

CREDIT AGREEMENT

Dated as of December 18, 2019

GREENWAY GREENHOUSE CANNABIS CORPORATION
as Borrower

- and -

CARL MASTRONARDI and JAMIE D'ALIMONTE
as Personal Guarantors

- and -

**BANK OF MONTREAL AND SUCH OTHER LENDERS AS MAY BECOME PARTIES
HERETO FROM TIME TO TIME**
as Lenders

- and -

BANK OF MONTREAL
as Administrative Agent, Sole Arranger and Sole Bookrunner



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THIS CREDIT AGREEMENT dated as of December 19, 2019.

AMONG:

GREENWAY GREENHOUSE CANNABIS CORPORATON, a corporation existing under the laws of the Province of Ontario, as Borrower

- and -

CARL MASTRONARDI, as a Personal Guarantor

- and -

JAMIE D'ALIMONTE, as a Personal Guarantor

- and -

BANK OF MONTREAL and SUCH OTHER LENDERS AS MAY BECOME PARTIES HERETO FROM TIME TO TIME, as Lenders

- and -

BANK OF MONTREAL, as Administrative Agent, Sole arranger and Sole Bookrunner

WHEREAS the Borrower has requested that the Lenders provide the Term Facility contemplated herein for the purposes set forth herein;

THIS CREDIT AGREEMENT WITNESSES that, for valuable consideration (the receipt and sufficiency of which are acknowledged by each of the parties to this Agreement) the parties to this Agreement agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, the words and phrases set out in the CBA Model Provisions (as defined below) shall have the respective meanings set forth therein. In addition, the following words and phrases used in this Agreement, in its schedules or in any agreement supplemental or ancillary to this Agreement shall have the respective meanings set out below:

“Acceleration Date” means the earlier of: (i) the occurrence of an Insolvency Event, and (ii) the delivery by the Agent to the Borrower of a written notice that the Obligations are immediately due and payable, following the occurrence and during the continuation of an Event of Default other than an Insolvency Event.

“Account Debtor” means, as to any Person, any other Person who is or may become obligated to such Person under, with respect to, or on account of, a Receivable.

“Accountants” means (i) Deloitte LLP, or (ii) any other firm of chartered accountants nationally recognized in Canada, as the Borrower may designate from time to time as its accountants.

“Acquisition” means, with respect to any Obligor, any investment in or purchase or other acquisition of: (i) some or all of the Equity Securities of any other Person, (ii) all or substantially all of the property or assets of any other Person, or constituting all or a material part of a business unit, division or line of business of such other Person, or (iii) an acquisition of real or personal property not described in (ii) above.

“Additional Accommodation” has the meaning specified in Section 10.4.1.

“Advance” means any Loan or Letter of Credit made, deemed made, accepted, purchased, or issued as the case may be, by the Lenders or, where so indicated, by an individual Lender, under a Credit Facility or any combination thereof, and “type” of Advance shall refer to whether any particular Advance is a Cdn. Prime Based Loan, a Bankers’ Acceptance or a BA Equivalent Loan. The term **“Advance”** also include any Conversion of an Advance.

“Affiliate” shall have the meaning specified in the CBA Model Provisions and **“Affiliated”** shall have an analogous meaning.

“Agent” means BMO in its capacity as administrative agent under the Loan Documents or such other financial institution as may be appointed as the successor Agent in the manner and to the extent described in the CBA Model Provisions; provided however that any reference herein to “the Agent for its own account” (or where the Agent is acting for its own account) in connection with any action or matter shall mean that in connection with such action or matter the Agent is not acting as agent for or on behalf of the Lenders but, instead, shall mean BMO acting in its capacity as Lender only.

“Agent’s Account” means the accounts maintained by the Agent to which payments and transfers under this Agreement are to be effected (as the Agent may from time to time designate in writing to the Lenders).

“Agent’s Payment Branch” means in respect of the Borrower, the office of the Agent at 250 Yonge Street, 11th Floor, Toronto, Ontario, M5B 2L7, or such other offices as the Agent may from time to time designate in writing to the Borrower.

“Agreement” means this credit agreement (including the schedules attached hereto) as same may be amended, replaced, supplemented, restated or otherwise modified from time to time.

“Annual Business Plan” means the annual business plan prepared by or on behalf of the Obligors for each Fiscal Year containing:

- (a) combined and consolidated detailed financial projections and budgets of the Borrower and unconsolidated detailed financial projections and budgets of each Obligor, each on a quarter to quarter basis, for the following Fiscal Year, in each case consisting of (i) a combined and consolidated balance sheet, statement of income, statement of retained earnings and a cash flow statement showing the projected results of the Borrower, and (ii) an unconsolidated balance sheet, statement of income, statement of retained earnings and a cash flow statement showing the projected results of each Obligor for each Fiscal Quarter of the following Fiscal Year. Such projections and budgets shall include a statement of changes in financial position, projected tax liabilities, major assumptions made and projected financial covenant calculations for each Fiscal Quarter for the Borrower on a combined and consolidated basis (such financial covenants set out in Section 12.3); and
- (b) combined and consolidated detailed financial projections and budgets of the Borrower and unconsolidated detailed financial projections and budgets of each Obligor for the following Fiscal Year in respect of proposed Acquisitions, expansion, Capital Expenditures and proposed financing for such expenditures.

“Anti-Corruption Law” means any law, rule or regulation of any jurisdiction concerning or relating to bribery or corruption that are applicable to any Obligor or any Subsidiary or Affiliate or any Personal Guarantor.

“Anti-Terrorism Laws” means any federal, state, provincial, territorial or local laws relating to terrorism or money laundering, including, without limiting the generality of the foregoing, Executive Order No. 13224, the USA Patriot Act, the *US Trading with the Enemy Act* and each of the foreign assets control regulations of the United States Treasury Department and any other enabling legislation or executive order relating thereto, the laws comprising or implementing the *Bank Secrecy Act*, and the laws administered by the United States Treasury Department’s Office of Foreign Asset Control, the *Criminal Code* (Canada), and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (as any of the foregoing laws may from time to time be amended, renewed, extended, or replaced), in each case to the extent that such laws relate to terrorism or money laundering.

“Applicable Law” shall have the meaning specified in the CBA Model Provisions.

“Applicable Margin” means, in respect of any Advance, the percentage per annum in the column relating to such Advance in the pricing grid set out in Schedule A.

“Approved Cannabis Jurisdiction” means Canada and such other jurisdiction as may be approved by the Required Lenders in writing. The Required Lenders in their sole discretion from time to time may revoke the designation of any jurisdiction as an Approved Cannabis Jurisdiction by written notice to the Borrower if at the time of such revocation such jurisdiction has ceased to be a Cannabis Jurisdiction.

“Approved Currency” means, in respect of any Approved Cannabis Jurisdiction, the legal tender of such Approved Cannabis Jurisdiction.

“ASPE” means generally accepted accounting principles for private enterprises in effect in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants, as the same are generally applied to corporations carrying on the type of business carried on by Companies, and consistently applied as of the date of determination and shall include whatever accounting standards and interpretations thereof, adopted by the Canadian Institute of Chartered Accountants, the International Accounting Standards Board or other governing body, which the Borrower may be required or may elect to observe.

“Asset Disposition” means a sale, transfer, lease, sale and leaseback, conveyance or other disposition of any property or other assets of any nature or kind by an Obligor, through one or a series of related transactions of that type.

“Assignment and Assumption” shall have the meaning specified in the CBA Model Provisions.

“Authorization” means, with respect to any Person, any authorization, order, permit, quota, approval, grant, licence, consent, right, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decree, by-law, rule or regulation of any Governmental Authority having jurisdiction over such Person, whether or not having the force of law.

“BA Discount Proceeds” means, with respect to any Bankers’ Acceptance to be accepted by a Lender on any day, an amount (rounded to the nearest whole cent and with one-half of one cent being rounded up), calculated on the applicable Borrowing Date by multiplying:

- (a) the aggregate face amount of such Bankers’ Acceptances; by
- (b) the price, where the price is determined by dividing one by the sum of one plus the product of:

- (i) the BA Discount Rate which is applicable to such Bankers' Acceptance (expressed as a decimal); and
- (ii) a fraction, the numerator of which is the number of days remaining in the term of such Bankers' Acceptances and the denominator of which is 365;

with the price as so determined being rounded up or down to the fifth decimal place and .000005 being rounded up.

"BA Discount Rate" means:

- (a) with respect to an issue of Bankers' Acceptances to be accepted by a Schedule I Lender hereunder, the discount rate per annum equal to the CDOR Rate, as determined by the Agent, for bankers' acceptances having a comparable face value and maturity date to the face value and maturity date of such issue of Bankers' Acceptances; and
- (b) with respect to an issue of Bankers' Acceptances to be accepted by a Schedule II Lender or III Lender hereunder, the lesser of (i) the discount rate per annum of such Schedule II Lender or Schedule III Lender determined in accordance with its normal practices and notified to the Agent at or about 10:00 a.m. (Toronto time) on the date of issue and acceptance of such issue of Bankers' Acceptances, for bankers' acceptances having a comparable face value and maturity date to the face value and maturity date of such issue of Bankers' Acceptances, and (ii) the BA Discount Rate with respect to an issue of Bankers' Acceptances with a comparable face value and maturity date to be accepted by a Schedule I Lender hereunder plus 0.1% per annum,

provided that notwithstanding anything herein contained, in no circumstances shall the BA Discount Rate be less than zero.

"BA Equivalent Loan" means an Advance in Canadian Dollars made by a Non-BA Lender to the Borrower in respect of which the Borrower has issued a BA Equivalent Note.

"BA Equivalent Note" means a promissory note payable by the Borrower to a Non-BA Lender.

"BA Lender" means any Lender which is a bank named on Schedule I Lender, Schedule II Lender or Schedule III Lender and which stamps and accepts drafts for Bankers' Acceptances.

"Bankers' Acceptance" means a bill of exchange, draft or a blank non-interest bearing depository bill (as defined in the *Depository Bills and Notes Act* (Canada)) drawn by or on behalf of the Borrower and accepted by a BA Lender in accordance with Article 8, in respect of which the Borrower becomes obligated to pay the face amount thereof to the holder (which may be a third party or such BA Lender) upon maturity, and where the context permits, includes BA Equivalent Notes.

"BIA" means the *Bankruptcy and Insolvency Act* (Canada), as may be amended from time to time.

"BMO" means Bank of Montreal and its successors and assigns.

"Borrower" means Greenway Greenhouse Cannabis Corporation and its permitted successors (by amalgamation or otherwise) and permitted assigns.

"Business" means the business of cultivating cannabis products, pending relevant licenses, and distributing them through supply agreements or other available, legal channels.

“Business Day” means (i) in respect of any Loan denominated in Canadian Dollars, any day, other than a Saturday or Sunday, on which Canadian chartered banks are open for domestic and foreign exchange business in Toronto, Canada, and (ii) in respect of any Loan denominated in U.S. Dollars, any day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario and New York, New York.

“Canadian Benefit Plan” means any plan, fund, program or policy, whether oral or written, formal or informal, funded or unfunded, insured or uninsured, providing employee benefits, including medical, hospital care, dental, sickness, accident, disability, life insurance, pension, retirement or savings benefits, maternity or parental benefits, supplemental unemployment benefits, bonus, profit sharing, executive compensation, current or deferred compensation, incentive compensation, stock compensation, stock purchase, stock option, stock appreciation or phantom stock option, under which any Obligor has any liability with respect to any employee or former employee who works or worked, as the case may be, in Canada, but excluding any Canadian Pension Plan.

“Canadian Dollars” or **“\$”** or **“Cdn \$”** means the lawful money of Canada.

“Canadian Pension Plan” means each pension plan required to be registered under Canadian federal or provincial law that is maintained or contributed to by any Obligor for its employees or former employees, but does not include the Canada Pension Plan or the Quebec Pension Plan as maintained by the Government of Canada or the Province of Quebec.

“Cannabis Activities” means any activities (including advertising or promotional activities) relating to or in connection with the possession, exportation, importation, cultivation, production, processing, purchase, distribution or sale of Cannabis or Cannabis products, whether such activities are for medical, scientific, recreational or any other purpose. Notwithstanding the foregoing, the acquisition of assets or property or the use of services to facilitate such activities which are acquired or used in accordance with all Applicable Laws shall not constitute “Cannabis Activities”.

“Cannabis Jurisdiction” means a country in which applicable laws permit any Cannabis Activities.

“Cannabis Operation” has the meaning provided in Section 3.1.1.

“Capital Expenditures” means, for any period, all expenditures which are considered to be in respect of the purchase or acquisition of capital assets in accordance with GAAP, including the acquisition or improvement of quotas, real property, plant, machinery or equipment, whether fixed or removable and any payments under Capital Leases; provided that the term **“Capital Expenditures”** shall exclude expenditures made in connection with the replacement, substitution or restoration of assets to the extent financed from insurance proceeds paid on account of the loss of or damage to the assets being replaced or restored.

“Capital Leases” means, in respect of any Person, all agreements for the lease, rental or licence of real or personal property by such Person as lessee that in accordance with GAAP are required to be classified and accounted for as capital leases.

“Capitalized Lease Obligations” means, in respect of any Person, any obligation of such Person, as lessee, under or pursuant to Capital Leases.

“Cash Collateral” means cash or any Cash Equivalent acceptable to the Agent in its sole discretion.

“Cash Equivalents” means:

- (a) marketable direct obligations issued by, or unconditionally guaranteed by, the Canadian Government or the United States Government, as the case may be, or issued by any agency thereof and backed by the full faith and credit of Canada or the United States, as the case may be, in each case maturing within one year from the date of acquisition; or
- (b) term deposits, certificates of deposit or overnight bank deposits having maturities of twelve months or less from the date of acquisition issued by any Lender, any bank listed on Schedule I to the *Bank Act* (Canada) or by any commercial bank organized under the laws of Canada or the United States of America or any state thereof having combined capital and surplus of not less than \$500,000,000 or the Equivalent Amount in any other currency.

“Cash Taxes” means, in respect of any fiscal period, amounts actually paid by a Person in such fiscal period in respect of income and capital taxes (whether relating to such fiscal period or any other fiscal period).

“CBA Model Provisions” means the model credit agreement provisions set out in Schedule B, which have been revised under the direction of the Canadian Bankers’ Association Secondary Loan Market Specialist Group from provisions prepared by The Loan Syndications and Trading Association, Inc.

“Cdn. Prime Based Loan” means a loan made by a Lender to the Borrower in Canadian Dollars in respect of which interest is determined by reference to the Prime Rate.

“CDOR Rate” means on any day the annual discount rate determined as being the average of the quotations of all institutions listed for Canadian Dollar bankers’ acceptances for the relevant period displayed and identified as such on the “Reuters Screen CDOR Page” (as defined in the International Swap Dealer Association, Inc. definitions, as modified and amended from time to time) as of 10:00 A.M. Toronto, Ontario local time on such day and, if such day is not a Business Day, then on the immediately preceding Business Day (as adjusted by the Agent after 10:00 A.M. Toronto, Ontario local time to reflect any error in a posted discount or in the posted average annual discount rate with notice of such adjustment in reasonable detail evidencing the basis for such determination being concurrently provided to the Borrower). If such rates are not available on the Reuters Screen CDOR Page on any particular day, then the CDOR Rate on that day shall be the rate applicable to Canadian Dollar bankers’ acceptances for the relevant period and for comparable face amounts publicly quoted for customers in Canada by Bank of Montreal as of 10:00 A.M. Toronto, Ontario local time on such day; or if such day is not a Business Day, then on the immediately preceding Business Day. Notwithstanding anything herein contained, in no circumstances shall the CDOR Rate be less than zero.

“Change in Control” means a change of ownership, directly or indirectly, beneficially or of record, by any person or group of persons acting jointly or otherwise in concert, of equity securities representing more than 20% of the aggregate ordinary voting power represented by the issued and outstanding equity securities.

“Closing Date” means December 19, 2019 or such other date as may be agreed upon by the Borrower and the Agent.

“Collateral” means all property, assets and undertaking (whether real or personal, tangible or intangible, moveable or immovable, rights or privileges), now owned or hereafter owned or acquired, of the Obligors subject to the Lien granted by any of the Security Documents together with all proceeds of the foregoing.

“Commitment” means, with respect to a particular Lender under the Term Facility or under all of the Term Facilities, the aggregate of the commitments of such Lender in respect of the Term Facility, as the case may

be, specified in the Register as such Lender's commitment under the Term Facility, as the same may be revised, adjusted or reduced from time to time pursuant to the terms of this Agreement.

"Compliance Certificate" means a completed certificate substantially in the form of Schedule C signed and delivered by a Senior Officer of the Borrower to the Agent.

"Contingent Obligations" means, as to any Person, any direct or indirect liability, contingent or otherwise, of that Person: (a) with respect to any Indebtedness, lease, dividend or other obligation of another Person if the primary purpose or intent of the Person incurring such liability, or the primary effect thereof, is to provide assurance to the obligee of such liability that such liability will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such liability will be protected (in whole or in part) against loss with respect thereto; (b) with respect to any letter of credit issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings; (c) under any Hedging Agreements; (d) to make take-or-pay or similar payments if required regardless of non-performance by any other party or parties to an agreement; or (e) for the obligations of another Person through any agreement to purchase, repurchase or otherwise acquire such obligation or any Property constituting security therefor, to provide funds for the payment or discharge of such obligation or to maintain the solvency, financial condition or any balance sheet item or level of income of another Person. The amount of any Contingent Obligation shall be equal to the amount of the obligation so guaranteed or otherwise supported or, if not a fixed and determined amount, the maximum amount so guaranteed or supported.

"Control" has the meaning specified in the CBA Model Provisions, and **"Controlling"** and **"Controlled"** shall have an analogous meaning.

"Conversion" means the conversion of one type of Advance into another type of Advance, and such conversion shall not constitute or be construed as a new Advance.

"Conversion Date" means the date which is June 30, 2021 or such other date as may be mutually agreed between the Agent, the Lenders and the Borrower; provided that all of the following conditions have been satisfied:

- (a) no Default or Event of Default shall have occurred and be continuing; and
- (b) the Borrower shall be in compliance with all terms and conditions of the definitive loan documents, including all financial covenants which apply after the Conversion Date, and the Borrower shall have provided a compliance certificate to the Agent and the Lenders confirming such compliance.

"Conversion Notice" means a completed notice substantially in the form of Schedule D signed and delivered by a Senior Officer of the Borrower to the Agent for the purposes of requesting a Conversion and specifying the requested Conversion date.

"Corporate Guarantors" means, collectively,

- (a) RealCo;
- (b) any other present or future direct or indirect Subsidiary of an Obligor which becomes a Corporate Guarantor pursuant to Section 12.1.16; and
- (c) any other Person that, with the prior written consent of all the Lenders, at any time in the future guarantees any of the Obligations pursuant to a Guarantee or other guarantee agreement and grants security in support thereof, all in form and substance satisfactory to the Agent,

and “**Corporate Guarantor**” means any one of them.

“**Default**” has the meaning specified in the CBA Model Provisions.

“**Demand**” means any written or electronic communication of demand for payment of all or any portion of the Obligations by the Agent upon the Borrower.

“**Distributable Cash**” means, for any date and for any four quarter Rolling Period ending on a Fiscal Year end, the EBITDA of the Borrower for such Rolling Period calculated on a combined and consolidated basis (excluding non-cash income and expenses and extraordinary and unusual non-recurring items, provided the same are approved by the Required Lenders) less, the aggregate (without duplication) of the following paid during such period:

- (a) Interest Expenses;
- (b) Scheduled principal payments on Funded Debt;
- (c) Cash Taxes;
- (d) Unfunded Capital Expenditures; and
- (e) other non-cash charges approved by the Required Lenders,

in each case to the extent such amounts were deducted in the calculation of Net Income for such period, all determined on a combined and consolidated basis and in accordance with GAAP.

“**Distribution**” means, with respect to any Person, the amount of (i) any dividend (other than a stock dividend on issued shares of such Person); (ii) the purchase, redemption or retirement price of any issued shares of such Person; (iii) the purchase, redemption or retirement price of any partnership units purchased, redeemed or retired of such Person; (iv) any distribution, payment, repayment, loan or advance of any nature or kind by (x) any such Person which is a partnership to one or more of its partners, and/or (y) any such Person which is a limited partnership to one or more of its limited partners and/or its general partner, as the case may be; (v) any salary, commission or other compensation, consulting fee, management fee or management bonus paid or payable to any director, officer, shareholder, partner or Affiliate of such Person or to any director, officer, shareholder or partner of any such Affiliate, in any case aforementioned, not dealing at arm’s length with such Person (other than payments of ordinary course salaries, commissions and similar remuneration and bonuses payable to any employee, director or officer of an Obligor in the ordinary course of business); (vi) any payment on account of any principal and interest on any loans or advances owing at any time by such Person to any of its directors, officers, shareholders, partners or Affiliates or to any director, officer, shareholder or partner of any such Affiliate; or (vii) any payment on account of any Subordinated Debt of any Obligor.

“**Drawdown Request**” means a completed notice in the form of Schedule E signed and delivered by a Senior Officer of the Borrower to the Agent for the purpose of requesting an Advance and specifying the requested Borrowing Date.

“**EBITDA**” means Earnings (as defined in the Borrower’s consolidated financial statements prepared in accordance with GAAP) before interest expense, income taxes, depreciation amortization and extraordinary/unusual non-recurring items (such latter items to be agreed upon by the Lenders for the respective period), and adjusted for the impact of transaction costs (to a limit agreed upon by the Lenders) and non-cash share-based compensation.

“**Eligible Assignee**” has the meaning specified in the CBA Model Provisions.

“**Equity Securities**” means, with respect to any Person, any and all shares, stock or units of, interests, membership interests, participations or rights in, or other equivalents (however designated and whether voting and non-voting) of, such Person’s capital, whether outstanding on the date hereof or issued after the date hereof, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, and any and all rights, warrants, debt securities, options or other rights exchangeable for or convertible into any of the foregoing.

“**Equivalent Amount**” means, in relation to an amount in one currency, the amount in another currency that could be purchased by the amount in the first currency determined by reference to the applicable Exchange Rate at the time of such determination.

“**Event of Default**” means an event specified Section 14.1.

“**Exchange Rate**” in connection with any amount of one currency to be converted into another currency pursuant to this Agreement for any reason, or vice-versa, means the daily average exchange rate quoted by the Bank of Canada (or, if not so quoted, the spot rate of exchange quoted for wholesale transactions by the Agent in Toronto, Ontario in accordance with its normal practice) at 4:30 P.M. on the Business Day preceding the day as of which any determination of such rate is required to be made under the terms hereof.

“**Excluded Taxes**” means, with respect to the Agent, any Lender, the Issuing Lender or any other recipient of any payment to be made by or on account of any obligation of any Obligor hereunder: (i) income, capital or franchise taxes imposed on (or measured by) its net income by the jurisdiction under the laws of which the recipient is resident or which are imposed by reason of the recipient being or having been incorporated in the jurisdiction imposing such income, capital or franchise taxes or by reason of the recipient having a permanent establishment or being otherwise engaged in the conduct of its business in such jurisdiction other than solely by reason of entering into this Agreement and enforcing its rights and receiving payments hereunder; and (ii) any branch profits taxes or any similar tax imposed on the recipient by reason of the recipient carrying on business (other than solely by reason of entering into this Agreement and enforcing its rights and receiving payments hereunder) or having a permanent establishment in the jurisdiction in which any Obligor is resident; and (iii) any Tax imposed pursuant to FATCA.

“**Failed Accommodation**” has the meaning specified in Section 10.4.1.

“**FATCA**” means Sections 1471 through 1474 of the U.S. Internal Revenue Code as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future United States Treasury regulations or other official administrative interpretations thereof.

“**Financial Statements**” means financial statements as at a specified date and for the period then ended and shall include a balance sheet, statement of earnings, statement of changes in shareholders’, partners’ or unitholders’ (as the case may be) equity, statement of cash flows and application of funds, together with comparative figures in each case (where a comparative period on an earlier statement exists), all prepared, maintained and stated on a consolidated basis, in accordance with GAAP applied consistently.

“**Fiscal Quarter**” means, in respect of any Person, the three (3) month period ending on the third, sixth, ninth and twelfth month in each Fiscal Year of that Person.

“**Fiscal Year**” means, in respect of any Person, the fiscal year of such Person.

“Fixed Charge Coverage Ratio” means the ratio of (a) EBITDA minus (i) cash taxes (ii) unfunded capital expenditures, and (iii) cash distributions to equity holders, divided by (b) debt service (defined as interest paid and scheduled principal payments on total debt on a trailing twelve (12) month basis with projected twelve (12) month debt service requirements until TTM twelve (12) month debt service requirements achieved).

“Funded Debt” means, without duplication and on a consolidated basis, at any time, in respect of any Obligor, obligations of such Person which are considered to constitute debt in accordance with GAAP, including (i) indebtedness for borrowed money which the principal bears interest (including Outstanding Advances), (ii) obligations under Guarantees and other Contingent Obligations, (iii) obligations under Hedging Agreements solely to the extent they have become due and payable, (iv) interest-bearing liabilities, (v) Purchase Money Obligations, (vi) indebtedness or obligations representing the deferred purchase price of property or service acquired by such Person, excluding any earn out payments, (vii) the net negative mark to market liability under all Hedging Agreements, (viii) capitalized interest, (ix) the redemption price of any securities issued by such Person having attributes substantially similar to debt (such as securities which are redeemable at the option of the holder, at a fixed date or at fixed intervals), (x) indemnity or reimbursement obligations to financial institutions which issued letters of credit or letters of guarantee, (xi) obligations under Bankers’ Acceptances, depository bills or depository notes, and (xii) capital and synthetic lease obligations, but excluding accounts payable, short term non-interest bearing liabilities, future or deferred income taxes (both current and long term) and Subordinated Debt.

“Funding Lenders” has the meaning specified in Section 10.4.1.

“GAAP” means except as otherwise expressly provided herein, all terms of accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time. All calculations of the components of financial information for the purposes of determining compliance with the financial ratios and financial covenants contained herein shall be made on a basis consistent with GAAP in existence as at the date of the definitive loan agreement and used in preparation of the consolidated financial statements of the Borrower. Upon adoption by the Borrower of International Financial Reporting Standards (IFRS), or in event of a change in GAAP, the Borrower and the Lenders shall discuss whether they wish to amend such ratios and covenants to give effect to the intention of the parties under the definitive loan agreement at the Closing Date, and any new ratio or covenant shall be subject to the approval of the Lenders. In the event that such a negotiation is unsuccessful, all calculations thereafter made for the purpose of determining compliance with the financial ratios and financial covenants contained herein shall be made on a basis consistent with GAAP in existence at the Closing Date.

“Governmental Authority” means the government of Canada or any other nation, or of any political subdivision thereof, whether provincial, territorial, state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any supra-national bodies such as the European Union or the European Central Bank and including Health Canada, a Minister of the Crown, Superintendent of Financial Institutions or other comparable authority or agency.

“Greenhouse Property” has the meaning provided in Section 3.1.1.

“Guarantee” means any agreement by which any Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes liable upon, the obligation of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person or otherwise assures any creditor of such Person against loss, and shall include any contingent liability under any letter of credit or similar document or instrument. The amount of any

Guarantee shall be equal to the amount of the obligation so guaranteed or, if not a fixed and determined amount, the maximum amount so guaranteed or supported.

“**Guarantors**” means, collectively, the Corporate Guarantors and the Personal Guarantors, and “**Guarantor**” means any one of them.

“**Hazardous Materials**” means any contaminant, pollutant, waste or substance that is reasonably likely to cause immediately or at some future and foreseeable time harm or degradation to the surrounding environment or risk to human health; and without restricting the generality of the foregoing, including any pollutant, contaminant, waste, hazardous waste or dangerous goods that is regulated by any Requirements of Environmental Law or that is designated, classified, listed or defined as hazardous, toxic, radioactive or dangerous or as a contaminant, pollutant or waste by any Requirements of Environmental Law.

“**Hedging Agreements**” means, collectively, any and all agreements executed from time to time by or between the Borrower and any Lender (including, for greater certainty, any Affiliate thereof) in connection with any Hedging Arrangement; it being agreed that each such Hedging Agreement made in respect of or in connection with any Obligation hereunder shall be considered a Loan Document.

“**Hedging Arrangement**” means any arrangement or transaction, as applicable, which is a rate swap transaction, forward foreign exchange transaction, cap transaction, floor transaction or collar transaction designed to protect or mitigate against risks in interest or currency exchange fluctuations.

“**Hedging Obligations**” means all indebtedness, liabilities and obligations of the Borrower to any Lender or Affiliate thereof that has entered into a Hedging Agreement relating to net negative mark to market liability under a Permitted Hedging Arrangement.

“**Income Tax Expense**” means, with respect to any period for any Person, the aggregate of all taxes on the income of such Person on a consolidated basis for such period, all as determined in accordance with GAAP.

“**Indebtedness**” means, with respect to any Person, any indebtedness created, incurred, assumed or guaranteed by such Person, whether absolute or contingent, including all Funded Debt, any obligation arising in respect of any swap or similar obligation and all debt which in accordance with GAAP would appear on the liability side of a balance sheet of such Person prepared as at such time, except items of capital, retained earnings, surplus or future tax reserves.

“**Indemnitees**” means the Lenders, the Agent and their respective successors and assignees, any agent of any of them and the respective officers, directors and employees of the foregoing.

“**Insolvency Event**” means, in respect of any Person:

- (a) if any Person ceases to carry on all or substantially all of its business, makes a general assignment for the benefit of creditors; or any proceeding or filing is instituted or made by such Person seeking relief on its behalf as debtor, or to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, administration, arrangement, adjustment or composition of it or its debts under any similar law relating to bankruptcy, insolvency, reorganization, administration, winding-up, restructuring or relief of debtors, or seeking appointment of a receiver, interim receiver, receiver and manager, controller, administrator, trustee, liquidator, provisional liquidator, custodian or other similar official for it or for any substantial part of its properties or assets; or such Person takes any corporate action to authorize any of the actions set forth in this subsection; or
- (b) if any notice of intention is filed or any proceeding or filing is instituted or made against such Person in any jurisdiction seeking to have an order for relief entered against it as debtor or to

adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, administration, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization, administration, winding-up, restructuring or relief of debtors, or seeking appointment of a receiver, interim receiver, receiver and manager, controller, administrator, liquidator, provisional liquidator, trustee, custodian or other similar official for it or for all or any substantial part of its properties or assets or seeking possession, foreclosure or retention, or sale or other disposition of, or other proceedings to enforce security over, all or a substantial part of the assets of the such Person unless, in each such case, the same is being contested actively and diligently in good faith by appropriate and timely proceedings and is dismissed, vacated or stayed within 30 days of institution thereof.

