt or part thereof originally intended to be satisfied will be deemed to be reinstated and outstanding as if such payment had not occurred.

(b) In order to enable the Senior Secured Creditors to enforce their rights hereunder in any of the actions or proceedings described in this Section 12, (but only to the extent necessary to so enable the Senior Secured Creditors) upon the failure of the Subordinated Agent to make and present on a timely basis a proof of claim against any Debtor on account of the Subordinated Debt or other motion or pleading as may be expedient or proper to establish any Subordinated Secured Creditor's entitlement to payment of any Subordinated Debt, the Senior Agent is irrevocably authorized and empowered, in its discretion and at the Borrower's expense, to make and present for and on behalf of the Subordinated Secured Creditors such proofs of claims or other motions or pleadings and to demand, receive and collect any and all dividends or other payments or disbursements made thereon in whatever form the same may be paid or issued and any such property received shall be held in trust by the Senior Agent for and on behalf of the Senior Secured Creditors and paid over to the Senior Secured Creditors as required by the Senior Credit Agreement. The Senior Agent shall apply the same on account of the Senior Debt in accordance with the terms of the Senior Credit Agreement and any other Loan Document; provided that any surplus remaining after the Senior Debt Repayment Date shall be paid over to the Subordinated Agent for distribution according to the Subordinated Secured Creditor's entitlement thereto in accordance with applicable law. Subject to paragraph (d) below, each Debtor hereby covenants and agrees and the Subordinated Agent hereby agrees to exercise any voting right or other privilege that it may have from time to time in any of the actions or proceedings described in this Section 12 in favour of any plan, proposal, compromise, arrangement or similar transaction so as to give effect to (i) the right of the Senior Secured Creditors to receive payments and distributions otherwise payable or deliverable upon or with respect to the Subordinated Debt so long as any Senior Debt remains outstanding; or (ii) the obligation of the Subordinated Agent to receive, hold in trust, and pay over to the Senior Agent certain payments and distributions as contemplated by Section 13, during the term of this Agreement.

(c) In the event of any Insolvency Proceeding relating to the Borrower or any other Debtor, all rights of the Subordinated Secured Creditors to exercise the voting and other consensual rights pertaining to the Subordinated Debt in such proceedings will, at the option of the Senior Agent, become vested in the Senior Agent for and on behalf of itself and the Senior Secured Creditors and the Senior Agent will thereupon have the right, but not the obligation, to exercise such voting and other consensual rights. For such purpose, upon written notice received by the Subordinated Agent by the Senior Agent, the Subordinated Agent hereby irrevocably appoints the Senior Agent or any authorized officer or employee of the Senior Agent as its attorney in fact, with full power and authority in the place and stead of the Subordinated Agent and in the name of the Subordinated Agent or otherwise, from time to time in the Senior Agent's absolute discretion and to the fullest extent permitted by law, but subject to paragraph (d) below, to take any action and to execute any instruments which the Senior Agent may deem reasonably necessary or advisable to accomplish the purposes of this Agreement, and the Subordinated Agent hereby notifies all such actions that such attorney will lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with and assignment of the Subordinated Agent's interest in any payments or distributions in respect of the Subordinated Debt in the event of any Insolvency Proceeding relating to the Borrower or any other Debtor and will be irrevocable.

(d) After the Senior Debt Repayment Date, the powers granted to the Senior Agent under paragraphs 12(b) and 12(c) in respect of exercising the rights of the Subordinated Secured Creditors shall be revoked.

(e) If any of the provisions of this Section 12 are stayed or otherwise rendered ineffective during the currency of any Insolvency Proceeding, such provision shall be deemed to be fully reinstated without any action by or on behalf of the Senior Agent or Senior Secured Creditors on the discharge of the relevant Debtors, with each such affected provision having retroactive effect to the date that it was rendered ineffective.

13. **Payments Received by the Subordinated Secured Creditors**. If, prior to the Senior Debt Repayment Date (including as a result of Senior Debt being deemed to be reinstated as set out in Section 12(a)), the Subordinated Agent or any person on its behalf receives any payment from or distribution of assets of any Debtor or on account of the Subordinated Debt, then the Subordinated Agent will, and will cause such other person to, receive and hold such payment or distribution in trust for the benefit of the Senior Secured Creditors and promptly pay the same over or deliver to the Senior Agent in precisely the form received by the Subordinated Agent or such other Person on its behalf (except for any necessary endorsement or assignment) and such payment or distribution will be paid over by the Senior Agent to the Senior Secured Creditors. The Senior Agent shall apply such payment or distribution to the repayment of the Senior Debt in accordance with the terms of the Senior Credit Agreement.

14. **Senior Secured Creditors' Rights**. The Subordinated Agent agrees that at all times prior to the Senior Debt Repayment Date, the Senior Secured Creditors will be entitled to exclusively instruct the Senior Agent and to deal with the Senior Security in accordance with the terms of the Senior Credit Agreement and the terms of each Loan Document and nothing herein will (i) prevent, restrict or limit the Senior Secured Creditors in any manner from exercising all or any part of their rights and remedies otherwise permitted by the Senior Credit Agreement, any other Loan Document and by applicable Law, (ii) prejudice or impair by the right of the Senior Agent to enforce the subordination as provided in this Agreement, or (iii) affect, impair the obligations of

the Subordinated Agent as provided in this Agreement (and the Subordinated Agent will not so prevent, restrict, limit, prejudice or impair such actions or rights), and without limiting the generality of the foregoing, the Subordinated Agent agrees that:

(a) the Senior Secured Creditors, in their absolute discretion and without diminishing the obligations of the Subordinated Agent hereunder, may grant time or other indulgences to the Borrower or other Debtors and any other person or persons now or hereafter liable to the Senior Secured Creditors in respect of the payment of the Senior Debt, and the Senior Secured Creditors may give up, modify, vary, exchange, renew or abstain from enforcing the Senior Security in whole or in part and may discharge any part or parts of or accept any composition or arrangements or realize upon the Senior Security when and in such manner as the Senior Secured Creditors may think expedient, and in no such case will the Senior Agent or the other Senior Secured Creditors be responsible for any act or omission with respect to the Senior Security or any part thereof;

(b) the Subordinated Agent will not be released or exonerated from its obligations hereunder by extension of time periods or any other forbearance whatsoever, whether as to time, performance or otherwise or by any release, discharge, loss or alteration in or dealing with all or any part of the Senior Debt and the Senior Security or any part thereof or by any failure or delay in giving any notice required under this Agreement, the Senior Credit Agreement, the other Loan Documents, the Senior Debt or the Senior Security or any part thereof, the waiver by the Senior Secured Creditors of compliance with any conditions precedent to any advance of funds, or by any modification or alteration of the Senior Credit Agreement, the other Loan Documents, the Senior Debt or the Senior Security or any part thereof, or by anything done, suffered or permitted by the Senior Secured Creditors, or as a result of the method or terms of payment under the Senior Debt or the Senior Security or any part thereof or any assignment or other transfer of all or any part of the Senior Credit Agreement, the other Loan Documents, Senior Debt or the Senior Security or any part thereof;

(c) the Senior Secured Creditors will not be bound to seek or exhaust any recourse against any Debtor or any other person or against the property or assets of any Debtor or any other person or against any security, guarantee or indemnity before being entitled to the benefit of the Subordinated Agent's obligations hereunder and the Senior Secured Creditors may enforce the various remedies available to them and may realize upon the various security documents, guarantees and indemnities or any part thereof, held by them in such order as the Senior Secured Creditors may determine appropriate but in a manner consistent with the terms of the Senior Credit Agreement;

(d) the Senior Secured Creditors shall have no obligations to the Subordinated Agent or any other Subordinated Secured Creditor for acquiring and updating information relating to the financial condition of the Borrower and other Debtors and all circumstances relating to the payment or non-payment of the Subordinated Debt;

(e) the Senior Secured Creditors will not be required to marshal in favour of the Subordinated Agent, the other Subordinated Secured Creditors or any other person the Senior Security or any other securities or any moneys or other assets which the Senior Secured Creditors may be entitled to receive or upon which the Senior Secured Creditors may have a claim;

(f) the Senior Secured Creditors will be entitled to advance their own money as they see fit in order to preserve or protect the assets of any Debtor or any part thereof or protect the Senior Debt or maximize the recovery thereof, and all such sums advanced to the extent reasonably advanced for such purposes, will constitute part of the Senior Debt and will be secured by the Senior Security;

(g) the Senior Secured Creditors are entitled to amend, supplement, modify, restate or replace the Senior Credit Agreement, any other Loan document or any of the Senior Security;

(h) after the occurrence and during the continuance of an Acceleration Event which has not been waived, the Senior Secured Creditors are entitled to sell, exchange, release, surrender, realize upon, enforce or otherwise deal with in any manner any assets pledged or mortgaged for or otherwise securing the Senior Debt or any liability of any Debtor or any liability incurred directly or indirectly in respect thereof;

(i) the Senior Secured Creditors are entitled to exercise or delay in or refrain from exercising any right or remedy against any Debtor and the Subordinated Agent and are entitled to elect any remedy and otherwise deal freely with a Debtor or the Subordinated Agent;

(j) the Senior Secured Creditors are not required to take or record or otherwise perfect or preserve the perfection of any liens or security interests securing the Senior Debt, or to exercise any right or remedy against any Debtor;

(k) the Senior Secured Creditors are entitled to change, whether by addition, substitution, renewal, succession, assignment, grant of participation, transfer or otherwise, the Senior Secured Creditors or the Senior Agent, subject to the terms of the Loan Documents; and

(l) the Subordinated Agent will upon the written request of the Senior Secured Creditors provide the Senior Secured Creditors with such details of the Subordinated Debt outstanding as the Senior Secured Creditors may reasonably request.

15. **[INTENTIONALLY OMITTED]**

16. **Waivers of the Subordinated Agent**. The Subordinated Agent agrees that: (i) the Senior Secured Creditors have made no representations or warranties in respect to the due execution, legality, completeness or enforceability of any agreement or instrument relating to any Loan Document, the Senior Security or the Senior Debt or the collectability of the Senior Debt, and (ii) subject to the terms of the Loan Documents, the Senior Secured Creditors will be entitled to manage and supervise their loans and other financial accommodation to any Debtor in accordance with applicable Law and their usual practices, modified from time to time as they deem appropriate under the circumstances, or otherwise, without regard to the existence of any rights that the Subordinated Agent or any other Subordinated Secured Creditor may now or hereafter have in or to any of the assets of any Debtor or Subordinated Secured Creditor; and (iii) save and except for claims arising from gross negligence, willful misconduct or fraud on the part of the Senior Secured Creditors, the Senior Secured Creditors will have no liability to any Debtor or Subordinated Secured Creditor for, and, to the extent permitted by applicable Law, the Subordinated Agent hereby waives, any claims which the Subordinated Agent may now or hereafter have against the Senior Secured Creditors out of, any and all actions which the Senior Secured Creditors take or omit to take (including, without limitation, actions with respect to the creation, perfection or continuation of liens or security interest in any assets at any time securing payment of the Senior Debt, actions with respect to the occurrence of any default under any agreement or instrument relating to the Senior Debt, actions with respect to the release or depreciation of, or failure to realize upon, any assets securing payment of the Senior Debt and actions with respect to the collection of any claims or all or any part of the Senior Debt from any account debtor, Subordinated Secured Creditor or any other Person) with respect to the Senior Debt and any agreement or instrument related thereto or with respect to the collection of the Senior Debt or the valuation, use, protection or release of any assets securing payment of the Senior Debt except in accordance with the terms of the Senior Credit Agreement.

17. **No Rights to Debtors**. Nothing in this Agreement will create any rights in favour of, or obligations to any Debtor, and each Debtor acknowledges and agrees to the provisions of and ordering of

priorities established by this Agreement and the terms hereof are for the sole benefit of the Senior Secured Creditors and the Subordinated Agent. No consent of the Borrower or other Debtors will be necessary for any amendment to this Agreement by the Senior Secured Creditors and the Subordinated Agent in order to have effect as between the Senior Secured Creditors and the Subordinated Agent provided that any such amendment will not impose any obligation on the Borrower.

18. **No Amendments to Subordinated Loans**. The Subordinated Agent agrees with the Senior Secured Creditors that it will not, without obtaining the prior written consent of the Senior Agent, amend, revise supplement or replace the Subordinated Debt to which it or any other Subordinated Secured Creditor is a party or any other documents related thereto in any manner whatsoever; provided that the Subordinated Agent and the Subordinated Secured Creditors may (w) agree to extend the maturity date of any payment of principal or interest of Subordinated Debt, (x) impose additional or increase the rate of interest, fees (including Make-Whole fees) or other amounts payable by the Borrower in respect of Subordinate Debt, (y) change any provision of the Subordinated Debt that is not prejudicial to the interests of the Senior Secured Creditors, and (z) make such other revisions to the Subordinated Debt which are permitted without the approval of the applicable Subordinated Secured Creditors on the understanding and condition that any and all such amendments, changes, or revisions are and shall remain, at all times, subject to and will not conflict with the terms and provisions herein.

19. **Further Assurances**. The parties hereto shall forthwith, and from time to time, execute and do all deeds, documents and things which may be necessary or advisable, in the reasonable opinion of the Senior Secured Creditors and their counsel, to give full effect to the postponement and subordination of the rights and remedies of the Subordinated Secured Creditors in respect to the Subordinated Debt to the rights and remedies of the Senior Secured Creditors in respect to the Senior Debt and the Senior Security, all in accordance with the intent of this Agreement.

20. **Successors and Assigns**.

(a) This Agreement is binding upon the Senior Secured Creditors, the Subordinated Secured Creditors, and each Debtor and their respective successors and assigns and, subject to Section 20(b) below, will enure to the benefit of the Senior Secured Creditors and the Subordinated Secured Creditors, and their respective successors and permitted assigns.

(b) A Senior Secured Creditor will be entitled to assign all or any part of its rights and obligations under this Agreement or with respect to the Senior Debt in compliance with the terms of the applicable Loan Document, if such Senior Secured Creditor’s obligations under this Agreement are assumed or are deemed to be assumed in full by the person to whom such Senior Secured Creditor’s obligations under the applicable Loan Document and the Senior Security are assigned.

(c) Neither the Debtors (including the Borrower) nor the Subordinated Secured Creditors shall be entitled to assign all or any part of their respective rights and obligations under this Agreement or the Subordinated Debt or Subordinated Security, save and except for assignments to assignees who are or will be bound by this Agreement at the time of the said assignment.

Except in accordance with Sections 20(a), 20(b) or 20(c) hereof, third parties will have no rights or benefits under this Agreement.

21. **Entire Agreement; Severability**. This Agreement contains the entire agreement among the parties hereto with respect to the subordination, postponement and stand-still of obligations of the Subordinated Secured Creditors. The provisions of this Agreement shall govern notwithstanding the terms of the Senior Credit Agreement and the Subordinated Indenture and whether or not any Insolvency Proceeding shall have commenced against the Borrower. If any of the provisions of

this Agreement shall be held invalid or unenforceable by any court having jurisdiction, this Agreement shall be construed as if not containing those provisions, and the rights and obligations of the parties hereto should be construed and enforced accordingly. This Agreement cancels and supersedes any prior understandings and agreements between the parties hereto with respect thereto. There are no representations, warranties, terms, conditions, undertakings or agreements, express, implied or statutory, between the Senior Agent, the Senior Secured Creditors and the Subordinated Secured Creditors with respect to the subject matter hereof except as expressly set forth herein.

22. **Other Rights Not Affected**. The postponement and subordination provided for in this Agreement is in addition to and not in substitution for or limitation of any other agreement, right or other security by whomsoever given or at any time held by or for the benefit of the Senior Secured Creditors in respect of the obligations of the Debtors to the Senior Secured Creditors, and nothing in this Agreement shall limit or prejudice any of the contractual, statutory or other rights of the Senior Secured Creditors or the Subordinated Secured Creditors or the contractual, statutory or other priority of the obligations of the Debtors to the Senior Secured Creditors or the Subordinated Secured Creditors insofar as such rights or priority arises or exists outside of this Agreement.

23. **Acknowledgement**. Each Debtor and the Subordinated Agent hereby acknowledges receipt of a copy of this Agreement and accepts and further agrees with the Senior Agent and the Senior Secured Creditors to give effect to all of the provisions of this Agreement, notwithstanding the terms of the Subordinated Indenture or Subordinated Debentures.

24. **Governing Law**. This Agreement will be governed and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

25. **Termination**. This Agreement will terminate upon the earlier of:

(a) the occurrence of the Senior Debt Repayment Date; and

(b) the written agreement of the Senior Agent, for and on behalf of itself and the other Senior Secured Creditors, the Borrower and the Subordinated Agent, for an on behalf of itself and the other Subordinated Secured Creditors.

26. **Amendments and Waivers**.