“**Insolvency Legislation**” means legislation in any applicable jurisdiction relating to reorganization, arrangement, compromise or re-adjustment of debt, dissolution or winding-up, or any similar legislation, and specifically includes for greater certainty the BIA, the *Companies’ Creditors Arrangement Act* (Canada), the *Winding-Up and Restructuring Act* (Canada), and the *United States Bankruptcy Code*, as amended.

“**Insurance**” has the meaning specified in Section 12.1.11(a).

“**Intellectual Property**” means the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under Canadian, American, multinational or foreign laws or otherwise, including, without limitation, quotas, licences, copyrights, copyright licenses, patents, patent licenses, trademarks, trademark licenses, technology (including, without limitation, source code and computer operating systems), know-how and processes, any design, drawings and plans and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages thereon.

“**Interest**” means interest on loans, stamping fees in respect of bankers’ acceptances, the difference between the proceeds received by the issuers of bankers’ acceptances and the amounts payable upon the maturity thereof, issuance fees in respect of letters of credit, and any other charges or fees in connection with the extension of credit which are determined by reference to the amount of credit extended, plus standby fees in respect of the unutilized portion of any credit facility; but for greater certainty “**Interest**” shall not include agency fees, arrangement fees, structuring fees, fees relating to the granting of consents, waivers, amendments, extensions or restructurings, the reimbursement of costs and expenses, and any similar amounts which may be charged from time to time in connection with the establishment, administration or enforcement of credit facilities.

“**Interest Expense**” means, for any Person and for any period, without duplication, the aggregate amount of interest expense and other financing charges of such Person on a consolidated basis on account of such period as determined in accordance with GAAP including, without limitation, (i) all interest accrued or payable in respect of Funded Debt, (ii) the interest component of Capitalized Lease Obligations, and (iii) all fees paid or accrued during such period (including fees in respect of letters of credit, letters of guarantee and Bankers’ Acceptances).

“**Inventory**” means, at any time, inventory owned by any Obligor that consists of finished goods or readily saleable raw materials (in each case valued at the lower of cost or net realizable value).

“**Investment**” means, as applied to any Person (the “**investor**”):

- (a) any direct or indirect purchase or other acquisition by the investor of, or a beneficial interest in, Equity Securities of any other Person that does not otherwise constitute an Acquisition, including any exchange of Equity Securities for indebtedness; or

- (b) any direct or indirect loan, advance (other than advances to employees for moving and travel expenses, drawing accounts and similar expenditures in the ordinary course of business) or capital contribution (by way of cash or property) by the investor to any other Person, including all indebtedness and Receivables owing to the investor from such other Person that did not arise from sales or services rendered to such other Person in the ordinary course of the investor's business; or
- (c) any direct or indirect purchase or other acquisition of bonds, notes, debentures or other debt securities of, any other Person.

The amount of any Investment shall be the original cost of such Investment plus the cost of all additions thereto, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment minus any amounts: (i) realized upon the disposition of assets comprising an Investment (including the value of any liabilities assumed by any Person other than an Obligor in connection with such disposition), (ii) constituting repayments of Investments that are loans or advances, or (iii) constituting cash returns of principal or capital thereon (including any dividend, redemption or repurchase of equity that is accounted for, in accordance with GAAP, as a return of principal or capital).

“Leases” means, collectively, all present and future leases, agreements to lease or sub-lease in respect of real property to which any Obligor is a party, including those leases set forth in Schedule 7.1.38 (including all easements, rights-of-way, licenses, privileges, benefits, and rights pertaining thereto or connected therewith) and all present and future licenses whereby any Obligor is given the right to use or occupy any real property, and all amendments, extensions, and renewals thereof.

“Lender Related Distress Event” means, with respect to any Lender or any Person that directly or indirectly controls such Lender (each a **“Distressed Person”**), a voluntary or involuntary case with respect to such Distressed Person under any Insolvency Legislation or a custodian, conservator, receiver, receiver-manager or similar official is appointed for such Distressed Person or any substantial part of such Distressed Person's assets, or such Distressed Person is subject to a forced liquidation, merger, sale or other change of control supported in whole or in part by guarantees or other support (including, without limitation, the nationalization or assumption of ownership or operating control by the government of Canada, the United States or other Governmental Authority), or such Distressed Person makes a general assignment for the benefit of its creditors or is otherwise adjudicated as, or determined by any Governmental Authority having regulatory authority over such Distressed Person or its assets to be, insolvent, bankrupt, or deficient in meeting any capital adequacy or liquidity standard of any such Governmental Authority.

“Lenders” means, collectively and without duplication, the Term Lenders (and any Affiliate thereof) which enters into a Hedging Agreement in accordance with the terms of this Agreement, any Lender (and any Affiliate thereof) which enters into a Services Agreement in accordance with the terms of this Agreement, and any other Person that may be or become a Term Lender or a Lender (or an Affiliate of a Lender) which enters into any Hedging Agreement or Services Agreement in accordance with the terms of this Agreement, and **“Lender”** means any one of the Lenders.

“Lending Office” in respect of any Lender means the office of such Lender at its address set out on the Register or such other office of such Lender as such Lender may from time to time designate in writing to the Agent and the Borrower.

“Lien” means: (i) a lien, hypothec, charge, mortgage, pledge, security interest or conditional sale agreement, (ii) an assignment, lease, consignment, trust or deemed trust that secures payment or performance of an obligation and is not, for example, a true lease or a true consignment, (iii) a garnishment, (iv) any other encumbrance of any kind, and (v) any commitment or agreement to enter into or grant any of the foregoing.

“Loan” means the principal amount of Cdn. Dollars advanced or deemed made by a Lender to the Borrower on any Borrowing Date including, without limitation, advances by way of Overdraft, Bankers’ Acceptances and BA Equivalent Loan and “type” of Loan shall refer to whether a particular Loan is a Cdn. Prime Based Loan, a Bankers’ Acceptance or a BA Equivalent Loan.

“Loan Documents” means, collectively, this Agreement, the Security Documents, any Hedging Agreements and all other agreements (including inter-creditor agreements), documents and instruments required or contemplated to be delivered under this Agreement, now or hereafter, by the Obligors and the Personal Guarantors and other Persons to the Agent and/or any Lender and any other document which, pursuant to the provisions of this Agreement, is stated to be a Loan Document or is otherwise executed and delivered by any Obligor or Personal Guarantor in connection with the Obligations.

“Mandatory Repayment Notice” means a completed notice substantially in the form of Schedule F signed and delivered by a Senior Officer of the Borrower to the Agent showing, in respect to the events described in Section 11.2.1 to Section 11.2.3, a reasonably detailed calculation of the total cash proceeds or the Net Cash Proceeds received by the Borrower arising from each such event.

“Material Adverse Change” means any change, event, violation, circumstance which, when considered individually or when aggregated with other changes, events, violations, circumstances or effects, is or would reasonably be expected to have a Material Adverse Effect.

“Material Adverse Effect” means a material adverse effect on: (i) the business, property, assets (including quotas), liabilities, operations, condition (financial or otherwise) or affairs of the Obligors, taken as a whole, (ii) the ability of the Obligors, taken as a whole, to perform their obligations under any of the Loan Documents, or (iii) the ability of the Agent and any Lender to enforce its rights and remedies under any of the Loan Documents.

“Material Agreement” means: (i) the contracts, quotas, licenses and agreements listed and described on Schedule 7.1.18 (or any replacement Schedule) and all renewals and replacements of any of them, and (ii) any other contract, licence, agreement or arrangement to which any Obligor is a party which if terminated would result in, or would have a reasonable likelihood of resulting in, a Default or an Event of Default (other than pursuant to Section 14.1.5) or a Material Adverse Change or which the revenues under such Material Agreement represent more than 10% of the gross revenues on a combined and consolidated basis for the Borrower in any Fiscal Year.

“Material Indebtedness” means Indebtedness (other than the Outstanding Advances) of any one or more of the Obligors in an aggregate principal amount exceeding \$250,000 or the Equivalent Amount in Canadian Dollars at any time.

“Material Permit” means, in respect of any Obligor, a licence, permit, approval, registration or qualification granted to or held by such Obligor which if terminated would result, or would have a reasonable likelihood of resulting, in a Default, an Event of Default or a Material Adverse Change.

“Maturity Date” means, subject to such earlier date as may result from any acceleration of payment of the Obligations pursuant to this Agreement, December 19, 2022.

“Minor Title Defects” in respect of any real property means encroachments, restrictions, easements, rights-of-way, servitudes and defects or irregularities in the title to such property which are of a minor nature and which, in the aggregate, will not materially impair the use of such real property for the purposes for which such property is held by the owner thereof.

“**Net Cash Proceeds**” in respect of any equity issuance, debt issuance, Asset Disposition or insurance claim (each an “**Event**”) means the gross cash amount or Cash Equivalent payable to any Obligor in respect of such Event less the aggregate of: (i) any sales commissions, (ii) Taxes, (iii) reasonable out-of-pocket costs and expenses of such Event, (iv) usual and reasonable adjustments in connection with such Event, and (v) any other amount specifically approved by the Required Lenders in writing.

“**Net Income**” means, in respect of the Borrower for any period, the net income of the Borrower for such period on a combined and consolidated basis, as determined in accordance with GAAP.

“**Non-BA Lender**” means any Lender that cannot, or does not in the ordinary course of its business, accept drafts as Bankers’ Acceptances and who will make BA Equivalent Loans instead of accepting Bankers’ Acceptances hereunder.

“**Non-Consenting Lender**” has the meaning specified in Section 10.6.1.

“**Non-Funding Lender**” means any Lender:

- (a) that has failed to fund any payment or Advance required to be made by it under the Loan Documents or to purchase any risk participation required to be purchased by it under the Loan Documents;
- (b) that has given verbal or written notice to the Borrower, the Agent or any Lender or has otherwise publicly announced that it believes that it will be unable to fund advances, payments, risk participation purchases or other obligations under credit arrangements to which it is a party;
- (c) with respect to which one or more Lender Related Distress Events has occurred;
- (d) with respect to which the Agent or the Issuing Lender has a good faith belief that such Lender has defaulted in fulfilling its obligations (whether as an agent, lender or letter of credit issuer) under one or more other syndicated credit facilities; or
- (e) with respect to which the Agent has concluded, acting reasonably, and has advised the Lenders in writing that it is of the view that, there is a reasonable chance that such Lender shall become a “**Non-Funding Lender**” pursuant to any of (a), (b) or (c) above and that such Lender has been deemed a “**Non-Funding Lender**” hereunder.

“**Obligations**” means, at the time of determination and without duplication, the aggregate of: (i) all Outstanding Advances, (ii) all Hedging Obligations, (iii) all Services Obligations, (iv) all accrued and unpaid interest and fees as provided in this Agreement or any other Loan Document required to be paid by any Obligor to the Agent or any Lender, (v) any and all other indebtedness, liabilities and obligations (including, without limitation, under any indemnities) and all other fees, charges and expenses required to be paid by any Obligor to the Agent and Lenders under this Agreement or pursuant to any other Loan Document, and (vi) any and all expenses and charges, whether for legal expenses or otherwise, suffered or incurred by the Agent and Lenders in collecting or enforcing any of such indebtedness, obligations and liabilities outlined in paragraphs (i) to (v) (inclusive) immediately above or in realizing on or protecting or preserving any security held therefor, including, without limitation, the Security Documents.

“**Obligors**” for the purposes of this Agreement, and “**Borrower Group**” for the purposes of the Loan Documents other than this Agreement, means, collectively, the Borrower and the Corporate Guarantors; and “**Obligor**” means any one of them.

“**OFAC**” means the United States Department of Treasury Office of Foreign Assets Control.

“OFAC Sanctions Programs” means all laws, regulations, and Executive Orders administered by OFAC, including without limitation, the Bank Secrecy Act, anti-money laundering laws (including, without limitation, the USA Patriot Act), and all economic and trade sanction programs administered by OFAC, any and all similar United States federal laws, regulations or Executive Orders (whether administered by OFAC or otherwise), and any similar laws, regulations or orders adopted by any State within the United States.

“Optional Permanent Prepayment Date” has the meaning specified in Section 11.3.

“Outstanding Advances” means, at the time of determination and without duplication, the aggregate of: (i) the outstanding principal amount of Cdn. Prime Based Loans in Canadian Dollars under the Term Facilities or under a specific Term Facility, as applicable, and (ii) the face amount of all issued and outstanding Bankers’ Acceptances and BA Equivalent Notes under the Term Facilities or under a specific Term Facility, as applicable.

“Pension Plan” means any plan, program, agreement or arrangement that is a “pension plan” for the purposes of any Canadian federal or provincial pension benefit legislation (whether or not registered under such legislation) or which is a “registered pension plan” as defined under the *Income Tax Act* (Canada), which is maintained or contributed to, or to which there is or may be an obligation to contribute by any Obligor in respect of its employees in Canada.

“Permanent Prepayment” means a voluntary payment by the Borrower to the Agent of Outstanding Advances under the Term Facility pursuant to Section 11.3 and, for greater certainty, does not include a Repayment.

“Permanent Prepayment Notice” means a completed notice substantially in the form of Schedule J signed and delivered by a Senior Officer of the Borrower to the Agent and committing the Borrower to make the indicated Permanent Prepayment.

“Permitted Asset Disposition” means an Asset Disposition which satisfies any one of the following:

- (a) such Asset Disposition involves the sale of Inventory in the ordinary course of business;
- (b) such Asset Disposition is from an Obligor to another Obligor, provided that the Obligor that acquires such property and assets has granted a first ranking Lien in favour of the Agent pursuant to the Security Documents;
- (c) the Net Cash Proceeds from such Asset Disposition are applied to acquire new assets having a similar use or performing a similar function to those assets which are the subject of such Asset Disposition within 364 days of such Asset Disposition;
- (d) such Asset Disposition involves the sale of obsolete, outdated or unused equipment in the ordinary course of business;
- (e) Asset Dispositions for fair value in any Fiscal Year of the Borrower for which the aggregate gross proceeds do not exceed \$1,000,000 in aggregate for all Obligors in such Fiscal Year, provided that no Default or Event of Default has occurred and is continuing, or would result from, at the time any such Asset Disposition is effected; or
- (f) such Asset Disposition has been consented to by all the Required Lenders in writing.

“Permitted Debt” means the following Indebtedness of the Obligors:

- (a) the Obligations;
- (b) current accounts payable arising in the ordinary course of business from the purchase of goods and services;
- (c) all Subordinated Debt but only (i) to the extent the same has been approved in writing by the Required Lenders, and (ii) in respect of any Subordinated Debt so approved, only for so long as the applicable subordination and postponement agreement in respect of such Subordinated Debt is and remains in effect;
- (d) any Indebtedness arising from Purchase Money Obligations or Capitalized Lease Obligations, provided that such Purchase Money Obligations and Capitalized Lease Obligations do not in aggregate taking into account all Obligors exceed \$500,000 at any time;
- (e) any Indebtedness in respect of Hedging Agreements or cash management not prohibited by Section 12.2.11;
- (f) intercompany loans and advances permitted by this Agreement;
- (g) Indebtedness with respect to taxes, assessments, governmental charges or levies which are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of any Obligor in conformity with GAAP; and
- (h) Indebtedness specifically permitted under this Agreement or set out in Schedule I,

provided, however, that the designation in this Agreement or any other Loan Document of any Indebtedness as **“Permitted Debt”** is not, and shall not be deemed to be, an acknowledgment by the Agent or the Lenders that the Indebtedness shall have priority over the Obligations.

“Permitted Distributions” means:

- (a) payments by an Obligor of dividends or other Distributions to another Obligor, provided that the Conversion Date has occurred and no Default or an Event of Default shall have occurred and be continuing (or would otherwise occur as a result of such payment); and
- (b) all other Distributions approved by all the Required Lenders in writing prior to the making of such payments.

“Permitted Hedging Arrangement” means a Hedging Arrangement with BMO or an Affiliate thereof entered into by an Obligor in the ordinary course of business and for the purpose of managing its currency risk or its interest rate risk (and not for a speculative purpose).

“Permitted Investments” means:

- (a) Investments in Cash Equivalents;
- (b) extensions of customary trade terms to suppliers, customers or distributors in the ordinary course of business; and

- (c) other Investments, loans, advances or extensions of credit consented to in writing by all the Required Lenders.

“Permitted Liens” means:

- (a) Statutory Liens in respect of any amount which is not at the time overdue;
- (b) Statutory Liens in respect of any amount which may be overdue but (i) the validity of which is being contested in good faith, (ii) for which adequate reserves have been established as required by the Required Lenders, and (iii) during such period during which such Liens are being so contested, such Liens shall not be executed on any of the assets of any Obligor;
- (c) undetermined or inchoate Liens (other than and in addition to Statutory Liens) incidental to current operations of the Obligors which (i) arise by operation of law and which have not been filed (or notice in respect of which has not been filed) pursuant to Applicable Law at such time and which relate to obligations not due or delinquent at such time, or (ii) arise pursuant to any lease of premises occupied by any Obligor and which relates to obligations not due or delinquent under such lease at such time;
- (d) any obligations or duties affecting any real property due to any public utility or to any municipality or government, or to any statutory or public authority, with respect to any franchise, grant, licence or permit in good standing and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on the real property under government permits, leases or other grants in good standing; which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held;
- (e) Liens incurred or deposits made in connection with contracts, bids, tenders or expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, public and statutory obligations, and warehousemen’s, storers’, repairers’, carriers’ and other similar Liens and deposits;
- (f) security given to a public utility or any municipality or government or to any statutory or public authority to secure obligations incurred to such utility, municipality, government or other authority in the ordinary course of business and not at the time overdue;
- (g) Liens and privileges arising out of judgments or awards in respect of which: an appeal or proceeding for review has been commenced; a stay of execution pending such appeal or proceedings for review has been obtained; and reserves have been established as reasonably required by the Required Lenders;
- (h) any Lien arising in connection with the construction or improvement of any real property or arising out of the furnishing of materials or supplies therefor, provided that such Lien secures moneys not at the time overdue (or if overdue, the validity of which is being contested in good faith and in respect of which and reserves have been established as reasonably required by the Required Lenders), notice of such Lien has not been given to the Agent or any Lender and such Lien has not been registered against title to such real property;
- (i) Minor Title Defects;
- (j) Permitted Purchase Money Security Liens not to exceed \$500,000 at any time;

- (k) Liens in favour of the Agent and/or the Lenders created under the Security Documents;
- (l) Liens existing on the date hereof and identified in Schedule I and any extensions or renewals thereof so long as the principal amount secured by such Lien is no greater than the outstanding principal amount immediately prior to such extension or renewal and such renewed or extended Lien only secures the same property and assets; and
- (m) Liens, other than those described above, the existence of which have been disclosed in writing to the Agent and the Lenders and consented to by the Required Lenders in writing,

provided, however, that (i) the designation in any Loan Document of any lien, encumbrance or claim as a “**Permitted Lien**” is not, and shall not be deemed to be, an acknowledgment by the Agent or any Lender that the lien, encumbrance or claim shall have priority over the liens, encumbrance or claims of the Agent or the Lenders against any one or more of the Obligors or their respective assets, and (ii) any reference in any Loan Document to “**subject to Permitted Liens**” or “**other than Permitted Liens**” shall not be construed to be a subordination or postponement of any lien, encumbrance or claim of the Agent or the Lenders to any holder of a Permitted Lien, nor shall such reference elevate the priority of any Permitted Lien above the level it would otherwise have under Applicable Law against any of the Obligors or their respective assets.

“**Permitted Purchase Money Security Liens**” means a Lien taken or reserved in property to secure payment of all or part of a Purchase Money Obligation, provided that (i) such Lien extends only to such property and its proceeds, and (ii) the Purchase Money Obligation is permitted pursuant to this Agreement including, without limitation, Section (d) of the definition of Permitted Debt and arises in connection with the acquisition of equipment in the ordinary course of business.

“**Person**” includes an individual, a corporation, a partnership, a joint venture, a trust, an unincorporated organization, a company, an association, any Governmental Authority and any other incorporated or unincorporated entity.

“**Personal Guarantors**” means, collectively, Carl Mastronardi and Jamie D’Alimonte, and “**Personal Guarantor**” means either of them.

“**Prime Rate**” means, for any day, the greater of: (i) the rate of interest per annum announced from time to time by the Agent on such day as its reference rate then in effect for determining the rate of interest on Canadian Dollar loans that the Agent will charge to its customers in Canada and designated as its “prime rate”; and (ii) the thirty (30) day CDOR Rate plus one percent (1.00%) per annum.

“**Priority Accounts Payable**” for the purposes of this Agreement and “**Prior Claims**” for the purposes of the Loan Documents other than this Agreement, means, at any time, the amount due and owing (whether or not past due) by any Obligor or for which they have an obligation to remit to a Governmental Authority or any other Person pursuant to any Applicable Law in respect of pension fund obligations, employment insurance, goods and services taxes, harmonized sales taxes, sales taxes and other taxes payable or to be remitted or withheld, employee withholdings, vacation pay, employee salaries and wages, workers’ compensation assessment, municipal taxes and claims by public utilities and other like charges and demands, in each case, to the extent that any Governmental Authority or other Person may claim a Lien or other claim ranking or capable of ranking prior to or *pari passu* with the Liens in favour of the Agent or Lenders (or interests similar thereto under Applicable Law) against all or part of the Collateral; provided, however, that for the purposes of Section 6.1 only, the words “or capable of ranking” shall be deemed to have been deleted.

“Proceeds of Realization” in respect of the Security Documents or any portion thereof, means, all amounts received by the Agent and any Lender in connection with:

- (a) any realization thereof, whether occurring as a result of enforcement or otherwise;
- (b) any sale, expropriation, loss or damage or other disposition of the Collateral or any portion thereof; and
- (c) the dissolution, liquidation, bankruptcy or winding-up of any Obligor or Personal Guarantor or any other distribution of their assets to creditors,

and all other amounts which are expressly deemed to constitute “Proceeds of Realization” in this Agreement.

“Properties” has the meaning specified in Section 7.1.9.

“Proportionate Share” means:

- (a) in the context of any Lender’s obligation to make Advances under the Term Facility, such Lender’s Commitment to make Advances under the Term Facility divided by the aggregate amount of all Lenders’ Commitments to make Advances under the Term Facility;
- (b) in the context of any Lender’s obligation to make Advances, such Lender’s Commitment to make Advances divided by the aggregate amount of all Lenders’ Commitments to make Advances;
- (c) in the context of any Lender’s entitlement to receive payments of principal, interest or fees under the Term Facility (other than Proceeds of Realization of property and assets of any Obligor as provided for in Section 15.3.2), the Outstanding Advances due to such Lender under the Term Facility divided by the aggregate amount of the Outstanding Advances due to all Lenders under the Term Facility; and
- (d) in the context of any Lender’s entitlement to receive Proceeds of Realization of property and assets of any Obligor as provided for in Section 15.3.2), the aggregate amount of all Obligations due or owing to such Lender divided by the aggregate amount of all Obligations due or owing to all Lenders.

“Purchase Money Obligation” means: (i) the outstanding balance of the purchase price of real and/or personal property, title to which has been acquired or will be acquired upon payment of such purchase price, (ii) Indebtedness to non-vendor third parties incurred to finance the acquisition of new and not replacement real and/or personal property, or (iii) any refinancing of such Indebtedness or outstanding balance.

“Quantity Surveyor” is defined in Section 6.1.30.

“RealCo” means 2653873 Ontario Inc.

“Receivable” means a trade account receivable of any Person and related instruments or documents.

“Reduced Term Commitment” means, with respect to a particular Term Lender under the Term Facility, such Term Lender’s Term Commitment, as reduced by such Term Lender’s Proportionate Share of (i) all principal repayments required to be made under Section 11.1, (ii) all principal repayments required to be made under Sections 11.2.1, 11.2.2 and 11.2.3, and (iii) all principal payments made pursuant to Section 11.3, in each case, on or before the time of determination (and whether or not such payments are so made),

in each case, as the same may be revised, adjusted or reduced from time to time pursuant to the terms of this Agreement as hereafter specified in the Register.

“**Register**” has the meaning set out in Section 10.3 of the CBA Model Provisions.

“**Related Parties**” means, with respect to any Person, such Person’s Affiliates and associates, and the directors, officers, employees, agents and advisors of such Person and of such Person’s Affiliates and associates (the term “associate” having the meaning ascribed thereto in the CBCA); and “**Related Party**” means any one of them.

“**Release**” means any presence, release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, leaching or migration of any Hazardous Materials in or into the indoor or outdoor environment (including the abandonment or disposal of any barrels, tanks, containers or receptacles containing any Hazardous Materials), or in, into or out of any vessel or facility, including the movement of any Hazardous Materials through the air, soil, subsoil, surface, water, ground water, rock formation or otherwise which is or may be (under any circumstances, whether or not they have occurred) contrary to any Applicable Laws, the terms of any title or operating documents, or to any other permit, licence, authorization of exemption issued by any Governmental Authority.

“**Repayment**” means a scheduled payment or a mandatory payment by the Borrower to the Agent in respect of the Outstanding Advances under the Term Facility, as the context requires.

“**Required Lenders**” means at any time

- (a) if there are only one or two Lenders, all such Lenders; and
- (b) if there are more than two Lenders (prior to the occurrence of an Event of Default which is continuing), Lenders whose Commitments under the Term Facility, are, in the aggregate, at least 66 2/3% of the aggregate amount of the Commitments of all of the Lenders under all the Term Facility, subject to the unanimous consent of all Lenders required for certain actions as provided under Section 15.1. For greater certainty, if the Commitments under the Term Facility have terminated (subsequent to the occurrence of an Event of Default which is continuing) or expired, then Required Lenders shall be calculated on the basis of the Outstanding Advances of each Lender under the Term Facility immediately following such termination or expiration.

For greater certainty, Required Lenders shall not include a Non-Funding Lender in the circumstances set out in Section 10.5.4.

“**Requirements of Environmental Law**” means (i) requirements imposed by or pursuant to statutes, regulations and by-laws whether presently or hereafter in force; (ii) requirements announced by a Governmental Authority as having immediate effect (provided that at the time of making such announcement the government also states its intention of enacting legislation to confirm such requirements retroactively); (iii) all directives, policies and guidelines issued or relied upon by any Governmental Authority to the extent such directives policies or guidelines have the force of law; (iv) all permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with air emissions, discharges to surface or groundwater, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation or disposal of Hazardous Materials; and (v) all requirements imposed under any clean-up, compliance or other order made pursuant to any of the foregoing, in each and every case relating to environmental, health or safety matters including all such obligations and requirements which relate to (A) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation and (B) exposure to Hazardous Materials.

“**Rolling Period**” means, at any time, and for any Fiscal Quarter end of the Borrower, that period of time composed of such Fiscal Quarter plus the immediately preceding three Fiscal Quarters.

“**Rollover**” means the renewal of an Outstanding Advance upon its maturity in the same form.

“**Rollover Date**” means the date upon which a particular Rollover occurs.

“**Rollover Notice**” means a completed notice substantially in the form of Schedule K signed and delivered by the Borrower to the Agent for the purpose of requesting a Rollover and specifying the requested Rollover Date.

“**Schedule I Lenders**” means Lenders that are listed in Schedule I to the *Bank Act* (Canada).

“**Schedule II and III Lenders**” means Lenders that are not Schedule I Lenders and that are listed in Schedule II or Schedule III to the *Bank Act* (Canada) and which are otherwise residents of Canada for purposes of the *Income Tax Act* (Canada).

“**Secured Parties**” means the Agent and the Lenders.

“**Security Documents**” means, collectively, all Guarantees, hypothecs, pledges, assignments, security agreements, mortgages, charges, debentures and other documents required to be provided to the Agent or the Lenders pursuant to Article 13 and any additional documents and agreements delivered by the Obligors, the Personal Guarantors or any other Person to the Agent (for the benefit of the Lenders) from time to time as security for the payment and performance of the Obligations.

“**Senior Funded Debt**” means Total Funded Debt of the Borrower and its subsidiaries, other than Subordinated Debt.

“**Senior Funded Debt to Tangible Net Worth Ratio**” means, at any time, without duplication and on a combined and consolidated basis, the ratio of: (a) the aggregate amount of Senior Funded Debt of the Borrower, to (b) Tangible Net Worth of the Borrower, in each case, for the Rolling Period ended on the most recently ended Fiscal Quarter.

“**Senior Officer**” of any Obligor means the Chief Executive Officer, Vice-President or Treasurer or any other officer of such Obligor who performs the function normally expected of an individual holding any of the aforesaid offices.

“**Services Agreements**” means all agreements made from time to time between any Obligor and any Lender (or its Affiliates) in respect of cash management, deposit or payment services, credit cards (i.e., MasterCard arrangements) and any other banking services, and “**Service Agreement**” means any one of them as required by the context.

“**Services Obligations**” means all indebtedness, liabilities and obligations of any Obligor to any Lender (or its Affiliates) that has entered into Services Agreements.

“**Shareholder’s Equity**” means, at any time and without duplication, with respect to Obligors, the sum of (i) the issued and paid up capital of Equity Securities issued by the Obligors, to the extent such paid up capital has not been reduced or returned to the holders of such Equity Securities, (ii) any contributed surplus, and (iii) any retained earnings, all as determined in accordance with GAAP;

“**Statutory Lien**” means all Liens created by Applicable Law (in contrast with Liens voluntarily granted) in respect of Taxes and Priority Accounts Payable which rank or are capable of ranking prior to or *pari*

passu with the Liens in favour of the Agent (or interests similar thereto under Applicable Law) against all or part of the Collateral and the rights of suppliers under Section 81.1 of the BIA.

“**Step-up Lenders**” has the meaning specified in Section 10.4.1.

“**Subordinated Debt**” means Indebtedness in respect of which the Obligor has entered into a subordination and postponement agreement in favour of the Agent and the Lenders, in form and substance satisfactory to the Agent and the Lenders (a “**Subordination Agreement**”). For clarity, shareholders’ loans shall be considered Subordinated Debt and must be subject to a Subordination Agreement.

“**Subordinated Lender**” means any lender of Subordinated Debt from time to time.

“**Subsidiary**” means, with respect to a corporation, a subsidiary as defined in the CBCA as in effect on the date hereof, and any partnership, joint venture or other organization in which the corporation or any Subsidiary of the corporation has the right to make or control management decisions.

“**Tangible Net Worth**” means the book value of the shareholder’s equity in the Borrower plus loans made by the shareholders to the Borrower that are postponed, subordinated and assigned in favour of the Agent, less the following: goodwill, amounts due from affiliates (other than affiliates which have provided guarantees and security), long-term investments, leasehold improvements, patents, trademarks and other intellectual property, and other such assets classified as “intangible”.

“**Taxes**” means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“**Term Commitment**” means, with respect to a particular Lender under the Term Facility, the amount specified in Schedule G as such Lender’s Commitment under the Term Facility, as the same may be revised, adjusted or reduced from time to time pursuant to the terms of this Agreement as hereafter specified in the Register; and “**Term Commitments**” means the aggregate of each Term Commitment of all of the Term Lenders.

“**Term Facility**” has the meaning specified in Section 2.1.

“**Term Facility Limit**” has the meaning specified in Section 2.1.1.

“**Term Lenders**” means, at any time, collectively those persons recorded in the Register at such time as lenders with Commitments or Outstanding Advances outstanding under the Term Facility, and “**Term Lender**” means any one of the Term Lenders.

“**Term Loans**” means, at any time, the aggregate Outstanding Advances under the Term Facility at such time.

“**Total Funded Debt**” means all obligations of the Borrower and its subsidiaries which are considered to constitute debt in accordance with GAAP, including funded debt, interest-bearing liabilities, obligations secured by purchase-money security interests, capitalized interest, obligations under hedging agreements (solely to the extent such obligations have become due and payable), negative hedging agreement risk of all outstanding hedging agreement / negative mark-to-market and the redemption price of any securities issued by the Borrower which are redeemable at the option of the holder; but excluding accounts payable, short term non-interest bearing liabilities, future or deferred income taxes (both current and long-term).

“Total Funded Debt to EBITDA Ratio” means, at any time, without duplication and on a combined and consolidated basis, the ratio of (a) the aggregate of Total Funded Debt of the Borrower to (b) EBITDA of the Borrower, in each case, for the Rolling Period ended on the most recently ended Fiscal Quarter.

“U.S. Internal Revenue Code” means the Internal Revenue Code of 1986, as amended, and any successor statute thereto.

“Unfunded Capital Expenditures” means those Capital Expenditures of the Borrower or any other Obligor which have been: (i) financed by operating cash flow net of proceeds from Permitted Asset Dispositions, (ii) not financed under Capital Leases, (iii) not financed with proceeds of the Term Facility, (iv) not financed with the proceeds of other Permitted Debt incurred substantially to fund such Capital Expenditures, and (v) not financed with new Shareholder’s Equity.

“Via Verde Greenhouse Operation” means the cultivation of hydroponic strawberries and provision of various propagation services for associated companies by the Borrower, located at 1102 Mersea Rd. 5, Leamington, ON, N8H 3V6.

“Wholly Owned Subsidiary” means, with respect to any Person at any date, any Subsidiary of such Person in which such Person owns, directly or indirectly, 100% of all issued and outstanding Equity Securities.

1.2 Accounting Principles

Unless otherwise provided herein, all financial terms used in this Agreement shall be determined in accordance with GAAP in effect at the date of such determination. Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other computation is required to be made for the purpose of this Agreement, such determination or calculation shall be made in accordance with GAAP applied on a consistent basis, unless otherwise indicated.

In the event of a change in GAAP, whether through the adoption or imposition of the International Financial Reporting Standards (“IFRS”) or otherwise, the Borrower and the Lenders shall negotiate in good faith to revise, if appropriate, the financial ratios and financial covenants contained in this Agreement to reflect GAAP as then in effect or IFRS, as applicable, and any new ratio or covenant shall be subject to approval in writing by the Required Lenders. In the event that such negotiation is successful, all calculations thereafter made for the purpose of determining compliance with the financial ratios and financial covenants contained in this Agreement shall be made on a consistent basis with GAAP in existence as at the date of such revision or adoption of IFRS, as applicable. In the event such negotiation is not successful, then such financial ratios and financial covenants shall be determined in accordance with GAAP in effect as at the date of this Agreement. In such circumstances, the annual financial statements of the Obligors shall be prepared in accordance with GAAP in effect on the date of such financial statements, and the Borrower shall concurrently deliver to the Agent and the Lenders a reconciliation, in form and substance satisfactory to the Required Lenders, showing all adjustments made to such financial statements in order to determine compliance with such financial ratios and financial covenants on the basis of GAAP in effect on the date of this Agreement.

1.3 Canadian Currency

All amounts and values referred to in this Agreement are in Canadian Dollars unless otherwise indicated. Notwithstanding the foregoing, all payments made hereunder shall be made in the currency in respect of which the obligation requiring such payment arose.

1.4 References to Statutes

Whenever in this Agreement reference is made to a statute or regulations made pursuant to a statute, such reference shall, unless otherwise specified, be deemed to include all amendments to such statute or regulations from time to time and all statutes or regulations which may come into effect from time to time substantially in replacement for the said statutes or regulations.

1.5 Extended Meanings

Terms defined in the singular have the same meaning when used in the plural, and vice-versa.

When used in the context of a general statement followed by a reference to one or more specific items or matters, the term “including” shall mean “including, without limitation”, and the term “includes” shall mean “includes, without limitation”.

Any reference herein to the exercise of discretion by the Agent or the Lenders (including phrases such as “in the discretion of”, “in the opinion of”, “to the satisfaction of” and similar phrases) shall mean that such discretion is absolute and unfettered and shall not imply any obligation to act reasonably, unless otherwise expressly stated herein.

Any statement in this Agreement expressed to be made to “the knowledge of” any Obligor or words to like effect shall be understood to be made on the basis of the actual knowledge of the Senior Officers of such Obligor, after diligent inquiry, of the relevant subject matter or on the basis of such knowledge of the relevant subject matter as the Senior Officers of such Obligor would have had if they it had conducted such diligent inquiry.

1.6 Schedules

The following exhibits and schedules are attached to this Agreement and incorporated herein by reference:

Schedule A	Applicable Margin
Schedule B	CBA Model Provisions, including Exhibits attached thereto: Exhibit A - Form of Assignment and Assumption Agreement Exhibit B - Information to be given to Loan Pricing Corporation
Schedule C	Form of Compliance Certificate
Schedule D	Form of Conversion Notice
Schedule E	Form of Drawdown Request
Schedule F	Form of Mandatory Repayment Notice
Schedule G	Initial Commitments
Schedule H	Permitted Debt
Schedule I	Permitted Liens
Schedule J	Form of Permanent Prepayment Notice
Schedule K	Form of Rollover Notice
Schedule 7.1.4	Approvals
Schedule 7.1.7	Compliance with Laws
Schedule 7.1.8	Ownership of the Obligors
Schedule 7.1.9	Location of Property and Assets
Schedule 7.1.14	Material Permits
Schedule 7.1.15	Intellectual Property
Schedule 7.1.18	Material Agreements
Schedule 7.1.19	Labour Matters
Schedule 7.1.20	Withholdings and Remittance of Source Deductions
Schedule 7.1.22	Litigation
Schedule 7.1.24	Pension Plans

Schedule 7.1.29	Guarantees
Schedule 7.1.30	Taxes
Schedule 7.1.32	Material Adverse Change
Schedule 7.1.33	Bank Accounts
Schedule 7.1.38	Leases
Schedule 7.1.39	Shareholder Loans
Schedule 7.1.41	Environmental Matters
Schedule 17.8	Notice

ARTICLE 2 TERM FACILITIES

2.1 Term Facility

Subject to the terms and conditions of this Agreement, each Term Lender severally (and not jointly or jointly and severally) establishes in favour of the Borrower a term credit facility (the “**Term Facility**”) for the period from the Closing Date to, but excluding, the Maturity Date, provided that:

- 2.1.1 the Term Commitments and the sum of all Outstanding Advances under the Term Facility, shall not, at any time, exceed \$6,100,000, as such limit may be revised, adjusted or reduced from time to time pursuant to the provisions of this Agreement (the “Term Facility Limit”); and
- 2.1.2 the individual Term Commitment of each Term Lender shall be equal to, and the amount of all Outstanding Advances under the Term Facility advanced by such Lender shall not, at any time, exceed the lesser of (i) such Lender’s Term Commitment, and (ii) such Lender’s Reduced Term Commitment (as such commitment may be revised, adjusted or reduced from time to time pursuant to the provisions of this Agreement).

2.2 Borrower’s Right to Increase in the Principal Amount of the Term Facility

Upon the Borrower providing the Agent and the Lenders with not less than 60 days prior written notice given at any time prior to the Maturity Date (the “**Upsize Notice**”), the Borrower shall have the right (the “**Upsize Right**”) to increase the then principal amount of the Term Facility from time to time by additional amounts up to \$20,000,000 in aggregate and in increments of \$5,000,000, as shall be specified by the Borrower in the Upsize Notice (the “**Selected Upsize Amount**”), provided that:

- 2.2.1 such Upsize Notice shall be irrevocable by the Borrower unless and until the Agent agrees otherwise in writing;
- 2.2.2 the Lenders shall only be bound to increase the Term Facility if and to the extent the Agent receives, within 60 days after receipt by the Agent of the Upsize Notice, legally binding commitments for an aggregate principal amount of at least the Selected Upsize Amount from (x) then existing Term Lenders under this Agreement, and/or (b) new Persons proposing to become Term Lenders hereunder who are mutually acceptable to the Agent, the Required Lenders and the Borrower, each acting in their sole discretion (the “**New Term Lenders**”);
- 2.2.3 both at the time such Upsize Notice is given to the Agent and Lenders and at all times thereafter until the increase in the principal amount of the Term Facility has been formally completed, no Default or Event of Default shall have occurred which is continuing;

- 2.2.4 the Obligors shall be in compliance with all terms and conditions of this Agreement, including the financial covenants hereunder, including on a pro forma basis and no Default or Event of Default would occur as a result of the increase of the principal amount of the Term Facility as a result of the implementation of the Upsize Right;
- 2.2.5 no commitment of any Lender shall be increased without the written consent of such Lender;
- 2.2.6 on completion of the increase in the principal amount of the Term Facility, the Borrower shall pay to the Agent for the benefit of those Lenders agreeing to provide the additional Term Loans pursuant to the Upsize Right, an irrevocable upfront fee (for the benefit of such Term Lenders in accordance with their Proportionate Share of the aggregate new Commitments obtained under the Term Facility) to be agreed by the Borrower and such Term Lenders at such time;
- 2.2.7 each Obligor and Personal Guarantor shall execute and deliver, in form satisfactory to the Agent, amending agreements to this Agreement and any other Loan Documents specified by the Agent (collectively "Upsize Amending Agreements") and such other documents, security, certificates, confirmations and opinions as the Agent and the Required Lenders may require acting reasonably; and
- 2.2.8 the Borrower shall pay all fees, costs and expenses (plus applicable taxes) of the Agent and the Lenders and of the Agent's and Lenders' legal counsel relating to each such Upsize Right, the review of the Borrower's compliance with these terms and conditions, and the preparation and review and/or recording of all documents and legal opinions, including whether or not the increase in the principal amount of the Term Facility occurs or not.

Until all of the foregoing conditions have been satisfied by the Obligors and the Personal Guarantors to the full satisfaction of the Agent in its sole discretion, or waived in writing by the Required Lenders, the increase in the Term Commitments will not be effective or binding on the Agent, the Lenders or any New Term Lenders for any purpose, notwithstanding the giving or acceptance of the Upsize Notice, any partial fulfillment of the foregoing conditions, any approval, agreement, waiver, correspondence, communications and/or course of dealings by or on behalf of the Agent and/or the Lenders or any other Person in respect of such proposed increase in the Term Commitments, or any other act, event, circumstance, matter or thing of any kind. For greater certainty and without limiting the foregoing, if any Default or Event of Default occurs and remains uncured at any time during the period after the Borrower's provision of the Upsize Notice to the Agent and Lenders and prior to completion of the increase in the principal amount of the Term Facility, then notwithstanding any other provision of this Agreement to the contrary, the giving or acceptance of the Upsize Notice, any approval, agreement, waiver, correspondence, communications and/or course of dealings by or on behalf of the Agent and/or Lenders or any other Person or any other act, event, circumstance, matter or thing of any kind, (i) the conditions for such proposed the increase in the principal amount of the Term Facility will be deemed for all purposes not to have been satisfied, and (ii) such proposed increase in the principal amount of the Term Facility will not be or become effective or binding on the Agent, the Lenders or any other Persons or for any purpose.

Upon completion of the increase in the principal amount of the Term Facility, (i) all defined terms herein relevant to such increase, including without limitation the terms "Commitment", "Proportionate Share", "Required Lenders", "Term Commitment", "Term Facility Limit" and the like, and (ii) all provisions of this Agreement and the other Loan Documents shall be interpreted, with all necessary changes, in order to give effect thereto, all as more particularly provided in the Upsize Amending Agreements.

2.3 Obligors' Guarantee

To the maximum extent permitted by applicable law and to the extent that the Borrower is deemed a guarantor, the Borrower unconditionally and absolutely, guarantees payment when due, whether by stated maturity, demand, acceleration or otherwise, of the Obligations and all existing and future indebtedness owing hereunder or in connection with the Term Facility and expressly waives any and all defenses now or hereafter arising or asserted by reason of (a) any extension, modification, forbearance, compromise, settlement or variation of any of the terms of the Obligations and the said indebtedness, (b) the discharge or release of any liability of the Borrower or any other person now or hereafter liable on the Obligations and the said indebtedness, by reason of bankruptcy or insolvency laws or otherwise, (c) the acceptance or release by the Agent of any collateral, security or other guaranty from the Borrower or any other person, or any settlement, compromise or extension with respect to any such collateral, security or other guaranty, (d) the avoidance, invalidity or unenforceability of any collateral, security or other guaranty from the Borrower or any other person, (e) any failure to give any notice, demand, notice of dishonor, protest, presentment or non-payment, or any other notice, (f) any failure to comply with any applicable law in connection with any enforcement of any right or remedy against any collateral, security or other guaranty from the Borrower or any other person, or (g) any action or inaction of the Agent in any insolvency proceeding involving the Borrower or any other person.

ARTICLE 3 PURPOSES

3.1 Purposes of Advances

All Advances under the Term Facility and related loan accounts shall only be used by the Borrower in connection with the Business and business transactions related thereto and in particular, for the following purposes:

- 3.1.1 Term Facility. The Advances under the Term Facility shall be used to finance a vegetable greenhouse located at 620 Essex County Road 37, Leamington, Ontario (the "**Greenhouse Property**") with proceeds to be used to retrofit 43,000 square feet of leased greenhouse space and 10,000 square feet of processing space (Phase 1) at 1002-1102 Mersea Road 5, Town of Leamington, Ontario (the "**Cannabis Operation**").

ARTICLE 4 NATURE OF THE FACILITIES

4.1 Non-Revolving Feature of the Term Facility

The Borrower may draw down under the Term Facility by way of up to five (5) Advances in the minimum amount of \$1,000,000 each. No amounts repaid or prepaid by the Borrower under the Term Facility may be reborrowed.

ARTICLE 5 AVAILABILITY

5.1 Term Facility

Subject to the terms and conditions contained in this Agreement, the Borrower may request Advances under the Term Facility by way of (and may convert Outstanding Advances under the Term Facility) any one or more of the following (or any combination thereof) in minimum amounts and multiples as provided below:

- 5.1.1 Cdn. Prime Based Loans; or
- 5.1.2 Bankers' Acceptances from the BA Lenders and BA Equivalent Loans from the Non-BA Lenders with a term of 28 to 182 days, without grace, subject to availability (as determined by the Agent), in a minimum aggregate amount of Cdn.\$1,000,000 and in whole multiples of Cdn.\$1,000 thereafter.

Bankers' Acceptances and BA Equivalent Loans advanced under the Term Facility may not be repaid or converted into another utilization prior to the maturity thereof, and may not be issued with a maturity date later than the Maturity Date.

5.2 Advances by Term Lenders under Term Facility

Each Advance by the Term Lenders under the Term Facility shall be:

- 5.2.1 made available to the Borrower by the Term Lenders, as applicable, simultaneously and in their respective Proportionate Share under the Term Facility, as applicable; and
- 5.2.2 comprised of the same type or types of Advances, with identical maturity dates, if applicable, from each Term Lender, as applicable.

5.3 Construction Conditions to Advances

- 5.3.1 Advance requests are to be accompanied by a report from the Quantity Surveyor on a cost to complete basis taking into account the leasehold improvement loan for the retrofits from the landlord (Via Verde Hydroponics Ltd.) and accompanied by the progress billing summary, invoices, budget, and certify the hard costs incurred, cost of work in place, amount of construction lien holdback and cost to complete.
- 5.3.2 The undrawn portion of the Term Facility must be sufficient at all times to cover hard costs to complete the Cannabis Operation retrofits plus unpaid accounts payable and holdbacks. If at any time the Agent determines that the undrawn Term Commitment is insufficient to complete the project in accordance with the approved plans and specifications, the Borrower and/or the shareholders shall inject sufficient cash equity to remedy the deficiency or sufficient equity subscriptions in amount satisfactory to the Agent and the Lenders prior to further Advances being permitted.
- 5.3.3 The Quantity Surveyor will review all contracts and requested Advances on behalf of the Lender and confirm payment of all accounts through review of payments. The first report shall review the Cannabis Operation retrofit and budget and must confirm that the budget is adequate for the retrofit prior to the first Advance. Ongoing reports shall monitor the progress of the retrofit and report on the status of the budget and schedule of same. The report for the final Advance which will be the second last Advance prior to the final Advance for the holdbacks must confirm the retrofit was completed in accordance with design specifications and is substantially complete.
- 5.3.4 For the final Advance, the Agent shall have received satisfactory confirmation that the Borrower has amended its insurance coverage to have sufficient product recall and liability insurance coverage at a reasonable level given the nature and scope of the cannabis cultivation operations that have commenced at the Cannabis Operation, and in any event for a minimum level of CDN\$5,000,000.

ARTICLE 6 CONDITIONS PRECEDENT

6.1 Conditions Precedent to First Advance

The obligation of the Lenders to make available the initial Advances hereunder is subject to the terms and conditions of this Agreement and was conditional upon satisfactory evidence being given to the Agent and the Lenders as to compliance, with each of the following conditions, in each case to the satisfaction of the Agent or the Lenders (as applicable) in their sole discretion, or the waiver thereof:

- 6.1.1 Representations and Warranties True. The representations and warranties in Section 7.1 are and shall continue to be true and correct in every material respect as if made by each Obligor and each Personal Guarantor contemporaneously with the initial Advances.
- 6.1.2 Resolutions and Certificates. The Agent shall have received, duly executed and in form and substance satisfactory to it:
- (a) a copy of the constating or constitutional documents and by-laws of each Obligor and a copy of the resolutions of the board of directors of each Obligor authorizing the execution, delivery and performance of the Loan Documents, certified in each case by a Senior Officer of the applicable Obligor and ratified where necessary by the shareholders of the applicable Obligor and, if applicable, a resolution of the shareholders or the members of the applicable Obligor;
 - (b) a certificate as to general corporate information and other matters for each Obligor, which shall contain a statement of the names of the officers and directors of each Obligor and the specimen signature of any Senior Officer who will execute and deliver the Loan Documents to the Agent;
 - (c) a certificate of status for each Obligor or its equivalent from its jurisdiction of organization;
 - (d) a certified copy of any unanimous shareholder agreement or unanimous shareholder declaration or vote pooling agreement or voting trust agreement affecting any Obligor or the Equity Securities of any Obligor (if applicable); and
 - (e) such additional supporting documents as the Agent or its legal counsel may reasonably request.
- 6.1.3 Delivery of this Agreement. The Obligors and the Personal Guarantors shall have executed and unconditionally delivered this Agreement to the Agent and the Lenders.
- 6.1.4 Delivery of Loan Documents. The Agent shall have received all other Loan Documents (including any necessary consents, waivers or subordinations of third parties as may be required by the Agent) duly executed by each applicable Obligor and Personal Guarantor party thereto and in form and substance satisfactory to the Agent and the Required Lenders and their respective legal counsel.
- 6.1.5 Registration. The Security Documents or the security interests arising pursuant to them (as applicable) have been registered, recorded or filed in all jurisdictions deemed necessary or advisable by the Agent and the Required Lenders and their respective legal counsel to preserve the priority of the Liens intended to be created thereby.

- 6.1.6 Legal Opinions. The Agent shall have received favourable legal opinions from legal counsel to the Obligors in all applicable jurisdictions, each in form and substance satisfactory to the Agent and the Required Lenders and their respective legal counsel, in connection with (i) corporate status and power, (ii) the due authorization, execution, delivery and enforceability of the Loan Documents, (iii) the registration of the Security Documents and the creation of Liens therein, (iv) regulatory matters and the absence of conflicts with constating documents, resolutions and Applicable Laws, (v) the authorized and issued capital of each Obligor, (vi) share transfer approvals and such other matters as may be reasonably requested by the Agent and the Required Lenders and their respective legal counsel in connection with any investment property pledge agreement or otherwise, and (vii) as to title to real property owned by the Obligors (or satisfactory title insurance).
- 6.1.7 Approvals. The Agent shall have received evidence of the receipt by each Obligor of all necessary Authorizations and other necessary consents and approvals required from any Governmental Authority or other Person for the entry into, execution and delivery of the Loan Documents and the performance of their obligations thereunder.
- 6.1.8 Due Diligence. The Lenders shall have completed and be satisfied with the results of their financial, business, accounting, tax, environmental, legal and other due diligence with respect to Obligors and Personal Guarantors including, without limitation, the corporate, capital, tax, legal and management structure and cash management systems of the Obligors, and shall be satisfied, in their sole judgment, with the nature and status of all securities, labour, tax, employee benefit (including Pension Plans), environmental (including, without limitation, BMO's standard form environmental checklist and environmental assessments, together with transmittal letters), health and safety matters, the equity participation of management by way of ESOP or otherwise and any other organizational and capital structure matters involving or affecting any Obligor. The Lenders shall have received and be satisfied with the results of all personal and real property, pending litigation, judgment, bankruptcy, execution and other searches conducted or caused to be conducted by the Agent, the Lenders and their legal counsel with respect to the Obligors in all jurisdictions selected by the Agent, the Lenders and their legal counsel.
- 6.1.9 Drawdown Request. The Agent shall have received a Drawdown Request in accordance with the notice requirements provided in this Agreement with respect to the initial Advances.
- 6.1.10 Compliance Certificate. The Agent shall have received a fully completed and executed copies of a Compliance Certificate confirming that the Obligors are in compliance with, and within the limits of, all the terms and conditions of this Agreement prior to, and subsequent to, drawdown and that all representations and warranties continue to be true and correct in every material respect prior to drawdown.
- 6.1.11 Account Documentation. The Borrower and any other Obligor, as applicable, shall have executed and delivered all of the standard form account opening documentation of the Lenders required to establish Canadian Dollar accounts for the Borrower and any other Obligor, as applicable, and all such standard documentation required by the Lenders for their respective centralized cash control system, if applicable.
- 6.1.12 No Material Adverse Change. The Required Lenders shall be satisfied that, since the date of the most recent Interim Financial Statements of the Borrower delivered to the Lender, there has not been a Material Adverse Change.

- 6.1.13 No Default. No Default or Event of Default has occurred and is continuing under any of the Loan Documents, and the initial Advances will not result in the occurrence of a Default or an Event of Default.
- 6.1.14 No Priority Accounts Payable. There are no Priority Accounts Payable outstanding in respect of which payments are overdue.
- 6.1.15 No Litigation. No litigation shall directly or indirectly affect any Obligor or Personal Guarantor other than litigation which the Lenders in their sole discretion do not consider material.
- 6.1.16 Notice of Liens. The Agent nor any Lender shall have received written notice from any third party (including any third party demand made by Canada Revenue Agency and any notice of seizure of bank accounts from any Governmental Authority) of any Lien affecting the assets charged by the Security Documents (other than Permitted Liens) or an execution.
- 6.1.17 Indebtedness. Except for Permitted Debt, no Obligor shall have any other Indebtedness.
- 6.1.18 Insurance. The Agent shall have received a satisfactory certificate or certificates of insurance issued by the Borrower's insurance broker in respect of all policies maintained by the Obligors which are to name the Agent as additional insured, first mortgagee (in accordance with the Insurance Bureau of Canada's Standard Mortgage Clause) and first loss payee, as applicable.
- 6.1.19 Fees and Disbursements. The Agent shall have received a direction regarding funds from or on behalf of the Borrower authorizing the Agent to pay an appropriate portion of the initial Advances to (i) the Agent and Lenders on account of fees payable to them on or before the Closing Date, and (ii) legal counsel and other agents to cover payment in full of all fees and out of pocket expenses paid by or incurred by the Agent and the Lenders on or before the Closing Date (including fees and expenses of legal counsel to the Agent and the Lenders).
- 6.1.20 Material Indebtedness. The loan transactions contemplated in this Agreement and the other Loan Documents shall not have caused any event or condition to occur which has resulted, or which will result, in any Material Indebtedness becoming due prior to its scheduled maturity or that permits (with or without the giving of notice, the lapse of time, or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity, or which will result in the creation of any Liens under any Indebtedness.
- 6.1.21 Inter-creditor Agreements. All such comfort letters, estoppel certificates, subordination and postponement agreements and inter-creditor agreements from other secured creditors of the Obligors as the Agent may require, in its sole discretion, shall have been duly executed and unconditionally delivered to the Agent by all parties thereto.
- 6.1.22 Delivery of Financial Information. The Lenders shall have received and be satisfied with:
- (a) the combined reviewed Financial Statements of the Obligors for the Fiscal Year ending March 31, 2019, and internally prepared combined Financial Statements for the quarter ending September 30, 2019;
 - (b) three-year financial projections for the Obligors, on a combined and uncombined basis, which shall set out all material assumptions and include *pro forma* balance sheets, income statements, sources and uses of funds, cash flows, detailed capital expenditure budget,

taking into account any new capital structure post-closing, as well as confirmation of compliance with all covenants in this Agreement; and

- (c) current personal net worth statements in respect of the Personal Guarantors.
- 6.1.23 Appraisals. The Agent shall have received appraisals from an accredited appraiser acceptable to the Agent and the Lenders confirming a minimum market value (within the past 12 months) of the property of the Borrower of \$8,175,000 together with a letter of transmittal issued to the Agent.
- 6.1.24 Certified Copies of Agreements. The Agent shall have received copies certified by a Senior Officer of the Borrower of, and be satisfied with, (i) all Material Agreements requested by the Lenders including, without limitation, the Intercompany Notes and Intercompany Security, and (ii) all such other documents, whether or not Material Agreements, as the Agent shall request and the Agent and Lenders shall be satisfied with the contents thereof in their sole discretion.
- 6.1.25 Closing Conditions Certificate. The Agent shall have received and be satisfied with a certificate duly executed by a Senior Officer of the Borrower (and supporting calculations to the extent required by the Required Lenders and prepared in form and substance to the satisfaction of the Required Lenders) confirming that:
- (a) the Borrower is in compliance with the financial covenants set out in Section 12.3; and
 - (b) there is no Default or Event of Default which will exist or be continuing.
- 6.1.26 AML. Each of the Lenders shall have received and be satisfied with all information necessary in order for each Lender to comply with legal and internal requirements in respect of money laundering legislations, proceeds of crime legislation, sanction and “know your customer” requirements.
- 6.1.27 Other Documents and Requirements. The Agent shall have received such other documents and the Borrower shall have complied with such other requirements as the Agent and the Required Lenders may reasonably request.
- 6.1.28 Project and Cannabis Operation Matters. The Agent shall have received and be satisfied with:
- (a) confirmation of submission of the application of the Borrower by the Borrower to Health Canada under the Access to Cannabis for Medical Purpose and/or Cannabis Act Regulation for License at 1002-1102 Mersea Road 5, Town of Leamington, Ontario, together with all material correspondence received from Governmental Authorities including acknowledgment of the application and communication on any material application items;
 - (b) receipt of a lease agreement for the greenhouse and processing area at 1002-1102 Mersea Road 5, Town of Leamington, Ontario with option to purchase in a form and content satisfactory to the Agent; and
 - (c) final budget for the retrofit at the Cannabis Operation not to exceed CDN\$10,000,000. Any additions, amendments, or cost overruns to the budget that result in an aggregate budget amount greater than CDN\$10,000,000 is to be funded by the shareholders by way of equity or shareholder loans fully subrogated to the Agent.

- 6.1.29 Cash and Cash Equivalents. The Agent shall have received satisfactory confirmation that the Borrower has a minimum of CDN\$1,000,000 in cash and/or cash equivalents at closing.
- 6.1.30 Quantity Surveyor. Engagement by the Borrower of a Quantity Survey/Engineering Firm/Cost Consultant (“**Quantity Surveyor**”) to act on behalf of the Agent to monitor the retrofit at the Cannabis Operation. The Quantity Surveyor shall have appropriate qualifications and be satisfactory to the Agent.
- 6.1.31 Site Visit. The Agent and the Lenders shall have completed a satisfactory site visit of the Property and Cannabis Operation.
- 6.1.32 Construction Insurance. The Agent shall have received confirmation that the Borrower or its contractor has in place “Course of Construction Insurance” and “Commercial General Liability Insurance” that is satisfactory to the Lender for the Cannabis Operation retrofit (first Advance only).

6.2 Conditions Precedent to all Advances

The obligation of the Lenders to make available any Advances under this Agreement after the initial Advance is conditional upon satisfactory evidence being given to the Agent and the Lenders as to compliance with the following conditions, in each case to the satisfaction of the Agent or the Required Lenders (as applicable) in their sole discretion, or the waiver thereof:

- 6.2.1 Representations and Warranties True. The representations and warranties in Section 7.1 are and shall continue to be true and correct in every material respect as if made by each Obligor and each Personal Guarantor on and as of the applicable Borrowing Date with the same effect as if such representations and warranties had been made on and as of the applicable Borrowing Date except to the extent expressly stated to have been made only as of a specific date and except to the extent that, on or prior to such date, the Borrower has advised the Agent in writing of a variation in any such representation or warranty, or has amended or supplemented any schedule referred to in Section 7.1 from that in existence on the Closing Date, provided such variation, amendment or supplement and the substance of the matters set forth therein have been approved in writing by the Agent and the Required Lenders.
- 6.2.2 Drawdown Request. The Agent shall have received the relevant Drawdown Request, Conversion Notice or Rollover Notice in accordance with the notice requirements provided in this Agreement with respect to such Advances (except in respect of Advances in the form of Overdrafts).
- 6.2.3 No Material Adverse Change. The Required Lenders shall be satisfied that there has not been a Material Adverse Change since the time of the most recent Compliance Certificate delivered by the Borrower.
- 6.2.4 No Default. No Default or Event of Default has occurred and is continuing under any of the Loan Documents, and any Advances will not result in the occurrence of a Default or an Event of Default.
- 6.2.5 Notice of Liens. Neither the Agent nor the Lenders shall have received written notice from any third party (including any third party demand made by Canada Revenue Agency and any notice of seizure of bank accounts from any Governmental Authority) of any Lien affecting the assets charged by the Security Documents (other than Permitted Liens) or an execution.