(a) No provision of this agreement may be amended, waived, discharged or terminated orally nor may any breach of any of the provisions of this Agreement be waived or discharged orally, and any such amendment, waiver, discharge or termination may only be made in writing signed by the Senior Agent, the Subordinated Agent and each Debtor, provided, however, that no consent of the Debtors shall be necessary to any amendment of the terms hereof by the Senior Agent and the Subordinated Agent unless the interests of the Borrower are directly affected.

(b) No failure on the part of the Senior Secured Creditors to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof unless specifically waived in writing, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

(c) Any waiver of any provision of this Agreement or consent to any departure by any part therefrom shall be effective only in the specific instance and for the specific purpose for which given and shall not in any way be or be construed as a waiver of any future requirement.

27. **Enurement**. This Agreement will be binding upon and enure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or will confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

28. **Notices**. Any notice to be given under this Agreement may be effectively given by delivering (whether by courier or personal delivery) such notice at the address set forth in the signature pages of this Agreement or by sending such notice by prepaid registered mail to such address or by facsimile to the parties at the facsimile number set out on the signature pages of this Agreement. Any notice mailed will be deemed to have been received on the 5th day next following the registered mailing of such notice. Any facsimile notice will be deemed to have been received on transmission if sent before 4:00 p.m. Calgary time on a Business Day, and, if not, on the next Business Day following transmission.

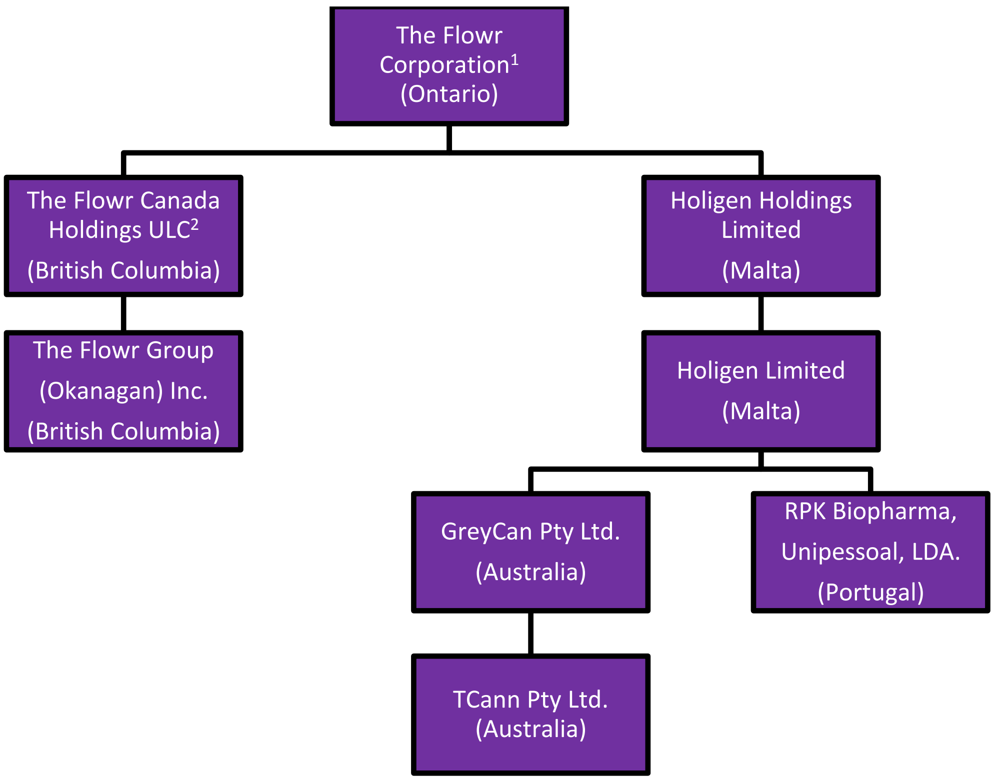
29. **Waiver of Jury Trial**. The Parties hereto do hereby irrevocably, to the extent legally permitted, waive any right they may have to, or to apply for, trial by jury in connection with any matter, action, proceeding, claim or counterclaim arising out of or relating to this Agreement.

30. **Counterpart and Facsimile Execution**. This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. For the purposes of this Section, the delivery of a facsimile copy or pdf formatted copy of an executed counterpart of this Agreement shall be deemed to be valid execution and delivery of this Agreement, but the party delivering facsimile copy or pdf formatted copy shall deliver an original copy of this Agreement as soon as possible after the delivering the facsimile or pdf formatted copy.

31. **Limitation of Liability of Subordinated Agent**. Computershare Trust Company of Canada has entered into this agreement and any document delivered in connection herewith solely in its capacity as trustee for and on behalf of the Subordinated Debentureholders (and in such capacity is herein only referred to as the "Subordinated Agent") and not in its personal capacity. Whenever any reference is made in this Agreement or in any document delivered in connection herewith, to an act to be performed by the Subordinated Agent, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by the Subordinated Agent for and on behalf of the Subordinated Debentureholders. Any and all of the representations, undertakings, covenants, indemnities, agreements and other obligations (in this section, collectively "obligations") made on the part of the Subordinated Agent herein or therein are made and intended not as personal obligations of or by Computershare Trust Company of Canada or for the purpose or with the intention of binding Computershare Trust Company of Canada in its personal capacity, but are made and intended for the purpose of binding only the Subordinated Agent in its capacity as trustee for the Subordinated Debentureholders. No property or assets of Computershare Trust Company of Canada, whether owned beneficially by it in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedures with regard to any of the Subordinated Agent's obligations hereunder or thereunder. No recourse may be had or taken, directly or indirectly, against Computershare Trust Company of Canada in its personal capacity, or any incorporator, shareholder, officer, director, employee or agent of Computershare Trust Company of Canada or of any predecessor or successor of Computershare Trust Company of Canada, with regard to the Subordinated Agent's obligations hereunder, except for instances of wilful misconduct, fraud or gross negligence.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

SCHEDULE G
SUBSIDIARIES AND CORPORATE ORGANIZATION



Notes:

1. Flowco Advisory LP (organized in Ontario) is a dormant, indirect subsidiary of The Flowr Corporation with no assets and is not depicted in this organizational chart.
2. The Flowr Corporation holds 100% of the issued and outstanding common shares of The Flowr Canada Holdings ULC and two U.S. shareholders own 100% of the issued and outstanding class A preferred shares in the capital of The Flowr Canada Holdings ULC.

Entity & Address	Authorized Capital	Issued and Outstanding	Beneficial Owners
The Flowr Corporation Suite 1000, 60 Adelaide Street East, Toronto Ontario M5C 3E4	• An unlimited number of common shares	• 122,578,284 common shares	• The common shares are publicly traded and widely held
	• An unlimited number of preferred shares, issuable in series	• 10,605,577 Series 1 Voting Convertible Redeemable Preferred Shares	• DFT Trading Limited (8,502,491 Series 1 Voting Convertible Redeemable Preferred Shares) • Pleaides Trading Ltd. (2,103,086 Series 1 Voting Convertible Redeemable Preferred Shares)
The Flowr Canada Holdings ULC Suite 1000, 60 Adelaide Street East, Toronto Ontario M5C 3E4	• Unlimited number of common shares without par value	• 106,379,080 common shares	• The Flowr Corporation (106,379,080 common shares)
	• An unlimited number of class A preferred shares without par value	• 43,500,000 class A preferred shares	• Core Flow Canada Holdings Inc. (41,598,000 class A preferred shares) • APMJ Canada Holdings Inc. (1,902,000 class A preferred shares)
The Flowr Okanagan (Group) Inc. Suite 1000, 60 Adelaide Street East, Toronto Ontario M5C 3E4	• An unlimited number of class A voting participating shares without par value	• 550,000 class A voting participating shares	• The Flowr Canada Holdings ULC (550,000 class A voting participating shares)
	• An unlimited number of class B voting participating shares without par value	• 250,000 class B voting participating shares	• The Flowr Canada Holdings ULC (250,000 class B voting participating shares)
	• An unlimited number of class C voting participating shares without par value	• 200,000 class C voting participating shares	• The Flowr Canada Holdings ULC (200,000 class C voting participating shares)

SCHEDULE H
APPROVED BANKS

Bank	Relevant S&P Issuer Credit Rating (as at April 1st , 2020)
ANZ Banking Group	AA-
Bank of America NA	A+
Bank of Montreal	A+
The Bank of Nova Scotia	A+
Bank of Scotland	A+
Bank of Tokyo-Mitsubishi UFJ	A
BNP Paribas	A+
Canadian Imperial Bank of Commerce	A+
Citibank NA	A+
HSBC Bank of Canada	AA-
National Australia Bank Limited	AA-
National Bank of Canada	A
Royal Bank of Canada	AA-
Societe Generale (Canada Branch)	A
The Toronto-Dominion Bank	AA-

SCHEDULE I
SENIOR INDEBTEDNESS

1. The facilities and security granted pursuant to the ATB Credit Agreement.
2. Letter of Credit Indemnity Agreement dated February 4, 2019 between The Flowr Canada Holdings ULC and The Toronto-Dominion Bank in respect of a Letter of Credit in the amount of $245,964.61 issued by The Toronto-Dominion Bank.
3. Credit card agreements with Alterna with a current total limit of $100,000.
4. Credit card agreements with ATB Financial with a current total limit if $250,000.
5. Secured loan with Hawthorne Canada Limited in the amount of $11,500,000, secured by a up to $2,500,000 collateral account (unfunded at this date) and a mortgage on the Corporation's R&D facility.
6. Caixa Crédito Agrícola financing with respect to the Corporation's Sintra and Aljustrel projects and business, as follows:
    a. vehicle financing in the amount of € 200,000;
    b. Line of Credit in the amount of €500,000, with a mortgage registered against the Sintra property;
    c. Line of Credit in the amount of €5,200,000, with a mortgage registered against the Sintra property (split between 2.3MM for equipment and 2.9MM for construction), and (i) Leasing contract for construction activities. Amount: €2,900,000, with a mortgage against the Sintra property. (€2.830.764,98 drawn down); and (ii) Leasing contract for acquisition of industrial machinery and equipment. Amount: € 2,300,000, with a mortgage against the Sintra property. (€1,166,844.55 drawn down**).**

6. Vault Credit Corporation – furniture financing in the amount of $67,655 (of which $35,540 is remaining).
7. Britco Boxx Limited Partnership – trailer rentals for the Kelowna project.

This is Exhibit "M" referred to in the affidavit

of DARREN KARASIUK, SWORN BEFORE ME
this 20th day of October 2022

____
A COMMISSIONER FOR TAKING AFFIDAVITS

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : THE FLOWR CORPORATION

FILE CURRENCY : 16OCT 2022

ENQUIRY NUMBER 20221017153844.27 CONTAINS 11 PAGE(S), 4 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

MILLER THOMSON LLP (TORONTO) - TORONTOSEARCH TEAM

40 KING ST W
TORONTO ON M5H 4A9

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(crfj6 05/2022)

CONTINUED... 2

Ontario

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR CORPORATION
FILE CURRENCY : 16OCT 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER 777391749

01 CAUTION FILING | PAGE NO. 001 | OF TOTAL PAGES 001 | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER 20211018 1320 1031 7830 | REGISTERED UNDER P PPSA | REGISTRATION PERIOD 05

02 DEBTOR NAME — DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
03 BUSINESS NAME: THE FLOWR CANADA HOLDINGS ULC
ONTARIO CORPORATION NO.
04 ADDRESS: 60 ADELAIDE ST E UNIT 1000 TORONTO ON M5C 3E4

05 DEBTOR NAME — DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
06 BUSINESS NAME: FLOWR
ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT: HER MAJESTY IN RIGHT OF ONTARIO REPRESENTED BY THE MINISTER OF FINANCE
09 ADDRESS: 33 KING ST W, 6TH FLR OSHAWA ON L1H 8H5

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10		X	X	X	X		19971	18OCT2026		

11 MOTOR VEHICLE — YEAR | MAKE | MODEL | V.I.N.
12

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT: MINISTRY OF FINANCE, AM & COLLECTIONS BRANCH (EHT 783375884) T547/763
17 ADDRESS: 33 KING ST W, 6TH FLR OSHAWA ON L1H 8H5

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR CORPORATION
FILE CURRENCY : 16OCT 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER 761549625

01 CAUTION FILING | PAGE NO. 001 | OF TOTAL PAGES 002 | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER 20200421 1421 1862 2689 | REGISTERED UNDER P PPSA | REGISTRATION PERIOD 6

02 DEBTOR NAME — DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
03 BUSINESS NAME: THE FLOWR CORPORATION
ONTARIO CORPORATION NO.
04 ADDRESS: 60 ADELAIDE STREET E., SUITE 1000 TORONTO ON M5C 3E4

05 DEBTOR NAME — DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
06 BUSINESS NAME
ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT: COMPUTERSHARE TRUST COMPANY OF CANADA
09 ADDRESS: 100 UNIVERSITY AVE, 11TH FLOOR TORONTO ON M5J 2Y1

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10		X	X	X	X	X				

11 MOTOR
12 VEHICLE — YEAR | MAKE | MODEL | V.I.N.

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT: FASKEN MARTINEAU DUMOULIN LLP (S. HOGAN)
17 ADDRESS: 333 BAY STREET, SUITE 2400 TORONTO ON M5H 2T6

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 4

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES
(crj1fv 05/2022)

Ontario

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR CORPORATION
FILE CURRENCY : 16OCT 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
761549625

01 CAUTION FILING | PAGE NO. 002 | OF TOTAL PAGES 002 | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER 20200421 1421 1862 2689 | REGISTERED UNDER | REGISTRATION PERIOD

02 DEBTOR NAME — DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
03 BUSINESS NAME
ONTARIO CORPORATION NO.
04 ADDRESS

05 DEBTOR NAME — DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
06 BUSINESS NAME
ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT: COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE
09 ADDRESS: 100 UNIVERSITY AVE, 11TH FLOOR TORONTO ON M5J 2Y1

COLLATERAL CLASSIFICATION
10 CONSUMER GOODS | INVENTORY | EQUIPMENT | ACCOUNTS | OTHER | MOTOR VEHICLE INCLUDED | AMOUNT | DATE OF MATURITY | OR | NO FIXED MATURITY DATE

11 MOTOR
12 VEHICLE — YEAR | MAKE | MODEL | V.I.N.

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING
AGENT
17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 5

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR CORPORATION
FILE CURRENCY : 16OCT 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
758590272

	CAUTION FILING	PAGE NO.	OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		01		002		20191216 1004 1462 1178	P PPSA	4

02 DEBTOR NAME — DATE OF BIRTH — FIRST GIVEN NAME — INITIAL — SURNAME
03 BUSINESS NAME: THE FLOWR CANADA HOLDINGS ULC
ONTARIO CORPORATION NO.
04 ADDRESS: 60 ADELAIDE STREET EAST SUITE 1000 TORONTO ON M5C3E4

05 DEBTOR NAME — DATE OF BIRTH — FIRST GIVEN NAME — INITIAL — SURNAME
06 BUSINESS NAME: THE FLOWR CORPORATION
ONTARIO CORPORATION NO.
07 ADDRESS: 60 ADELAIDE STREET EAST SUITE 1000 TORONTO ON M5C3E4

08 SECURED PARTY / LIEN CLAIMANT: VAULT CREDIT CORPORATION
09 ADDRESS: 41 SCARSDALE ROAD UNIT 5 TORONTO ON M3B2R2

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10			X		X					

11 MOTOR VEHICLE — YEAR MAKE — MODEL — V.I.N.
12

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT: VAULT CREDIT CORPORATION
17 ADDRESS: 41 SCARSDALE ROAD UNIT 5 TORONTO ON M3B2R2

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 6

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR CORPORATION
FILE CURRENCY : 16OCT 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
00 758590272

	CAUTION FILING	PAGE NO.	OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		02		002		20191216 1004 1462 1178	P PPSA	4

DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
02 DEBTOR
03 NAME BUSINESS NAME THE FLOWR GROUP (OKANAGAN) INC.
ONTARIO CORPORATION NO.
04 ADDRESS 60 ADELAIDE STREET EAST SUITE 1000 TORONTO ON M5C3E4

DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
05 DEBTOR
06 NAME BUSINESS NAME
ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT
09 ADDRESS

COLLATERAL CLASSIFICATION
CONSUMER GOODS | INVENTORY | EQUIPMENT | ACCOUNTS | OTHER | MOTOR VEHICLE INCLUDED | AMOUNT | DATE OF MATURITY | OR | NO FIXED MATURITY DATE
10

YEAR | MAKE | MODEL | V.I.N.
11 MOTOR
12 VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT VAULT CREDIT CORPORATION
17 ADDRESS 41 SCARSDALE ROAD UNIT 5 TORONTO ON M3B2R2

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 7

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES
(crj1fv 05/2022)

Ontario

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR CORPORATION
FILE CURRENCY : 16OCT 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

	CAUTION FILING	PAGE NO.	OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01		01		001		20210217 1002 1462 0846	

21 RECORD REFERENCED FILE NUMBER 758590272

PAGE AMENDED | NO SPECIFIC PAGE AMENDED | CHANGE REQUIRED | RENEWAL YEARS | CORRECT PERIOD

22 A AMENDMENT

FIRST GIVEN NAME | INITIAL | SURNAME

23 REFERENCE
24 DEBTOR/ BUSINESS NAME THE FLOWR CANADA HOLDINGS ULC
TRANSFEROR

25 OTHER CHANGE
26 REASON/ THE OBLIGATIONS OF THE FLOWR CANADA HOLDINGS ULC WITH RESPECT TO
27 DESCRIPTION THE
28 LEASE AGREEMENT HAVE BEEN REMOVED.