6.2.6 Additional Security. Any additional Security Documents required to be provided at the time of such Advance shall have been executed and delivered by the applicable Obligor and all registrations necessary or desirable in connection therewith shall have been made, and any other documentation required by the Agent shall have been executed and delivered, all in form and substance satisfactory to the Agent.

6.3 Conditions Precedent to Advances of Term Facility Subsequent to the date hereof and Term Facility

The obligation of the Lenders to make available Advances under the Term Facility subsequent to the date hereof is subject to the terms and conditions of this Agreement and is conditional upon satisfactory evidence being given to the Agent and the Lenders as to compliance with each of the following additional conditions, in each case, to the satisfaction of the Agent or the Lenders (as applicable) in their sole discretion, or the waiver thereof:

6.3.1 Advance Limits. The Agent and the Lenders shall have received and be satisfied that, *inter alia*, the following limits and conditions set forth in Article 5 have been complied with.

ARTICLE 7 REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties

In order to induce the Lenders to enter into this Agreement and to make any Advances available hereunder, each Obligor, with respect to itself and each other Obligor and each Personal Guarantor, as applicable, hereby represents and warrants to the Agent and the Lenders as follows:

7.1.1 Organization. Each Obligor is a corporation or other legal entity duly organized or incorporated and validly subsisting under the laws of its governing jurisdiction. Each Obligor holds all necessary approvals, permits and licences, and has all necessary corporate or other legal entity power and authority, to own or lease its properties and assets and to carry on its Business as now conducted, and is duly licensed or registered or otherwise qualified in all jurisdictions wherein such licensing, registration or qualification is required to comply with Applicable Law and only carries on Business in approved Cannabis Jurisdictions.

7.1.2 Power; Due Authorization. Each Obligor has full corporate or other legal entity power and capacity to enter into, deliver and perform its obligations under each of the Loan Documents. The execution, delivery and performance by each Obligor of the Loan Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate or other legal entity action on the part of each Obligor.

7.1.3 Valid and Enforceable Obligations. The Loan Documents are, or when executed and delivered to the Agent and the Lenders shall be, legal, valid and binding obligations of each Obligor and each Personal Guarantor enforceable in accordance with their respective terms except as limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally and by general equitable principles.

7.1.4 Governmental Approvals; No Conflicts. The execution and delivery of, and performance under, the Loan Documents by each Obligor:

- (a) does not require any consent or approval of, registration or filing with, or any other action by, any other Person (including shareholders of any Obligor) or any Governmental Authority having jurisdiction over any Obligor, except as disclosed in Schedule 7.1.4;
- (b) will not violate any Applicable Law or the constating, by-laws or other organizational documents of any Obligor or any order of any Governmental Authority;
- (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon any Obligor or its respective assets, or give rise to a right thereunder to require any payment to be made by any Obligor;
- (d) will not conflict with, result in a breach of or require any approval or consent under any Material Agreement or Material Permit; and
- (e) will not result in the creation or imposition of any Lien on any Collateral of any Obligor, except those Liens in favour of the Agent created under the Security Documents.

7.1.5 Title. Each Obligor is the sole legal and beneficial owner of its real and personal property with good and marketable title to such real and personal property, free and clear of all Liens except for Permitted Liens.

7.1.6 Validity and Priority of Security. The Liens created by the Security Documents constitute assignments, fixed and specific mortgages and charges, floating charges or security interests, as applicable, on the undertaking and property and assets of each Obligor purported to be assigned, mortgaged, charged or subjected to a security interest thereby, and ranks in priority to any other Liens upon such undertaking and property and assets other than (i) Purchase Money Obligations and Capitalized Lease Obligations in amounts authorized under this Agreement, and (ii) Permitted Liens.

7.1.7 Compliance with Laws and Agreements. Except as disclosed in Schedule 7.1.7, each Obligor is materially in compliance: (i) with all Applicable Laws applicable to it or its property; and (ii) with all indentures, agreements and other instruments binding upon it or its property. No Obligor has violated or failed to obtain any Authorization necessary for the ownership of any of its property or assets or the conduct of the Business, except where any such violation or failure would not have a reasonable likelihood of having a Material Adverse Effect.

7.1.8 Corporate Structure.

- (a) Schedule 7.1.8 together with all additions, deletions or amendments thereto as are provided in writing to the Agent, correctly sets forth with respect to each Obligor, the (i) legal names (including any French and English name combinations), (ii) form of legal entity, (iii) Equity Securities authorized or issued and outstanding, including the names of (and number of shares or other Equity Securities held by) the registered and beneficial owners of such Equity Securities and, for certainty, any Indebtedness convertible into any Equity Securities, (iv) Equity Securities owned by each Obligor (and specifying such owner), and (v) jurisdictions: (A) of organization and head offices, (B) of location of minute books and share/unit registers, and (C) in which such Person carries on business or has assets (including accounts receivable) having an aggregate value in excess of \$100,000.
- (b) Schedule 7.1.8 together with all additions, deletions or amendments thereto as are provided in writing to the Agent, correctly sets forth the legal entity organizational structure of the Borrower (including its shareholders and Subsidiaries).

- (c) The Obligors do not have any Subsidiaries other than those Subsidiaries referred to in Schedule 7.1.8 and hereafter created or acquired after the Closing Date as identified in any Compliance Certificate delivered to the Agent pursuant to Section 12.5.1 and Section 12.5.3, as applicable.
- (d) Except as described in Schedule 7.1.8, no Obligor owns any Equity Securities or debt securities which are convertible into, or exchangeable for, Equity Securities of any Person.
- (e) Unless otherwise indicated in Schedule 7.1.8, all of the outstanding Equity Securities in the capital of each Obligor and in the capital of every Subsidiary thereof owned is owned of record and beneficially by an Obligor or a Personal Guarantor, there are no outstanding options, warrants or other rights to purchase Equity Securities in the capital of any Obligor or any such Subsidiary, and all such Equity Securities so owned are duly authorized, validly issued, fully paid and non-assessable, and were issued in compliance with all applicable federal, provincial or foreign securities and other Applicable Laws, and are free and clear of all Liens.
- (f) Except as described in Schedule 7.1.8, there are no contractual restrictions on the ability of any Obligor, the Agent or the Lenders to sell, transfer or assign any of the Equity Securities it owns or holds in the capital of any other Obligor.
- (g) No Obligor is subject to any contract, commitment, undertaking, or agreement requiring it to acquire or sell any Equity Securities of any Person, except as disclosed in Schedule 7.1.8.
- (h) No Person presently has any agreement, option or right capable of becoming an agreement or option for the pledge, purchase, subscription or issuance from or by any Obligor of any of the Equity Securities of such Obligor or of any other Obligor, whether issued or unissued, except for the Security Documents or as otherwise disclosed in Schedule 7.1.8.
- (i) No Obligor has issued any Equity Securities that are retractable at the option of the holder.

7.1.9 Location of Assets. The property and assets of each Obligor are located in those jurisdictions specified in Schedule 7.1.9 and in no other jurisdiction (all of which are approved Cannabis Jurisdictions), except to the extent the respective Obligor complies with Section 12.1.13. Schedule 7.1.9 contains a complete and accurate list of:

- (a) all real property owned by each Obligor (including both municipal address and legal description);
- (b) all real property leased or operated by each Obligor; and
- (c) all other locations (which are neither owned or leased) where any Collateral of any Obligor is located with a fair market value in excess of \$50,000, other than Collateral in transit or temporarily out for processing or repairs in the ordinary course of business,

(together, the “**Properties**”).

7.1.10 Solvency. No Obligor or Personal Guarantor (i) is a bankrupt, (ii) is for any reason unable to meet its obligations as they generally become due, (iii) has ceased paying its current obligations in the ordinary course of business as they generally become due, or (iv) is a Person whose aggregate property is not, at a fair valuation, sufficient, or if disposed of at a fairly conducted

sale under legal process, would not be sufficient, to enable payment of all of its obligations, due and accruing due.

- 7.1.11 Economic Benefit. Each Obligor acknowledges that the Term Facility and other rights established herein are for the economic benefit of each of the Obligors.
- 7.1.12 Use of Proceeds. Advances have been and continue to be used only for the business purposes of the Borrower as permitted in Article 3 and the Advances have not and will not be permitted to be used, directly or indirectly, by any other Person or for any other purpose.
- 7.1.13 Indebtedness. Except for Permitted Debt, no Obligor has any other Indebtedness.
- 7.1.14 Material Permits. Schedule 7.1.14 contains a complete and accurate list of all Material Permits and all such Material Permits are valid and subsisting and in good standing except as set out in Schedule 7.1.14.
- 7.1.15 Intellectual Property.
- (a) Schedule 7.1.15 contains a complete and accurate list of all registered patents, trademarks, trade names, copyrights, licences and rights with respect thereto owned by any Obligor as of the Closing Date.
 - (b) Except as set out in Schedule 7.1.15, each Obligor owns or has the right to use all quotas, patents, trademarks, trade names, copyrights, licenses and rights with respect thereto, necessary for the conduct in all respects of their businesses, without any known conflict with the rights of others.
 - (c) All Intellectual Property owned by any Obligor, and each applicable registration thereof is, to the knowledge of such Obligor, valid, subsisting and enforceable.
 - (d) To the best of the knowledge of the Obligors, each Obligor conducts business without infringement or claim of infringement of any Intellectual Property of any other Person. To the best of the knowledge of the Obligors, there is no infringement or claim of infringement by any other Person of any Intellectual Property used by any Obligor.
 - (e) Use of Intellectual Property by each Obligor does not contravene any Applicable Law.
 - (f) All licence agreements pursuant to which any Obligor has acquired a right to use any Intellectual Property are in full force and effect and unamended.
 - (g) Except for, and upon, the filing with a register maintained under the legislative or regulatory authority of a nation, country, state, municipality or other political subdivision, or with a register maintained by an authority established pursuant to a treaty (for example, the European Patent Convention), wherein the purpose of the register is to maintain records of documents received by the authority and relating to Intellectual Property registrations or applications for Intellectual Property registration, and except as has been already made or obtained, no authorization, approval or other action by, and no notice to or filing with, any register is required for: (i) the grant by any Obligor of the Liens under the Security Documents, (ii) the execution, delivery or performance of the Security Documents to which each such Obligor is a party, or (iii) the perfection or the exercise by the Agent of its rights and remedies under the Security Documents.

- 7.1.16 Software. Each Obligor is the sole legal and beneficial owner of, and has good and marketable title to, or is a licensee of, all of the computer software (other than operating systems software) running on its systems. Each Obligor has the right to use all material software used by it and has not granted any license or other rights to any other Person in respect of such software which would materially interfere with such rights.
- 7.1.17 Insurance. All policies of insurance owned or held by the Obligors comply with the requirements of Section 12.1.11 hereof. All such policies are in full force and effect, all premiums with respect thereto have been paid in accordance with their respective terms, and no notice of cancellation or termination has been received with respect to any such policy. No Obligor maintains any formalized self-insurance program with respect to its assets or operations or material risks with respect thereto. The certificate of insurance delivered to the Agent pursuant to Section 6.1.18 from time to time contains an accurate and complete description of all policies of insurance owned or held by the Obligors.
- 7.1.18 Material Agreements. Schedule 7.1.18 sets out a complete and accurate list of all Material Agreements. A true and complete copy of each Material Agreement requested by any Lender has been delivered to the Agent. Each of the Material Agreements is in full force and effect. No Obligor is in default in any material respect under or in breach in any material respect of any term or condition of any Material Agreement nor is any Obligor aware of any such default or breach in any material respect of any term or condition of any Material Agreement by any other party thereto. No contract to which any Obligor is a party contains any provision which would prevent or impair any Obligor from carrying on the Business in any material respect.
- 7.1.19 Labour and Employment Matters. Except as set out in Schedule 7.1.19, there are no labour agreements in effect between the Obligors and any labour union or employee association and the Obligors are not under any obligation to assume any labour agreement, or conduct negotiations with any labour union or employee association, with respect to any such future agreements. The Obligors are not aware of any current attempts to organize or establish any such labour union or employee association. There are no strikes, slowdowns, work stoppages or controversies pending or, to the best knowledge of each Obligor, threatened in writing against any Obligor, or their respective employees. Except as set out in Schedule 7.1.19, no Obligor is subject to an employment contract with any key senior management of any Obligor providing for a fixed term of employment or providing for special payments on termination of employment in excess of the payments required under the applicable employment statutes or regulations. No Obligor has any employee resident in the United States or elsewhere outside Canada.
- 7.1.20 Withholdings and Remittance of Source Deductions. Except as set out in Schedule 7.1.20, each Obligor has withheld from each payment to each of its officers, directors, employees, customers and other payees the proper and accurate amount of all Taxes, Priority Accounts Payable and other amounts required to be withheld or collected and remitted in compliance with all Applicable Laws, and has paid the same to the proper taxation or other receiving authority in accordance with Applicable Law.
- 7.1.21 Payment to Employees and Others. Each Obligor has paid, or accrued as a liability on its books and will pay, all amounts due from it to any employee, independent contractor or other Person on account of wages, workers' compensation or other compensation and, as applicable, employee health and welfare insurance and other benefits. These are no wage arrears or other arrears owing by any Obligor to such Persons, and no Governmental Authority has become subrogated to any employee claims over secured creditors under the *Wage Earner Protection Program* or otherwise. No Obligor is subject to any claim by or liability to any of their respective officers, directors or employees for salary (including vacation pay) or benefits which

would rank in whole or in part *pari passu* with or prior to the Liens created by the Security Documents.

- 7.1.22 No Litigation. Except as disclosed in Schedule 7.1.22, there are no material actions, suits, counterclaims or proceedings pending (including Tax-related matters), or to the knowledge of any Obligor or Personal Guarantor which have been threatened, against any Obligor or Personal Guarantor in any court or before or by any arbitrator or Governmental Authority.
- 7.1.23 Judgments. No Obligor or Personal Guarantor is subject to any material judgment, order, writ, injunction, decree, 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).
- 7.1.24 Canadian Pension Plans. No Obligor has any Canadian Pension Plan other than those listed on Schedule 7.1.24. The Canadian Pension Plans are duly registered under the *Income Tax Act* (Canada) (the “ITA”) and any other Applicable Laws which require registration, have been administered in accordance with the ITA and such other Applicable Laws and no event has occurred which would reasonably be expected to cause the loss of such registered status. All material obligations of each Obligor (including fiduciary, funding, investment and administration obligations) required to be performed in connection with the Canadian Pension Plans, the Canadian Benefit Plans and the funding agreements therefor have been performed on a timely basis. As of the Closing Date, there are no outstanding material disputes concerning the assets of any of the Canadian Pension Plans or Canadian Benefit Plans. No material promises of benefit improvements under any of the Canadian Pension Plans or the Canadian Benefit Plans have been made. All material employer and employee payments, contributions or premiums required to be made or paid by each Obligor in respect of the Canadian Pension Plans and the Canadian Benefit Plans have been made on a timely basis in accordance with the terms of such plans and all Applicable Laws. There have been no improper withdrawals or applications of the assets of the Canadian Pension Plans. There has been no partial termination of any Canadian Pension Plan and no facts or circumstances have occurred or existed that could result, or be reasonably anticipated to result, in the declaration of a partial termination of any of the Canadian Pension Plans under Applicable Law. No Obligor maintains or is party to any Pension Plan or governed by any Applicable Law other than the laws of Canada, whether relating to employees or former employees resident outside of Canada or otherwise.
- 7.1.25 Fiscal Year. The Fiscal Year of each Obligor ends on December 31.
- 7.1.26 Financial Statements. All Financial Statements which any Obligor has delivered to the Agent and the Lenders have been prepared in accordance with GAAP on a basis consistent with past practice, and present fairly its financial position and results of operations and that of its Subsidiaries as of such dates and for such periods. No Obligor has any material liabilities or obligations (whether accrued, absolute, contingent or otherwise) which are not reflected in the Financial Statements or which have arisen since December 31, 2017 and which are of the type or amount that are required to be reflected in such statements or the notes thereto in accordance with GAAP or which have not been otherwise disclosed to the Agent and the Lenders in writing.
- 7.1.27 Financial and Other Information. All financial and other information (including that disclosed in the Financial Statements) provided in writing by, or in respect of, any Obligor or any representative thereof to the Agent and the Lenders is true, accurate and complete in all material respects, as of the date so provided or specified therein. No information, exhibit, or report furnished by any Obligor to the Agent or the Lenders contains any material misstatement of fact or omits to state a material fact or any fact necessary to make the statement contained in such

information not misleading. The financial and other projections that have been or will be made available to the Agent and the Lenders by any Obligor or any representative thereof have been or will be prepared in good faith based upon reasonable assumptions.

- 7.1.28 Full Disclosure. Each Obligor has disclosed to the Agent and the Lenders (i) all agreements, instruments and corporate or other restrictions to which any Obligor is subject, and (ii) all other matters known to it, that, in each case, of (i) and (ii) above, individually or in the aggregate, could, by their existence or if breached by any Obligor, reasonably be expected to have a Material Adverse Effect.
- 7.1.29 No Guarantees. Except as disclosed on Schedule 7.1.29, no Obligor has provided a Guarantee in respect of the obligations of any Person in respect of Indebtedness for borrowed money or otherwise, other than pursuant to the Loan Documents.
- 7.1.30 Taxes. Except as disclosed on Schedule 7.1.30, each Obligor and each Personal Guarantor has duly and timely filed all Tax returns and reports required to be filed by it, and has paid all Taxes which are due and payable by it (including all instalments with respect to the current period and pursuant to any assessment or re-assessment received by any Obligor or Personal Guarantor) and has made adequate provision for Taxes for the current period, except for Taxes which are being contested in good faith by appropriate proceedings and for which the Obligor or Personal Guarantor has set aside on its books adequate reserves. No Tax Lien has been filed and no Tax claim, individually or collectively with all such other claims, in excess of \$25,000 is being asserted against any Obligor or Personal Guarantor, except as disclosed in Schedule 7.1.30.
- 7.1.31 No Default. No Default or Event of Default has occurred and is continuing.
- 7.1.32 Material Adverse Change. Except as disclosed in Schedule 7.1.32, since March 31, 2019, there has been no event, development or circumstance that has or could reasonably be expected to result in a Material Adverse Change.
- 7.1.33 Bank Accounts. Schedule 7.1.33 contains, as of the Closing Date, a complete and accurate list of all bank accounts maintained by each Obligor.
- 7.1.34 Third Party Consents. Except as otherwise agreed by the Agent in writing, each Obligor and Personal Guarantor has obtained, made or taken all consents, approvals, Authorizations, declarations, registrations, filings, notices and other actions whatsoever required (collectively, the "Consents" for purposes of this Section) in connection with the execution, delivery and performance by each Obligor and Personal Guarantor of the Loan Documents to which it is a party and all other agreements or instruments delivered pursuant to such Loan Documents and the consummation of the transactions contemplated by such Loan Documents.
- 7.1.35 Business of Obligors. The sole business of the Obligors is the Business and businesses reasonably incidental thereto.
- 7.1.36 Cash Calls. No Obligor is subject to any mandatory obligation or requirement to provide funds or to make any Investment in any business or Person.
- 7.1.37 Vendor Take-Back Obligations. Other than earn out payments, no Obligor has any payment obligations under any vendor take-back or other similar deferred purchase price obligations.
- 7.1.38 Leases. Schedule 7.1.38 contains a complete and accurate list of all real property Leases to which any Obligor is a party. All rental and other payments required to be paid by any Obligor

pursuant to any Lease have been paid when due, all of the Leases are in full force and effect and no Obligor is in default under any Lease except for any such defaults that individually or in the aggregate, do not, and could not reasonably be expected to, result in a Material Adverse Change.

- 7.1.39 Shareholder Loans. Except as disclosed in Schedule 7.1.39, there are no outstanding loans and advances made by (i) any shareholder of any Obligor to any Obligor, or (ii) any Person who does not deal at arm's length with any Obligor to such Obligor.
- 7.1.40 Customer and Trade Relations. There is not any actual or threatened termination or cancellation of, or to the knowledge of any Obligor, any material adverse change in, the business relationship between any Obligor and any supplier or customer material to the operations of the Business.
- 7.1.41 Environmental Laws. Each Obligor and its business, operations, assets, equipment, property, leaseholds and other facilities is in compliance in all material respects with all Requirements of Environmental Law, specifically including all Requirements of Environmental Law concerning the storage and handling of Hazardous Materials. Each Obligor holds all material permits, licenses, certificates and approvals from all Governmental Authorities which are required in connection with (i) air emissions; (ii) discharges to surface or groundwater; (iii) noise emissions; (iv) solid or liquid waste disposal; (v) the use, generation, storage, transportation or disposal of Hazardous Materials; and (vi) all other Requirements of Environmental Law. To the knowledge of each Obligor, there has been no material emission, spill, release, or discharge into or upon (i) the air; (ii) soils, or any improvements located thereon; (iii) surface water or groundwater; or (iv) the sewer, septic system or waste treatment, storage or disposal system servicing the premises, of any Hazardous Materials at or from any of the Properties, and except as disclosed in Schedule 7.1.41, there has been no complaint, order, directive, claim, citation, or notice from any Governmental Authority or any other Person with respect to (i) air emissions; (ii) spills, releases, or discharges to soils or improvements located thereon, surface water, groundwater or the sewer, septic system or waste treatment, storage or disposal systems servicing any of the Properties; (iii) noise emissions; (iv) solid or liquid waste disposal; (v) the use, generation, storage, transportation, or disposal of Hazardous Materials; or (vi) other Requirements of Environmental Law affecting the Properties or the Obligors. Except as disclosed in Schedule 7.1.41, there are no legal or administrative proceedings, investigations or claims now threatened or of which an Obligor has notice, pending, with respect to the presence on or under, or the discharge, emission, spill, radiation or disposal into or upon any of the Properties, the atmosphere, or any watercourse or body of water, of any Hazardous Material; nor are there any material matters under discussion with any Governmental Authority relating thereto; and the Obligors are not aware of any factual basis for any such proceedings, investigations or claims. The Obligors have no material current indebtedness, obligation or liability, with respect to the storage, treatment, cleanup or disposal of any Hazardous Materials (including without limitation any such indebtedness, obligation, or liability under any Requirements of Environmental Law regarding such storage, treatment, cleanup or disposal).
- 7.1.42 Anti-Terrorism Laws. No Obligor or Personal Guarantor nor any of their Affiliates is in violation of any Anti-Terrorism Laws or has engaged in or conspired to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or has attempted to violate, any of the prohibitions set forth in any Anti-Terrorism Law. No Obligor, Personal Guarantor or Affiliate of any Obligor knowingly (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person or (ii) deals in, otherwise engages in any transaction relating to, any property or interests in property, in each case, contrary to any Anti-Terrorism Law. Each Obligor is in compliance in all material respects with the requirements of all OFAC Sanctions Programs applicable to it, each Subsidiary of each Obligor is in compliance in all material respects with the requirements

of all OFAC Sanctions Programs applicable to such Subsidiary, each Obligor has provided to the Agent, the Issuing Lender, and the Lenders all information requested by them regarding such Obligor and its Affiliates and Subsidiaries necessary for the Agent, the Issuing Lender, and the Lenders to comply with all applicable OFAC Sanctions Programs, and no Obligor nor any of its Subsidiaries nor, to the knowledge of any Obligor, any officer, director or Affiliate of any Obligor or any of its Subsidiaries, is a Person, that is, or is owned or controlled by Persons that are, (i) the target of any OFAC Sanctions Programs or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of any OFAC Sanctions Programs, except in each of the foregoing cases to the extent the activities of such Person do not violate any OFAC Sanctions programs.

7.1.43 Corrupt Organizations. No Obligor, Personal Guarantor nor any of their Affiliates is engaged in or has engaged in any course of conduct that could reasonably be expected to subject any of their respective properties to any Lien, seizure or other forfeiture under any racketeer influenced and corrupt organizations law, civil or criminal, or other similar laws.

7.1.44 Anti-Corruption Laws. Each Obligor and each of its Subsidiaries and each Personal Guarantor is in material compliance with all Anti-Corruption Laws. Each Obligor and each of its Subsidiaries and each Personal Guarantor has implemented and maintains in effect policies and procedures reasonably designed to ensure compliance in all material respects by each Personal Guarantor, each Obligor, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws. No Obligor nor any Subsidiary or any Personal Guarantor has made a payment, offering, or promise to pay, or authorized the payment of, money or anything of value (a) in order to assist in obtaining or retaining business for or with, or directing business to, any foreign official, foreign political party, party official or candidate for foreign political office, (b) to a foreign official, foreign political party or party official or any candidate for foreign political office, and (c) with the intent to induce the recipient to misuse his or her official position to direct business wrongfully to such Obligor or such Subsidiary or Personal Guarantor or to any other Person, in violation of any Anti-Corruption Laws.

7.1.45 Trustee. No Obligor is the trustee of any trust or settlement.

7.2 Survival of Representations and Warranties

The representations and warranties set out in Section 7.1 shall survive the execution and delivery of this Agreement until all Obligations (other than contingent indemnity obligations) have been paid in full regardless of any investigation or examination made by the Agent or the Lenders or their legal counsel, and the Agent and the Lenders shall be deemed to have relied upon each of such representations and warranties in making available each Advance under this Agreement.

7.3 Repetition of Representations and Warranties

The representations and warranties set out in Section 7.1 will be repeated by each Obligor (with respect to itself and each other Obligor), and Personal Guarantor, as applicable, as being true and correct in each Drawdown Request and Compliance Certificate delivered by the Borrower and on each Borrowing Date as if such representations and warranties had been made by each Obligor or Personal Guarantor, as applicable, on and as of the date of such Drawdown Request and Compliance Certificate and on and as of such Borrowing Date, except to the extent expressly stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct as of such earlier date, and except to the extent that, on or prior to the date of such Drawdown Request or Compliance Certificate, or on each Borrowing Date, the Borrower has advised the Agent in writing of a variation in any such representation or warranty or has amended or supplemented any schedule referred to in Section 7.1 from that in existence on the Closing

Date (save and except as provided in this Agreement), provided that such variation, amendment or supplement and the substance of the matters set forth therein have been approved in writing by the Agent and the Required Lenders.

ARTICLE 8 BANKERS' ACCEPTANCES AND BA EQUIVALENT NOTES

8.1 Commitment to Purchase Bankers' Acceptances and BA Equivalent Notes

- 8.1.1 Each BA Lender which is a Schedule I Lender agrees to purchase those Bankers' Acceptances which it has accepted for a purchase price equal to the BA Discount Proceeds applicable therefor, namely at a discount from the face amount thereof calculated at the CDOR Rate for the relevant period in effect on the issuance date thereof.
- 8.1.2 Each BA Lender which is a Schedule II Lender or Schedule III Lender agrees to purchase those Bankers' Acceptances which it has accepted for a purchase price equal to the BA Discount Proceeds therefor, namely, at a discount from the face amount thereof calculated at the applicable BA Discount Rate for Schedule II and Schedule III Lenders for the relevant period in effect on the issuance date thereof.
- 8.1.3 Each Non-BA Lender agrees to purchase BA Equivalent Notes issued by it hereunder at a discount from the face amount thereof calculated using a rate not in excess of the CDOR Rate for the relevant period in effect on the issuance date thereof.
- 8.1.4 In the case of each purchase of Bankers' Acceptances pursuant to Section 8.1.1 or 8.1.2 above, each BA Lender shall remit to the Agent prior to 11:00 a.m. (Toronto time) on the applicable Borrowing Date an amount equal to (i) the BA Discount Proceeds of the Bankers' Acceptances accepted by it, less (ii) the amount of the stamping fee payable in respect of such Bankers' Acceptances accepted by it, calculated in accordance with Section 9.1.

8.2 Issuance Mechanics for Bankers' Acceptances

- 8.2.1 Notice to BA Lenders and Non-BA Lenders. Promptly following receipt of a Drawdown Request requesting Bankers' Acceptances, the Agent shall advise each BA Lender of the face amount and term of each draft to be accepted and purchased by it, and shall advise each Non-BA Lender of the face amount and term of each BA Equivalent Note to be accepted and purchased by it.
- 8.2.2 Term and Other Particulars. The term of all Bankers' Acceptances and BA Equivalent Notes issued pursuant to any Drawdown Request shall be identical. Each Bankers' Acceptance and BA Equivalent Note shall be dated the Borrowing Date on which it is issued, and shall be for a term of 28 to 182 days, without grace, provided that in no event shall the applicable maturity of a Bankers' Acceptance or BA Equivalent Note extend beyond the Maturity Date for the Term Facility.
- 8.2.3 Proportionate Share. The aggregate face amount of, as applicable, the drafts to be accepted as Bankers' Acceptances by a BA Lender and BA Equivalent Notes to be accepted by each Non-BA Lender on each Borrowing Date shall be determined by the Agent based on each such Lender's Proportionate Share of the Term Facility under which, as applicable, the drafts are to be accepted, or BA Equivalent Notes are to be accepted, except that if the face amount of any draft to be accepted by a BA Lender or BA Equivalent Note to be accepted by a Non-BA Lender,

determined based on such Lender's Proportionate Share would not be \$1,000 or a whole multiple of \$1,000, the Agent shall either increase or decrease such face amount to the nearest whole multiple of \$1,000.

8.3 Payment of Bankers' Acceptances

The Borrower availing itself of the Bankers' Acceptances availment agrees to provide payment of the face amount of each Bankers' Acceptance to the Agent on the maturity of such Bankers' Acceptance or, prior to such maturity, on the Acceleration Date; and the Agent shall remit the face amount to the applicable BA Lender and such BA Lender shall, if applicable, in turn remit such amount to the holder of the Bankers' Acceptance. If the Borrower fails to provide for the payment of the Bankers' Acceptance accordingly, any amount not so paid shall be deemed to be a Cdn. Prime Based Loan advanced hereunder and shall be immediately payable by the Borrower to the Agent on behalf of each BA Lender together with interest on such amount calculated daily and payable monthly at the rate and in the manner applicable to Cdn. Prime Based Loans under the Term Facility under which such Bankers' Acceptance was issued. The Borrower agrees to accept each such Cdn. Prime Based Loan and irrevocably authorizes and directs the applicable BA Lender to apply the proceeds of each such Loan in payment of the liability of the Borrower with respect to the related Bankers' Acceptance. The Borrower agrees not to claim any days of grace for the payment at maturity of any Bankers' Acceptance and agrees to indemnify and save harmless each BA Lender in connection with all payments made by such BA Lender (or by the Agent on its behalf) pursuant to Bankers' Acceptances accepted by such BA Lender, together with all reasonable costs and expenses incurred by each BA Lender in this regard. The Borrower hereby waives any defences to payment which might otherwise exist if for any reason a Bankers' Acceptance is held by a BA Lender for its own account at maturity.

8.4 Availability of Bankers' Acceptances or BA Equivalent Notes

If at any time and from time to time the Agent determines, acting reasonably and in accordance with Section 3.5 of the Model Provisions, that there no longer exists a market for Bankers' Acceptances for the term requested by the Borrower, or at all, the Agent shall so advise the Borrower, and in such event the BA Lenders shall not be obliged to accept and the Borrower shall not be entitled to issue Bankers' Acceptances. Each Non-BA Lender shall have no obligation to issue BA Equivalent Notes during any period in which a BA Lenders' obligation to issue Bankers' Acceptances is suspended pursuant to Section 3.5 of the CBA Model Provisions.

8.5 Power of Attorney

The Borrower availing itself of the Bankers' Acceptances availment hereby appoints (i) each BA Lender as its true and lawful attorney to complete, sign, endorse, issue and accept Bankers' Acceptances on behalf of such Borrower, and (ii) each Non-BA Lender as its true and lawful attorney to complete, sign, endorse, and issue BA Equivalent Notes on behalf of such Borrower, in each case, in accordance with a Drawdown Request provided by the Borrower to the Agent, and the Borrower hereby ratifies all that each attorney appointed hereunder may do by virtue thereof in accordance with the applicable Drawdown Request. The Borrower agrees to indemnify and hold harmless the Agent, the BA Lenders and the Non-BA Lenders and their respective directors, officers and employees from and against any charges, complaints, costs, damages, expenses, losses or liabilities of any kind or nature which they may incur, sustain or suffer, arising from or by reason of acting, or failing to act, as the case may be, in reliance upon this power of attorney, except to the extent caused by the gross negligence or wilful misconduct of the Agent, the applicable BA Lender, the applicable Non-BA Lender or their respective directors, officers and employees. The Borrower hereby agrees that each Bankers' Acceptance completed, issued, accepted and purchased in accordance with this Agreement by a BA Lender and each BA Equivalent Note completed by a Non-BA Lender on behalf of the Borrower, is a valid, binding and negotiable instrument of the Borrower as drawer and endorser. The Borrower agrees that each BA Lender's or each Non-BA Lender's accounts and records will constitute

prima facie evidence of the execution and delivery by the Borrower of Bankers' Acceptances or BA Equivalent Notes, as the case may be. This power of attorney shall continue in force until the earlier of written notice of revocation being served upon the Agent by the Borrower at the Agent's address set out in Section 17.8 or termination of this Agreement.

8.6 Safekeeping of Drafts

The Borrower availing itself of the Bankers' Acceptances availment shall provide each BA Lender with a series of blank drafts to be used in accordance with Section 8.5. Any drafts to be used for Bankers' Acceptances shall be held by the applicable BA Lender in safekeeping with the same degree of care as if they were such BA Lender's own property. The Borrower may, by written notice to the Agent, designate persons other than senior officers of the Borrower to give the Agent instructions regarding the manner in which drafts are to be completed and the times at which they are to be issued; provided however that receipt by the Agent of a Drawdown Request requesting an Advance by way of Bankers' Acceptances shall be deemed to be sufficient authority from senior officers of the Borrower or such designated persons for each of the BA Lenders to complete, and issue drafts in accordance with such notice. None of the Agent nor any of the applicable Lenders nor any of their respective directors, officers, employees, agents, representatives or Affiliates (in this Section, each an "**Indemnified Party**") shall be liable for any action taken or omitted to be taken by any of them under this Section except for liability which is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or wilful misconduct.

8.7 BA Equivalent Notes

No Non-BA Lender shall accept Bankers' Acceptances hereunder, but shall instead from time to time make BA Equivalent Loans to the Borrower availing itself of the Bankers' Acceptances availment. Each BA Equivalent Loan shall be evidenced by a BA Equivalent Note payable by the Borrower to the applicable Non-BA Lender, and which will be purchased by the Non-BA Lender. Each BA Equivalent Note shall be negotiable by the Non-BA Lender without notice to or the consent of the Borrower, and the holder thereof shall be entitled to enforce such BA Equivalent Note against the Borrower free of any equities, defences or rights of set-off that may exist between such Borrower and the Non-BA Lender. In this Agreement, all references to a BA Equivalent Note shall mean the loan evidenced thereby if required by the context; and all references to the "issuance" of a BA Equivalent Note by a Non-BA Lender and similar expressions shall mean the making of a BA Equivalent Loan by the Non-BA Lender which is evidenced by a BA Equivalent Note. For greater certainty, the net amount to be made available by each Non-BA Lender on any applicable Borrowing Date in respect of a BA Equivalent Loan made by it on such date shall be equal to the BA Discount Proceeds that such Non-BA Lender would have been required to make available to the Borrower had such Non-BA Lender been a Schedule I Lender that purchased Bankers' Acceptances on such date. The following provisions are applicable to each BA Equivalent Loan made by a Non-BA Lender to the Borrower hereunder.

The Borrower agrees to provide payment of the face amount of each BA Equivalent Note to the Agent on the maturity of the BA Equivalent Note or, prior to such maturity, on the Acceleration Date; and the Agent shall remit the face amount to such Non-BA Lender and such Non-BA Lender shall, if applicable, in turn remit such amount to the holder of the BA Equivalent Note. If the Borrower fails to provide for the payment of the BA Equivalent Note accordingly, any amount not so paid shall be deemed to be a Cdn. Prime Based Loan advanced hereunder and shall be immediately payable by the Borrower to the Agent on behalf of the Non-BA Lender together with interest on such amount calculated daily and payable monthly at the rate and in the manner applicable to Cdn. Prime Based Loans under the Term Facility. The Borrower agrees to accept each such Cdn. Prime Based Loan and irrevocably authorizes and directs the applicable Non-BA Lender to apply the proceeds of each such Loan in payment of the liability of the Borrower with respect to the related BA Equivalent Note. The Borrower agrees not to claim any days of grace for the payment at

maturity of any BA Equivalent Note and agrees to indemnify and save harmless the Non-BA Lender in connection with all payments made by the Non-BA Lender (or by the Agent on its behalf) pursuant to BA Equivalent Notes accepted by the Non-BA Lender, together with all reasonable costs and expenses incurred by the Non-BA Lender in this regard. The Borrower hereby waives any defences to payment which might otherwise exist if for any reason a BA Equivalent Note is held by the Non-BA Lender for its own account at maturity.

8.8 General

8.8.1 Holding by BA Lender and Non-BA Lender. Each BA Lender or Non-BA Lender may from time to time hold, sell, rediscount or otherwise dispose of any or all Bankers' Acceptances or BA Equivalent Notes accepted and purchased by it.

8.8.2 Waiver of Presentment. The Borrower availing itself of the Bankers' Acceptances availment waives presentment for payment and any other defence to the payment of any amounts due to any applicable Lender in respect of a Bankers' Acceptance or BA Equivalent Note accepted and purchased by it pursuant to this Agreement which might exist solely by reason of the Bankers' Acceptance or BA Equivalent Note being held, at the maturity thereof, by such Lender in its own right and the Borrower agrees not to claim any days of grace if such Lender as holder sues the Borrower on the Bankers' Acceptance or BA Equivalent Note for payment of the amount payable by the Borrower thereunder.

8.8.3 Cash Collateral. If any Bankers' Acceptance or BA Equivalent Note is outstanding on the Maturity Date with respect to the Term Facility, or (ii) the Acceleration Date, in each case, the Borrower availing itself of the Bankers' Acceptances availment will immediately upon demand by the Agent provide to the Agent, for the account of the holder of such Bankers' Acceptance or BA Equivalent Note, Cash Collateral in an amount equal to the face amount of such Bankers' Acceptance or such BA Equivalent Note (together with such security agreement, officers' certificates and legal opinions as the Agent may reasonably request). Such Cash Collateral (together with interest on such funds) shall be held by the Agent for payment of the liability of the Borrower in respect of such Bankers' Acceptance or BA Equivalent Note and shall bear interest for the account of the Borrower for such terms as are selected from time to time by the Agent at the wholesale money market rate of the Agent for deposits of similar amounts and maturities. Any balance of such funds (and interest thereon) remaining after payment or retirement of such liability shall be held by the Agent as security for the remaining liabilities of the Borrower under the Loan Documents.

8.8.4 Amount of Credit Usage. For purposes of determining the availability of any additional Advances under the Term Facility and whether any applicable credit limit has been exceeded, the amount of credit usage constituted by any Bankers' Acceptance shall be the face amount of such Bankers' Acceptance.

ARTICLE 9 INTEREST AND FEES

9.1 Rates Applicable to the Borrower

In respect of Advances under the Term Facility, the Borrower shall pay the following:

- 9.1.1 Cdn. Prime Based Loans. Interest on Cdn. Prime Based Loans at the Prime Rate plus the Applicable Margin per annum, payable monthly in arrears on the last day of each and every month and on the Maturity Date of the respective Term Facility.
- 9.1.2 Bankers' Acceptance. In respect of each Bankers' Acceptance, a stamping fee equal to the face or principal amount of the Bankers' Acceptance, multiplied by the Applicable Margin in effect at the date of issuance, multiplied by the number of days to maturity of the Bankers' Acceptance (but excluding the day on which the Bankers' Acceptance matures), and divided by 365, payable at the time of acceptance.
- 9.1.3 BA Equivalent Note. In respect of each BA Equivalent Note, a stamping fee equal to the face or principal amount of the BA Equivalent Note multiplied by the Applicable Margin in effect at the date of issuance, multiplied by the number of days to maturity of the BA Equivalent Note (but excluding the day on which the BA Equivalent Note matures), and divided by 365, payable at the time of issuance.

Each payment outlined in this Section 9.1 shall be made by the Borrower to the Agent on behalf of and for the account of each applicable Lender. Pursuant to Section 10.7, the Agent shall promptly disburse such payment to each Lender entitled thereto in accordance with its Proportionate Share of the Outstanding Advances under the Term Facility in respect of which such payment was made.

9.2 Other Fees

- 9.2.1 Participation Fee. Any Lender assigning, or granting a participation in, all or part of its interest in the Term Facility shall pay to the Agent (for its own account) an annual fee of \$10,000 in respect of each assignment or participation completed as part of the initial syndication of the Term Facility per additional new Lender to compensate the Agent for its services in that regard (payable on the syndication date and each anniversary thereof). For greater certainty, all costs and fees associated with any such assignment or participation shall be borne by the assigning Lender or the Lender granting the participation and/or the assignee or transferee.
- 9.2.2 Upfront Fee. The Borrower shall pay to the Agent upfront fees in accordance with a fee letter dated on or about the date hereof.
- 9.2.3 Debit Authorization. The Borrower hereby authorizes and directs the Agent to debit the amount of all fees payable by the Borrower under Section 9.1 and this Section 9.2, from any one or more accounts of the Borrower when due.

9.3 Interest on Default

Notwithstanding any other provision of this Agreement or any other Loan Document, upon the occurrence of any Event of Default which is continuing, the Borrower shall pay interest and fees on all Advances at a rate (payable on Demand as well after as before judgment) equal to the applicable Interest rate (or the BA Discount Rate in respect of Bankers' Acceptances) plus the Applicable Margin payable in accordance with this Agreement plus 2.0% per annum (such increased rate to be effective on the date of such Event of Default and thereafter until the date such Event of Default has been cured or waived) which shall compensate the Lenders for the additional risk being assumed in connection with the Term Facility.

9.4 Interest on Other Amounts

Unless otherwise specifically stated in this Article 9 or elsewhere in any Loan Document, any amount owed by the Borrower to the Agent or to any Lender under any of the Loan Documents, other than any principal,

interest and fees owing to the Agent or the Lenders which amounts are subject to the provisions of Section 9.3 of this Agreement, that is not paid when due and payable, shall bear interest at a rate (payable on demand as well after as before judgment) equal to the applicable Interest rate plus the Applicable Margin payable in accordance with this Agreement plus 2.0% per annum (such increased rate to be effective on the date of such non-payment) from the date of non-payment until paid in full. Each such rate per annum shall change automatically without notice to the Borrower as and when the Prime Rate shall change so that at all times the interest payable under this Section 9.4 shall be based on the Prime Rate then in effect.

9.5 Interest on Third Party Unpaid Costs and Expenses

If the Borrower fails to pay when due any amount in respect of costs or expenses of any Person other than the Agent or the Lenders, and if such person charges interest on such unpaid amounts, the Borrower shall pay interest at the rate so charged on the unpaid amounts until paid in full.

9.6 Determination of Rates and Basis of Calculation of Interest

- 9.6.1 The rates of interest and fees shall be determined by the Agent whenever such determination is required for any purpose of this Agreement, and such determination shall be *prima facie* evidence of such rate.
- 9.6.2 All interest in respect of Cdn. Prime Based Loans shall be payable in Cdn. Dollars.
- 9.6.3 All interest payments to be made under this Agreement shall be paid without allowance or deduction for deemed re-investment or otherwise, both before and after maturity and before and after default and/or judgment, if any, until payment of the amount on which such interest is accruing, and interest will accrue on overdue interest, if any.
- 9.6.4 Unless otherwise indicated, interest on any Outstanding Advances shall be calculated daily and shall be payable monthly in arrears on the last day of each and every month. If the last day of a month is not a Business Day, the interest payment due on such day shall be made on the next Business Day, and interest shall continue to accrue on such Outstanding Advance and shall also be paid on such next Business Day. Interest shall accrue from and including the day upon which an Advance is made or is deemed to have been made, and ending on but excluding the day on which such Advance is repaid or satisfied. Any change in the Prime Rate shall cause an immediate adjustment of the interest rate applicable to Cdn. Prime Based Loans in Canadian Dollars.
- 9.6.5 Unless otherwise stated, in this Agreement if reference is made to a rate of interest, fee or other amount "per annum" or a similar expression is used, such interest, fee or other amount shall be calculated on the basis of a year of three hundred and sixty-five (365) or three hundred and sixty-six (366) days, as the case may be. If the amount of any interest, fee or other amount is determined or expressed on the basis of a period of less than one year of three hundred and sixty-five (365) or three hundred and sixty-six (366) days, as the case may be, the equivalent yearly rate is equal to the rate so determined or expressed, divided by the number of days in the said period, and multiplied by the actual number of days in that calendar year. For purposes of the *Interest Act* (Canada), the principle of deemed reinvestment of interest shall not apply to any interest rate calculation under this Agreement, and the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.
- 9.6.6 If interest at the rates provided for in this Article 9 is not enforceable by reason of the *Interest Act* (Canada), interest after default on principal and interest amounts shall be at the same rate of interest applicable thereto prior to default.

9.7 Maximum Returns

- 9.7.1 In the event that any provision of this Agreement would oblige the Borrower to make any payment of interest or any other payment which is construed by a court of competent jurisdiction to be interest in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by the Agent, the Lenders, or any one of them, of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)), then notwithstanding such provision, such amount or rate shall be deemed to have been adjusted *nunc pro tunc* to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by the Agent, Lenders, or any one of them, of interest at a criminal rate, such adjustment to be effected, to the extent necessary, as follows:
- (a) firstly, by reducing the amount or rate of interest required to be paid under Section 9.1 of this Agreement; and
 - (b) thereafter, by reducing any fees, commissions, premiums and other amounts which would constitute interest for the purposes of Section 347 of the *Criminal Code* (Canada).
- 9.7.2 If, notwithstanding the provisions of this Section 9.7 and after giving effect to all adjustments contemplated thereby, the Agent, the Lenders, or any one of them, shall have received an amount in excess of the maximum permitted by the *Criminal Code* (Canada), then such excess shall be applied by the Agent (on behalf of the Lenders) rateably in accordance with each Lender's Proportionate Share of the Loans, to the reduction of the principal balance of the Outstanding Advances and not to the payment of interest or if such excessive interest exceeds such principal balance, such excess shall be refunded to the Borrower.
- 9.7.3 Any amount or rate of interest referred to in this Section 9.7 shall be determined in accordance with generally accepted actuarial practices and principles at an effective annual rate of interest over the term of this Agreement on the assumption that any charges, fees or expenses that fall within the meaning of "interest" (as defined in the *Criminal Code* (Canada)) shall, if they relate to a specific period of time, be prorated over that period of time and otherwise be prorated over the term of this Agreement and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Agent (on behalf of the Lenders) shall be conclusive for the purposes of such determination.

ARTICLE 10 GENERAL PROVISIONS

10.1 Notice Periods

- 10.1.1 The Borrower shall provide written notice to the Agent in respect of Advances, Rollovers, Conversions and Repayments to the extent set out below:
- (a) notice is required for each voluntary Repayment under the Term Facility in accordance with Section 11.3;
 - (b) except as provided in Subsection (a) above, one (1) Business Days' notice is required before 1:00 p.m. Toronto, Ontario time in respect of any Advance, Rollover, Conversion or voluntary Repayment of an amount less than \$1,000,000 in Canadian Dollars; and

- (c) except as provided in Subsection (a) above, two (2) Business Days' notice is required before 1:00 p.m. Toronto, Ontario time in respect of any Advance, Rollover, Conversion or voluntary Repayment of an amount equal to or greater than \$1,000,000 in Canadian Dollars.
- 10.1.2 Notice of any Advance, Rollover, Conversion or voluntary Repayment referred to in Section 10.1.1 above shall be given in the form of a Drawdown Request, Rollover Notice, Conversion Notice or Repayment Notice, as the case may be, attached hereto as Schedules, and shall be given to the Agent at its address set out in Section 17.8.
- 10.1.3 If notice is not provided as contemplated herein with respect to the maturity of any Bankers' Acceptance or BA Equivalent Loan, the Agent may convert such Bankers' Acceptance or BA Equivalent Loan upon its maturity into a Cdn. Prime Based Loan.
- 10.1.4 Any conversion from one form of Advance to another shall be subject to satisfaction of all terms and conditions applicable to the form of the new Advance.

10.2 Procedures for Drawdowns and Advances

10.2.1 Drawdown

- (a) Upon receipt of a Drawdown Request, the Agent shall promptly notify each Lender under the Term Facility of (i) the proposed Advance, (ii) the particulars of the Advance to be made available by each Lender, and (iii) each Lender's Proportionate Share of the Advance. Each Drawdown Request shall be irrevocable and binding upon the Borrower.
- (b) The Borrower agrees to deliver in favour of each Lender such other agreements and documentation as such Lender may reasonably require (not inconsistent with this Agreement) in respect of such Lender's requirements for the acceptance of Bankers' Acceptances or the issuance of BA Equivalent Notes.

10.2.2 Advances

- (a) Each Lender shall transfer to the Agent's Account for value prior to 11:00 a.m. (Toronto, Ontario time) on each applicable Borrowing Date (as specified in the Drawdown Request) in immediately available Cdn. Dollars, as the case may be, its Proportionate Share of each such Advance.
- (b) The Agent may designate such other accounts and offices (other than the Agent's Account specified in this Agreement or the branch office specified at the address referred to in Section 17.8) as it may require for the purposes specified in Section 10.2.2(a) by notice in writing to the Lenders.
- (c) Unless the Agent determines that any condition precedent of the Advance has not been satisfied or waived, the Agent shall make the funds received by it from the Lenders available to the Borrower by depositing such funds by 2:00 p.m. (Toronto, Ontario time) on the requested Borrowing Date to such accounts in the name of the Borrower as the Borrower previously designated by timely notice to the Agent.
- (d) If the conditions precedent to the Advance are determined by the Agent to not have been met by 2:00 p.m. (Toronto, Ontario time) on the requested Borrowing Date, the Agent shall return the funds to the applicable Lenders or invest such funds in an overnight investment

in the Agent's discretion until such time as the conditions precedent have been satisfied by the Borrower and the Advance made.

10.3 Evidence of Obligations

10.3.1 Agent's Records. The Agent shall maintain the Register and records for each Lender evidencing: (i) the indebtedness, liabilities and obligations of the Borrower to each Lender under this Agreement in respect of Outstanding Advances and accrued interest thereon, fees in respect thereof, and other amounts payable under this Agreement; (ii) the types of Outstanding Advances from each Lender to the Borrower from time to time and the date or dates on which such Advance was made; and (iii) the amounts from time to time paid by the Borrower to each Lender under this Agreement on account of such Advance, interest, fees and other amounts. The Borrower acknowledges, confirms and agrees that the Register and all such records kept by the Agent shall constitute *prima facie* evidence of the matters referred to above; provided, however, that the failure of the Agent to make any entry or recording in the Register or any such records shall not limit or otherwise affect the obligations of the Borrower under this Agreement or with respect to any Advance, interest, fees or other amounts owed to any Lender. The Agent may, but shall not be obliged to, request the Borrower to execute and deliver from time to time such promissory notes as may be required as additional evidence of the Outstanding Advances.

10.4 Funding by Lenders; Presumption by the Agent

10.4.1 Responsibility of Lenders. No Lender will be responsible for any default by any other Lender in its obligation to make Advances available to the Borrower nor will the Commitment of any Lender under the Term Facility be increased as a result of any such default, except as provided in this subsection. If any Lender fails to make available its Proportionate Share of any Advance under the Term Facility in whole or in part when required under its Commitment relative to the Term Facility, then such Lender shall constitute a Non-Funding Lender hereunder. The Agent will promptly notify the Borrower and the other Lenders that have Commitments under the Term Facility (the "**Funding Lenders**") of such failure by the Non-Funding Lender. Upon notice to the Borrower, the Agent and the other Funding Lenders, any Funding Lender may, but shall not be obligated to, take an Assignment and Assumption (as prescribed in the CBA Model Provisions) of all or part of the unfunded portion of the Non-Funding Lender's Commitment under the Term Facility and make available (the "**Additional Accommodation**") to the Borrower within five (5) Business Days after the applicable Borrowing Date the amount (or if more than one Funding Lender so elects, its pro rata share based on the Proportionate Shares under the Term Facility of those Funding Lenders who do so elect, of that portion as nearly as practicable in the opinion of the Agent) of the Advance not funded by the Non-Funding Lender (the "**Failed Accommodation**"). Those Funding Lenders giving such notice shall be herein referred to as the "**Step-up Lenders**". The maturity date of all Bankers' Acceptances included in such Additional Accommodation shall be identical to the respective maturity dates of any Bankers' Acceptances, that would have been included in such Failed Accommodation and that were included in the Advance made available by the Funding Lenders on the applicable Borrowing Date. The Lenders, the Borrower and the Agent shall thereupon enter into documentation, in form and substance satisfactory to the Agent, as may be appropriate to evidence the adjustment of the Commitments relative to such Loan, necessitated by such Failed Accommodation and such Additional Accommodation, if any, made by any Step-Up Lender. Nothing in this subsection shall be deemed to relieve any Non-Funding Lender of its obligation to make any Advance available when required to do so under this Agreement, or to prejudice any rights which the Borrower, the Agent or any Funding Lender may have against the Non-Funding Lender. The Advance by any one or more Step-Up Lenders of the Additional

Accommodation, in whole or in part, shall not cure or be deemed to have cured, in whole or in part, the failure of the Non-Funding Lender to advance the Failed Accommodation.

- 10.4.2 Presumption by the Agent. Without limiting the generality of Sections 10.6.1 and Section 10.6.2, unless the Agent shall have received notice from a Lender prior to the proposed date of any Advance that such Lender will not make available to the Agent such Lender's Proportionate Share of such Advance, the Agent may assume that such Lender has made its share available on such date in accordance with the provisions of this Agreement concerning funding by Lenders and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its Proportionate Share of the applicable Advance available to the Agent, then such Non-Funding Lender shall pay to the Agent forthwith on demand the amount of the Failed Accommodation with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Agent, at a rate determined by the Agent in accordance with prevailing banking industry practice on interbank compensation. If the Non-Funding Lender pays such amount forthwith to the Agent, then such amount shall constitute such Non-Funding Lender's Loan included in such Advance. If the Non-Funding Lender does not do so forthwith, the Borrower shall pay to the Agent forthwith on demand the Failed Accommodation with interest thereon at the interest rate applicable to the Advance in question. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against the Non-Funding Lender that has failed to make such payment to the Agent.

10.5 Non-Funding Lenders

The following provisions shall also apply to any Lender that becomes a Non-Funding Lender or is deemed to be a Non-Funding Lender in accordance with the terms of this Agreement:

- 10.5.1 Cash Collateralization of Obligations. Each Non-Funding Lender shall be required to provide to the Agent cash or Cash Equivalents in an amount, as shall be determined from time to time by the Agent in its sole discretion, equal to all obligations of such Non-Funding Lender to the Agent that are owing or may become owing pursuant to the Loan Documents, including, without limitation, such Non-Funding Lender's obligation to pay its Proportionate Share of any indemnification or expense reimbursement amounts not paid by the Borrower. Such cash or Cash Equivalents shall be held by the Agent in one or more cash collateral accounts, which account or accounts shall be in the name of the Agent and shall not be required to be interest bearing. The Agent shall be entitled to apply the foregoing cash and Cash Equivalents against such obligations of the Non-Funding Lender and at such times, in each case as it deems appropriate in its sole discretion.
- 10.5.2 No Liability of the Agent re Cash Collateral. Neither the Agent nor any of its Affiliates nor any of their respective officers, directors, employees, agents or representatives shall be liable to any Lender (including, without limitation, a Non-Funding Lender) for any action taken or omitted to be taken by it in connection with amounts payable by the Borrower to a Non-Funding Lender and received and deposited by the Agent in a cash collateral account and applied in accordance with the provisions of this Agreement save and except for the gross negligence or wilful misconduct of the Agent as determined by a final non-appealable judgment of a court of competent jurisdiction.
- 10.5.3 Set-Off of Non-Funding Lender's Proportionate Share of Borrower Payments. The Agent shall be entitled to set off any Non-Funding Lender's Proportionate Share of all payments received from the Borrower against such Non-Funding Lender's obligations to fund payments and Advances required to be made by it and to purchase risk participations required to be purchased

by it in each case under the Loan Documents. The Agent shall be entitled to withhold and deposit in one or more non-interest bearing cash collateral accounts in the name of the Agent all amounts (whether principal, interest, fees or otherwise) received by the Agent and due to a Non-Funding Lender pursuant to this Agreement which amounts shall be used by the Agent:

- (a) first, to reimburse (i) the Agent for any amounts owing to it by the Non-Funding Lender pursuant to any Loan Document, and then to reimburse (ii) the Issuing Lender for any amounts paid by it that has not been fully reimbursed due to such Non-Funding Lender not funding its Proportionate Share of the applicable Advance,
- (b) second, to repay any Advances made by a Lender in order to fund a shortfall created by a Non-Funding Lender which repayment shall be in the form of an assignment by each such Lender of such Advance to the Non-Funding Lender,
- (c) third, (i) first, to cash collateralize all other obligations of such Non-Funding Lender to the Agent owing pursuant to the Loan Documents in such amount as shall be determined from time to time by the Agent in its sole discretion including, without limitation, such Non-Funding Lender's obligation to pay its Proportionate Share of any indemnification or expense reimbursement amounts not paid by the Borrower and (ii), second, to maintain cash collateral for the Non-Funding Lender's Proportionate Share of reimbursement obligations for Letters of Credit and other items, and
- (d) fourth, at the Agent's sole discretion, to fund from time to time the Non-Funding Lender's Proportionate Share of Advances under the Term Facility.

10.5.4 No Voting or Consent Rights/Adjustment of Terms. For certainty, a Non-Funding Lender shall have no voting or consent rights with respect to matters under the Loan Documents. Accordingly, the Commitments and the aggregate unpaid principal amount of the Advances owing to any Non-Funding Lender shall be disregarded in determining Required Lenders and all Lenders or all affected Lenders. Notwithstanding the foregoing, should a Non-Funding Lender (i) fund all outstanding Advances that it previously failed to fund and pay all other amounts owing to the Agent, and (ii) confirm in writing to the Agent that there is no reasonable likelihood that it will subsequently again become a Non-Funding Lender, then such Lender shall thereafter be entitled to vote and shall have consent rights in the same manner and fashion as if it were not a Non-Funding Lender.

10.6 Removal of a Lender

10.6.1 In the event (i) any Lender requests compensation pursuant to Section 3.1 of the CBA Model Provisions, (ii) the Borrower is required to pay any additional amount to any Lender or any Governmental Authority on account of any Lender pursuant to Section 3.2 of the CBA Model Provisions, (iii) any Lender's obligations are suspended pursuant to Section 3.4 of the CBA Model Provisions, (iv) any Lender shall become a Non-Funding Lender, or (v) any Lender refuses to consent to any amendment, waiver or other modification of any Loan Document requested by the Borrower that requires the consent of all Lenders and such amendment, waiver or other modification is consented to by the Required Lenders (any such Lender, a "**Non-Consenting Lender**"), the Borrower may, at its sole cost and expense, upon notice to such Lender, as the case may be, and the Agent, either:

- (a) replace such Lender, as the case may be, by causing such Lender to (and such Lender shall be obligated to) assign 100% of its relevant Commitments and the principal of its relevant outstanding Advances plus any accrued and unpaid interest and fees pursuant to Section

10 of the CBA Model Provisions (including the assignment fee specified in Section 10.2(f) of the CBA Model Provisions) all of its relevant rights and obligations under this Agreement to one or more Persons (which Persons shall otherwise be subject to the approval rights set forth in Section 10 of the CBA Model Provisions, as amended by Article 16 herein and which Persons may, for greater certainty, be existing Lenders) for consideration equal to payment of an amount equal to the outstanding principal of the replaced Lender's Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents from the replacement Lender (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts); provided that (i) if applicable, the replacement Lender shall agree to the consent, waiver or amendment to which the Non-Consenting Lender did not agree and the Borrower in good faith believe that due to all such replacements, such consent, waiver or amendment shall be achieved, (ii) neither the Agent nor any Lender shall have any obligation to the Borrower to find a replacement Lender or other such Person, (iii) in the case of any such assignment resulting from a claim for compensation under Section 3.1 of the CBA Model Provisions or payments required to be made pursuant to Section 3.2 of the CBA Model Provisions, such assignment will result in a reduction in such compensation or payments, (iv) if any Bankers' Acceptances of such replaced Lender are outstanding at the time of such replacement (which do not mature at the time of such replacement), at the option of such replaced Lender, (A) the Borrower shall repay the face amount of such Bankers' Acceptances, to such replaced Lender, (B) the Borrower shall enter into cash collateral arrangements with the replaced Lender and the Agent as are reasonably satisfactory to them in respect of such Bankers' Acceptances, or (C) such replaced Lender and the respective replacement Lender shall enter into such indemnity or other arrangements as mutually agreed upon by such replaced Lender and such replacement Lender in respect of such Bankers' Acceptances, and (v) such assignment does not conflict with any Applicable Law; or

- (b) terminate the Commitment of such Lender, as the case may be, and in the case of a Lender (other than an Issuing Lender), repay all Obligations of the Borrower owing to such Lender relating to the Advances and participations held by such Lender as of such termination date.