02/ DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
05 DEBTOR/
03/ TRANSFEREE BUSINESS NAME
06 ONTARIO CORPORATION NO.
04/07 ADDRESS

29 ASSIGNOR
SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
08
09 ADDRESS

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10										

YEAR | MAKE | MODEL | V.I.N.

11 MOTOR
12 VEHICLE
13 GENERAL THE OBLIGATIONS OF THE FLOWR CANADA HOLDINGS ULC WITH RESPECT TO
14 COLLATERAL THE
15 DESCRIPTION LEASE AGREEMENT HAVE BEEN REMOVED.
16 REGISTERING AGENT OR VAULT CREDIT CORPORATION
17 SECURED PARTY/ ADDRESS 41 SCARSDALE ROAD UNIT 5 TORONTO ON M3B2R2
LIEN CLAIMANT

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 8

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(crj2fv 05/2022)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR CORPORATION
FILE CURRENCY : 16OCT 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN ** THIS REGISTRATION HAS BEEN DISCHARGED **

00 FILE NUMBER 753013125

	CAUTION FILING	PAGE NO.	OF TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		001	2		20190704 1543 1793 6529	P PPSA	10

02 DEBTOR NAME — DATE OF BIRTH / FIRST GIVEN NAME / INITIAL / SURNAME
03 BUSINESS NAME: THE FLOWR CORPORATION — ONTARIO CORPORATION NO.
04 ADDRESS: 461 KING STREET W., FLOOR 2 TORONTO ON M5V1K4

05 DEBTOR NAME — DATE OF BIRTH / FIRST GIVEN NAME / INITIAL / SURNAME
06 BUSINESS NAME — ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT: ATB FINANCIAL, AS AGENT
09 ADDRESS: 600, 585 - 8TH AVENUE SW CALGARY AB T2P1G1

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10		X	X	X	X	X				

11 MOTOR — YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL COLLATERAL DESCRIPTION: ALL OF THE PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE
14 DEBTOR.
15

16 REGISTERING AGENT: ELDOR-WAL REGISTRATIONS LTD.
17 ADDRESS: 1200, 10123 99 ST NW EDMONTON AB T5J3H1

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 9

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES
(crj1fv 05/2022)

Ontario

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR CORPORATION
FILE CURRENCY : 16OCT 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN ** THIS REGISTRATION HAS BEEN DISCHARGED **

00 FILE NUMBER
753013125

	CAUTION FILING	PAGE NO.	OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		002		2		20190704 1543 1793 6529		

02 DEBTOR NAME — DATE OF BIRTH — FIRST GIVEN NAME — INITIAL — SURNAME
03 BUSINESS NAME — ONTARIO CORPORATION NO.
04 ADDRESS

05 DEBTOR NAME — DATE OF BIRTH — FIRST GIVEN NAME — INITIAL — SURNAME
06 BUSINESS NAME — ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT: ATB FINANCIAL
09 ADDRESS: 600, 585 - 8TH AVENUE SW CALGARY AB T2P1G1

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10										

	YEAR	MAKE	MODEL	V.I.N.
11 MOTOR				
12 VEHICLE				

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING
AGENT
17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 10

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES
(crj1fv 05/2022)

Ontario

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR CORPORATION
FILE CURRENCY : 16OCT 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

	CAUTION FILING	PAGE NO.	OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01		001		1		20220816 1146 9234 4303	

21 RECORD REFERENCED FILE NUMBER 753013125

22 PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED C DISCHARGE RENEWAL YEARS CORRECT PERIOD

FIRST GIVEN NAME INITIAL SURNAME
23 REFERENCE
24 DEBTOR/ TRANSFEROR BUSINESS NAME THE FLOWR CORPORATION

25 OTHER CHANGE
26 REASON/
27 DESCRIPTION
28
02/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
05 DEBTOR/
03/ TRANSFEREE BUSINESS NAME
06 ONTARIO CORPORATION NO.
04/07 ADDRESS

29 ASSIGNOR
SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
08
09 ADDRESS
COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10										

YEAR MAKE MODEL V.I.N.
11 MOTOR
12 VEHICLE
13 GENERAL
14 COLLATERAL
15 DESCRIPTION
16 REGISTERING AGENT OR MCCARTHY TETRAULT LLP (A. KAHELIN)
17 SECURED PARTY/ LIEN CLAIMANT ADDRESS 5300-TORONTO DOMINION BANK TOWER TORONTO ON M5K 1E6

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 11

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES
(crj2fv 05/2022)

Ontario

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR CORPORATION
FILE CURRENCY : 16OCT 2022

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
777391749	20211018 1320 1031 7830			
761549625	20200421 1421 1862 2689			
758590272	20191216 1004 1462 1178	20210217 1002 1462 0846		
753013125	20190704 1543 1793 6529	20220816 1146 9234 4303		

6 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(crfj6 05/2022)

Ontario

This is Exhibit "N" referred to in the affidavit

of DARREN KARASIUK, SWORN BEFORE ME
this 20th day of October 2022

A COMMISSIONER FOR TAKING AFFIDAVITS

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : THE FLOWR CANADA HOLDINGS ULC

FILE CURRENCY : 11OCT 2022

ENQUIRY NUMBER 20221012111402.22 CONTAINS 11 PAGE(S), 4 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(crfj6 05/2022)

MILLER THOMSON LLP (TORONTO) - TORONTOSEARCH TEAM

40 KING ST W
TORONTO ON M5H 4A9

CONTINUED... 2

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR CANADA HOLDINGS ULC
FILE CURRENCY : 11OCT 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
777391749

01
CAUTION FILING	PAGE NO.	OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001		001		20211018 1320 1031 7830	P PPSA	05

02 DEBTOR NAME — DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
03 BUSINESS NAME: THE FLOWR CANADA HOLDINGS ULC — ONTARIO CORPORATION NO.
04 ADDRESS: 60 ADELAIDE ST E UNIT 1000 TORONTO ON M5C 3E4

05 DEBTOR NAME — DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
06 BUSINESS NAME: FLOWR — ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT: HER MAJESTY IN RIGHT OF ONTARIO REPRESENTED BY THE MINISTER OF FINANCE
09 ADDRESS: 33 KING ST W, 6TH FLR OSHAWA ON L1H 8H5

COLLATERAL CLASSIFICATION

10
CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
	X	X	X	X		19971	18OCT2026		

11 MOTOR — YEAR | MAKE | MODEL | V.I.N.
12 VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT: MINISTRY OF FINANCE, AM & COLLECTIONS BRANCH (EHT 783375884) T547/763
17 ADDRESS: 33 KING ST W, 6TH FLR OSHAWA ON L1H 8H5

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR CANADA HOLDINGS ULC
FILE CURRENCY : 11OCT 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER 761549616

	CAUTION FILING	PAGE NO.	OF TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		001	002		20200421 1421 1862 2688	P PPSA	6

		DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME		
02	DEBTOR NAME						
03		BUSINESS NAME	THE FLOWR CANADA HOLDINGS ULC			ONTARIO CORPORATION NO.	
04		ADDRESS	60 ADELAIDE STREET E., SUITE 1000	TORONTO		ON	M5C 3E4

		DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
05	DEBTOR NAME					
06		BUSINESS NAME				ONTARIO CORPORATION NO.
07		ADDRESS				

08	SECURED PARTY / LIEN CLAIMANT		COMPUTERSHARE TRUST COMPANY OF CANADA			
09		ADDRESS	100 UNIVERSITY AVE, 11TH FLOOR	TORONTO	ON	M5J 2Y1

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10		X	X	X	X	X				

		YEAR	MAKE	MODEL	V.I.N.
11	MOTOR VEHICLE				
12					

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16	REGISTERING AGENT		FASKEN MARTINEAU DUMOULIN LLP (S. HOGAN)			
17		ADDRESS	333 BAY STREET, SUITE 2400	TORONTO	ON	M5H 2T6

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 4

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR CANADA HOLDINGS ULC
FILE CURRENCY : 11OCT 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
761549616

01 CAUTION FILING | PAGE NO. 002 | OF | TOTAL PAGES 002 | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER 20200421 1421 1862 2688 | REGISTERED UNDER | REGISTRATION PERIOD

02 DEBTOR NAME | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
03 BUSINESS NAME | ONTARIO CORPORATION NO.
04 ADDRESS

05 DEBTOR NAME | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
06 BUSINESS NAME | ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE
09 ADDRESS 100 UNIVERSITY AVE, 11TH FLOOR TORONTO ON M5J 2Y1

10 COLLATERAL CLASSIFICATION
CONSUMER GOODS | INVENTORY | EQUIPMENT | ACCOUNTS | OTHER | MOTOR VEHICLE INCLUDED | AMOUNT | DATE OF MATURITY | OR | NO FIXED MATURITY DATE

11 MOTOR | YEAR | MAKE | MODEL | V.I.N.
12 VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING
17 AGENT
ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 5

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR CANADA HOLDINGS ULC
FILE CURRENCY : 11OCT 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
758590272

01 CAUTION FILING | PAGE NO. 01 | OF | TOTAL PAGES 002 | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER 20191216 1004 1462 1178 | REGISTERED UNDER P PPSA | REGISTRATION PERIOD 4

DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME

02 DEBTOR
03 NAME BUSINESS NAME THE FLOWR CANADA HOLDINGS ULC ONTARIO CORPORATION NO.
04 ADDRESS 60 ADELAIDE STREET EAST SUITE 1000 TORONTO ON M5C3E4

DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME

05 DEBTOR
06 NAME BUSINESS NAME THE FLOWR CORPORATION ONTARIO CORPORATION NO.
07 ADDRESS 60 ADELAIDE STREET EAST SUITE 1000 TORONTO ON M5C3E4

08 SECURED PARTY / LIEN CLAIMANT VAULT CREDIT CORPORATION
09 ADDRESS 41 SCARSDALE ROAD UNIT 5 TORONTO ON M3B2R2

COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10		X		X					

YEAR MAKE MODEL V.I.N.

11 MOTOR
12 VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT VAULT CREDIT CORPORATION
17 ADDRESS 41 SCARSDALE ROAD UNIT 5 TORONTO ON M3B2R2

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 6

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR CANADA HOLDINGS ULC
FILE CURRENCY : 11OCT 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
758590272

	CAUTION FILING	PAGE NO.	OF TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		02	002		20191216 1004 1462 1178	P PPSA	4

02 DEBTOR NAME — DATE OF BIRTH / FIRST GIVEN NAME / INITIAL / SURNAME
03 BUSINESS NAME: THE FLOWR GROUP (OKANAGAN) INC.
ONTARIO CORPORATION NO.
04 ADDRESS: 60 ADELAIDE STREET EAST SUITE 1000 TORONTO ON M5C3E4

05 DEBTOR NAME — DATE OF BIRTH / FIRST GIVEN NAME / INITIAL / SURNAME
06 BUSINESS NAME
ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT
09 ADDRESS

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10										

		YEAR	MAKE	MODEL	V.I.N.
11	MOTOR				
12	VEHICLE				

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT: VAULT CREDIT CORPORATION
17 ADDRESS: 41 SCARSDALE ROAD UNIT 5 TORONTO ON M3B2R2

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 7

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(crj1fv 05/2022)

Ontario

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR CANADA HOLDINGS ULC
FILE CURRENCY : 11OCT 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

	CAUTION FILING	PAGE NO.	OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01		01		001		20210217 1002 1462 0846	

21 RECORD REFERENCED FILE NUMBER 758590272

22 PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED A AMENDMENT RENEWAL YEARS CORRECT PERIOD

FIRST GIVEN NAME INITIAL SURNAME

23 REFERENCE
24 DEBTOR/ TRANSFEROR BUSINESS NAME THE FLOWR CANADA HOLDINGS ULC

25 OTHER CHANGE
26 REASON/ THE OBLIGATIONS OF THE FLOWR CANADA HOLDINGS ULC WITH RESPECT TO
27 DESCRIPTION THE
28 LEASE AGREEMENT HAVE BEEN REMOVED.

02/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
05 DEBTOR/
03/ TRANSFEREE BUSINESS NAME
06 ONTARIO CORPORATION NO.
04/07 ADDRESS

29 ASSIGNOR
SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
08
09 ADDRESS

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10										

YEAR MAKE MODEL V.I.N.

11 MOTOR
12 VEHICLE
13 GENERAL THE OBLIGATIONS OF THE FLOWR CANADA HOLDINGS ULC WITH RESPECT TO
14 COLLATERAL THE
15 DESCRIPTION LEASE AGREEMENT HAVE BEEN REMOVED.
16 REGISTERING AGENT OR VAULT CREDIT CORPORATION
17 SECURED PARTY/ LIEN CLAIMANT ADDRESS 41 SCARSDALE ROAD UNIT 5 TORONTO ON M3B2R2

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 8

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR CANADA HOLDINGS ULC
FILE CURRENCY : 11OCT 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN ** THIS REGISTRATION HAS BEEN DISCHARGED **

00 FILE NUMBER
753013647

	CAUTION FILING	PAGE NO.	OF TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		001	2		20190704 1604 1793 6531	P PPSA	10

02 DEBTOR NAME — DATE OF BIRTH / FIRST GIVEN NAME / INITIAL / SURNAME
03 BUSINESS NAME: THE FLOWR CANADA HOLDINGS ULC
ONTARIO CORPORATION NO.
04 ADDRESS: 9590 MCCARTHY ROAD KELOWNA BC V4V1R2

05 DEBTOR NAME — DATE OF BIRTH / FIRST GIVEN NAME / INITIAL / SURNAME
06 BUSINESS NAME
ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT: ATB FINANCIAL, AS AGENT
09 ADDRESS: 600, 585 - 8TH AVENUE SW CALGARY AB T2P1G1

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR NO FIXED MATURITY DATE
10		X	X	X	X	X			

		YEAR	MAKE	MODEL	V.I.N.
11	MOTOR				
12	VEHICLE				

13 GENERAL COLLATERAL DESCRIPTION: ALL OF THE PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE
14 DEBTOR.
15

16 REGISTERING AGENT: ELDOR-WAL REGISTRATIONS LTD.
17 ADDRESS: 1200, 10123 99 ST NW EDMONTON AB T5J3H1

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 9

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR CANADA HOLDINGS ULC
FILE CURRENCY : 11OCT 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN ** THIS REGISTRATION HAS BEEN DISCHARGED **

00 FILE NUMBER
753013647

01 CAUTION FILING | PAGE NO. 002 | OF | TOTAL PAGES 2 | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER 20190704 1604 1793 6531 | REGISTERED UNDER | REGISTRATION PERIOD

02 DEBTOR NAME — DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
03 BUSINESS NAME | ONTARIO CORPORATION NO.
04 ADDRESS

05 DEBTOR NAME — DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
06 BUSINESS NAME | ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT: ATB FINANCIAL
09 ADDRESS: 600, 585 - 8TH AVENUE SW CALGARY AB T2P1G1

COLLATERAL CLASSIFICATION
10 CONSUMER GOODS | INVENTORY | EQUIPMENT | ACCOUNTS | OTHER | MOTOR VEHICLE INCLUDED | AMOUNT | DATE OF MATURITY | OR | NO FIXED MATURITY DATE

11 MOTOR
12 VEHICLE — YEAR | MAKE | MODEL | V.I.N.

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING
17 AGENT — ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 10

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

Ontario

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR CANADA HOLDINGS ULC
FILE CURRENCY : 11OCT 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

	CAUTION FILING	PAGE NO.	OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01		001		1		20220816 1147 9234 4305	

21 RECORD REFERENCED FILE NUMBER 753013647

	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
22			C DISCHARGE		

		FIRST GIVEN NAME	INITIAL	SURNAME
23	REFERENCE			
24	DEBTOR/ TRANSFEROR BUSINESS NAME	THE FLOWR CANADA HOLDINGS ULC		

25 OTHER CHANGE
26 REASON/
27 DESCRIPTION
28

02/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
05 DEBTOR/
03/ TRANSFEREE BUSINESS NAME
06 ONTARIO CORPORATION NO.
04/07 ADDRESS

29 ASSIGNOR
SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
08
09 ADDRESS
COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10										

		YEAR	MAKE	MODEL	V.I.N.
11	MOTOR				
12	VEHICLE				

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16	REGISTERING AGENT OR		MCCARTHY TETRAULT LLP (A. KAHELIN)			
17	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	5300-TORONTO DOMINION BANK TOWER	TORONTO	ON	M5K 1E6

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 11

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES
(crj2fv 05/2022)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR CANADA HOLDINGS ULC
FILE CURRENCY : 11OCT 2022

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
777391749	20211018 1320 1031 7830			
761549616	20200421 1421 1862 2688			
758590272	20191216 1004 1462 1178	20210217 1002 1462 0846		
753013647	20190704 1604 1793 6531	20220816 1147 9234 4305		

6 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crfj6 05/2022)

Ontario

This is Exhibit "O" referred to in the affidavit

of DARREN KARASIUK, SWORN BEFORE ME
this 20th day of October 2022

____

A COMMISSIONER FOR TAKING AFFIDAVITS

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : THE FLOWR GROUP (OKANAGAN) INC.