10.6.2 The right of the Borrower to replace any Lender pursuant to Section 10.6.1 is suspended during any period for which an Event of Default has occurred and is continuing.

10.7 Procedures for Payment

10.7.1 Borrower's Accounts with Agent. The Borrower undertakes that at all times there are any Outstanding Advances or any other amount is owed by it under any Loan Document it shall maintain at the respective Agent's Payment Branch an account in Cdn. Dollars which the Agent shall be entitled to debit with such amounts as are from time to time required to be paid by the Borrower under the Loan Documents, as and when such amounts are due, and that each such account will contain sufficient funds for such purpose. Without in any way limiting the rights of the Agent pursuant to the foregoing, unless otherwise specifically agreed between the Borrower and the Agent, the Borrower hereby irrevocably authorizes and directs the Agent to debit the above mentioned accounts, as applicable, with the amount of the scheduled Repayments as they become due and such amounts as are from time to time required to be paid by the Borrower pursuant to Article 11 of this Agreement.

10.7.2 Payments to Agent's Account. All payments by the Borrower under a Loan Document shall be made to the Agent in the applicable Agent's Account (for the account of the Lenders entitled to

such payment pursuant to their Proportionate Share of the Outstanding Advances under the Term Facility) not later than 2:00 p.m. (Toronto, Ontario time) for value on the date when due, and shall be made in immediately available funds without set-off or counterclaim. Payments made by the Borrower after such time on a Business Day shall be treated as having been received by the Agent on the next Business Day.

- 10.7.3 Payment by the Borrower to Agent. Unless the Borrower notifies the Agent not later than 12:00 p.m. (Toronto, Ontario time) of the Business Day prior to the date on which any payment is due that the Borrower does not intend to remit such payment, the Agent shall be entitled to assume that the Borrower has remitted or will remit such payment when so due and the Agent may (but shall not be obliged to), in reliance upon such assumption, make available to each applicable Lender on such payment date such Lender's Proportionate Share under the Term Facility of such assumed payment. If the Borrower does not in fact remit such payment to the Agent as required by such Loan Document, each applicable Lender shall immediately repay to the Agent on demand the amount so made available to such Lender, together with interest on such amount at the interbank reference rate then in effect in Canada in respect of each day from and including the date such amount was made available to such Lender to the date such amount is repaid in immediately available funds, and the Borrower shall immediately pay to the Agent on demand such amounts as are sufficient to compensate the Agent and the Lenders for all costs and expenses which the Agent or the Lenders may sustain. A certificate of the Agent as to any such amounts payable by the Borrower shall contain reasonable details of the calculation of such amounts and shall, absent manifest error, constitute *prima facie* evidence of such amounts.

10.8 Determination of Equivalent Amounts

Whenever it is necessary or desirable at any time to determine the Equivalent Amount in Canadian Dollars of an amount expressed in U.S. Dollars or any other currency, as applicable, or vice-versa (specifically including the determination of the Equivalent Amount in Canadian Dollars of an Advance made in U.S. Dollars, the determination of each Lender's Proportionate Share of any Repayment on any date, and the determination of whether the Outstanding Advances under the Term Facility exceed the limit applicable to the Term Facility at any time), the Equivalent Amount shall be determined by reference to the Exchange Rate on the date of such determination.

ARTICLE 11 REPAYMENT

11.1 Term Facility

- 11.1.1 The Obligations under the Term Facility shall, in addition to any other required payments under this Agreement, become due and payable on the earlier of: (i) the Acceleration Date, and (ii) the Maturity Date. At such date, the Term Facility shall terminate and all Outstanding Advances under the Term Facility, together with accrued and unpaid interest thereon and all fees and other charges payable in connection therewith, shall become immediately due and payable without the Agent having to make Demand therefor.
- 11.1.2 Prior to the Acceleration Date and Maturity Date and from and after the Conversion Date, the Borrower shall make principal repayments respecting the Advances under the Term Facility by way of equal consecutive instalments, payable monthly in arrears on the last day of each month commencing with the last day of the first full month ending after the Conversion Date, until the Maturity Date. Such payments to be based on straight line amortization periods determined by the Agent and the Lenders in their discretion and communicated to the Borrower by way of a

payment schedule provided by the Agent on or after the Conversion Date and based on a 10 year (120 month) amortization period.

- 11.1.3 Whether or not such payments referred to in Section 11.1.2 are in fact made, the aggregate Term Commitments of the Term Lenders shall be reduced on each such payment date by the amount of the payment required to be made on such date, and each Term Lender's Term Commitment shall be reduced on each such date by its Proportionate Share of such payment, such that its Reduced Term Commitment shall be the lesser of the Term Commitment and the Reduced Term Commitment existing immediately before such payment, as so reduced.

11.2 Mandatory Repayments

- 11.2.1 Proceeds of Debt/Equity Issuance. The Borrower shall repay to the Agent Outstanding Advances under the Term Facility in an aggregate principal amount equal to 100% of the Net Cash Proceeds of any equity raised from an initial public or private offering undertaken by any Obligor or any debt financing or other issuance of Indebtedness (other than Permitted Debt) undertaken by any Obligor within three (3) Business Days of closing the equity offering or debt financing and provided that the Borrower shall not have to make any repayment from Net Cash Proceeds of any such equity offerings of up to an aggregate amount of \$25,000,000 completed prior to June 30, 2020 conditional on all representations and warranties continuing to be true, no Default, Event of Default or Material Adverse Change has occurred or exists or will exist at time of such equity offering, both prior to and after such equity offering. The Borrower shall deliver to the Agent a Mandatory Repayment Notice in connection with such Repayment.

- 11.2.2 Asset Sales. The Borrower shall repay Outstanding Advances under the Term Facility in an aggregate principal amount equal to 100% of the Net Cash Proceeds of any Asset Disposition by any Obligor (other than proceeds from Net Cash Proceeds of less than \$1,000,000 from an Asset Disposition and proceeds generated from sales of Inventory in the ordinary course of business) to the Agent forthwith and no later than three (3) Business Days following receipt. Notwithstanding the foregoing, the Borrower may also retain Net Cash Proceeds from an Asset Disposition if the Cash Proceeds are applied within 180 days of their receipt to acquire assets of the type used or useful in the Business, provided that the Borrower notifies the Agent of its intentions regarding application of the Cash Proceeds within ten (10) days of their receipt. The Borrower shall deliver to the Agent a Mandatory Repayment Notice in connection with such Repayment.

- 11.2.3 Insurance Proceeds. The Borrower shall repay Outstanding Advances under the Facilities in an aggregate principal amount equal to 100% of the Net Cash Proceeds from any insurance claim (other than liability insurance) made or settled by any Obligor to the Agent forthwith and no later than three (3) Business Days following receipt by any such Obligor (i) in all cases if an Event of Default has occurred and is continuing, and (ii) in all other cases unless the insurance proceeds are applied within 180 days of their receipt to acquire assets of the type used or useful in the Business, provided that, the Borrower or the applicable Obligor notifies the Agent of their intentions regarding application of the insurance proceeds within ten (10) days of their receipt.

The Borrower shall deliver to the Agent a Mandatory Repayment Notice in connection with such Repayment.

- 11.2.4 Reduction of Term Commitments on Repayments. For greater certainty:

- (a) payments and Repayments of the amounts contemplated in Sections 11.2.1, 11.2.2 and 11.2.3 will permanently reduce the aggregate of the Term Lenders' Term Commitments by

the amount of such payment or Repayment, along with each Term Lender's Term Commitment by its Proportionate Share of such payment or Repayment; and

- (c) each payment or Repayment of the amounts contemplated in Sections 11.2.1, 11.2.2 and 11.2.3 shall be applied (i) firstly, against the payment due on the Maturity Date in respect of the Term Loan, (ii) secondly against the scheduled monthly payments provided for in Section 11.1.2 in respect of the Term Loan, in inverse order of maturity commencing with the final scheduled monthly payment, (iii) thirdly, against any other Obligations.

11.3 Voluntary Permanent Prepayments

The Borrower shall have the right to make a Permanent Prepayment from time to time on any Business Day (an "**Optional Permanent Prepayment Date**") in respect of any Outstanding Advances under the Term Facility, without premium, penalty or bonus, subject to prepayment restrictions arising under Bankers' Acceptances, BA Equivalent Loans and Hedging Agreements, on the following terms and conditions:

- 11.3.1 Notice. The Borrower shall deliver to the Agent a Permanent Prepayment Notice (such notice to be irrevocable) by 12:00 noon (Toronto time) no less than three (3) days prior to the Optional Permanent Prepayment Date specifying the amount and the type of the Advance and the Term Facility to be prepaid subject to Sections 11.3.4.
- 11.3.2 Allocation to Lenders. Each Permanent Prepayment of an Outstanding Advance pursuant to this Section 11.3 under the Term Facility shall be allocated (as to both amount and type of Advance) to the Term Lenders or the Term Lenders, as applicable, on the basis of their respective Proportionate Shares of the respective Commitments.
- 11.3.3 Minimum Amount; Inverse Order. The amount of any Outstanding Advance prepaid under this Section 11.3 at any time shall not be less than \$500,000 (or the amount of all applicable Outstanding Advances under the Term Facility to be paid, if less). Such Permanent Prepayment shall not be made, directly or indirectly, from the proceeds of Funded Debt. Any Permanent Prepayment shall be applied (i) firstly, against the payment due on the Maturity Date, and (ii) secondly against the scheduled monthly payments set out in Section 11.1, as applicable, in inverse order of maturity commencing with the final scheduled monthly payment.
- 11.3.4 Bankers' Acceptances. Notwithstanding anything herein contained, no Permanent Prepayment of any Bankers' Acceptances or BA Equivalent Notes shall be made otherwise than on the maturity date of such Bankers' Acceptances or BA Equivalent Notes except if Cash Collateral is provided to the Agent (for the benefit of the applicable Lenders) in an amount equal to the aggregate face (or, if applicable, principal) amount of the Bankers' Acceptances or BA Equivalent Notes to be prepaid prior to their respective maturity dates (together with such security agreements, officers certificates, legal opinions and other documents or agreements as the Agent may reasonably request in connection therewith). The Agent shall hold such Cash Collateral for the purpose of prepaying, and shall apply such Cash Collateral to prepay, such Bankers' Acceptances or BA Equivalent Notes as they mature, except if an Event of Default has occurred and is continuing, and in such case, the Agent may apply such Cash Collateral at such time or times, and to such of the other Obligations (which, for greater certainty, shall not include any Bankers' Acceptances or BA Equivalent Notes prior to maturity), as the Lenders may determine in their discretion.
- 11.3.5 Notice Irrevocable. On the applicable Optional Permanent Prepayment Date, the Borrower shall prepay any Outstanding Advances in accordance with the notice given pursuant to Section 11.3.1 together with all other fees and other amounts (other than interest) accrued and unpaid

under this Agreement, and any amounts payable under Section 9.1 of the CBA Model Provisions, if any, with respect to any such Advance that is prepaid. Any interest on such prepaid Outstanding Advance shall continue to be paid in accordance with Section 9.6 unless otherwise accelerated.

- 11.3.6 Reduction of Commitments. Payments of the amounts under this Section 11.3 will permanently reduce the aggregate of the Term Lenders' Term Commitments by the amount of such payment and each Term Lender's Term Commitment by its Proportionate Share.
- 11.3.7 Notice to Lenders from Agent. The Administrative Agent shall promptly notify the Lenders of any proposed Permanent Prepayment of Outstanding Advances pursuant to Section 11.3.1 and the amount and type of such Outstanding Advance to be prepaid to each Term Lender.

ARTICLE 12 COVENANTS

12.1 Affirmative Covenants

From the Closing Date until the Term Facility has been terminated and all Obligations shall have been paid in full to the Lenders, and except otherwise permitted by the prior written consent of the Required Lenders (or such greater threshold as may be specifically provided for elsewhere in this Agreement), each Obligor and Personal Guarantor, as applicable, covenants and agrees that it shall, and shall cause each other Obligor, to comply with the following covenants:

- 12.1.1 Prompt Payment. The Borrower shall punctually pay to the Agent and each Lender when due, all principal, interest and other amounts owing by the Borrower to the Agent or such Lender, as the case may be, pursuant to or in respect of this Agreement, on the dates and in the manner provided by this Agreement and the other Loan Documents, without set off or deduction of any kind.
- 12.1.2 Maintain Existence. Each Obligor shall do or cause to be done all such things as are necessary to maintain its corporate or other legal entity existence in good standing, to ensure that it has at all times the right and is duly qualified to conduct its businesses and to obtain and maintain all rights, privileges, licences, approvals, consents and franchises necessary for the conduct of the Business (including those in approved Cannabis Jurisdictions), except such rights, privileges, licences, approvals, consents and franchises where the failure to obtain or maintain the same would not have a reasonable likelihood of having a Material Adverse Effect.
- 12.1.3 Conduct of Business/Maintenance of Assets. Each Obligor shall continuously carry on and conduct the Business only in Approved Cannabis Jurisdictions in all material respects in a proper and efficient manner. Each Obligor shall maintain and preserve all of its tangible properties and assets necessary for the proper conduct of the Business in good repair and functional working order (reasonable wear and tear excepted), and to obtain, preserve, renew and keep in full force and effect any and all Intellectual Property, licences, permits, franchises and other intangible assets necessary for the conduct of the Business (including, without limitation, those in any Approved Cannabis Jurisdiction), except where the failure to obtain, procure, renew and keep in full force and effect any such Intellectual Property, licences, permits, franchises and other intangible assets would not be material. The Obligors shall manage and operate their businesses or cause their businesses to be managed and operated solely within Approved Cannabis Jurisdictions in accordance in all material respects with all applicable laws and be permitted to engage in Permitted Transactions. "**Permitted Transactions**" means any

transaction involving a right to acquire equity securities of a Contingent Entity (as defined below) that is not exercisable until the earlier of: (a) the cultivation, production, distribution and sale of marijuana is legal in the jurisdiction in which such Contingent Entity operates, including, for greater certainty, under both federal and state laws in the case of the United States; and (b) the Obligors have received approval to exercise such right from any stock exchange upon which their securities are listed. “**Contingent Entity**” means a business, activity, person or entity engaged in activities related to the cultivation, production, distribution, sale or possession of (A) non-medical marijuana in any jurisdiction other than Canada and other jurisdictions where it is federally legal, or (B) medical marijuana in any jurisdiction other than Canada and other jurisdictions where it is federally legal. The Obligors shall immediately provide copies of all material correspondence and notices received from any governmental authority or stock exchange with respect to the licenses and permits required to conduct the Obligors’ businesses, security clearance, or any regulatory or other investigations into the Obligors’ cannabis business practices.

- 12.1.4 Compliance with Laws. Each Obligor shall in all material respects (i) comply on a timely basis with all Applicable Laws and orders of any Governmental Authority applicable to it or its property, (ii) observe, perform and enforce its obligations and rights under all Material Contracts, and Material Permits, (iii) observe, perform and enforce all of its other contractual obligations and rights, and (iv) for greater certainty until the *Cannabis Act* (Canada) is in full force and effect the Obligors shall produce Cannabis solely for medical purposes in compliance with all applicable laws and will not use the proceeds of advances under the Term Facility, directly or indirectly, for any purpose which is not fully compliant with all applicable laws.
- 12.1.5 Cannabis Laws. The Obligors shall:
- (a) engage in Cannabis Activities only in Approved Cannabis Jurisdictions, in each case in accordance with all Applicable Laws therein;
 - (b) ensure that all activities of the Obligors relating to the cultivation, production and processing of Cannabis and Cannabis-related products occur solely in facilities licensed by Governmental Authorities in Approved Cannabis Jurisdictions; and
 - (c) ensure that all activities of the Obligors’ relations to the sale of Cannabis and Cannabis related products are to entities licensed by Governmental Authorities in Approved Cannabis Jurisdictions and counterparties satisfactory to the Lenders.
- 12.1.6 Use of Proceeds. The Borrower shall use the proceeds of all Advances provided under the Term Facility solely for the purposes set out in Section 3.1.
- 12.1.7 Payment of Taxes and Statutory Liens. Each Obligor and Personal Guarantor shall (i) pay all of its liabilities and obligations including all Taxes, Priority Accounts Payable and Statutory Liens except where: (A) the validity or amount thereof is being contested in good faith by appropriate proceedings promptly initiated and diligently conducted; (B) such Obligor has set aside on its books adequate reserves with respect thereto in accordance with GAAP; and (C) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect; and (ii) timely file or cause to be filed all Tax returns and reports required to be filed by it from time to time under Applicable Law.
- 12.1.8 Maintain Records. Each Obligor shall maintain its books, accounts and records in accordance with GAAP.

- 12.1.9 Inspection. Each Obligor shall permit the Agent and its employees, agents and representatives, upon reasonable prior notice during normal business hours and at the expense of the Borrower, to enter upon and inspect each Obligor's properties, assets, books and records, to examine and make copies of and extracts from its books and records, and discuss its affairs, finances, operations and accounts with any of its officers, directors, accountants and auditors provided that if an Event of Default has occurred and is continuing, no prior notice to any Obligor of any such visit shall be required and any such visit shall not be limited to normal business hours.
- 12.1.10 Bank Accounts. The Obligors shall maintain all bank accounts with the Agent, except as agreed by the Agent in writing.
- 12.1.11 Insurance.
- (a) Each Obligor shall, and shall cause every other Obligor to, maintain or cause to be maintained, insurance with respect to its properties and Business against such liabilities, casualties, risks and contingencies, of such types (including business interruption, "all-risks" property damage, boiler and machinery, third party liability and flood insurance with respect to any improvements on real Property consisting of building or parking facilities in an area designated by a governmental body as having special flood hazards) and in such amounts as is customary in the case of Persons engaged in the same or similar businesses and similarly situated and in accordance with any other specified requirements of any Governmental Authority or the Agent and in a minimum amount of \$5,000,000 (the "**Insurance**").
 - (b) All policies of Insurance shall be in form and substance acceptable to the Agent, acting reasonably, and shall be underwritten by financially sound and reputable insurance companies.
 - (c) In the case of any fire, accident or other casualty causing loss or damage to any properties of any Obligor used in generating cash flow or required by Applicable Law, all proceeds of the insurance shall be dealt with in accordance with Section 11.2.3; provided that if an Event of Default has occurred and is continuing, all proceeds of such insurance shall only be used as directed by the Required Lenders in their sole discretion.
 - (d) All Insurance with respect to property of the Obligors shall be endorsed in favour of the Agent as first mortgagee and as first loss payee, and shall be in an amount no less than the replacement value of the property insured. The Agent shall be named as an additional insured in respect of all liability policies and such policies shall contain cross liability and severability of interest provisions. The Insurance shall contain provisions that the insurer shall provide at least thirty (30) days prior notice to the Agent of any changes to the Insurance and that the Insurance shall not be cancelled without at least thirty (30) days prior notice being given by the insurer(s) to the Agent, evidence of the giving of such notice to be the responsibility of the insurer(s) in each case, and shall contain the Insurance Bureau of Canada's standard mortgage clause or an alternative appropriate form of mortgage clause satisfactory to the Agent.
 - (e) If any Obligor defaults in (i) insuring its real or personal property and assets as are required under this Section 12.1.11 to be insured, or (ii) delivering the certificates or policies of Insurance, in each case, the Agent may, at its option, immediately effect and pay the premiums for such Insurance and the Borrower shall reimburse the Agent for any premiums so paid with interest thereon at the then applicable interest rate with respect to Cdn. Prime Based Loans.

- (f) As soon as practicable following the happening of any loss or damage in respect of any Obligor's real or personal property and assets subject to any Insurance, the Borrower shall, at its expense, furnish or cause to be furnished all necessary proof and do all necessary acts to enable the Person entitled to receipt of the proceeds of such insurance pursuant to this Subsection to obtain payment thereof.
- (g) All policies of Insurance will, where applicable, contain a release of any subrogation rights which any Obligor's insurers may have against the Agent or the Lenders or those for whom any of them are in law responsible.
- (h) Each Obligor agrees to deliver in writing to the Agent, from time to time, upon reasonable request by the Agent, all information relating to the Insurance and all monies payable to such Obligor thereunder. The Agent shall be entitled, from time to time, to inspect any books, papers, documents or records evidencing or relating to such Insurance and make copies thereof.
- (i) Each Obligor agrees that it shall forthwith provide the Agent with a certified copy of each policy of Insurance within ninety (90) days after the Closing Date, together with a certified copy of each policy of Insurance issued in replacement of or in substitution for any policy of Insurance or policies of Insurance or as a renewal of any policy of Insurance or policies of Insurance within ninety (90) days after such issuance.

12.1.12 Perform Obligations. Each Obligor and Personal Guarantor shall fulfill all covenants and obligations required to be performed by it under those Loan Documents to which it is a party, and any other agreement or undertaking now or hereafter made between it and the Agent or any Lender.

12.1.13 Chief Executive Office; New Locations of Assets; Change of Name. The Borrower shall advise the Agent in writing not less than twenty (20) days prior to the Borrower or any other Obligor (i) changing the location of its "chief executive office", "registered office", "chief place of business", "principal place of business" or the location of its accounts and records or acquiring any such new locations (provided, in no case, shall the chief executive office or registered office for the Borrower be other than in Canada), (ii) keeping, maintaining or storing Inventory at any location having a value in excess of \$100,000 in the aggregate other than the locations listed in Schedule 7.1.4, or (iii) changing its corporate name. Upon any event described in subsection (ii) above, Schedule 7.1.4 shall be deemed to be amended to reflect such occurrence without the requirement of any further action. The Borrower shall (iv) provide the Agent with any additional security which the Agent may deem necessary or advisable to maintain the perfected Liens created by the Security Documents and to continue the validity, enforceability and effectiveness of the Security Documents notwithstanding any change contemplated by this Section 12.1.13, and (v) cause to be delivered, supporting resolutions, certificates and legal opinions with respect to such additional Security Documents as the Agent may reasonably require.

12.1.14 Leased/Warehouse/Storage Locations. Each Obligor agrees to fully pay its respective monetary obligations in a timely manner (subject to the right of an Obligor to actively and diligently contest in good faith any obligations in the ordinary course) and otherwise perform its material obligations under all Leases, all contracts for the warehousing or storage of Collateral and other agreements relating to locations occupied or used by any Obligor that are not owned real property and where any Collateral or other asset charged by any Security Document is located.

12.1.15 Notice of Certain Events. Each Obligor and Personal Guarantor shall provide prompt notice to the Agent upon becoming aware of:

- (a) the occurrence of any Default or Event of Default (for greater certainty, whether or not such Default or Event of Default is continuing);
- (b) any management letter or any event or circumstance that has had, or so far as such Obligor can reasonably foresee, is reasonably likely to have, a Material Adverse Effect;
- (c) promptly, after receipt thereof, any rejection notice for new or renewal security clearance application for each director and officer of the Borrower or any other applicable person as required under the *Access to Cannabis for Medical Purposes Regulations* or any subsequent regulations;
- (d) promptly, after receipt thereof and in any event within five (5) Business Days of the receipt thereof: (i) the results of any facility audit by any Governmental Authority to the extent such results are material and negative; and (ii) any warning document, letter or notice from any Governmental Authority that would have a material and negative impact on any license held by the Borrower, together with the Borrower's action plan with respect thereto;
- (e) any contravention of, or non-compliance by, any Obligor or Personal Guarantor with any term or condition of any Loan Document;
- (f) any amendment or termination of an licence or permit;
- (g) any suit, litigation, investigation or other proceeding which is commenced or threatened in writing against any Obligor or Personal Guarantor which involves a claim in excess of \$250,000 (or the Equivalent Amount in any other currency or currencies);
- (h) any notice of default, acceleration, termination or suspension received by any Obligor or Personal Guarantor in respect of any Indebtedness, any Material Contract or Material Permit;
- (i) such other information as the Agent may reasonably request,

in each case, together with a detailed statement by a Senior Officer of the Borrower of the steps being taken to cure, prevent or respond to, and the effect of, such event or circumstance, as the case may be.

12.1.16 Additional Subsidiaries. If, at any time on or after the Closing Date, any Obligor creates or acquires an additional Subsidiary or in some other manner becomes the holder of any Equity Securities of said Subsidiary by any means whatsoever, to the extent permitted by Applicable Law, the Obligor shall, and shall cause any other relevant Obligor, to execute and deliver to the Agent, within twenty (20) days of such creation, acquisition or qualifications, a joinder agreement in a form satisfactory to the Agent pursuant to which they become a party to this Agreement together with a guarantee, security agreement and other agreements, instruments and documents similar in type and scope and form as delivered pursuant to Section 13.1, all in form and substance satisfactory to the Agent, granting a first ranking Lien in favour of the Agent (on behalf of all the Lenders) on all of the assets of the new Subsidiary. All Equity Securities of the new Subsidiary shall be pledged and delivered by the applicable Obligor to the Agent (on behalf of the Lenders). In each case, the new Security Documents shall be accompanied by

supporting resolutions, certificates and legal opinions in form and substance satisfactory to the Agent.

12.1.17 Intellectual Property and Software.

- (a) Each Obligor shall provide the Agent and the Lenders within sixty (60) days of the end of each Fiscal Quarter and each Fiscal Year full written particulars of (i) any new quotas, registered patents, trademarks, trade names, copyrights, licenses and rights with respect thereto, or any new software (other than purchased software), owned, created or acquired by any Obligor after the date of this Agreement and which have not been previously reported to the Agent and the Lenders, and (ii) any previously reported quotas, patents, trademarks, trade names, copyrights, licenses and rights with respect thereto, or any software (other than purchased software), which have ceased, been abandoned or have been terminated after the date of this Agreement and which have not been previously reported to the Agent and the Lenders as ceased, abandoned or terminated.
- (b) Each Obligor shall (i) protect, defend and maintain the validity and enforceability of all quotas and the material trademarks, patents, copyrights, designs and each item of the material Intellectual Property in which it has an interest, and (ii) use its commercially reasonable efforts to detect infringements of such quotas, trademarks, patents, copyrights or designs thereof and promptly advise the Agent and the Lenders in writing of infringements detected.
- (c) Each Obligor shall execute and file, no later than ninety (90) days of any material Intellectual Property created, acquired or held by such Obligor after the date of this Agreement (the “**After-Acquired Intellectual Property**”), such instruments, and take such actions as the Agent may reasonably request from time to time, to perfect or continue the perfection of the Agent’s Lien in any After-Acquired Intellectual Property. The applicable Obligor shall provide written notice (together with a confirmation of filing) to the Agent upon any such filing or action mentioned above being completed.
- (d) Upon any Senior Officer of an Obligor obtaining actual knowledge thereof, the applicable Obligor will promptly notify the Agent and the Lenders in writing of any event that adversely affects in any material respect the value of any Intellectual Property, the ability of an Obligor to dispose of any Intellectual Property and the rights and remedies of the Agent and the Lenders in relation thereto.

12.1.18 Cooperate With Agent and Lenders. Each Obligor and Personal Guarantor shall cooperate fully with the Agent and the Lenders with respect to any proceedings before any court, board or other Governmental Authority which may in any way materially and adversely affect the rights of the Agent and the Lenders under any Loan Document.

12.1.19 Canadian Pension Plans and Canadian Benefit Plans

- (a) For each existing, or hereafter adopted, Canadian Pension Plan and Canadian Benefit Plan, each Obligor shall, in a timely fashion and in all material respects, comply with and perform all of its obligations under and in respect of such Canadian Pension Plan or Canadian Benefit Plan, including under any funding agreements and all Applicable Laws (including any fiduciary, funding, investment and administration obligations).
- (b) All employer or employee payments, contributions or premiums required to be remitted, paid to or in respect of each Canadian Pension Plan or Canadian Benefit Plan shall be paid

or remitted by each Obligor in a timely fashion and in accordance with the terms thereof (including any funding agreements and all Applicable Laws).

- (c) The Borrower shall deliver to the Agent: (i) copies of each annual and other return, report or valuation with respect to each Canadian Pension Plan or Canadian Benefit Plan as filed with any plan fund holder, applicable Governmental Authority or other Person by any Obligor (including Form 7's filed under the *Pension Benefits Act* (Ontario) or comparable filing in other jurisdictions) promptly after such filing; (ii) promptly after receipt thereof, a copy of any direction, order, notice, ruling or opinion that any Obligor may receive from any applicable Governmental Authority with respect to any Canadian Pension Plan relating to any material matter; and (iii) notification within thirty (30) days of any increases having a cost to one or more of the Obligors in excess of \$500,000 per annum in the aggregate taking into account all Obligors, in the benefits of any existing Canadian Pension Plan or Canadian Benefit Plan, or the establishment of any new Canadian Pension Plan or Canadian Benefit Plan, or the commencement of contributions to any such plan to which any Obligor was not previously contributing.

12.1.20 Further Assurances. Each Obligor and Personal Guarantor shall, at its own expense and promptly at the reasonable request of the Agent, cure or cause to be cured all defects in the content, execution and delivery of any Loan Document to which it is a party or any other document arising from the Loan Documents. Each Obligor and Personal Guarantor further agrees, at the Borrower's expense and promptly at the request of the Agent (i) to execute and deliver to the Agent all such other and further documents, agreements and instruments necessary to satisfy the obligations of any Obligor or Personal Guarantor under the Loan Documents to which it is a party including real property security satisfactory to the Agent (including satisfactory title insurance or title opinion) over properties acquired by an Obligor in a principal amount no less than the purchase price of the property, (ii) to effect any registrations or filings reasonably required by the Agent, and (iii) to obtain any consents or acknowledgments reasonably required by the Agent.

12.1.21 Notice of Environmental Matters. Each Obligor shall notify the Agent promptly upon such Obligor becoming aware of:

- (a) any civil, criminal or regulatory proceeding or investigation which involves a claim against it in excess of \$250,000 (or the Equivalent Amount in any other currency or currencies) with respect to any Requirements of Environmental Law or laws relating to occupational health and safety; or
- (b) any Release from any owned or leased real property of any Obligor into the environment that any Obligor is required to report to any Governmental Authority pursuant to Applicable Law.

12.1.22 Environmental Rectification. Each Obligor agrees to forthwith rectify (as and to the extent imposed by Requirements of Environmental Law) any Release of any Hazardous Material from any of its properties or caused by it and comply with any and all orders issued by any Governmental Authority with respect to the environment.

12.1.23 Environmental Compliance. Each Obligor agrees to comply with all material Requirements of Environmental Law and Applicable Laws relating to occupational health and safety.