FILE CURRENCY : 11OCT 2022

ENQUIRY NUMBER 20221012111607.24 CONTAINS 11 PAGE(S), 4 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

MILLER THOMSON LLP (TORONTO) - TORONTOSEARCH TEAM

40 KING ST W
TORONTO ON M5H 4A9

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(crfj6 05/2022)

CONTINUED... 2

Ontario

RUN NUMBER : 285
RUN DATE : 2022/10/12
ID : 20221012111607.24

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR GROUP (OKANAGAN) INC.
FILE CURRENCY : 11OCT 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
785141127

	CAUTION FILING	PAGE NO.	OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		001		001		20220722 1025 1031 2840	P PPSA	05

02 DEBTOR NAME — DATE OF BIRTH / FIRST GIVEN NAME / INITIAL / SURNAME
03 BUSINESS NAME: THE FLOWR GROUP (OKANAGAN) INC.
ONTARIO CORPORATION NO.
04 ADDRESS: 9590 MCCARTHY RD KELOWNA BC V4V 1S5

05 DEBTOR NAME — DATE OF BIRTH / FIRST GIVEN NAME / INITIAL / SURNAME
06 BUSINESS NAME
ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT: HER MAJESTY IN RIGHT OF ONTARIO REPRESENTED BY THE MINISTER OF FINANCE
09 ADDRESS: 300-1400 BLAIR TOWERS PLACE OTTAWA ON K1J 9B8

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10		X	X	X	X		39917	22JUL2027		

11 MOTOR
12 VEHICLE — YEAR / MAKE / MODEL / V.I.N.

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT: MINISTRY OF FINANCE, AM & COLLECTIONS BRANCH (EHT) BN#850702630
17 ADDRESS: 300-1400 BLAIR TOWERS PLACE (198/187) OTTAWA ON K1J 9B8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

Ontario

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR GROUP (OKANAGAN) INC.
FILE CURRENCY : 11OCT 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER 761549634

	CAUTION FILING	PAGE NO.	OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		001		002		20200421 1422 1862 2690	P PPSA	6

02 DEBTOR NAME — DATE OF BIRTH / FIRST GIVEN NAME / INITIAL / SURNAME
03 BUSINESS NAME: THE FLOWR GROUP (OKANAGAN) INC. — ONTARIO CORPORATION NO.
04 ADDRESS: 60 ADELAIDE STREET E., SUITE 1000 TORONTO ON M5C 3E4

05 DEBTOR NAME — DATE OF BIRTH / FIRST GIVEN NAME / INITIAL / SURNAME
06 BUSINESS NAME — ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT: COMPUTERSHARE TRUST COMPANY OF CANADA
09 ADDRESS: 100 UNIVERSITY AVE, 11TH FLOOR TORONTO ON M5J 2Y1

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10		X	X	X	X	X				

11 MOTOR 12 VEHICLE — YEAR / MAKE / MODEL / V.I.N.

13 GENERAL 14 COLLATERAL 15 DESCRIPTION

16 REGISTERING AGENT: FASKEN MARTINEAU DUMOULIN LLP (S. HOGAN)
17 ADDRESS: 333 BAY STREET, SUITE 2400 TORONTO ON M5H 2T6

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 4

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES
(crj1fv 05/2022)

Ontario

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR GROUP (OKANAGAN) INC.
FILE CURRENCY : 11OCT 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
761549634

01 CAUTION FILING | PAGE NO. 002 | OF | TOTAL PAGES 002 | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER 20200421 1422 1862 2690 | REGISTERED UNDER | REGISTRATION PERIOD

02 DEBTOR NAME — DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
03 BUSINESS NAME | ONTARIO CORPORATION NO.
04 ADDRESS

05 DEBTOR NAME — DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
06 BUSINESS NAME | ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT: COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE
09 ADDRESS: 100 UNIVERSITY AVE, 11TH FLOOR TORONTO ON M5J 2Y1

COLLATERAL CLASSIFICATION
10 CONSUMER GOODS | INVENTORY | EQUIPMENT | ACCOUNTS | OTHER | MOTOR VEHICLE INCLUDED | AMOUNT | DATE OF MATURITY | OR | NO FIXED MATURITY DATE

11 MOTOR — YEAR | MAKE | MODEL | V.I.N.
12 VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT
17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 5

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES
(crj1fv 05/2022)

Ontario

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR GROUP (OKANAGAN) INC.
FILE CURRENCY : 11OCT 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
758590272

	CAUTION FILING	PAGE NO.	OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		01		002		20191216 1004 1462 1178	P PPSA	4

DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME

02 DEBTOR
03 NAME BUSINESS NAME THE FLOWR CANADA HOLDINGS ULC
ONTARIO CORPORATION NO.
04 ADDRESS 60 ADELAIDE STREET EAST SUITE 1000 TORONTO ON M5C3E4

DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME

05 DEBTOR
06 NAME BUSINESS NAME THE FLOWR CORPORATION
ONTARIO CORPORATION NO.
07 ADDRESS 60 ADELAIDE STREET EAST SUITE 1000 TORONTO ON M5C3E4

08 SECURED PARTY / LIEN CLAIMANT VAULT CREDIT CORPORATION
09 ADDRESS 41 SCARSDALE ROAD UNIT 5 TORONTO ON M3B2R2

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10			X		X					

YEAR | MAKE | MODEL | V.I.N.

11 MOTOR
12 VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT VAULT CREDIT CORPORATION
17 ADDRESS 41 SCARSDALE ROAD UNIT 5 TORONTO ON M3B2R2

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 6

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES
(crj1fv 05/2022)

Ontario

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR GROUP (OKANAGAN) INC.
FILE CURRENCY : 11OCT 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
758590272

01

CAUTION FILING	PAGE NO.	OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	02		002		20191216 1004 1462 1178	P PPSA	4

02 DEBTOR — DATE OF BIRTH — FIRST GIVEN NAME — INITIAL — SURNAME
03 NAME — BUSINESS NAME: THE FLOWR GROUP (OKANAGAN) INC. — ONTARIO CORPORATION NO.
04 ADDRESS: 60 ADELAIDE STREET EAST SUITE 1000 TORONTO ON M5C3E4

05 DEBTOR — DATE OF BIRTH — FIRST GIVEN NAME — INITIAL — SURNAME
06 NAME — BUSINESS NAME — ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT
09 ADDRESS

COLLATERAL CLASSIFICATION
CONSUMER GOODS — INVENTORY — EQUIPMENT — ACCOUNTS — OTHER — MOTOR VEHICLE INCLUDED — AMOUNT — DATE OF MATURITY — OR — NO FIXED MATURITY DATE
10

11 MOTOR — YEAR — MAKE — MODEL — V.I.N.
12 VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT: VAULT CREDIT CORPORATION
17 ADDRESS: 41 SCARSDALE ROAD UNIT 5 TORONTO ON M3B2R2

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 7

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES
(crj1fv 05/2022)

Ontario

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR GROUP (OKANAGAN) INC.
FILE CURRENCY : 11OCT 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

	CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01		01	001		20210217 1002 1462 0846	

21 RECORD REFERENCED — FILE NUMBER 758590272

22 PAGE AMENDED — NO SPECIFIC PAGE AMENDED — CHANGE REQUIRED: A AMENDMENT — RENEWAL YEARS — CORRECT PERIOD

23 REFERENCE DEBTOR/TRANSFEROR — FIRST GIVEN NAME — INITIAL — SURNAME
24 BUSINESS NAME: THE FLOWR CANADA HOLDINGS ULC

25 OTHER CHANGE
26 REASON/ THE OBLIGATIONS OF THE FLOWR CANADA HOLDINGS ULC WITH RESPECT TO
27 DESCRIPTION THE
28 LEASE AGREEMENT HAVE BEEN REMOVED.

02/ DATE OF BIRTH — FIRST GIVEN NAME — INITIAL — SURNAME
05 DEBTOR/
03/ TRANSFEREE — BUSINESS NAME
06 ONTARIO CORPORATION NO.
04/07 ADDRESS

29 ASSIGNOR
SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
08
09 ADDRESS

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10										

	YEAR	MAKE	MODEL	V.I.N.
11 MOTOR				
12 VEHICLE				

13 GENERAL THE OBLIGATIONS OF THE FLOWR CANADA HOLDINGS ULC WITH RESPECT TO
14 COLLATERAL THE
15 DESCRIPTION LEASE AGREEMENT HAVE BEEN REMOVED.
16 REGISTERING AGENT OR VAULT CREDIT CORPORATION
17 SECURED PARTY/ ADDRESS 41 SCARSDALE ROAD UNIT 5 TORONTO ON M3B2R2
LIEN CLAIMANT

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 8

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR GROUP (OKANAGAN) INC.
FILE CURRENCY : 11OCT 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN ** THIS REGISTRATION HAS BEEN DISCHARGED **

00 FILE NUMBER
753013143

	CAUTION FILING	PAGE NO.	OF TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		001	2		20190704 1544 1793 6530	P PPSA	10

02 DEBTOR NAME — DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
03 BUSINESS NAME: THE FLOWR GROUP (OKANAGAN) INC.
ONTARIO CORPORATION NO.
04 ADDRESS: 9590 MCCARTHY ROAD KELOWNA BC V4V1R2

05 DEBTOR NAME — DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
06 BUSINESS NAME
ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT: ATB FINANCIAL, AS AGENT
09 ADDRESS: 600, 585 - 8TH AVENUE SW CALGARY AB T2P1G1

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10		X	X	X	X	X				

11 MOTOR VEHICLE — YEAR | MAKE | MODEL | V.I.N.
12

13 GENERAL COLLATERAL DESCRIPTION: ALL OF THE PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE
14 DEBTOR.
15

16 REGISTERING AGENT: ELDOR-WAL REGISTRATIONS LTD.
17 ADDRESS: 1200, 10123 99 ST NW EDMONTON AB T5J3H1

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 9

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR GROUP (OKANAGAN) INC.
FILE CURRENCY : 11OCT 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN ** THIS REGISTRATION HAS BEEN DISCHARGED **

00 FILE NUMBER
753013143

01 CAUTION FILING | PAGE NO. 002 | OF | TOTAL PAGES 2 | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER 20190704 1544 1793 6530 | REGISTERED UNDER | REGISTRATION PERIOD

02 DEBTOR NAME — DATE OF BIRTH — FIRST GIVEN NAME — INITIAL — SURNAME
03 BUSINESS NAME — ONTARIO CORPORATION NO.
04 ADDRESS

05 DEBTOR NAME — DATE OF BIRTH — FIRST GIVEN NAME — INITIAL — SURNAME
06 BUSINESS NAME — ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT: ATB FINANCIAL
09 ADDRESS: 600, 585 - 8TH AVENUE SW CALGARY AB T2P1G1

COLLATERAL CLASSIFICATION
10 CONSUMER GOODS — INVENTORY — EQUIPMENT — ACCOUNTS — OTHER — MOTOR VEHICLE INCLUDED — AMOUNT — DATE OF MATURITY — OR — NO FIXED MATURITY DATE

11 MOTOR
12 VEHICLE — YEAR — MAKE — MODEL — V.I.N.

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING
AGENT
17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 10

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(crj1fv 05/2022)

Ontario

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR GROUP (OKANAGAN) INC.
FILE CURRENCY : 11OCT 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

	CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01		001	1		20220816 1147 9234 4304	

21 RECORD REFERENCED FILE NUMBER 753013143

PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL YEARS CORRECT PERIOD

22 C DISCHARGE

FIRST GIVEN NAME INITIAL SURNAME

23 REFERENCE
24 DEBTOR/ TRANSFEROR BUSINESS NAME THE FLOWR GROUP (OKANAGAN) INC.

25 OTHER CHANGE
26 REASON/
27 DESCRIPTION
28
02/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
05 DEBTOR/
03/ TRANSFEREE BUSINESS NAME
06 ONTARIO CORPORATION NO.
04/07 ADDRESS

29 ASSIGNOR
SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
08
09 ADDRESS
COLLATERAL CLASSIFICATION
CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE
10

YEAR MAKE MODEL V.I.N.
11 MOTOR
12 VEHICLE
13 GENERAL
14 COLLATERAL
15 DESCRIPTION
16 REGISTERING AGENT OR MCCARTHY TETRAULT LLP (A. KAHELIN)
17 SECURED PARTY/ LIEN CLAIMANT ADDRESS 5300-TORONTO DOMINION BANK TOWER TORONTO ON M5K 1E6

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 11

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)

Ontario

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : THE FLOWR GROUP (OKANAGAN) INC.
FILE CURRENCY : 11OCT 2022

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
785141127	20220722 1025 1031 2840			
761549634	20200421 1422 1862 2690			
758590272	20191216 1004 1462 1178	20210217 1002 1462 0846		
753013143	20190704 1544 1793 6530	20220816 1147 9234 4304		

6 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(crfj6 05/2022)

Ontario

This is Exhibit "P" referred to in the affidavit

of DARREN KARASIUK, SWORN BEFORE ME
this 20th day of October 2022

____
A COMMISSIONER FOR TAKING AFFIDAVITS

PERSONAL PROPERTY REGISTRY SEARCH RESULT

BC Registries and Online Services

Business Debtor - "The Flowr Corporation"

Search Date and Time: October 7, 2022 at 8:54:41 am Pacific time
Account Name: MILLER THOMSON LLP
Folio Number: 0272266.0001

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1 Match in 1 Registration in Report   Exact Matches: 1 (*)   Total Search Report Pages: 3

PERSONAL PROPERTY REGISTRY SEARCH RESULT

BC Registries and Online Services

Base Registration Number: 177705M

Registration Type:	PPSA SECURITY AGREEMENT
Base Registration Date and Time:	April 21, 2020 at 11:09:26 am Pacific time
Current Expiry Date and Time:	April 21, 2026 at 11:59:59 pm Pacific time Expiry date includes subsequent registered renewal(s)
Trust Indenture:	No

CURRENT REGISTRATION INFORMATION

(as of October 7, 2022 at 8:54:41 am Pacific time)

Secured Party Information

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE

Address

100 UNIVERSITY AVE, 11TH FLOOR
TORONTO ON
M5J 2Y1 Canada

COMPUTERSHARE TRUST COMPANY OF CANADA

Address

100 UNIVERSITY AVE, 11TH FLOOR
TORONTO ON
M5J 2Y1 Canada

Debtor Information

THE FLOWR CORPORATION

Address

#1000-60 ADELAIDE STREET E.
TORONTO ON
M5C 3E4 Canada

Vehicle Collateral

None

General Collateral

Base Registration General Collateral:

ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY, INCLUDING WITHOUT LIMITATION FIXTURES (AND TERMS USED HEREIN THAT ARE DEFINED IN THE PERSONAL PROPERTY SECURITY ACT OF BRITISH COLUMBIA OR THE REGULATIONS MADE THEREUNDER HAVE THOSE DEFINED MEANINGS).

Original Registering Party

FASKEN MARTINEAU DUMOULIN LLP	**Address** SUITE 2900, 550 BURRARD STREET VANCOUVER BC V6C 0A3 Canada

This is Exhibit "Q" referred to in the affidavit

of DARREN KARASIUK, SWORN BEFORE ME
this 20th day of October 2022

A COMMISSIONER FOR TAKING AFFIDAVITS

PERSONAL PROPERTY REGISTRY SEARCH RESULT

BC Registries and Online Services

Business Debtor - "The Flowr Canada Holdings ULC"

Search Date and Time: October 7, 2022 at 8:50:56 am Pacific time
Account Name: MILLER THOMSON LLP
Folio Number: 0272266.0001

TABLE OF CONTENTS

1 Match in 1 Registration in Report   Exact Matches: 1 (*)   Total Search Report Pages: 3

PERSONAL PROPERTY REGISTRY SEARCH RESULT

BC Registries and Online Services

Base Registration Number: 177714M

Registration Type:	PPSA SECURITY AGREEMENT
Base Registration Date and Time:	April 21, 2020 at 11:13:35 am Pacific time
Current Expiry Date and Time:	April 21, 2026 at 11:59:59 pm Pacific time Expiry date includes subsequent registered renewal(s)
Trust Indenture:	No

CURRENT REGISTRATION INFORMATION

(as of October 7, 2022 at 8:50:56 am Pacific time)

Secured Party Information

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE	**Address** 100 UNIVERSITY AVE, 11TH FLOOR TORONTO ON M5J 2Y1 Canada
COMPUTERSHARE TRUST COMPANY OF CANADA	**Address** 100 UNIVERSITY AVE, 11TH FLOOR TORONTO ON M5J 2Y1 Canada

Debtor Information

THE FLOWR CANADA HOLDINGS ULC	**Address** #1000-60 ADELAIDE STREET E. TORONTO ON M5C 3E4 Canada

Vehicle Collateral

None

General Collateral

Base Registration General Collateral:

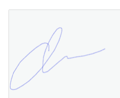
ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY, INCLUDING WITHOUT LIMITATION FIXTURES (AND TERMS USED HEREIN THAT ARE DEFINED IN THE PERSONAL PROPERTY SECURITY ACT OF BRITISH COLUMBIA OR THE REGULATIONS MADE THEREUNDER HAVE THOSE DEFINED MEANINGS).

Original Registering Party

FASKEN MARTINEAU DUMOULIN LLP	**Address** SUITE 2900, 550 BURRARD STREET VANCOUVER BC V6C 0A3 Canada

This is Exhibit "R" referred to in the affidavit

of DARREN KARASIUK, SWORN BEFORE ME
this 20th day of October 2022



A COMMISSIONER FOR TAKING AFFIDAVITS

PERSONAL PROPERTY REGISTRY SEARCH RESULT

BC Registries and Online Services

Business Debtor - "The Flowr Group (Okanagan) Inc."

Search Date and Time: October 7, 2022 at 8:48:00 am Pacific time
Account Name: MILLER THOMSON LLP
Folio Number: 0272266.0001

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3 Matches in 3 Registrations in Report   Exact Matches: 3 (*)   Total Search Report Pages: 9

PERSONAL PROPERTY REGISTRY SEARCH RESULT

BC Registries and Online Services

Base Registration Number: 333454L

Registration Type:	PPSA SECURITY AGREEMENT
Base Registration Date and Time:	February 25, 2019 at 6:03:17 am Pacific time
Current Expiry Date and Time:	February 25, 2023 at 11:59:59 pm Pacific time Expiry date includes subsequent registered renewal(s)
Trust Indenture:	No

CURRENT REGISTRATION INFORMATION

(as of October 7, 2022 at 8:48:00 am Pacific time)

Secured Party Information

BRITCO BOXX LIMITED PARTNERSHIP

Address

21690 SMITH CRESCENT
LANGLEY BC
V2Y 0W6 Canada

Debtor Information

THE FLOWR GROUP (OKANAGAN) INC.

Address

9590 MCCARTHY ROAD
KELOWNA BC
V4V 1S5 Canada

Vehicle Collateral

Type	Year	Make/Model	Serial/VIN/DOT Number
Trailer (TR)	2013	MWC-L3318 MWC1020 / -	13013-0-2
Trailer (TR)	2013	WT-T0071 WT0814 / -	LM-WT12121354
Trailer (TR)	2012	ST-T0044 ST0814 / -	LM-ST0212807

General Collateral

Base Registration General Collateral:

ALL GOODS, ACCESSIONS, BUILDING MATERIALS OF ANY KIND LEASED FROM THE SECURED PARTY TO THE DEBTOR PARTY, AND ANY PROCEEDS THEREOF.

Original Registering Party

BRITCO BOXX LIMITED PARTNERSHIP

Address

21690 SMITH CRESCENT
LANGLEY BC
V2Y 0W6 Canada

HISTORY
(Showing most recent first)

RENEWAL

Registration Date and Time:	January 25, 2021 at 12:21:41 pm Pacific time
Registration Number:	727881M
Registration Life:	1 Year
New Expiration Date and Time:	February 25, 2023 at 11:59:59 pm Pacific time

Registering Party Information

BRITCO BOXX LIMITED PARTNERSHIP

Address
155 CARION ROAD
KELOWNA BC
V2V 2K5 Canada

RENEWAL

Registration Date and Time:	January 25, 2021 at 12:20:31 pm Pacific time
Registration Number:	727867M
Registration Life:	1 Year
New Expiration Date and Time:	February 25, 2022 at 11:59:59 pm Pacific time

Registering Party Information

BRITCO BOXX LIMITED PARTNERSHIP

Address
155 CARION ROAD
KELOWNA BC
V2V 2K5 Canada

AMENDMENT

Registration Date and Time:	October 28, 2020 at 12:33:34 pm Pacific time
Registration Number:	559195M
Description:	AMEND REFERENCE NUMBER

PERSONAL PROPERTY REGISTRY SEARCH RESULT

BC Registries and Online Services

Registering Party Information

BRITCO BOXX LIMITED PARTNERSHIP	**Address** 155 CARION ROAD KELOWNA BC V2V 2K5 Canada

PERSONAL PROPERTY REGISTRY SEARCH RESULT

BC Registries and Online Services

Base Registration Number: 177710M

Registration Type:	PPSA SECURITY AGREEMENT
Base Registration Date and Time:	April 21, 2020 at 11:11:42 am Pacific time
Current Expiry Date and Time:	April 21, 2026 at 11:59:59 pm Pacific time Expiry date includes subsequent registered renewal(s)
Trust Indenture:	No

CURRENT REGISTRATION INFORMATION

(as of October 7, 2022 at 8:48:00 am Pacific time)

Secured Party Information

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE	**Address** 100 UNIVERSITY AVE, 11TH FLOOR TORONTO ON M5J 2Y1 Canada
COMPUTERSHARE TRUST COMPANY OF CANADA	**Address** 100 UNIVERSITY AVE, 11TH FLOOR TORONTO ON M5J 2Y1 Canada

Debtor Information

THE FLOWR GROUP (OKANAGAN) INC	**Address** #1000-60 ADELAIDE STREET E. TORONTO ON M5C 3E4 Canada

Vehicle Collateral

None

General Collateral

Base Registration General Collateral:

ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY, INCLUDING WITHOUT LIMITATION FIXTURES (AND TERMS USED HEREIN THAT ARE DEFINED IN THE PERSONAL PROPERTY SECURITY ACT OF BRITISH COLUMBIA OR THE REGULATIONS MADE THEREUNDER HAVE THOSE DEFINED MEANINGS).

Original Registering Party

FASKEN MARTINEAU DUMOULIN LLP	**Address** SUITE 2900, 550 BURRARD STREET VANCOUVER BC V6C 0A3 Canada

PERSONAL PROPERTY REGISTRY SEARCH RESULT

BC Registries and Online Services

Base Registration Number: 369639N

Registration Type:	PPSA SECURITY AGREEMENT
Base Registration Date and Time:	November 15, 2021 at 2:23:28 pm Pacific time
Current Expiry Date and Time:	November 15, 2024 at 11:59:59 pm Pacific time Expiry date includes subsequent registered renewal(s)
Trust Indenture:	No

CURRENT REGISTRATION INFORMATION

(as of October 7, 2022 at 8:48:00 am Pacific time)

Secured Party Information

SALT CAPITAL INC. O/A CAPITAL NOW CANNABIS.

Address

9590 MCCARTHY ROAD
KELOWNA BC
V4B 1R2 Canada

Debtor Information

THE FLOWR GROUP (OKANAGAN) INC.

Address

2800 PARK PLACE 666 BURRARD ST
VANCOUVER BC
V6C 2Z7 Canada

Vehicle Collateral

None

General Collateral

Base Registration General Collateral:

ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY AS DEFINED BY THE PPSA INCLUDING ACCOUNTS RECEIVABLE.

Original Registering Party

AVS SYSTEMS INC.	**Address** 201-1325 POLSON DR. VERNON BC V1T 8H2 Canada

This is Exhibit "S" referred to in the affidavit

of DARREN KARASIUK, SWORN BEFORE ME
this 20th day of October 2022

____
A COMMISSIONER FOR TAKING AFFIDAVITS

The Flowr Corporation and Certain Affiliated CCAA Filing Entities (collectively, the "Applicants")
Cash Flow Forecast for the Period October 17, 2022 to January 15, 2023
$CDN in Thousands

	Week	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	
	Ending	**23-Oct-2022**	**30-Oct-2022**	**6-Nov-2022**	**13-Nov-2022**	**20-Nov-2022**	**27-Nov-2022**	**4-Dec-2022**	**11-Dec-2022**	**18-Dec-2022**	**25-Dec-2022**	**1-Jan-2023**	**8-Jan-2023**	**15-Jan-2023**	**Total**
	Notes														
Receipts															
Sales collections	2	$ 50	$ 250	$ 350	$ 250	$ 300	$ 350	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 3,300
Other receipts	3	-	-	-	-	-	210	-	-	-	-	-	-	-	210
Total Receipts		**50**	**250**	**350**	**250**	**300**	**560**	**250**	**250**	**250**	**250**	**250**	**250**	**250**	**3,510**
Disbursements															
Payroll and Benefits	4	-	(238)	(10)	(238)	-	(71)	(178)	(71)	(168)	(71)	(178)	(71)	(168)	(1,460)
Operating Expenses	5	(111)	(40)	(296)	(15)	(128)	(40)	(296)	(15)	(128)	(40)	(296)	(15)	(128)	(1,549)
Other SG&A and Taxes	6	(328)	(200)	(177)	(42)	(37)	-	(177)	(78)	(21)	(14)	(555)	(207)	(21)	(1,858)
Restructuring Costs	7	(180)	(226)	(96)	(102)	(102)	(11)	(107)	(68)	(73)	(11)	(68)	(57)	-	(1,101)
Total Disbursements		**(619)**	**(704)**	**(579)**	**(397)**	**(267)**	**(122)**	**(758)**	**(232)**	**(390)**	**(136)**	**(1,097)**	**(350)**	**(317)**	**(5,968)**
Net cash receipts/(disbursements)		**$ (569)**	**$ (454)**	**$ (229)**	**$ (147)**	**$ 33**	**$ 438**	**$ (508)**	**$ 18**	**$ (140)**	**$ 114**	**$ (847)**	**$ (100)**	**$ (67)**	**$ (2,458)**
Cash Balance															
Beginning Balance	1	$ 795	$ 726	$ 271	$ 542	$ 395	$ 428	$ 866	$ 858	$ 876	$ 736	$ 850	$ 503	$ 403	$ 795
Net Cash Receipts/(Disbursements)		(569)	(454)	(229)	(147)	33	438	(508)	18	(140)	114	(847)	(100)	(67)	(2,458)
DIP Draws/(Repayments)		500	-	500	-	-	-	500	-	-	-	500	-	-	2,000
Ending Cash Balance		**$ 726**	**$ 271**	**$ 542**	**$ 395**	**$ 428**	**$ 866**	**$ 858**	**$ 876**	**$ 736**	**$ 850**	**$ 503**	**$ 403**	**$ 337**	**$ 337**
DIP Facility															
Opening Balance		$ -	$ 500	$ 500	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 2,000	$ 2,000	$ -
DIP Draws/(Repayments)	8	500	-	500	-	-	-	500	-	-	-	500	-	-	2,000
Closing Balance		**$ 500**	**$ 500**	**$ 1,000**	**$ 1,000**	**$ 1,000**	**$ 1,000**	**$ 1,500**	**$ 1,500**	**$ 1,500**	**$ 1,500**	**$ 2,000**	**$ 2,000**	**$ 2,000**	**$ 2,000**

In the Matter of the CCAA of The Flowr Corporation, The Flowr Canada Holdings ULC, The Flowr Group (Okanagan) Inc., and Terrace Global Inc. (collectively, the "Applicants")

Notes to the Unaudited Cash Flow Forecast of the Applicants

Disclaimer:

In preparing this cash flow forecast (the "**Cash Flow Forecast**"), the Applicants with the assistance of their financial advisor and Ernst & Young Inc., in its capacity as the proposed monitor of the Applicants (the "**Proposed Monitor**") have relied upon unaudited financial information and the Applicants have not attempted to further verify the accuracy or completeness of such information. The Cash Flow Forecast includes estimates concerning the operations of the Applicants and additional assumptions discussed below with respect to the requirements and impact of a *Companies' Creditors Arrangement Act* ("**CCAA**") filing (the "**Probable and Hypothetical Assumptions**" or the "**Assumptions**"). Since the Cash Flow Forecast is based on Assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Cash Flow Forecast period will vary from the Cash Flow Forecast, even if the Assumptions materialize, and such variation may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

The Proposed Monitor has reviewed the Cash Flow Forecast to the standard required of a Court appointed Monitor pursuant to section 23(1)(b) of the CCAA, which requires a Monitor to review the debtor's cash flow statements as to its reasonableness and to file a report with the Court on the Monitor's findings.

Pursuant to this standard, the Proposed Monitor's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to information supplied to it by certain key members of the Applicants and other employees of the Applicants. Since the Probable and Hypothetical Assumptions need not be supported, the Proposed Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Proposed Monitor also reviewed the support provided by the Applicants for the Probable and Hypothetical Assumptions and the preparation and presentation of the Cash Flow Forecast.

Based on the Proposed Monitor's review, nothing has come to the Proposed Monitor's attention that causes the Proposed Monitor to believe, in any material respect, that:

(a) The Probable and Hypothetical Assumptions are not consistent with the purpose of the Cash Flow Forecast;
(b) As at the date of this report, the Probable and Hypothetical Assumptions are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Cash Flow Forecast, given the Probable and Hypothetical Assumptions; or
(c) The Cash Flow Forecast does not reflect the Probable and Hypothetical Assumptions.

Overview:

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

The Cash Flow Forecast assumes that the Applicants obtains relief under the CCAA in the week beginning October 17, 2022.

The Cash Flow Forecast does not reflect the impact of a potential sale transaction in respect of the Applicants.

Assumptions:

1. **Opening Balance**
   Represents the anticipated opening cash balance at the commencement of the CCAA proceedings.

2. **Sales Receipts**
   The Applicants sell primarily dry cannabis flower products to authorized distributors and retailers through provincial agencies and to other licence holders. Receipts from the Applicants' sales are based on forecast collections from opening accounts receivable and projected sales during the forecast period.

3. **Other Receipts**
   The Applicants anticipate certain property insurance refunds and HST refunds in the forecast period; however, the timing and quantum of these refunds are uncertain.

4. **Payroll and Benefits**
   Payroll and benefits for salaried and hourly employees are forecast based on historical run rates and anticipated staffing levels. Salaried employees receive semi-monthly pay, while hourly employees get paid bi-weekly. The Applicants fund the payroll through a third-party service provider.

   The Applicants intend to seek Court approval of a charge in respect of key employee retention payments based upon achieving certain milestones. The Cash Flow Forecast does not reflect these payments in the forecast period.

5. **Operating Expenses**
   These disbursements include vendor payments, leases and utilities in connection with the production and sale of cannabis products based on expected production.

6. **Other Selling, General & Administrative Expense and Taxes ("Other SG&A")**
   This includes primarily insurance payments, consulting fees, HST and Excise duty payables, and other general and administrative costs that are not included in the Operating Expenses.

7. **Restructuring Costs**
   Restructuring costs include primarily professional fee payments and expenses to the Applicants' legal counsel, the Proposed Monitor and its counsel in connection with the Applicants' restructuring proceedings.

8. **Debt in Possession Facility ("DIP") Draws and Repayments**
   Reflects projected draws and repayments under a proposed DIP facility, subject to court approval.

This is Exhibit "T" referred to in the affidavit

of DARREN KARASIUK, SWORN BEFORE ME
this 20th day of October 2022

____

A COMMISSIONER FOR TAKING AFFIDAVITS

October 20, 2022

The Flowr Corporation
60 Adelaide Street East
Toronto, Ontario M5C 3E4

Attention: Darren Karasiuk, Chief Executive Officer

Re: Debtor-in-Possession Financing of The Flowr Corporation

A. The Flowr Corporation, The Flowr Canada Holdings ULC, Terrace Global Inc., and The Flowr Group (Okanagan) Inc. (collectively, the "**Borrowers**") intend to make an application to the Ontario Superior Court of Justice (Commercial List) (the "**Court**") for an initial order (the "**Initial Order**"), among other things, commencing proceedings under the *Companies' Creditors Arrangement Act* (the "**CCAA Proceedings**"), imposing a stay of proceedings in favour of the Borrowers (the "**Initial Stay**"), appointing Ernst & Young Inc. as Monitor of the Borrowers (in such capacity, the "**Monitor**"), approving this Term Sheet and granting the DIP Lender's Charge (as defined herein) to secure the initial authorized advance of $500,000;

B. In the event that the Initial Order is granted, and prior to the expiry of the Initial Stay, the Borrowers will seek an Amended and Restated Initial Order (as may be further amended and restated from time to time in accordance with this Term Sheet, the "**ARIO**") within the CCAA Proceedings, seeking, in addition to the relief set out in the Initial Order: (i) an extension of the Initial Stay; (ii) approval of a Court-supervised sale and investment solicitation process (the "**SISP**"); (iii) approval of an increase in the authorized limit of the DIP Financing secured by the DIP Lender's Charge to $2,000,000;

C. The Borrowers require funding to satisfy the cashflow requirements of the CCAA Proceedings and the SISP, and other short-term liquidity requirements;

D. 1000343100 Ontario Inc. (the "**Lender**") has agreed to advance a debtor-in-possession loan in the aggregate principal amount of $2,000,000, subject to and in accordance with the terms and conditions of this term sheet (this "**Term Sheet**");

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements set forth below, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

SUMMARY OF TERMS FOR DIP FACILITY

1. Borrowers:	The Flowr Corporation, The Flowr Canada Holdings ULC, Terrace Global Inc., and The Flowr Group (Okanagan) Inc., on a joint and several basis.
2. Lender:	1000343100 Ontario Inc.
3. DIP Facility / Deposit:	Non-revolving facility in the maximum aggregate principal amount of $2,000,000 (the "**DIP Facility**").
4. Purpose:	The DIP Facility shall be available to fund: (i) working capital needs of the Borrowers; (ii) professional fees and expenses incurred by the

Borrowers and the Monitor in respect of the CCAA Proceedings and the SISP, in each case in accordance with the cash flow projections approved by the Monitor and the Lender (the "**Cash Flow Projections**"); (iii) the Recoverable Expenses (as defined below); and (iv) such other costs and expenses of the Borrowers as may be agreed to by the Lender, in writing.