- 12.1.24 Hedging and other Banking Arrangements. All permitted hedging transactions (i.e. currency, interest rate), cash management services (i.e. corporate MasterCard credit lines and electronic funds transfer) and letter of credits obtained by the Obligors must be provided by the Lenders.
- 12.1.25 Compliance with OFAC Sanctions Programs and Anti-Corruption Laws. (a) Each Obligor shall at all times comply in all material respects with the requirements of all OFAC Sanctions Programs applicable to such Obligor and shall cause each of its Subsidiaries to comply in all material respects with the requirements of all OFAC Sanctions Programs applicable to such Subsidiary.
- (b) Each Obligor shall provide the Agent and the Lenders any information regarding the Loan Parties, their Affiliates, and their Subsidiaries necessary for the Agent and the Lenders to comply with all applicable OFAC Sanctions Programs; subject however, in the case of Affiliates, to such Loan Party's ability to provide information applicable to them.
- (c) If any Obligor obtains actual knowledge or receives any written notice that any Obligor, any Subsidiary of any Obligor, or any officer, director or Affiliate of any Obligor or that any Person that owns or controls any such Person is the target of any OFAC Sanctions Programs or is located, organized or resident in a country or territory that is, or whose government is, the subject of any OFAC Sanctions Programs, and in each of the foregoing cases the activities of such Person violate any OFAC Sanctions Program (such occurrence, an "*OFAC Event*"), such Obligor shall promptly (i) give written notice to the Agent and the Lenders of such OFAC Event, and (ii) comply in all material respects with all applicable laws with respect to such OFAC Event (regardless of whether the target Person is located within the jurisdiction of the United States of America), including the OFAC Sanctions Programs, and each Obligor hereby authorizes and consents to the Agent and the Lenders taking any and all steps the Agent or the Lenders deem necessary, in their sole but reasonable discretion, to avoid violation of all applicable laws with respect to any such OFAC Event, including the requirements of the OFAC Sanctions Programs (including the freezing and/or blocking of assets and reporting such action to OFAC).
- (d) No Obligor will, directly or, to any Obligor's knowledge, indirectly, use the proceeds of the Term Facilities, or lend, contribute or otherwise make available such proceeds to any other Person, (i) to fund any activities or business of or with any Person or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of any OFAC Sanctions Programs, to the extent such activities or business violate any OFAC Sanctions Program, or (ii) in any other manner that would result in a violation of OFAC Sanctions Programs or Anti-Corruption Laws by any Person (including any Person participating in the Facilities, whether as underwriter, lender, advisor, investor, or otherwise).
- (e) No Obligor or Personal Guarantor will, nor will it permit any Subsidiary to, violate any Anti-Corruption Law in any material respect.
- (f) Each Obligor and Personal Guarantor will maintain in effect policies and procedures reasonably designed to ensure compliance in all material respects by the Obligors, their Subsidiaries, and their respective directors, officers, employees, and agents with applicable Anti-Corruption Laws.
- 12.1.26 Compliance with Cannabis Licence. Upon receipt by the Borrower of a Health Canada Cultivation license under the *Cannabis Act* (Canada), all cannabis cultivation not approved in such license in the Via Verde Greenhouse Complex must cease to operate.

12.1.27 Retrofit Costs. The landlord of 1002-1102 Mersea Road 5, Town of Leamington, Ontario (Via Verde Hydroponics Ltd.) shall contribute and pay for a minimum of CDN\$3,900,000 of the initial retrofit costs for the Cannabis Operation prior to Loans being used to fund any such costs.

12.2 Negative Covenants

From the Closing Date until the Term Facility has been terminated and all Obligations shall have been paid in full to the Lenders, and except otherwise permitted by the prior written consent of the Required Lenders (or such greater threshold as may be specifically provided for elsewhere in this Agreement), each Obligor covenants and agrees that it shall, and shall cause each other Obligor, to comply with the following covenants:

12.2.1 Limitation on Indebtedness. No Obligor shall create, assume, issue or permit to exist, directly or indirectly, any Indebtedness except for Permitted Debt.

12.2.2 Additional Liens. No Obligor shall issue any Lien, or permit any Lien to exist, in respect of any of its property, assets, rights or undertaking, except Permitted Liens.

12.2.3 Disposition of Assets. No Obligor shall effect an Asset Disposition, except a Permitted Asset Disposition.

12.2.4 No Acquisitions. No Obligor shall make any Acquisition. No Obligor shall make a hostile take-over bid to acquire another Person.

12.2.5 No Guarantees. No Obligor shall be or become liable, directly or indirectly, contingently or otherwise, for any obligation of any other Person by way of a Guarantee.

12.2.6 Limitations on Investments. No Obligor shall make or acquire any Investment, loan, advance or extension of credit to any Person.

12.2.7 No Amalgamation, Merger or Consolidation. No Obligor shall merge into or amalgamate or consolidate with any other Person, or permit any other Person to merge into or amalgamate or consolidate with any Obligor, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its assets, or all or any of the Equity Securities of any of its Subsidiaries (in each case, whether now owned or hereafter acquired), or liquidate or dissolve, except that, if at the time thereof and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing:

- (a) any Wholly Owned Subsidiary of the Borrower may amalgamate or merge with or wind up into that Borrower, or any other Obligor that is a Wholly-Owned Subsidiary of that Borrower; and
- (b) any Wholly-Owned Subsidiary of the Borrower may sell, transfer, lease or otherwise dispose of its assets to that Borrower, or any other Obligor that is a Wholly-Owned Subsidiary of that Borrower,

provided that any amalgamation, merger, consolidation, winding up or transfer of assets shall not be permitted unless (i) each of the participating Wholly Owned Subsidiaries of the Borrower has entered into the Security Documents required under this Agreement, (ii) in the case of an amalgamation: (A) the amalgamated, merged or consolidated entity confirms to the Agent in writing (in form and substance satisfactory to the Agent) that the amalgamated, merged or consolidated entity is liable, by operation of law or otherwise, for the obligations of the

applicable Obligor under the Loan Documents, as the case may be, and (B) such amalgamated, merged or consolidated entity forthwith delivers to the Agent a certificate of a Senior Officer attaching the new constating documents and incumbency information for such entity, and any replacement share or unit certificates for Equity Securities previously pledged to the Agent (together with executed replacement powers of attorney), and (iii) the Agent receives such legal opinions and other acknowledgments or agreements from the applicable Persons as the Agent and the Lenders may require.

- 12.2.8 Constating Documents. No Obligor shall amend its articles or other constating documents in a material manner or in any manner that is or would be detrimental or prejudicial to the Agent or the Lenders without the prior written consent of the Required Lenders.
- 12.2.9 Transactions with Related Parties. Except to the extent permitted by Section 12.2.7, no Obligor shall sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property, assets or services from any Related Party or any non-arm's length party (within the meaning of the *Income Tax Act* (Canada), except in the ordinary course of business at prices and on terms and conditions not less favourable to such Obligor than could be obtained on an arm's-length basis from unrelated third parties. For certainty, the provisions of this Section 12.2.9 shall not operate to permit any transaction expressly prohibited by any other provision of this Agreement.
- 12.2.10 Material Agreements. No Obligor shall cancel or terminate any Material Agreement or materially amend or otherwise materially modify any Material Agreement, or waive any default or breach under any Material Agreement, or take any other action in connection with any Material Agreement (each being a "Change") other than any such Change that would not in any such case have a detrimental effect or be prejudicial to Agent or the Lenders under the Loan Documents.
- 12.2.11 Hedging Agreements. No Obligor shall enter into or otherwise become a party to or be obligated under any Hedging Agreement other than a Permitted Hedging Agreement.
- 12.2.12 Change in Control. No Obligor shall cause, give effect to, consent to, participate in, process, register or record any Change in Control.
- 12.2.13 Change in Fiscal Year or Business. No Obligor shall: (i) change its Fiscal Year end, (ii) change in any material way the nature, form or substance of its Business, or (iii) commence any other business which is not ancillary to or complimentary with the Business.
- 12.2.14 Shareholder Loans. No Obligor shall accept or repay a loan, advance or other payment from any shareholder, employee or from any other Person who does not deal at arm's length with each such Obligor (except for another Obligor) until such shareholder or other Person executes and delivers to the Agent a subordination and postponement agreement, in form and substance satisfactory to the Agent, supported by an opinion of corporate legal counsel and security registrations to the extent deemed necessary by legal counsel to the Agent and the Lenders.
- 12.2.15 Restricted Payments. No Obligor shall, directly or indirectly, declare or make any Distribution or any other payment of any nature or kind to any Related Party (including, without limitation, by way of dividends, purchase, redemption, retirement or return of capital, principal or interest payments, withdrawal, bonus, advance, salary, management or similar fees or other remuneration or otherwise), except for Permitted Distributions.

- 12.2.16 Subordinated Debt. No Obligor shall be entitled to make any payments or prepayments of principal, interest, fees or costs on account of any Subordinated Debt except pursuant to and in accordance with the terms of a Subordination and Postponement Agreement that is satisfactory to the Agent, in its sole discretion.
- 12.2.17 Contingent Obligations. No Obligor shall be or become liable, directly or indirectly, contingently or otherwise, for any Contingent Obligation of any other Person or provide other financial assistance to such Person other than as expressly provided for or permitted under this Agreement.
- 12.2.18 Limitation on Sale and Leaseback Transactions. No Obligor shall enter into any arrangement with any Person providing for the leasing by any Obligor, as lessee, of property which has been or is to be sold or transferred by any Obligor to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or the lease obligation of any Obligor.
- 12.2.19 Issuance of Equity Securities. No Obligor shall authorize or issue any Equity Securities to any Person other than to another Obligor or a Person who has pledged or agrees to pledge such Equity Securities to the Agent as security for the Obligations and the original certificates for all such securities shall be delivered forthwith to the Agent together with such powers of attorney or share transfer forms executed in blank and certified copies of registers of members (as applicable) in respect thereof as may be required by the Agent (or, in the case of uncertificated securities, a control agreement from the securities intermediary holding such securities is delivered to the Agent), provided however that, in the case of an initial public or private offering undertaken by an Obligor as contemplated in Section 11.2.1 where the provisions of that Section have been complied with, any Equity Securities issued to any Person dealing at arm's length with an Obligor (and any certificates therefor) shall not be required to be pledged and delivered to the Agent as security for the Obligations. No Obligor shall authorize or issue to any Person any Equity Securities that are retractable at the option of the holder unless the holder has provided a satisfactory subordination and postponement agreement in respect of any Indebtedness that can arise from the retraction of such shares.
- 12.2.20 Lock Boxes and Bank Accounts. No Obligor shall maintain any lock boxes, deposits or operating or other bank accounts unless such lock boxes, deposits and operating and other bank accounts are maintained with the Agent or permit any Receivables to be deposited other than in such bank accounts. All cash management must be carried out through BMO and each Obligor shall maintain a current account with BMO. Notwithstanding the foregoing, the Obligors shall be permitted to transition banking arrangements and cash management from Windsor Family Credit Union ("WFCU") to the Agent and BMO for 60 days (but not more than 60 days) subsequent to the date of this Agreement. Funds may be maintained at WFCU thereafter up to a maximum amount of \$100,000.
- 12.2.21 Services Agreements. No Obligor shall contract with any Person other than a Lender regarding the provision of any of the matters or services included in the definition of Services Agreements.
- 12.2.22 Environmental; Hazardous Materials. No Obligor shall bring onto or use on any real property (whether owned, leased or otherwise occupied by it) any Hazardous Materials other than in material compliance with all Requirements of Environmental Laws and prudent industrial standards.
- 12.2.23 Canadian Pension Plan Compliance. Each Obligor shall not:

- (a) (i) terminate any Canadian Pension Plan in a manner, or (ii) take any other action with respect to any Canadian Pension Plan, which action would have a material adverse effect;
- (b) fail to make full payment when due of all amounts which, under the provisions of any Canadian Pension Plan, any agreement relating thereto or Applicable Law, it is required to pay as contributions thereto;
- (c) permit to exist any accumulated funding deficiency, whether or not waived, with respect to any Canadian Pension Plan in a material amount;
- (d) contribute to or assume an obligation to contribute to, any “multi-employer pension plan” as such term is defined in the *Pension Benefits Act* (Ontario);
- (e) acquire an interest in any Person if such Person sponsors, maintains or contributes to, or at any time in the six-year period preceding such acquisition has sponsored, maintained, or contributed to any “multi-employer pension plan” as such term is defined in the *Pension Benefits Act* (Ontario); provided that, any Obligor may acquire an interest in any such Person if such Person is acquired as an Acquisition permitted under this Agreement and no Obligor has any legal liability to perform such Person’s obligations or assume such Person’s liabilities; and
- (f) permit the actuarial present value of the benefit liabilities (computed on an accumulated benefit obligation basis in accordance with GAAP) under all Canadian Pension Plans in the aggregate to exceed the current value of the assets of all Canadian Pension Plans in the aggregate that are allocable to such benefit liabilities, in each case only to the extent such liabilities and assets relate to benefits to be paid to employees of the Obligors, by a material amount.

12.3 Financial Covenants

From the Closing Date until the Term Facility has been terminated and all Obligations shall have been paid in full to the Lenders, the Borrower shall observe and perform the financial ratios listed below:

- 12.3.1 Maximum Senior Funded Debt to Tangible Net Worth. The Senior Funded Debt to Tangible Net Worth Ratio shall not be greater than 1.50:1 at all times, tested quarterly.
- 12.3.2 Minimum Fixed Charge Coverage. From and after the Conversion Date, the Fixed Charge Coverage Ratio shall not be less than 1.25:1 at all times calculated on a trailing twelve (12) month basis with projected twelve (12) month debt service requirements until TTM twelve (12) month debt service requirements achieved.
- 12.3.3 Maximum Total Funded Debt to EBITDA. From and after the Conversion Date, the Total Funded Debt to EBITDA Ratio shall not be greater than 3.00:1.00 at all times tested quarterly.
- 12.3.4 Minimum Liquidity. The Borrower shall maintain Minimum Liquidity of CDN\$1,000,000, at all times, reported quarterly. “**Minimum Liquidity**” means in regards to the Borrower, its unrestricted cash and cash equivalents.
- 12.3.5 Calculation Principles.
 - (a) All financial ratios shall be calculated in accordance with GAAP, quarterly on a Rolling Period basis for income statement and cash flow items, and with actual Financial Quarter

end values for balance sheet items, based on the combined and consolidated interim financial statements or annual financial statements, as applicable, of the Borrower.

- (b) For greater certainty and notwithstanding anything contained in this Agreement, the Borrower shall be required to maintain the financial ratios and covenants in this Section 12.3 at all times during the relevant periods, notwithstanding that such ratios and covenants may only be calculated for the purposes of this Agreement on a quarterly basis.

12.4 Equity Cure

In the event the Borrower fails to comply with the Fixed Charge Coverage Ratio, as of the last day of any Fiscal Quarter end, the shareholders may inject capital by way of equity or Subordinated Debt and such contributions shall be included in the calculation of EBITDA solely for the purposes of determining compliance with such financial covenants (any such equity or Subordinated Debt contribution so included in the calculation of EBITDA, an “**Equity Contribution**”); provided that (a) notice of Borrowers’ intent to make an Equity Contribution shall be delivered no later than the day on which financial statements are required to be delivered for the applicable Fiscal Year end, and (b) such Equity Contribution shall be made no later than 15 business days after the date of such required delivery of financial statements.

Following the Conversion Date, an Equity Contribution may not be exercised in consecutive Fiscal Quarters.

12.5 Reporting Requirements

From the Closing Date until the Term Facility has been terminated and all Obligations shall have been paid in full to the Lenders, the Borrower shall deliver, or cause to be delivered, the following financial and other information to the Agent and the Lenders:

- 12.5.1 Annual Financial Information. As soon as practicable and in any event within 120 days after the end of each Fiscal Year of the Borrower:
 - (a) the annual review of Financial Statements of the Borrower and related management discussion and analysis;
 - (b) the annual accountant prepared Financial Statements of each Obligor other than the Borrower for such Fiscal Year;
 - (c) a report showing calculations of financial covenants for such Fiscal Year; and
 - (d) a Compliance Certificate.
- 12.5.2 Other Annual Information. No later than ninety (90) days after the commencement of each Fiscal Year of the Obligors, an Annual Business Plan, including financial forecast, for such Fiscal Year which will include management’s discussion and analysis of such Annual Business Plan, and containing financial projections on a quarterly basis for such Fiscal Year and including income statement, balance sheet, cash flow statement, Capital Expenditure budget, detailed list of assumptions and projected financial ratio compliance.
- 12.5.3 Quarterly Financial Information. As soon as practicable and in any event within forty-five (45) days of the end of each Fiscal Quarter of the Borrower:

- (a) the quarterly unaudited combined and consolidated Financial Statements of the Borrower for such Fiscal Quarter, certified to be true and in accordance with GAAP by a Senior Officer of the Borrower, together with a report prepared on a trailing twelve month basis showing calculations of financial covenants for such Fiscal Quarter and comparisons to budgeted amounts and the previous year Fiscal Quarter and related management discussion and analysis; and
 - (b) a Compliance Certificate.
- 12.5.4 Periodic Notices. Promptly and in any event within five (5) days after receipt, copies of all notifications received under Material Agreements, management letters, default notices, litigation claims, and provide notice of any other material events.
- 12.5.5 Cannabis Related Materials. The Borrower shall provide to the Agent:
- (a) on the first business day of each quarter following receipt of the Cultivation Class on the Borrower's license under the *Cannabis Act* (Canada), a quarterly compliance certificate from the Borrower confirming that its business is operating only in qualified jurisdictions and in compliance with all Applicable Laws, and all licenses issued by Governmental Authorities for its facilities and operations remain in full force and effect; and
 - (b) all reports from Health Canada received during the first year of licensing within five (5) days of receipts.
- 12.5.6 Other Information. Such additional information and documents as the Agent or any Lender may reasonably require from time to time, not inconsistent with the terms of this Agreement, to ensure the ongoing compliance by the Obligors and the Personal Guarantors with the terms and conditions of this Agreement and the other Loan Documents to which they are a party, in form reasonably acceptable to the Agent and the Required Lenders.

ARTICLE 13 SECURITY

13.1 Security

As general and continuing security for the due payment and performance of the Obligations, the following Security Documents or Loan Documents shall be executed and delivered to the Agent on behalf of the Lenders in form and substance satisfactory to the Agent:

- 13.1.1 A general security agreement from each Obligor in favour of the Agent and/or such other documentation as required by the Agent, in each case, providing a first ranking Lien (subject only to Permitted Liens) against all present and after-acquired property, assets and undertaking of such Obligor.
- 13.1.2 Unlimited guarantee and postponement of claim from each Obligor, other than the Personal Guarantors and the Borrower, in favour of the Agent in respect of all the Obligations.
- 13.1.3 A separate guarantee and postponement of claim limited to the principal amount of \$3,050,000 from each of the Personal Guarantors in favour of the Agent in respect of all the Obligations.

- 13.1.4 A Debt Deficiency Service Agreement from each of the Personal Guarantors regarding compliance with the financial covenants provided for in Section 12.3 in favour of the Agent.
- 13.1.5 A first ranking collateral mortgage or debenture together with a general assignment of lease respecting all real property owned by the Obligors in the amount of \$8,175,000 together with real property opinions or title insurance satisfactory to the Agent.
- 13.1.6 Declaration of Trust, Authorization and Beneficial Charge Agreement in favour of the Agent from each Obligor that is a nominee title holder in respect of real property owned by any other Obligor, including, without limitation, RealCo.
- 13.1.7 An assignment of insurance from each Obligor in favour of the Agent in respect of all present and future insurance policies (including, without limitation, business interruption insurance) and the proceeds thereof, accompanied by a certified copy of all policies. Standard mortgage clauses shall be set forth in the policies.
- 13.1.8 Subordination and Postponement Agreements from any holders of Shareholders Equity, Subordinated Debt, retractable shares or Funded Debt (including vendor take back Indebtedness) and leasehold improvement indebtedness, including, but not limited to, each of Sunrite Greenhouses Ltd. and Via Verde Hydroponics Ltd.
- 13.1.9 Any security or other document, instrument or agreement ultimately delivered to the Agent pursuant to any undertaking contemplated by this Agreement, including standard indemnities for Letters of Credit (as required) and ISDA Master Agreement (as required).
- 13.1.10 Such other security agreements from any Obligor as the Agent may reasonably request from time to time to ensure that the Agent has a first ranking mortgage, charge and security interest over all of the material real, personal, moveable and immoveable property, securities and undertaking of such Obligor (including, without limitation: (A) over all Cash Collateral deposited with the Agent from time to time pursuant to the terms of this Agreement, (B) over all real property acquired by an Obligor subsequent to the date hereof, and (C) any subordination and postponement agreements as the Agent may reasonably request from time to time from the creditors of any Obligor), in every case to be accompanied by supporting resolutions, certificates and opinions in form and substance reasonably satisfactory to the Agent.

13.2 Satisfactory to Agent

The Security Documents shall be in such form or forms, and will be registered in such jurisdictions, as the Agent and its legal counsel may from time to time require in their sole discretion.

13.3 General Provisions Relating to the Security Documents

Nothing in any Security Document now held or acquired in the future by or on behalf of the Agent or the Lenders, nor any act or omission of the Agent or any of the Lenders with respect to any such Security Document, will in any way prejudice or affect the rights, remedies or powers of the Agent or any of the Lenders with respect to any other Security Document at any time held by or on behalf of the Agent or the Lenders.

13.4 Security Documents Charging Real Property

Notwithstanding anything to the contrary contained in this Agreement or any of the other Loan Documents, if Liens created by any Loan Document charge real property of any Obligor (or any interest therein), then

the interest accruing and payable on the principal amount of or interest on any Outstanding Advance or other Obligations in arrears owing by such Obligor and secured by such Liens shall, to the extent necessary to comply with the *Interest Act* (Canada), be limited to the same rate or rates of interest as those applicable to the principal amount of such Advance not in arrears.

13.5 Hedging Agreements, Services Agreements and Other

The Security Documents shall secure all Hedging Obligations and all indebtedness, liabilities and obligations under all Service Agreements which are or may be owing to a Lender or its Affiliates, in accordance with the terms of this Agreement, on a rateable basis with all other indebtedness, liabilities and obligations arising pursuant to the Loan Documents and, for greater certainty and for the purposes of this Section 13.5, Lenders shall include those lenders who have at any time been Lenders under this Agreement.

13.6 Registration

The Agent may, at the expense of the Borrower, register, file or record the Security Documents or notices in respect of the Security Documents in all offices where such registration, filing or recording is, in the reasonable opinion of the Agent or its legal counsel, necessary or of advantage to the creation, perfection and preservation of the security interests arising pursuant to the Security Documents. The Agent may, at the Borrower's expense, renew such registrations, filings and recordings from time to time as and when required to keep them in full force and effect. The Borrower acknowledges that the forms of Security Documents have been prepared based upon the laws of the jurisdiction as noted therein (or, failing any such notation, the laws of the Province of Ontario) in effect at the date of execution of the Security Documents and that such laws may change, and that the laws of other jurisdictions may require the execution and delivery of different forms of security instruments in order to grant to the Agent and the Lenders the rights intended to be granted by the applicable Security Document. The Borrower shall, and shall cause each other Obligor, on request from the Agent from time to time, to execute and deliver to the Agent such additional security instruments and will amend or supplement any Security Documents theretofore provided to the Agent:

- (a) to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise;
- (b) to facilitate the registration of appropriate forms of Security Documents in all appropriate jurisdictions; or
- (c) if any entity having delivered security amalgamates with any other person or enters into any corporate reorganization,

in each case, in order to confer upon the Agent and the Lenders such Liens with such priority, as are intended to be created by such Security Documents. The Borrower shall pay or indemnify the Agent and each Lender against any and all registration fees and similar taxes or charges which may be payable or determined to be payable in connection with the execution, delivery, performance, registration or enforcement of any Loan Document or any of the transactions contemplated by any Loan Document.

13.7 Agent and Lenders

Each Obligor and Personal Guarantor hereby acknowledges that the Agent acts for itself and on behalf of each of the Lenders as administrative agent in connection with this Agreement, and the assignments, transfers, pledges, hypothecations and other Liens granted in favour of the Agent and the Lenders pursuant to the Security Documents are and shall be held by the Agent for and on behalf of, and for the benefit of, itself and the Lenders.

ARTICLE 14 DEFAULT AND REMEDIES

14.1 Events of Default

The occurrence of any one or more of the following events shall constitute an event of default under this Agreement (each an “**Event of Default**”):

- 14.1.1 Default in Payment. If the Borrower shall fail to pay (i) any principal of any Outstanding Advance when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for Repayment thereof or otherwise, (ii) any Interest on any Outstanding Advance when and as same shall become due and payable, or (iii) fees, expenses or other amounts payable under this Agreement or any other Loan Document when and as same shall become due and payable.
- 14.1.2 Compliance Certificate. If the Borrower shall fail to deliver a Compliance Certificate pursuant to this Agreement on the date such Compliance Certificate was due pursuant to this Agreement and such failure shall not have been remedied within two (2) Business Days thereof.
- 14.1.3 Representations and Warranties. If any representation or warranty made or deemed made by or on behalf of any Obligor or Personal Guarantor in or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed to be made.
- 14.1.4 Non-Curable Defaults. If any Obligor or Personal Guarantor shall fail to observe or perform any term, covenant or condition contained in Section 12.3 (Financial Covenants), Section 12.2 (Negative Covenants), Section 12.1.2 (Corporate Existence), Section 12.1.5 (Use of Proceeds) or Section 12.1.16 (Additional Security Documents).
- 14.1.5 Curable Defaults. If any Obligor or Personal Guarantor shall fail to observe or perform any term, covenant or condition contained in this Agreement or any other Loan Document (other than those set out in Sections 14.1.1, 14.1.2 and 14.1.4 above) and, if any such term, covenant or condition is capable of being remedied, such failure shall continue unremedied for a period of fifteen (15) days following the date that any Obligor or Personal Guarantor had knowledge of any such failure or following the date that the Agent delivers notice of such failure to the Borrower.
- 14.1.6 Cross-Default. If any Obligor shall:
- (a) default in making any payment of any principal of any Indebtedness, and such default has not been waived by such Person(s) within the applicable cure period, or if such Indebtedness is accelerated or otherwise becomes due and payable prior to the stated maturity thereof; or
 - (b) defaults in making any payment of any interest on any of the Indebtedness referred into Section 14.1.6(a) above beyond the period of grace, if any, provided in the instrument or agreement governing such Indebtedness; or
 - (c) defaults in the observance or performance of any other agreement or condition relating to any Indebtedness referred to in Section 14.1.6(a) above or contained in any instrument or

agreement evidencing, securing or relating thereto beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created, or any other event shall occur or condition exist beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created, the effect of which default or other event or condition is to cause, or to permit the holder or beneficiary of such Indebtedness (or a trustee or agent on behalf of such holder or beneficiary) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity regardless of whether such right is exercised by such holder, beneficiary, trustee or agent.

- 14.1.7 Insolvency. If an Insolvency Event occurs in respect of any Obligor or Personal Guarantor or if any other event occurs which, under the Applicable Laws of any applicable jurisdiction, has an effect equivalent to an Insolvency Event.
- 14.1.8 Distress, Execution, Seizure, Attachment. If any property or properties of one or more Obligors having a fair market value in excess of \$500,000 (or its then Equivalent Amount in any other currency) in the aggregate (taking into account all Obligors) is seized (including by way of execution, attachment, garnishment, levy or distraint), or any Lien thereon securing Indebtedness in excess of \$500,000 (or its then Equivalent Amount in any other currency) is enforced, or such property has become subject to any charging order or equitable execution of a Governmental Authority, or any writ of execution or distress warrant exists in respect of any Obligor or any of its property, or any sheriff or other Person becomes lawfully entitled by operation of law or otherwise to seize or distraint upon such property and in any case such seizure, enforcement, execution, attachment, garnishment, distraint, charging order or equitable execution, or other seizure or right, continues in effect and is not released or discharged for more than thirty (30) days, provided that if the property is removed from the use of any Obligor, or is sold, in the interim, such grace period shall cease to apply.
- 14.1.9 Judgments. If one or more final judgments or decrees shall have been obtained or entered against one or more Obligors or Personal Guarantors in a cumulative amount in excess of \$500,000 (or its then Equivalent Amount in any other currency) in the aggregate (taking into account all Obligors and Personal Guarantors) which have not been paid, discharged, vacated, abandoned, or stayed within thirty (30) days from the entry thereof, provided that if enforcement and/or realization proceedings are lawfully commenced in respect thereof in the interim, such grace period shall cease to apply.
- 14.1.10 Adverse Actions or Events. If one or more final judgments, not involving the payment of money and not otherwise specified in this Section 14.1, has been rendered against any Obligor, the result of which could reasonably be expected to have a Material Adverse Effect, so long as such Obligor has not provided for its discharge in accordance with its terms within thirty (30) days from the date of entry thereof, provided that if enforcement and/or realization proceedings are lawfully commenced in respect thereof in the interim, such grace period will cease to apply.
- 14.1.11 Loan Documents. If this Agreement or any other Loan Document at any time for any reason terminates or ceases to be in full force and effect and a legally valid, binding and enforceable obligation of any Obligor or Personal Guarantor (except, for certainty, where any such agreement is terminated unilaterally by the Agent), is declared to be void or voidable or is repudiated, or the validity, binding effect, legality or enforceability hereof or thereof is at any time contested by any Obligor or Personal Guarantor, or any Obligor or Personal Guarantor denies that it has any or any further liability or obligation hereunder or thereunder or any action or proceeding is commenced to enjoin or restrain the performance or observance by any Obligor or Personal Guarantor of any material terms hereof or thereof or to question the validity or

enforceability hereof or thereof, or at any time it is unlawful or impossible for any Obligor to perform any of its material obligations hereunder or thereunder.