The amount and purpose of the DIP Facility may be amended by the Borrowers and the Lender in writing. The Borrowers may not use the proceeds of the DIP Facility to pay any pre-filing obligations of the Borrowers, except in accordance with the Cash Flow Projections or with the prior written consent of the Lender and the Monitor.

5. Stalking Horse Option:

The Lender shall have the exclusive option, without obligation, to act as a stalking horse bidder in the SISP (the "**Option**"). As soon as practicable after the date hereof, if the Lender exercises the Option, the Lender (together with any joint bidder or bidders) and the Borrowers shall negotiate in good faith with a view to entering into a stalking horse purchase agreement (the "**Purchase Agreement**") for the purchase and sale of substantially all of the business of the Borrowers (other than assets the Lender elects to exclude) free and clear of claims and encumbrances by way of reverse approval and vesting order (the "**Transaction**").

The DIP Facility shall be treated in all respects as a debtor-in-possession loan in accordance with the terms and conditions set out in this Term Sheet unless and until the Purchase Agreement is selected as the winning bid in the SISP and the Transaction closes, at which point all amounts owing under the DIP Facility shall be treated as a deposit and credited against the purchase price set out in the Purchase Agreement.

In connection with the Lender considering whether to exercise the Option, Borrowers' shall, or shall cause their counsel to (i) prepare and provide the Lender with an initial draft of the Purchase Agreement for negotiation purposes within 7 days following the date of acceptance of this Term Sheet by the Borrowers; and (ii) subject to the proviso at the end of this clause, upon execution of a satisfactory non-disclosure agreement, provide the Lender (or its shareholders) and their respective accountants, legal advisors and other representatives, lenders, potential lenders, partners and potential partners, with complete access to the Borrowers' personnel, premises, books and records, corporate records, accounts, contracts and its other properties and assets for purposes of conducting such investigations of the Borrowers and their businesses, properties and assets, and such other matters as the Lender considers advisable during the Option Exclusivity Period (as defined below), provided that the Borrowers' and the Lender shall do or cause to be done all such actions necessary in order to grant complete access to the Borrowers' physical premises to the Lender's (or any of their shareholders') representatives, lenders, potential lenders, partners and potential partners from and after 12 p.m. (Pacific time) on October 24, 2022.

As a condition to the Lender providing the DIP Facility and to facilitate exercise of the Option, including the significant costs to be incurred by the Lender in considering and if exercised pursuing a Transaction, from the date of acceptance of this Term Sheet by the Borrowers until the earlier of (i) the date on which the Lender notifies the Borrowers in writing that it does not intend to enter into a Purchase Agreement; and (ii) the date which is 10 days following the date of this Term Sheet (such period is referred to herein as the "**Option Exclusivity Period**"), the Borrowers will not directly or indirectly, through any representative or otherwise, solicit offers from, provide information to, negotiate with, or in any manner encourage, discuss, or accept, any proposal of any other person relating to the acquisition of the Borrowers or a material portion of the assets or business of the Borrowers, whether through direct purchase, amalgamation or other business combination, unless otherwise agreed by the Lender in writing.

6. Advances:

Subject to the funding conditions set out in Section 13 of this Term Sheet, the DIP Facility shall be available by multiple advances (individually, an "**Advance** and collectively, the "**Advances**") as follows:

(a) upon the issuance of the Initial Order, $500,000, or such lesser amount as may be approved by the Initial Order and secured by the DIP Lender's Charge (the "**First Advance**"), shall be advanced to the Borrowers to finance working capital requirements for the 10-day period immediately following the date of the Initial Order; and

(b) upon the issuance of the ARIO, the balance of all amounts owing under the DIP Facility that must be approved by the Court and secured by the DIP Lender's Charge, being $1,500,000, shall be advanced to the Borrowers in monthly draws, subject to receipt of a written draw request by the Lender from the Borrowers (each a "**Subsequent Advance**").

The Borrowers shall provide the Lender with no less than two (2) business days' written notice for any requested Advance, which notice shall state the purpose for which the Advance is to be used by the Borrowers.

Nothing in this Term Sheet creates a legally binding obligation on the Lender to advance any amount under the DIP Facility at any time unless the Borrowers are in compliance with the provisions of this Term Sheet.

7. Interest:	Interest shall accrue on amounts Advanced under the DIP Facility at a rate equal to the Prime Rate plus 12% per annum (the "**Interest**"). Interest shall be calculated on the daily outstanding balance owing under the DIP Facility, not in advance, and shall accrue and be paid on the Maturity Date (as defined herein). "**Prime Rate**" the rate of interest per annum equal to the rate which the principal office of The Toronto Dominion Bank in Toronto, Ontario quotes, publishes and refers to as its "prime rate" and which is its reference rate of interest for loans in Canadian dollars made in Canada to Canadian borrowers, as at the date of this Term Sheet.
8. Recoverable Expenses:	The Borrowers shall pay all fees and expenses (collectively, the "**Recoverable Expenses**") incurred by the Lender in connection with the preparation, registration and ongoing administration of this Term Sheet, the DIP Facility, the Initial Order, the ARIO, the DIP Lender's Charge (as defined below) and with the enforcement of the Lender's rights and remedies hereunder and thereunder, at law or in equity, including, without limitation all reasonable legal fees and disbursements incurred by the Lender. For greater certainty, "Recoverable Expenses" shall include all reasonable fees and expenses incurred by the Lender in connection with the CCAA Proceedings and all Court attendances in respect thereof. If the Lender has paid any expenses for which the Lender is entitled to reimbursement from the Borrowers, such expenses shall be added to the DIP Facility and shall accrue Interest at the rate set out above. All such fees and expenses and Interest thereon shall be secured by the DIP Lender's Charge whether or not any funds under the DIP Facility are advanced.
9. Commitment Fee:	The Borrowers shall pay a commitment fee in the amount of $40,000 (the "**Fee**"), representing 2% of the total amount available under the DIP Facility, which shall be fully earned upon the execution of this Term Sheet and shall be paid on the Maturity Date. For certainty, the Fee shall be secured by the DIP Lender's Charge.
10. Security:	All debts, liabilities and obligations of the Borrowers to the Lender under or in connection with the DIP Facility (including, without limitation, Interest, Fees and Recoverable Expenses), this Term Sheet and any other documents executed in connection therewith shall be secured by a Court-ordered priority charge (the "**DIP Lender's Charge**") granted to the Lender in and to all present and future properties, assets, and undertakings of the Borrowers, real and

personal, tangible and intangible, whether now owned or hereafter acquired, and the proceeds thereof (the "**Property**"), subject only to:

(a) an administration charge in the maximum aggregate amount of $350,000 under the Initial Order and increased to $500,000 under the ARIO for the payment of the fees and expenses of the Monitor, counsel to the Borrowers and counsel to the Monitor (the "**Administration Charge**").

A directors' charge in the maximum aggregate amount of $600,000 under the Initial Order and increased to $800,000 under the ARIO as security for the indemnity provided to the directors and officers of the Borrowers against obligations and liabilities they may incur after the commencement of the CCAA Proceedings (the "**Directors' Charge**") shall be permitted but shall rank subordinate to the DIP Lender's Charge under the terms of the Initial Order and the ARIO.

A KERP charge in the maximum aggregate amount of $800,000 under the ARIO as security for the beneficiaries of a Key Employee Retention Plan shall be permitted but shall rank subordinate to the DIP Lender's Charge under the terms of the ARIO.

11. Maturity Date: Unless otherwise agreed to by the Lender and the Borrowers in writing, the term of the DIP Facility shall expire, and the Borrowers shall repay all obligations owing to the Lender under this Term Sheet, on the earliest of (the "**Maturity Date**"):

(a) March 31, 2023;

(b) the closing of the Transaction, in which case all amounts advanced under the DIP Facility shall be treated as a deposit and credited against the purchase price;

(c) the closing of a sale or investment transaction resulting from the SISP (other than the Transaction), which transaction has been approved by an order of the Court;

(d) the implementation of a plan of compromise or arrangement within the CCAA Proceedings, which has been approved by the requisite majority of the Borrowers' creditors, and by an order of the Court;

(e) the date on which the CCAA Proceedings are terminated for any reason, including if the CCAA Proceedings are converted into a proceeding under the *Bankruptcy and Insolvency Act* (the "**BIA**"); and

(f) the occurrence of an Event of Default (as defined herein), subject to a cure period of five (5) business days, beginning on the date of the occurrence of such Event of Default.

12. Repayment: Unless the Maturity Date occurs in accordance with Section 11(b), above, the aggregate principal amount owing under the DIP Facility plus all accrued and unpaid Interest, Recoverable Expenses and the Fee, shall become immediately due and payable on the Maturity Date. The DIP Facility may be prepaid at any time, without penalty, (provided all accrued and unpaid Interest, Recoverable Expenses and the Fee are paid in full) prior to entry into the Purchase Agreement. If the Borrowers choose to prepay any amount owing under the DIP Facility, any such payment shall be applied: (i) first, to all accrued and unpaid Interest; (ii) second, to the Fee and Recoverable Expenses; and (iii) third, to any principal amount outstanding under the DIP Facility.

13. Conditions Precedent: The availability of the First Advance under the DIP Facility shall be subject to and conditional upon the following, which may be waived by the Lender in writing:

(a) the Court shall have issued the Initial Order, in a form satisfactory to the Lender, including:

i. approving this Term Sheet and the DIP Facility;

ii. granting the DIP Lender's Charge in favour of the Lender;

iii. authorizing the Lender to effect registrations, filings and recordings wherever in its discretion it deems appropriate regarding the DIP Lender's Charge;

iv. providing that the DIP Lender's Charge shall be valid and effective to secure all of the obligations of the Borrowers to the Lender hereunder, without the necessity of the making of any registrations or filings and whether or not any other documents have been executed by the Borrower;

v. declaring that the granting of the DIP Lender's Charge and all other documents executed and delivered to the Lender as contemplated herein, including, without limitation, all actions taken to perfect, record and register the DIP Lender's Charge, do not constitute conduct meriting an oppression remedy, settlement, fraudulent preference, fraudulent conveyance or other challengeable or reviewable transaction under any applicable federal or provincial legislation; and

vi. provisions restricting the granting of any additional liens or encumbrances on the assets of the Borrowers, other than as permitted herein and the DIP Lender's Charge.

(b) the Initial Order shall not have been vacated, stayed, appealed or amended in a manner not acceptable to the Lender, acting reasonably; and

(c) no Event of Default shall have occurred.

The availability of each Subsequent Advance under the DIP Facility shall be subject to and conditional upon the following, which may be waived by the Lender in writing:

(a) the Court shall have issued the ARIO, in a form satisfactory to the Lender, including:

i. approving this Term Sheet and the DIP Facility;

ii. granting the DIP Lender's Charge in favour of the Lender;

iii. authorizing the Lender to effect registrations, filings and recordings wherever in its discretion it deems appropriate regarding the DIP Lender's Charge;

iv. providing that the DIP Lender's Charge shall be valid and effective to secure all of the obligations of the Borrowers to the Lender hereunder, without the necessity of the making of any registrations or filings and whether or not any other documents have been executed by the Borrowers;

v. declaring that the granting of the DIP Lender's Charge and all other documents executed and delivered to the Lender as contemplated herein, including, without limitation, all actions taken to perfect, record and register the DIP Lender's Charge, do not constitute conduct meriting an oppression remedy, settlement, fraudulent preference, fraudulent conveyance or other challengeable or reviewable transaction under any applicable federal or provincial legislation; and

vi. provisions restricting the granting of any additional liens or encumbrances on the assets of the Borrowers, other than as permitted herein and the DIP Lender's Charge.

(b) the Court shall have entered an order approving the SISP in form satisfactory to the Lender (the "**SISP Order**"), including approval of the Purchase Agreement as a stalking horse bid if the Lender exercises the Stalking Horse Option;

(c) the ARIO and SISP Order shall not have been vacated, stayed, appealed or amended in a manner not acceptable to the Lender, acting reasonably; and

(d) no Event of Default shall have occurred.

14. Covenants

The Borrowers covenant and agree with the Lender, so long as any amounts are outstanding by the Borrowers to the Lender hereunder, to:

(a) promptly on the receipt by the Borrowers of the same, give the Lender a copy of any Notice of Motion or Application to vary, supplement, revoke, terminate or discharge the Initial Order, the ARIO, the SISP Order, or any Court order approving the Transaction, including, without limitation, any application to the Court for the granting of new or additional security that will or may have priority over the DIP Lender's Charge, or otherwise for the variation of the priority of the DIP Lender's Charge;

(b) provide the Lender with drafts of all materials that the Borrowers intend to file in the CCAA Proceedings and provide the Lender and its counsel a reasonable amount of time to review same prior to service and filing;

(c) provide the Lender with any additional financial information reasonably requested by the Lender, to the extent that it is readily available;

(d) use the Advances under the DIP Facility for the purposes for which they are being provided, as set out in Section 4 of this Term Sheet, or such other purposes that may be agreed to by the Lender in writing;

(e) provide the Lender with prompt written notice of any event which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default, a breach of any covenant, or other term or condition of this Term Sheet, or of any document executed in connection with this Term Sheet;

(f) keep and maintain books of account and other accounting records in accordance with generally accepted accounting principles;

(g) pay all property taxes and other claims which, under law, may rank prior to or *pari passu* with the DIP Lender's Charge due and payable from and after the commencement of the CCAA Proceedings, as and when such amounts are due;

(h) not declare any dividend, or make any other distributions with respect to any shares of the Borrowers without the prior written consent of the Lender;

(i) not make any payment to any director, officer, investor or related party of the Borrowers (except salary and wages in the normal course) other than in accordance with any payments authorized under the Director's Charge or the KERP Charge, without the prior written consent of the Lender;

(j) keep the Borrowers' assets fully insured against such perils and in such manner as would be customarily insured by companies owning similar assets;

(k) not, without the prior written consent of the Lender, incur any borrowings or other secured indebtedness, obligations or liabilities, other than the DIP Facility, or create or grant any security (other than the Administration Charge, the Directors' Charge and the DIP Lender's Charge) over any of the Borrowers' Property, whether ranking in priority to or subordinate to the DIP Lender's Charge;

(l) not sell, transfer, assign, convey or lease any Property unless agreed to by the Lender;

(m) provide notice of any material communication received by the Borrowers to the Lender including any notice of default or termination of any material contract, license or permit;

(n) provide weekly updates to the Lender on the Borrowers' cash flows as compared to the Cash Flow Projections for such week and an explanation of any material variances; and

(o) conduct all activities in the ordinary course and in material compliance with the Cash Flow Projections.

15. Events of Default: The DIP Facility shall be subject to the following events of default (each, an "**Event of Default**"):

(a) the Borrowers' failure to pay any amount due hereunder when due and payable;

(b) any covenant, condition precedent, payment obligation, or other term or condition of this Term Sheet is not complied with or fulfilled to the satisfaction of the Lender;

(c) the Initial Order is not obtained in form and substance satisfactory to the Lender on or before October 21, 2022, and the ARIO and SISP Order, including approval of the Purchase Agreement as stalking horse bid if applicable, in each case in form and substance satisfactory to the Lender, is not obtained on or before November 1, 2022;

(d) the seeking or support by the Borrowers of any Court order (in the CCAA Proceedings or otherwise) which is adverse or potentially adverse to the interests of the Lender, in its sole discretion;

(e) the issuance of any Court order lifting or terminating (in whole or in part) the stay of proceedings in the CCAA Proceedings, or discontinuing, dismissing or otherwise terminating the CCAA Proceeding;

(f) the issuance of any Court order staying, reversing, vacating or modifying the terms of the Initial Order, the ARIO, the SISP Order, the DIP Facility or the DIP Lender's Charge, or an order of the Court approving the Transaction, in each case without the Lender's consent;

(g) the issuance of any Court order (in the CCAA Proceedings or otherwise) which is adverse or potentially adverse to the interests of the Lender, in its sole discretion;

(h) the service or filing of a notice of appeal, application for leave to appeal, or an appeal in respect of the Initial Order or the ARIO or the SISP Order in each case if the notice of appeal, application for leave to appeal or appeal is not being actively defended by the Borrowers or if the appeal is actually granted;

(i) the occurrence of an event that will, in the opinion of the Lender, materially impair the Borrowers' financial condition, operations or ability to perform under this Term Sheet or any order of the Court;

(j) the failure by the Borrowers to comply with the Initial Order, the SISP Order (including any dates set out in the SISP), any Court order approving the Transaction, or the ARIO;

(k) the occurrence of any material adverse change in: (i) the business, operations, or financial condition of the Borrowers; (ii) the Property of the Borrowers; (iii) the DIP Lender's Charge, including its relative priority; (iv) the ability of the Borrowers to perform their obligations to the Lender or to any person under any material contract; (v) the Lender's ability to enforce any of its rights or remedies against the Borrowers' Property or for the obligations of the Borrowers to be satisfied from the realization thereof;

(l) the Borrowers become bankrupt or subject to a proceeding under the BIA, or a receiver, interim receiver, receiver and manager or trustee in bankruptcy is appointed in respect of any Borrower, or any Borrower's Property;

(m) the acceptance of any offer resulting from the SISP (other than the Purchase Agreement), or the filing of a motion seeking approval of the Court to accept any such offer, unless the total indebtedness owing by the Borrowers under the DIP Facility is to be paid in full in cash or other immediately available funds upon completion of the transaction resulting from such offer no later than March 31, 2023;

(n) the sale, transfer, assignment, conveyance or lease of substantially all of the business or assets of the Borrowers, except pursuant to a transaction resulting from the SISP (or the Purchase Agreement) or as may be otherwise approved by the Lender in writing;

(o) the filing of any plan of reorganization, arrangement or liquidation to which the Lender does not consent;

(p) the commencement of any claim, action, proceeding, application, motion, defense or other contested matter the purpose of which is to seek, or the result of which would be, to obtain any order, judgment, determination, declaration or similar relief: (i) invalidating, setting aside, avoiding, or subordinating the obligations of the Borrowers under the DIP Facility, the DIP Lender's Charge or its priority; (ii) for monetary, injunctive or other relief against the Lender or the Borrowers' Property; or (iii) preventing, hindering or otherwise delaying the exercise by the Lender of any of its rights and remedies hereunder, pursuant to the Initial Order, the ARIO or under applicable law, or the enforcement or realization by the Lender against any of its collateral;

(q) The actual cumulative disbursements of the Borrowers are, at any time in the first month greater than 125% of the budgeted disbursements set out in the Cash Flow Projections and thereafter are at any time greater than 115% of the budgeted disbursements set out in the Cash Flow Projections, in each case for the cumulative period from the commencement of the Cash Flow Projections to the then current date.

16. Remedies and Enforcement	Following the occurrence of an Event of Default, and the expiration of the cure period prescribed in Section 11(f), upon written notice to the Borrowers and the Monitor, the Lender shall have the right, subject to the Lender obtaining an Order from the Court lifting the stay under the CCAA Proceedings, to: (a) enforce the DIP Lender's Charge and realize on the Property and any other collateral securing the DIP Facility; (b) exercise the rights and powers of a secured lender and mortgagee pursuant to the *Personal Property Security Act*, the *Mortgages Act* or any legislation of similar effect; and (c) exercise all such other rights and remedies available to the Lender under this Term Sheet, the Initial Order, the ARIO, any other order of the Court or applicable law. No failure or delay on the part of the Lender in exercising any of its rights and remedies shall be deemed to be a waiver of any kind.
17. Further Assurances	The Borrowers will, at their own expense and promptly on demand by the Lender at any time, do such acts and things and execute and deliver such documents as the Lender may reasonably request to give effect to any other provisions set out hereunder.
18. Assignment:	The Borrowers shall not assign this Term Sheet or any of the provisions set out herein without the prior written consent of the Lender. The Lender may assign or sell its rights or obligations with respect to this Term Sheet to any person without the prior written consent of the Borrowers.
19. Governing Law:	The DIP Facility and the provisions set out herein shall be governed and construed in all respects in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
20. Currency:	All dollar amounts herein are in Canadian Dollars.
21. Acceptance:	This Term Sheet is open for acceptance until 5:00 p.m. (Toronto time) on October 20, 2022. The Borrowers may accept this Term Sheet by returning a countersigned copy of this Term Sheet to the Lender (by electronic transmission or personal delivery).

[*Signature Page Follows*]

Dated this 20th day of October, 2022.

1000343100 ONTARIO INC.

By: ____________________________________
Name:
Title:

I have authority to bind the Corporation.

ACCEPTANCE

TO THE DIP LENDER:

For good and valuable consideration received, The Flowr Corporation, The Flowr Canada Holdings ULC, Terrace Global Inc., and The Flowr Group (Okanagan) Inc., accept and agree to comply with the provisions of the Term Sheet set out above, on a joint and several basis.

Dated this 20th day of October, 2022.

THE FLOWR CORPORATION

By: ____________________________
Name:
Title:
I have authority to bind the Corporation.

THE FLOWR CANADA HOLDINGS ULC

By: ____________________________
Name:
Title:
I have authority to bind the Corporation.

TERRACE GLOBAL INC.

By: ____________________________
Name:
Title:
I have authority to bind the Corporation.

THE FLOWR GROUP (OKANAGAN) INC.

By: ____________________________
Name:
Title:
I have authority to bind the Corporation.

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 THE FLOWR CORPORATION, THE FLOWR CANADA HOLDINGS ULC, THE FLOWR GROUP (OKANAGAN) INC., AND TERRACE GLOBAL INC. (collectively, the "**Applicants**")

Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF DARREN KARASIUK SWORN OCTOBER 20, 2022

MILLER THOMSON LLP
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Tel: 416.595.2600 / Fax: 416.595.8695

Lawyers for the Applicants

TAB 3

Court File No.:

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 THE FLOWR CORPORATION, THE FLOWR CANADA HOLDINGS ULC, THE FLOWR GROUP (OKANAGAN) INC., AND TERRACE GLOBAL INC. (collectively, the "**Applicants**")

CONSENT

Ernst & Young Inc., hereby consents to act as Court-appointed Monitor in these proceedings should such an Initial Order be granted by the Court.

Dated at Toronto this 18th day of October, 2022

ERNST & YOUNG INC.

Per: ____________________

Name: Alex Morrison
Title: Senior Vice President
(I have the authority to bind the corporation)

65549846.1

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

Court File No:

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF THE FLOWR CORPORATION, THE FLOWR CANADA HOLDINGS ULC, THE FLOWR GROUP (OKANAGAN) INC., AND TERRACE GLOBAL INC. (collectively, the "**Applicants**")

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

MONITOR'S CONSENT

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Lawyers for the Applicants

TAB 4

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	THURSDAY, THE 20TH
	)	
JUSTICE CAVANAGH	)	DAY OF OCTOBER, 2022

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 THE FLOWR CORPORATION, THE FLOWR CANADA HOLDINGS ULC, THE FLOWR GROUP (OKANAGAN) INC., AND TERRACE GLOBAL INC. (collectively, the "**Applicants**")

INITIAL ORDER

THIS APPLICATION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, and c. C-36, as amended (the "**CCAA**") was heard this day by Zoom video conference.

ON READING the affidavit of Darren Karasiuk sworn October 20, 2022 and the Exhibits thereto (the "**Karasiuk Affidavit**"), and the pre-filing report of Ernst & Young Inc., in its capacity as proposed monitor of the Applicants ("**Monitor**"), dated October 20, 2022, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for Applicants and counsel for the Monitor, no one appearing for any other party although duly served as appears from the affidavit of service of Alina Stoica dated October 20, 2022, filed, and on reading the consent of Ernst & Young Inc. to act as the Monitor,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the banking and cash management system currently in place as described in the Karasiuk Affidavit or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses, whether incurred prior to or after the date of this Order:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;

(b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges; and

(c) any taxes, duties, or other payments required under the Cannabis Legislation (as defined below).

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the Applicants following the date of this Order.

8. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;

(b) all goods and services, or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

9. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

10. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

11. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

(a) permanently or temporarily cease, downsize or shut down any of their business or operations and to dispose of redundant or non-material assets not exceeding $50,000 in any one transaction or $250,000 in the aggregate;

(b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate; and

(c) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "**Restructuring**").

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

12. **THIS COURT ORDERS** that until and including October 30, 2022, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

13. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

14. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

15. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of

such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

16. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

17. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

18. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

19. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of $600,000, as security for the indemnity provided in paragraph 18 of this Order. The Directors' Charge shall have the priority set out in paragraphs 38 and 40 herein.

20. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 18 of this Order.

APPOINTMENT OF MONITOR

21. **THIS COURT ORDERS** that Ernst & Young Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their respective shareholders, officers, directors, and Assistants shall advise

the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

22. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicants' receipts and disbursements;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(c) assist the Applicants, to the extent required by the Applicants, in their dissemination to the DIP Lender and its counsel of financial and other information as agreed to between the Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;

(d) advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis as agreed to by the DIP Lender;

(e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;

(f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

(g) to the extent required, hold the right, title and interest of the Akanda Shares (as defined in the Karasiuk Affidavit) pursuant to the terms and conditions of a trust agreement to be negotiated and agreed to by the relevant parties; and

(h) perform such other duties as are required by this Order or by this Court from time to time.

23. **THIS COURT ORDERS** that the Monitor shall not occupy or take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of (or be deemed to take Possession of), or exercise (or be deemed to have exercised) any rights of control over any activities in respect of, the Property, or any assets, properties or undertakings of any of the Applicants', or the direct or indirect subsidiaries or affiliates of any of the Applicants', including any joint venture entities, for which a permit or license is issued or required pursuant to any provision of any federal, provincial, or other law respecting, among other things, the manufacturing, possession, processing, and distribution of cannabis or cannabis products including, without limitation, under the *Cannabis Act*, S.C. 2018, c. 16, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, the *Excise Tax Act*, R.S.C. 1985, c. E. 15, *Excise Act, 2001*, S.C. 2002, c.22 the British Columbia *Cannabis Control and Licensing Act,* S.B.C. 2018, c. 29, the British Columbia *Cannabis Distribution Act*, S.B.C. 2018, c. 28, the Ontario *Cannabis Control Act, 2017,* S.O. 2017, c. 26, Sched. 1, [*Ontario Cannabis Retail Corporation Act*, 2017, S.O. 2017, c. 26], the *Cannabis License Act, 2018*, S.O. 2018, c. 12, or other such applicable federal or provincial legislation (collectively, the "**Cannabis Legislation**") and shall take no part

whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, and nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

24. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to take Possession of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act*, the *Fisheries Act*, the British Columbia *Environmental Management Act*, the British Columbia *Fish Protection Act* and regulations thereunder (collectively, the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

25. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicants and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor.

The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

26. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

27. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to, the date of this Order by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a weekly basis.

28. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

29. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, if any, and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount

of $350,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 38 and 40 hereof.

DIP FINANCING

30. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from 1000343100 Ontario Inc. (the "**DIP Lender**") in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed $500,000 (plus interest, fees and expenses in accordance with the Commitment Letter (as defined below)) unless permitted by further Order of this Court.

31. **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicants and the DIP Lender dated as of October 20, 2022 (the "**Commitment Letter**"), filed.

32. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, with the Commitment Letter, the "**Definitive Documents**"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

33. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 38 and 40 hereof.

34. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;

(b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon five (5) business days' written notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

35. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the Definitive Documents.

36. **THIS COURT ORDERS** that nothing herein contained shall require or deem the DIP Lender to take Possession of, or exercise any rights of control over any activities in respect of, any of the Property or the property of any direct or indirect subsidiaries or affiliates of any of the Applicants, including any joint venture entities, that is or may be: (i) subject to any Cannabis Legislation; or (ii) environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any Environmental Legislation.

37. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the DIP Lender under this Order, any other Order of the Court (whether made pursuant to these proceedings or otherwise), or at law, the DIP Lender shall incur no liability or obligation as a result of carrying out the provisions of this Order, including under any Cannabis Legislation, save and except for any gross negligence or willful misconduct on its part.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

38. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of $350,000);

Second – DIP Lender’s Charge; and

Third – Directors’ Charge (to the maximum amount of $600,000).

39. **THIS COURT ORDERS** that the filing, registration or perfection of the Directors’ Charge, the Administration Charge or the DIP Lender’s Charge (collectively, the “**Charges**”) shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

40. **THIS COURT ORDERS** that each of the Directors’ Charge, the Administration Charge and the DIP Lender’s Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person.

41. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Directors’ Charge and the Administration Charge, or further Order of this Court.

42. **THIS COURT ORDERS** that the Directors’ Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender’s Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the

benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by any of the Applicants of any Agreement to which it is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicants entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and

(c) the payments made by the Applicants pursuant to this Order, the Commitment Letter or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

43. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

RELIEF FROM REPORTING OBLIGATIONS

44. **THIS COURT ORDERS** that none of the directors, officers, employees, or other representatives of the Applicants, nor the Monitor (and their respective directors, officers, employees or representatives) shall have any personal liability for the Applicants failure to file annual information forms, annual and quarterly management discussion and analysis, annual and quarterly financial statements (including related audits, reports, and certifications) for the Stay Period, which period may be extended pursuant to further Order of the Court. Notwithstanding the foregoing, the Applicants shall continue to advise the appropriate regulators of material updates in this proceeding.

45. **THIS COURT ORDERS** that the decision by the Applicants to incur no further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the "**Securities Filings**") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act (Ontario)*, RSO 1990, c S.5 and comparable statutes enacted by other provinces of Canada, the CSE Policies 1-10 and other rules, regulations and policies of the Canadian Securities Exchange (collectively, the "**Securities Provisions**"), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of the Applicants failing to make any Securities Filings required by the Securities Provisions.

46. **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of the Applicants nor the Monitor shall have any personal liability for any failure by the Applicants to make any Securities Filings required by the Securities Provisions.

SERVICE AND NOTICE

47. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in Globe & Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five business days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against any of the Applicants of more than $1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

48. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at https://www.ontariocourts.ca/scj/practice/practice-directions/toronto/commercial/ shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: https://ey.com/ca/flowr.

49. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the respective Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

50. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

51. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

52. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere, 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. 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, 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.

53. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is 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 that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

54. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

55. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

56. **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.

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 THE FLOWR CORPORATION, THE FLOWR CANADA HOLDINGS ULC, THE FLOWR GROUP (OKANAGAN) INC., AND TERRACE GLOBAL INC. (collectively, the "**Applicants**")

Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at Toronto

INITIAL ORDER

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Lawyers for the Applicants

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TAB 5

~~Revised: January 21, 2014~~

Court File No. ———

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE ——— MR.	)	~~WEEKDAY, THE #~~
JUSTICE ——— CAVANAGH	)	THURSDAY, THE 20TH
	)	DAY OF ~~MONTH, 20YR~~OCTOBER, 2022

IN THE MATTER OF THE ~~*COMPANIES'*~~*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 ~~[APPLICANT'S NAME] (~~THE FLOWR CORPORATION, THE FLOWR CANADA HOLDINGS ULC, THE FLOWR GROUP (OKANAGAN) INC., AND TERRACE GLOBAL INC. (collectively, the ~~"Applicant")~~"**Applicants**")

INITIAL ORDER

THIS APPLICATION, made by the ~~Applicant,~~Applicants pursuant to the ~~*Companies'*~~*Companies' Creditors Arrangement Act*, R.S.C. 1985, and c. C-36, as amended (the ~~"~~"**CCAA**~~")~~") was heard this day ~~at 330 University Avenue, Toronto, Ontario~~by Zoom video conference.

ON READING the affidavit of ~~[NAME]~~Darren Karasiuk sworn ~~[DATE]~~October 20, 2022 and the Exhibits thereto (the "**Karasiuk Affidavit**"), and the pre-filing report of Ernst & Young Inc., in its capacity as proposed monitor of the Applicants ("**Monitor**"), dated October 20, 2022, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for

~~[NAMES],~~Applicants and counsel for the Monitor, no one appearing for ~~[NAME][1]~~any other party although duly served as appears from the affidavit of service of ~~[NAME] sworn [DATE]~~Alina Stoica dated October 20, 2022, filed, and on reading the consent of ~~[MONITOR'S NAME]~~Ernst & Young Inc. to act as the Monitor,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated~~[2]~~ so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the ~~Applicant is a company~~Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the ~~"~~“**Plan**~~").~~”).

~~[1] Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).~~

~~[2] If service is effected in a manner other than as authorized by the Ontario *Rules of Civil Procedure*, an order validating irregular service is required pursuant to Rule 16.08 of the *Rules of Civil Procedure* and may be granted in appropriate circumstances.~~

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall remain in possession and control of ~~its~~their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the ~~"~~“**Property**~~").~~”). Subject to further Order of this Court, the ~~Applicant~~Applicants shall continue to carry on business in a manner consistent with the preservation of ~~its~~their business (the ~~"~~“**Business**~~")~~”) and Property. The ~~Applicant is~~Applicants are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively ~~"~~“**Assistants**~~")~~”) currently retained or employed by ~~it~~them, with liberty to retain such further Assistants as ~~it deems~~they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. ~~[~~**THIS COURT ORDERS** that the ~~Applicant~~Applicants shall be entitled to continue to utilize the ~~central~~banking and cash management system~~[3]~~ currently in place as described in the Karasiuk Affidavit ~~of [NAME] sworn [DATE]~~ or replace it with another substantially similar central cash management system (the ~~"~~“**Cash Management System**~~")~~”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the ~~Applicant~~Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any

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~~[3] This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash.~~

liability in respect thereof to any Person (as hereinafter defined) other than the ~~Applicant~~Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System~~.~~].

6. **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall be entitled but not required to pay the following expenses, whether incurred prior to or after the date of this Order:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;~~ and~~

(b) the fees and disbursements of any Assistants retained or employed by the ~~Applicant~~Applicants in respect of these proceedings, at their standard rates and charges~~.~~; and

(c) any taxes, duties, or other payments required under the Cannabis Legislation (as defined below).

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the ~~Applicant~~Applicants shall be entitled but not required to pay all reasonable expenses incurred by the ~~Applicant~~Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the ~~Applicant~~Applicants following the date of this Order.

8. **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from ~~employees'~~employees’ wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, ~~(iii) Quebec Pension Plan,~~ and (~~iv~~iii) income taxes;

(b) all goods and services, or other applicable sales taxes (collectively, ~~"~~“**Sales Taxes**~~")~~”) required to be remitted by the ~~Applicant~~Applicants in connection with the sale of goods and services by the ~~Applicant~~Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the ~~Applicant~~Applicants.

9. **THIS COURT ORDERS** that until a real property lease is disclaimed ~~**[or resiliated]**~~[4] in accordance with the CCAA, the ~~Applicant~~Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the ~~Applicant~~Applicants and the landlord from time to time ~~("~~(“**Rent**~~"),~~”), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

10. **THIS COURT ORDERS** that, except as specifically permitted herein, the ~~Applicant is~~Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the ~~Applicant~~Applicants to any of ~~its~~their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of ~~its~~their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

~~[4] The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

RESTRUCTURING

11. **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

(a) permanently or temporarily cease, downsize or shut down any of ~~its~~their business or operations~~, [~~ and to dispose of redundant or non-material assets not exceeding ~~$●~~$50,000 in any one transaction or ~~$●~~$250,000 in the aggregate~~]~~[5];

(b) ~~[~~terminate the employment of such of ~~**its**~~their employees or temporarily lay off such of ~~**its**~~their employees as ~~**it deems**~~they deem appropriate~~]~~; and

(c) pursue all avenues of refinancing of ~~its~~their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the ~~Applicant~~Applicants to proceed with an orderly restructuring of the Business (the ~~"~~"**Restructuring**~~").~~").

~~12. THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court~~

~~[5] Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

~~upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims **[or resiliates]** the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer **[or resiliation]** of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.~~

~~13. THIS COURT ORDERS that if a notice of disclaimer **[or resiliation]** is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer **[or resiliation]**, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer **[or resiliation]**, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.~~

NO PROCEEDINGS AGAINST THE ~~APPLICANT~~APPLICANTS OR THE PROPERTY

~~14.~~12. **THIS COURT ORDERS** that until and including ~~[DATE – MAX.~~October 30~~ DAYS]~~, 2022, or such later date as this Court may order (the ~~"~~"**Stay Period**~~"),~~"), no proceeding or enforcement process in any court or tribunal (each, a ~~"~~"**Proceeding**~~")~~") shall be commenced or continued against or in respect of the ~~Applicant~~Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the ~~Applicant~~Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the ~~Applicant~~Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

~~15.~~13. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being ~~"~~"**Persons**~~"~~" and each being a ~~"~~"**Person**~~")~~") against or in respect of the ~~Applicant~~Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the ~~Applicant~~Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the ~~Applicant~~Applicants to carry on any business which the ~~Applicant is~~ Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

~~16.~~14. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, licence or permit in favour of or held by the ~~Applicant~~Applicants, except with the written consent of the ~~Applicant~~Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

~~17.~~15. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the ~~Applicant~~Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the ~~Applicant~~Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the ~~Applicant~~Applicants, and that the ~~Applicant~~Applicants shall be entitled to the continued use of ~~its~~their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the ~~Applicant~~Applicants in accordance with normal payment practices of the ~~Applicant~~Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the ~~Applicant~~Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

~~18.~~16. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the ~~Applicant~~Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.~~[6]~~

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

~~19.~~17. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the ~~Applicant~~Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the ~~Applicant~~Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the ~~Applicant~~Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the ~~Applicant~~Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

~~20.~~18. **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall indemnify ~~its~~their directors and officers against obligations and liabilities that they may incur as directors or officers of the ~~Applicant~~Applicants after the commencement of the within proceedings,~~[7]~~ except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the ~~director's~~director's or ~~officer's~~officer's gross negligence or wilful misconduct.

~~21.~~19. **THIS COURT ORDERS** that the directors and officers of the ~~Applicant~~Applicants shall be entitled to the benefit of and are hereby granted a charge (the ~~"~~"**Directors' Charge**~~")~~[8]") on the Property, which charge shall not exceed an aggregate amount of ~~$●,~~$600,000, as security for

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~~[6] This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

~~[7] The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

the indemnity provided in paragraph ~~[20]~~18 of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~[38]~~38 and ~~[40]~~40 herein.

~~22.~~20. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the ~~Directors'~~Directors' Charge, and (b) the ~~Applicant's~~Applicants' directors and officers shall only be entitled to the benefit of the ~~Directors'~~Directors' Charge to the extent that they do not have coverage under any ~~directors'~~directors' and ~~officers'~~officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~[20]~~18 of this Order.

APPOINTMENT OF MONITOR

~~23.~~21. **THIS COURT ORDERS** that ~~[MONITOR'S NAME]~~Ernst & Young Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the ~~Applicant~~Applicants with the powers and obligations set out in the CCAA or set forth herein and that the ~~Applicant~~Applicants and ~~its~~their respective shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the ~~Applicant~~Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the ~~Monitor's~~Monitor's functions.

~~[8] Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

~~24.~~22. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the ~~Applicant's~~Applicants' receipts and disbursements;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(c) assist the ~~Applicant~~Applicants, to the extent required by the ~~Applicant~~Applicants, in ~~its~~their dissemination~~,~~ to the DIP Lender and its counsel ~~on a [TIME INTERVAL] basis~~ of financial and other information as agreed to between the ~~Applicant~~Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;

(d) advise the ~~Applicant~~Applicants in ~~its~~their preparation of the ~~Applicant's~~Applicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis~~, but not less than [TIME INTERVAL], or as otherwise~~ as agreed to by the DIP Lender;

~~(e) advise the Applicant in its development of the Plan and any amendments to the Plan;~~

~~(f) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;~~

~~(g)~~(e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the ~~Applicant~~Applicants, to the extent that is necessary to adequately assess the

~~Applicant's~~Applicants' business and financial affairs or to perform its duties arising under this Order;

~~(h)~~(f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; ~~and~~

(g) to the extent required, hold the right, title and interest of the Akanda Shares (as defined in the Karasiuk Affidavit) pursuant to the terms and conditions of a trust agreement to be negotiated and agreed to by the relevant parties; and

~~(i)~~(h) perform such other duties as are required by this Order or by this Court from time to time.

~~25.~~23. **THIS COURT ORDERS** that the Monitor shall not ~~take possession~~occupy or take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of (or be deemed to take Possession of), or exercise (or be deemed to have exercised) any rights of control over any activities in respect of, the Property, or any assets, properties or undertakings of any of the Applicants', or the direct or indirect subsidiaries or affiliates of any of the Applicants', including any joint venture entities, for which a permit or license is issued or required pursuant to any provision of any federal, provincial, or other law respecting, among other things, the manufacturing, possession, processing, and distribution of cannabis or cannabis products including, without limitation, under the *Cannabis Act*, S.C. 2018, c. 16, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, the *Excise Tax Act*, R.S.C. 1985, c. E. 15, *Excise Act, 2001*, S.C. 2002, c.22 the British Columbia *Cannabis Control and Licensing Act*, S.B.C. 2018, c. 29, the British Columbia *Cannabis Distribution Act*, S.B.C. 2018, c. 28, the Ontario *Cannabis*

Control Act, 2017, S.O. 2017, c. 26, Sched. 1, [*Ontario Cannabis Retail Corporation Act*, 2017, S.O. 2017, c. 26], the *Cannabis License Act, 2018*, S.O. 2018, c. 12, or other such applicable federal or provincial legislation (collectively, the "**Cannabis Legislation**") and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof~~.~~, and nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

~~26.~~24. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to ~~occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession")~~take Possession of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act*, the *Fisheries Act*, the British Columbia *Environmental Management Act*, the British Columbia *Fish Protection Act* and regulations thereunder (collectively, the ~~"~~"**Environmental Legislation**~~"),~~"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the ~~Monitor's~~Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

~~27.~~25. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the ~~Applicant~~Applicants and the DIP Lender with information provided by the ~~Applicant~~Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the ~~Applicant~~Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the ~~Applicant~~Applicants may agree.

~~28.~~26. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

~~29.~~27. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the ~~Applicant~~Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to, the date of this Order by the ~~Applicant~~Applicants as part of the costs of these proceedings. The ~~Applicant is~~Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the ~~Applicant on a [TIME INTERVAL] basis and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amount[s] of $● [, respectively,] to be held by them as security for payment of their respective fees and disbursements outstanding from time to time~~Applicants on a weekly basis.

~~30.~~28. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

~~31.~~29. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, if any, and the ~~Applicant's~~Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the ~~"~~"**Administration Charge**~~")~~") on the Property, which charge shall not exceed an aggregate amount of ~~$●,~~ $350,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs ~~**[38]**~~38 and ~~**[40]**~~40 hereof.

DIP FINANCING

~~32.~~30. **THIS COURT ORDERS** that the ~~Applicant is~~Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from ~~[DIP LENDER'S NAME]~~1000343100 Ontario Inc. (the ~~"~~"**DIP Lender**~~")~~") in order to finance the ~~Applicant's~~Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed ~~$●~~$500,000 (plus interest, fees and expenses in accordance with the Commitment Letter (as defined below)) unless permitted by further Order of this Court.

~~33.~~31. **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the ~~Applicant~~Applicants and the DIP Lender dated as of ~~[DATE]~~October 20, 2022 (the ~~"~~"**Commitment Letter**~~"),~~"), filed.

~~34.~~32. **THIS COURT ORDERS** that the ~~Applicant is~~Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, with the ~~"~~"Commitment Letter, the "**Definitive Documents**~~"),~~"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the ~~Applicant is~~Applicants are hereby authorized and directed to pay and perform all of ~~its~~their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

~~35.~~33. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the ~~"~~"**DIP Lender's Charge**~~")~~") on the Property, which DIP ~~Lender's~~Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs ~~**[38]**~~38 and ~~**[40]**~~40 hereof.

~~36.~~34. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;

(b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon ~~● days~~five (5) business days' written notice to the ~~Applicant~~Applicants and the Monitor, may exercise any and all of its rights and remedies against the ~~Applicant~~Applicants or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the ~~Applicant~~Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the ~~Applicant~~Applicants against the obligations of the ~~Applicant~~Applicants to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the ~~Applicant~~Applicants and for the appointment of a trustee in bankruptcy of the ~~Applicant~~Applicants; and

(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the ~~Applicant~~Applicants or the Property.

~~37.~~35. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the ~~Applicant~~Applicants under the CCAA, or any proposal filed by the ~~Applicant~~Applicants under the *Bankruptcy and Insolvency Act* of Canada (the ~~"~~"**BIA**~~"),~~"), with respect to any advances made under the Definitive Documents.

36. **THIS COURT ORDERS** that nothing herein contained shall require or deem the DIP Lender to take Possession of, or exercise any rights of control over any activities in respect of, any of the Property or the property of any direct or indirect subsidiaries or affiliates of any of the Applicants, including any joint venture entities, that is or may be: (i) subject to any Cannabis Legislation; or (ii) environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any Environmental Legislation.

37. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the DIP Lender under this Order, any other Order of the Court (whether made pursuant to these proceedings or otherwise), or at law, the DIP Lender shall incur no liability or obligation as a result of carrying out the provisions of this Order, including under any Cannabis Legislation, save and except for any gross negligence or willful misconduct on its part.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

38. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows~~[9]~~:

First – Administration Charge (to the maximum amount of ~~$●);~~$350,000);

Second – DIP Lender's Charge; and

Third – Directors' Charge (to the maximum amount of ~~$●).~~$600,000).

39. **THIS COURT ORDERS** that the filing, registration or perfection of the Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the ~~"~~"**Charges**~~")~~") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

~~[9] The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

40. **THIS COURT ORDERS** that each of the Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, ~~"~~"**Encumbrances**~~")~~") in favour of any Person.

41. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the ~~Applicant~~Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge~~Charges, unless the ~~Applicant~~Applicants also ~~obtains~~obtain the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

42. **THIS COURT ORDERS** that the Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the ~~"~~"**Chargees**~~")~~") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively,

an ~~"~~“**Agreement**~~")~~”) which binds the ~~Applicant~~Applicants, and notwithstanding any provision to the contrary in any Agreement:

(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by any of the ~~Applicant~~Applicants of any Agreement to which it is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the ~~Applicant~~Applicants entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and

(c) the payments made by the ~~Applicant~~Applicants pursuant to this Order, the Commitment Letter or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

43. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the ~~Applicant's~~Applicants’ interest in such real property leases.

RELIEF FROM REPORTING OBLIGATIONS

44. **THIS COURT ORDERS** that none of the directors, officers, employees, or other representatives of the Applicants, nor the Monitor (and their respective directors, officers, employees or representatives) shall have any personal liability for the Applicants failure to file

annual information forms, annual and quarterly management discussion and analysis, annual and quarterly financial statements (including related audits, reports, and certifications) for the Stay Period, which period may be extended pursuant to further Order of the Court. Notwithstanding the foregoing, the Applicants shall continue to advise the appropriate regulators of material updates in this proceeding.

45. **THIS COURT ORDERS** that the decision by the Applicants to incur no further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the "**Securities Filings**") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act (Ontario)*, RSO 1990, c S.5 and comparable statutes enacted by other provinces of Canada, the CSE Policies 1-10 and other rules, regulations and policies of the Canadian Securities Exchange (collectively, the "**Securities Provisions**"), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of the Applicants failing to make any Securities Filings required by the Securities Provisions.

46. **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of the Applicants nor the Monitor shall have any personal liability for any failure by the Applicants to make any Securities Filings required by the Securities Provisions.

SERVICE AND NOTICE

~~44.~~47. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in ~~[newspapers specified by the Court]~~Globe & Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five business days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against any of the ~~Applicant~~Applicants of more than $1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

~~45.~~48. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at ~~http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/)~~ https://www.ontariocourts.ca/scj/practice/practice-directions/toronto/commercial/ shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL ~~‘<@>’.~~: https://ey.com/ca/flowr.

~~46.~~49. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the ~~Applicant~~Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the ~~Applicant's~~Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the respective Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

~~47.~~50. **THIS COURT ORDERS** that the ~~Applicant~~Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of ~~its~~their powers and duties hereunder.

~~48.~~51. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the ~~Applicant~~Applicants, the Business or the Property.

~~49.~~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 elsewhere, to give effect to this Order and to assist the ~~Applicant~~Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the ~~Applicant~~Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the ~~Applicant~~Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

~~50.~~53. **THIS COURT ORDERS** that each of the ~~Applicant~~Applicants and the Monitor be at liberty and is 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 that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

~~51.~~54. **THIS COURT ORDERS** that any interested party (including the ~~Applicant~~Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) ~~days~~days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

~~52.~~55. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

56. **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.

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 THE FLOWR CORPORATION, THE FLOWR CANADA HOLDINGS ULC, THE FLOWR GROUP (OKANAGAN) INC., AND TERRACE GLOBAL INC. (collectively, the "**Applicants**")

~~Revised: January 21, 2014~~

Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at Toronto

INITIAL ORDER

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AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF THE FLOWR CORPORATION, THE FLOWR CANADA HOLDINGS ULC, THE FLOWR GROUP (OKANAGAN) INC., AND TERRACE GLOBAL INC. (collectively, the "**Applicants**")

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