- 14.1.12 Unperfected Lien. If any Lien purported to be created by any Security Document shall cease to be, or shall be asserted by any Obligor not to be, a valid, perfected, first priority (except as otherwise expressly provided in this Agreement or such Security Document) Lien in Collateral (other than as a result of an act or omission of the Agent).
- 14.1.13 Change of Control. If a Change of Control shall occur.
- 14.1.14 Material Adverse Change. If a Material Adverse Change shall occur.
- 14.1.15 Cease to Carry on Business. If any Obligor ceases to, or threatens to cease to, carry on its Business, or a substantial part thereof, other than as permitted in accordance with this Agreement.
- 14.1.16 Sale. If any Obligor sells or otherwise disposes of, or agrees to sell or otherwise dispose of, all or a substantial part of its undertaking and property and assets whether in one transaction or a series of related transactions, other than as permitted in accordance with this Agreement.
- 14.1.17 Auditor's Report. If an auditor issues a qualified report in respect of any Obligor.
- 14.1.18 Assignment. If any Obligor purports to assign or assigns any of its rights under this Agreement or any other Loan Document, or any interest herein or therein to a third party.
- 14.1.19 Environmental Liability. If any Obligor violates any Requirement of Environmental Law which results in an action request, violation notice or other notice or control order, cancellation of any license or certificate or approval that results in any material disruption of any Obligor's business or that could reasonably be expected to have a Material Adverse Effect.
- 14.1.20 Environmental Order. If any legally binding order relating to any Requirements of Environmental Law is issued by any Governmental Authority against any Obligor and such order has not been satisfied or discharged within the time allowed for in such order or, if no time is specified in such order, within sixty (60) days after the date such order was received by any Obligor or such longer period as the Agent may agree to, in its sole discretion, provided that such Obligor is at all times acting diligently and in good faith to satisfy the order.
- 14.1.21 Material Agreements. If any Obligor is in material default in the performance of any of its obligations under any Material Agreement and such default has not been waived by the counterparty to such Material Agreement within the applicable cure period.
- 14.1.22 Unremitted Priority Accounts Payable. If any Obligor fails to remit to the applicable Governmental Authority, Priority Accounts Payable owing by such Obligor as such Priority Accounts Payable became due, unless such Priority Accounts Payable are being contested and the aggregate amount in dispute for the Obligor at any time does not exceed \$50,000.
- 14.1.23 Insurance Lapse. If any material amount of Insurance on the assets, properties or undertaking of any Obligor lapses and such coverage shall not be reinstated within five (5) Business Days of such lapse.
- 14.1.24 Defaults under Leases/Warehouse/Storage Contracts. If one or more Obligor shall default in the payment of rent or additional rent, warehouse fees, storage fees or other amount paid or

payable under any Lease, warehouse or storage contract in an aggregate amount (taking into account all Obligors) exceeding \$100,000 or defaults in any other material covenant under any Lease, warehouse or storage contract and such default shall continue for a period of thirty (30) days or such shorter period of time as is required to permit the landlord, warehouser or storer to take any action against such Obligor or its assets thereunder.

- 14.1.25 If the Borrower does not obtain its cultivation license class under the *Cannabis Act* (Canada) by May 31, 2021.
- 14.1.26 If the Borrower does not obtain its sales class (processing) license designation under the *Cannabis Act* (Canada) by June 30, 2021.
- 14.1.27 If the Conversion Date has not occurred on or before June 30, 2021.
- 14.1.28 The *Cannabis Act* (Canada) is repealed.

14.2 Acceleration

Upon the occurrence of an Insolvency Event, the Obligations shall become immediately due and payable, without the necessity of any demand upon or notice to the Borrower by the Agent. Upon the occurrence and during the continuation of any Event of Default other than an Insolvency Event, the Agent may by written notice to the Borrower declare the Obligations to be immediately due and payable. From and after the date of the occurrence of an Event of Default and for so long as such Event of Default continues, both before and after the Acceleration Date, all Obligations shall bear interest or fees at the rates set out in Section 9.3 unless otherwise expressly provided in this Agreement.

14.3 Acceleration of Certain Contingent Obligations

Upon the occurrence of an Event of Default which is continuing, any Lender which has issued a Bankers' Acceptance, BA Equivalent Note or entered into a Hedging Agreement with the Borrower may make a Cdn. Prime Based Loan to the Borrower in an amount equal to the face amount of such Bankers' Acceptance or BA Equivalent Note, or the amount required to unwind such Hedging Agreement (such amount to be determined in accordance with the terms thereof), as the case may be; and the proceeds of any such Loan shall be held by such Lender and used to satisfy the Lender's obligations under the said Bankers' Acceptance or BA Equivalent Note as such becomes due, or to effect the unwinding of such Hedging Agreement. Any such Loan shall bear interest at the rate and in the manner applicable to Cdn. Prime Based Loans under the Term Facility. Any such Loan made in respect of a Hedging Agreement shall bear interest at the rate and in the manner applicable to Cdn. Prime Based Loans under the Term Facility which provides for the highest interest rate at such time.

14.4 Combining Accounts, Set-Off

Upon the occurrence and during the continuation of an Event of Default, in addition to and not in limitation of any rights now or hereafter granted under Applicable Law, each Lender may without notice to any Obligor at any time and from time to time:

- 14.4.1 combine, consolidate or merge any or all of the deposits or other accounts maintained with such Lender by such Obligor (whether term, notice, demand or otherwise and whether matured or unmatured) and such Obligor's obligations to such Lender hereunder; and
- 14.4.2 set off, apply or transfer any or all sums standing to the credit of any such deposits or accounts in or towards the satisfaction of the said obligations.

14.5 Appropriation of Monies

After the occurrence and during the continuation of an Event of Default, the Agent may from time to time apply any Proceeds of Realization of the Security against any portion or portions of the Obligations, and no Obligor or Personal Guarantor shall require any different application. The taking of a judgment or any other action or dealing whatsoever by the Agent or the Lenders in respect of the Security Documents shall not operate as a merger of any of the Obligations or in any way affect or prejudice the rights, remedies and powers which the Agent or the Lenders may have, and the foreclosure, surrender, cancellation or any other dealing with any Security Document or the said obligations shall not release or affect the liability of the Borrower or any other Person in respect of the remaining portion of the Obligations.

14.6 No Further Advances

The Lenders shall not be obliged to make any further Advances (including honouring any cheques drawn by any Obligor which are presented for payment) from and after the earliest to occur of the following: (i) delivery by the Agent to the Borrower of a written notice that a Default or an Event of Default has occurred and is continuing and that as a result thereof no further Advances will be made (whether or not such notice also requires immediate repayment of the Obligations); (ii) the occurrence of an Insolvency Event; and (iii) receipt by the Agent or any Lender of any garnishment notice, notice of a Statutory Lien or other notice of similar effect in respect of any Obligor pursuant to the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada) or any similar notice under any other statute in effect in any jurisdiction.

14.7 Remedies Cumulative

All of the rights and remedies granted to the Agent and the Lenders in this Agreement, and any other documents or instruments in existence between the parties or contemplated hereby, and any other rights and remedies available to the Agent and the Lenders at law or in equity, shall be cumulative. The exercise or failure to exercise any of the said remedies shall not constitute a waiver or release thereof or of any other right or remedy, and shall be non-exclusive.

14.8 Judgment Currency

If for the purposes of obtaining judgment against any Obligor or Personal Guarantor in any court in any jurisdiction with respect to this Agreement, it becomes necessary for a Lender to convert into the currency of such jurisdiction (in this Section called the “**Judgment Currency**”) any amount due to the Lender by any Obligor or Personal Guarantor hereunder in any currency other than the Judgment Currency, the conversion shall be made at the Exchange Rate prevailing on the Business Day before the day on which judgment is given. In the event that there is a change in the Exchange Rate prevailing between the Business Day before the day on which the judgment is given and the date of payment of the amount due, any Obligor or Personal Guarantor, as applicable, shall, on the date of payment, pay such additional amounts (if any) or be entitled to receive reimbursement of such amount, if any, as may be necessary to ensure that the amount paid on such date is the amount in the Judgment Currency which when converted at the Exchange Rate prevailing on the date of payment is the amount then due under this Agreement in such other currency. Any additional amount due by any Obligor or Personal Guarantor under this Section 14.8 will be due as a separate debt and shall not be affected by judgment being obtained for any other sums due under or in respect of this Agreement.

ARTICLE 15
THE AGENT AND THE LENDERS

15.1 Decision-Making

- 15.1.1 Any amendment to this Agreement or any other Loan Document relating to the following matters shall require the unanimous agreement of the Lenders:
- (a) any decrease to the Applicable Margin and any other fees in respect of Advances under the Term Facility;
 - (b) increases in the maximum amount of credit available under the Term Facility, other than as contemplated in this Agreement;
 - (c) modifications to the Maturity Date, other than as contemplated in this Agreement;
 - (d) extensions of the scheduled dates or the scheduled amounts for Repayments or payments of interest under this Agreement, other than as contemplated in this Agreement;
 - (e) releases of all or any portion of the Security or changing the priority of the Security, except to the extent provided in Section 15.1.4 below;
 - (f) extensions of Advances from and after the occurring of one of the events described in Section 14.6;
 - (g) the definition of “Required Lenders” in Section 1.1; and
 - (h) this Section 15.1.
- 15.1.2 Notwithstanding Section 15.1.1 above, no amendment or waiver of Section 6 or Section 7 of the CBA Model Provisions, and no amendment or waiver of the duties, rights or liabilities of the Agent under any of the Loan Documents, shall be made without the consent of the Agent.
- 15.1.3 Except for the matters described in Section 15.1.1 above, and subject to Section 15.1.2 above, any amendment to this Agreement or any other Loan Document shall be effective if agreed upon by the Required Lenders, and for greater certainty, any such amendment which is agreed to by the Required Lenders shall be final and binding upon all Lenders.
- 15.1.4 The Agent may from time to time without notice to or the consent of the Lenders execute and deliver partial releases of the Security Documents in respect of any item of Collateral (whether or not the proceeds of sale thereof are received by the Agent) which any Obligor is permitted to dispose of without obtaining the prior written consent of the Required Lenders pursuant to this Agreement; and in releasing any such security the Agent may rely upon and assume the correctness of all information contained in any certificate or document provided by the applicable Obligor, without further enquiry. Otherwise, any release or discharge in respect of the Security Documents or any portion thereof shall require the written consent of the Lenders acting unanimously.
- 15.1.5 Except for the matters which require the unanimous consent of the Lenders as set out above, any action to be taken or decision to be made by the Lenders pursuant to this Agreement (specifically including for greater certainty the issuance of written notice to the Borrower of the occurrence of a Default or Event of Default, the issuance of a Demand for payment of the

Obligations, a decision to make an Advance despite any condition precedent relating thereto not being satisfied, the provision of any waiver in respect of a breach of any covenant or the issuance of any consent which may be required under Article 12) shall be effective if approved by the Required Lenders; and any such decision or action shall be final and binding upon all the Lenders.

- 15.1.6 Any action to be taken or decision to be made by the Lenders pursuant to this Agreement which is required to be unanimous shall be made at a meeting of the Lenders called by the Agent pursuant to Section 15.6.11 or by a written instrument executed by all of the Lenders. Any action to be taken or decision to be made by the Lenders pursuant to this Agreement which is required to be made by the Required Lenders shall be made at a meeting of the Lenders called by the Agent pursuant to Section 15.6.11 or by a written instrument executed by the Required Lenders. Any such instrument may be executed and delivered pursuant to the CBA Model Provisions.

15.2 Security

- 15.2.1 Except to the extent provided in Section 15.2.2, the Security Documents shall be granted in favour of and held by the Agent for and on behalf of the Lenders in accordance with the provisions of this Agreement. Without in any way relieving an Obligor or any Personal Guarantor of its obligations under Section 13.6, the Agent shall, in accordance with its usual practices in effect from time to time, take all steps required to perfect and maintain the Security Documents, including: taking possession of the certificates representing the securities required to be pledged hereunder; filing renewals and change notices in respect of such Security Documents; and ensuring that the name of the Agent is noted as loss payee or mortgagee on all property insurance policies covering the Collateral. If the Agent becomes aware of any matter concerning the Security Documents which it considers to be material, it shall promptly inform the Lenders. The Agent shall comply with all instructions provided by the Lenders in connection with the enforcement or release of the Security Documents which it holds. The Agent agrees to permit each Lender to review and make photocopies of the original documents comprising the Security Document from time to time upon reasonable notice.
- 15.2.2 If any Obligor has provided security in favour of any Lender directly (such as but not limited to security under the *Bank Act* (Canada)), as security for any of the Obligations from time to time, such Lender agrees to remit to the Agent all amounts received by it in connection with the enforcement of such security, and all such amounts shall be deemed to constitute Proceeds of Realization and shall be dealt with as provided in Section 15.3.

15.3 Application of Proceeds of Realization

Notwithstanding any other provision of this Agreement, the Proceeds of Realization of the Security Documents or any portion thereof shall be distributed in the following order:

- 15.3.1 firstly, in payment of all costs and expenses incurred by the Agent and the Lenders in connection with such realization, including legal, accounting's fees and disbursements;
- 15.3.2 secondly, against the Obligations, each Lender being entitled to receive its Proportionate Share thereof; and
- 15.3.3 thirdly, if all Obligations of the Borrower have been paid and satisfied in full, any surplus Proceeds of Realization shall be paid in accordance with Applicable Law.

15.4 Payments by Agent

15.4.1 The following provisions shall apply to all payments made by the Agent to the Lenders hereunder:

- (a) the Agent shall be under no obligation to make any payment (whether in respect of principal, interest, fees or otherwise) to any Lender until an amount in respect of such payment has been received by the Agent from the Borrower;
- (b) if the Agent receives a payment of principal, interest, fees or other amount owing by the Borrower under the Term Facility which is less than the full amount of any such payment due, the Agent shall distribute such amount received among the Lenders under the Term Facility in each Lender's Proportionate Share of the Term Facility;
- (c) if any Lender has advanced more or less than its Proportionate Share of its Commitment under the Term Facility by virtue of an error and/or omission made in funding Advances or by virtue of any Failed Accommodation, such Lender's entitlement to such payment shall be increased or reduced, as the case may be, in proportion to the amount actually advanced by such Lender;
- (d) if a Lender's Proportionate Share of an Advance under the Term Facility has been advanced for less than the full period to which any payment by the Borrower relates, such Lender's entitlement to receive a portion of any payment of interest or fees shall be reduced in proportion to the length of time such Lender's Proportionate Share has actually been outstanding (unless such Lender has paid all interest required to have been paid by it to the Agent pursuant to the CBA Model Provisions);
- (e) the Agent acting reasonably and in good faith shall, after consultation with the Lenders in the case of any dispute, determine in all cases the amount of all payments to which each Lender is entitled and such determination shall be deemed to be *prima facie* correct;
- (f) upon request, the Agent shall deliver a statement detailing any of the payments to the Lenders referred to herein;
- (g) all payments by the Agent to a Lender hereunder shall be made to such Lender at its address set out in the Register unless notice to the contrary is received by the Agent from such Lender; and
- (h) if the Agent has received a payment from the Borrower on a Business Day (not later than the time required for the receipt of such payment as set out in Section 10.7.2) and fails to remit such payment to any Lender entitled to receive its Proportionate Share of such payment on such Business Day, the Agent agrees to pay interest on such late payment at a rate determined by the Agent in accordance with prevailing banking industry practice for interbank compensation.

15.4.2 The Borrower hereby irrevocably authorizes the Agent to debit any account maintained by them with the Agent in order to make payments to the Lenders as contemplated herein.

15.4.3 The Agent may in its discretion from time to time make adjustments in respect of any Lender's share of an Advance, Conversion, Rollover or Repayment under the Term Facility in order that the Outstanding Advances due to such Lender under the Term Facility shall be approximately in accordance with such Lender's Proportionate Share of the Term Facility.

15.5 Protection of Agent

- 15.5.1 Unless the Agent has actual knowledge or actual notice to the contrary, it may assume that each Lender's address set out in the Register attached hereto is correct, unless and until it has received from such Lender a notice designating a different address.
- 15.5.2 The Agent may engage and pay for the advice or services of any lawyers, accountants or other experts whose advice or services may to it seem necessary, expedient or desirable and rely upon any advice so obtained (and to the extent that such costs are not recovered from the Borrower pursuant to this Agreement, each Lender agrees to reimburse the Agent in each Lender's Proportionate Share of its Commitments under the Term Facility of such costs).
- 15.5.3 Unless the Agent has actual knowledge or actual notice to the contrary, it may rely as to matters of fact which might reasonably be expected to be within the knowledge of any Obligor or Personal Guarantor upon a statement contained in any Loan Document.
- 15.5.4 Unless the Agent has actual knowledge or actual notice to the contrary, it may rely upon any communication or document believed by it to be genuine.
- 15.5.5 The Agent may refrain from exercising any right, power or discretion vested in it under this Agreement unless and until instructed by the Required Lenders as to whether or not such right, power or discretion is to be exercised and, if it is to be exercised, as to the manner in which it should be exercised (provided that such instructions shall be required to be provided by all of the Lenders in respect of any matter for which the unanimous consent of the Lenders is required as set out herein).
- 15.5.6 The Agent may refrain from exercising any right, power or discretion vested in it which would or might in its sole and unfettered opinion be contrary to any law of any jurisdiction or any directive or otherwise render it liable to any Person, and may do anything which is in its opinion in its sole discretion necessary to comply with any such law or directive.
- 15.5.7 The Agent may delegate to such other Person, such duties and responsibilities of the Agent hereunder as it shall determine to be appropriate in respect of dealings with or relating to the Borrower or any other Person.
- 15.5.8 The Agent may refrain from acting in accordance with any instructions of the Required Lenders to begin any legal action or proceeding arising out of or in connection with this Agreement or take any steps to enforce or realize upon any Security Document, until it shall have received such security as it may reasonably require (whether by way of payment in advance or otherwise) against all costs, claims, expenses (including legal fees) and liabilities which it will or may expend or incur in complying with such instructions.
- 15.5.9 The Agent shall not be bound to disclose to any Person any information relating to any Obligor or Personal Guarantor or any Related Party if such disclosure would or might in its opinion in its sole discretion constitute a breach of any Applicable Law or be otherwise actionable at the suit of any Person.
- 15.5.10 The Agent shall not accept any responsibility for the accuracy and/or completeness of any information supplied in connection herewith or for the legality, validity, effectiveness, adequacy or enforceability of any Loan Document and shall not be under any liability to any Lender as a result of taking or omitting to take any action in relation to any Loan Document except in the case of the Agent's gross negligence or wilful misconduct.

15.6 Duties of Agent

The Agent shall:

- 15.6.1 hold and maintain the Security Documents to the extent provided in Section 13.7;
- 15.6.2 provide each Lender (i) copies of all financial information received from the Obligors promptly after receipt thereof, (ii) notice of receipt by the Agent of any Drawdown Requests, Conversion Notices, Rollover Notices, Repayment Notices; and (iii) copies of any other notices received by the Agent from the Borrower upon request by any Lender;
- 15.6.3 promptly advise each Lender of Advances required to be made by it hereunder and disburse all Repayments to the Lenders hereunder in accordance with the terms of this Agreement;
- 15.6.4 promptly notify each Lender of the occurrence of any Default or Event of Default of which the Agent has actual knowledge or actual notice;
- 15.6.5 at the time of engaging any agent, consultant, monitor or other party in connection with the Security Documents or the enforcement thereof, obtain the agreement of such party to comply with the applicable terms of this Agreement in carrying out any such enforcement activities and dealing with any Proceeds of Realization;
- 15.6.6 account for any monies received by it in connection with this Agreement, the Security Documents and any other agreement delivered in connection herewith or therewith;
- 15.6.7 each time the Borrower requests the written consent of the Lenders in connection with any matter, use its best efforts to obtain and communicate to the Borrower the response of the Lenders in a reasonably prompt and timely manner having due regard to the nature and circumstances of the request;
- 15.6.8 give written notice to the Borrower in respect of any other matter in respect of which notice is required in accordance with or pursuant to this Agreement, promptly or promptly after receiving the consent of the Lenders, if required under the terms of this Agreement;
- 15.6.9 except as otherwise provided in this Agreement, act in accordance with any instructions given to it by the Required Lenders;
- 15.6.10 if so instructed by the Required Lenders, refrain from exercising any right, power or discretion vested in it under this Agreement or any document incidental thereto; and
- 15.6.11 call a meeting of the Lenders at any time not earlier than five (5) days and not later than thirty (30) days after receipt of a written request for a meeting provided by any Lender.

15.7 Lenders' Obligations; No Partnership

The obligations of each Lender under this Agreement are several. The failure of any Lender to carry out its obligations hereunder shall not relieve the other Lenders of any of their respective obligations hereunder. No Lender shall be responsible for the obligations of any other Lender hereunder. Neither the entering into of this Agreement nor the completion of any transactions contemplated herein shall constitute the Lenders a partnership.

15.8 Sharing of Information

The Agent and the Lenders may share among themselves any information they may have from time to time concerning the Obligors and the Personal Guarantors whether or not such information is confidential; but shall have no obligation to do so (except for any obligations of the Agent to provide information to the extent required in this Agreement).

15.9 Acknowledgment by the Borrower

The Borrower hereby acknowledges notice of the terms of the provisions of this Article 15 and agrees to be bound hereby to the extent of its obligations hereunder, and further agrees not to make any payments, take any action or omit to take any action which would result in the non-compliance by the Agent or any Lender with its obligations hereunder.

15.10 Amendments to Article 15

The Agent and the Lenders may amend any provision in this Article 15 without prior notice to or the consent of the Borrower and the Agent shall provide a copy of any such amendment to the Borrower reasonably promptly thereafter.

15.11 Deliveries, etc.

As between the Obligors and the Personal Guarantors on the one hand, and the Agent and the Lenders on the other hand:

- 15.11.1 all statements, certificates, consents and other documents which the Agent purports to deliver to an Obligor or Personal Guarantor on behalf of the Lenders shall be binding on each of the Lenders, and no Obligor or Personal Guarantor shall be required to ascertain or confirm the authority of the Agent in delivering such documents; and
- 15.11.2 to the extent applicable, all certificates, statements, notices and other documents which are delivered by an Obligor or a Personal Guarantor to the Agent in accordance with this Agreement shall be deemed to have been duly delivered to each of the Lenders.

15.12 Syndication.

The Arranger reserves the right, prior to or after the execution of this Agreement, to syndicate the Term Facility to one or more other financial institutions, in consultation with the Borrower, which may become parties to this Agreement, pursuant to a syndication to be managed by the Arranger. The Arranger will manage all aspects of the syndication including the selection and timing of all offers to potential lenders as well as commitment allocations.

The Borrower agrees to actively assist in all commercially reasonable respects in the syndication of the Facilities, which assistance will include but not be limited to:

- (a) provision of all information reasonably deemed necessary by the Arranger to successfully complete syndication efforts, including, but not limited to, information and financial analysis;
- (b) assistance upon the Arranger's request in the preparation of syndication memoranda and all other marketing materials to be used in connection with the syndication efforts. Such assistance shall also include the participation and presentation by the Obligors' senior

management in a meeting of potential lenders during the syndication process in addition to making senior management available to answer questions during such process.

The Borrower undertakes to maintain a clear market during the syndication process and agrees that no other debt facilities will be issued by the Borrower or discussions take place as to the issuance of future debt facilities by the Borrower with other financial institutions prior to or during the syndication of this facility without the Arranger's prior written consent.

ARTICLE 16 CBA MODEL PROVISIONS

16.1 CBA Model Provisions Incorporated by Reference

The CBA Model Provisions (except for the footnotes contained therein) form part of this Agreement and are incorporated herein by reference, subject to the following variations:

- 16.1.1 Each term set out below which is used as a defined term in the CBA Model Provisions shall be deemed to have been replaced as set out below; and for greater certainty such replacement term shall have the meaning ascribed thereto in Section 1.1 of this Agreement:
- (a) The term “**Administrative Agent**” shall be replaced by “**Agent**”;
 - (b) The term “**Applicable Percentage**” shall be replaced by “**Proportionate Share**”;
 - (c) The term “**Base Rate Loans**” shall be replaced by “**U.S. Base Rate Loans**”;
 - (d) The term “**Issuing Bank**” shall be replaced by “**Issuing Lender**”; and
 - (e) The term “**Loans**” shall be replaced by “**Advances**”.
- 16.1.2 The definition of “**Agreement**” in Section 1.1 of this Agreement shall prevail over the same definition in the CBA Model Provisions, to the extent of any inconsistency (if any).
- 16.1.3 The definition of “**Excluded Taxes**” in Section 1.1 of this Agreement shall prevail over the same definition in the CBA Model Provisions.
- 16.1.4 The definition of “**Loan**” in Section 1.1 of this Agreement shall prevail over the same definition in the CBA Model Provisions.
- 16.1.5 The definition of “**Obligors**” in Section 1.1 of this Agreement shall prevail over the same definition in the CBA Model Provisions.
- 16.1.6 The definition of “**Person**” in Section 1.1 of this Agreement shall prevail over the same definition in the CBA Model Provisions.
- 16.1.7 All references to “**Borrower**” in the CBA Model Provisions shall include the Borrower under this Agreement and each of them and all applicable changes under this Agreement shall be made *mutatis mutandis*.

- 16.1.8 The terms “**Pro rata share**”, “**rateably**” and similar terms in the CBA Model Provisions shall have the meaning ascribed to the term “**Proportionate Share**” as defined in Section 1.1 of this Agreement, if the context requires.
- 16.1.9 The term “**Provisions**” used in the CBA Model Provisions and the term “**CBA Model Provisions**” as used in this Agreement shall both mean the provisions set out as Schedule B, as amended by this Article 16.
- 16.1.10 The definition of “**Related Parties**” in Section 1.1 of this Agreement shall prevail over the same definition in the CBA Model Provisions.
- 16.1.11 Section 3.2(f) of the CBA Model Provisions is hereby deleted.
- 16.1.12 Section 3.3(a) of the CBA Model Provisions is hereby deleted and the following substituted in its stead:
- “(a) No Lender shall be entitled to change its Lending Office for funding or booking its Accommodation hereunder if, as a result of such change, such Lender would be entitled to a greater payment under Section 3.1 and/or Section 3.2 than prior to such change, unless such change is made with the Borrower’s prior written consent or made at a time when an Event of Default has occurred and is continuing.”
- 16.1.13 Section 3.3(b) of the CBA Model Provisions is hereby deleted and replaced by Section 10.6 of this Agreement.
- 16.1.14 Subsection 5.3(y) of the CBA Model Provisions is hereby deleted.
- 16.1.15 Section 6.2 of the CBA Model Provisions is hereby deleted and replaced by Section 10.4.2 of this Agreement.
- 16.1.16 The consultation rights of the Borrower in Section 7.7(a) of the CBA Model Provisions are hereby deleted.
- 16.1.17 The parties hereby acknowledge and agree that the indemnity contained in Section 9.2 of the CBA Model Provisions is in addition to and not in substitution for any indemnity contained in this Agreement.
- 16.1.18 Section 9.2 of the CBA Model Provisions is hereby amended by (i) deleting the title of that Section and replacing such words with, “Indemnification by the Borrower and the Corporate Guarantors”, and (ii) deleting the words in the first line, “The Borrower will indemnify”, and replacing such words with, “The Borrower and the Corporate Guarantors will indemnify”.
- 16.1.19 Notwithstanding Section 10 of the CBA Model Provisions, prior to the occurrence of an Event of Default, each Lender may from time to time assign all or any portion of its Commitment in a minimum amount of \$5,000,000 (subject to the Assignor continuing to hold at least \$5,000,000 thereafter), and grant participations in all or any portion of its Commitment, to Banks listed in Schedule I or Schedule II of the *Bank Act* (Canada) or to insurance companies, in each case subject to obtaining the Borrower’s prior written consent not to be unreasonably withheld, provided that any such assignment or participation is to a financial institution resident in Canada for the purposes of the *Income Tax Act* (Canada). After the occurrence of an Event of Default which is continuing, each Lender may from time to time assign or grant participations in all or any portion of its Commitment to any Person (whether or not such Person is resident in Canada)

without notice to or obtaining the Borrower's prior written consent. The foregoing provisions in this Section 16.1.19 shall apply to the extent of any inconsistency between such provisions and Section 10 of the CBA Model Provisions.

- 16.1.20 Section 10.2(c) of the CBA Model Provisions is hereby amended by deleting the words, "such approval not to be unreasonably withheld or delayed", contained therein and replacing such words with, "such approval to be at the sole discretion of the Issuing Lender".
- 16.1.21 Section 10.4 of the CBA Model Provisions is hereby amended by deleting the second paragraph thereof and replacing it with the following:
- "Subject to Section 10.5, the Borrower agrees that each Participant shall be entitled to the benefits of Section 3 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 10.2, but only if such Participant is also subject to the obligations of a Lender under Section 3. To the extent permitted by Applicable Law, each Participant shall also be entitled to the benefits of Section 4 as though it were a Lender, provided such Participant agrees to be subject to Section 5 as though it were a Lender."
- 16.1.22 Section 10.5 of the CBA Model Provisions is hereby amended by deleting the words, "unless the sale of the participation to such Participant is made with the Borrower's prior written consent", contained therein and replacing such words with, "unless the sale of the participation occurs at a time when an Event of Default has occurred and is continuing or is made with the Borrower's prior written consent".
- 16.1.23 The Province referred to in Sections 11.1 and 11.2 of the CBA Model Provisions refers to the Province of Ontario.

ARTICLE 17 GENERAL

17.1 Performance of Covenants by Agent

If any Obligor fails to perform any covenant or obligation to be performed by it pursuant to this Agreement, the Agent may, in its sole discretion, after written notice to the Borrower and the respective Obligor, perform any such obligation but shall be under no obligation to do so. Any amounts expended or advanced by the Agent for such purpose shall be payable by the Borrower upon Demand by the Agent together with interest at the highest rate then applicable to the Operating Facility and shall be deemed to form part of the Obligations until repaid by the Borrower.

17.2 Waiver

No delay on the part of the Agent or any Lender in exercising any right or privilege under any Loan Document shall operate as a waiver of such right or privilege, and no waiver of any Default or Event of Default (whether by action by any Lender (including, without limitation, the making of any Advance) or the Agent or otherwise) shall operate as a waiver of such Default or Event of Default unless made expressly in writing and signed by an authorized officer of the Agent. No written waiver shall preclude the exercise by the Agent or any Lender of any right, power or privilege under any Loan Document other than in respect of the specific action or inaction covered by such waiver and strictly in accordance with the terms of such waiver, or extend to or apply to any other Default or Event of Default.

17.3 Governing Law

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein. Each Obligor and Personal Guarantor irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the courts of the Province of Ontario, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document (unless the laws of another jurisdiction are expressed to govern the relevant Loan Document), or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such court.

17.4 Expenses of Agent and Lenders

Whether or not the transactions contemplated by this Agreement are completed or any Advance has been made, the Borrower hereby agrees to pay within five (5) Business Days of written demand (which demand shall enclose a copy of the applicable invoice or shall set forth such charges, expenses or other amounts payable in reasonable detail) by the Agent from time to time all reasonable costs, expenses or other amounts incurred by the Agent or any Lender in connection with this Agreement, any other Loan Document and all documents contemplated hereby, specifically including: (i) expenses incurred by the Agent and the Lenders in respect of due diligence, appraisals, insurance consultations, credit reporting and responding to demands of any Governmental Authority, (ii) all reasonable legal costs and expenses in connection with the preparation and interpretation of this Agreement, any other Loan Document and the administration of the Term Facilities generally (including the preparation of waivers and partial discharges of any Liens created under the Security Documents), and (iii) all reasonable expenses of advisors and consultants to the Agent or Lenders (including legal expenses on a full indemnity basis) incurred in connection with the protection and enforcement of the Security Documents or in connection with any proceeding in respect of bankruptcy, insolvency, winding up, receivership, dissolution, reorganization, liquidation, moratorium, arrangement or assignment for the benefit of creditors involving any Obligor or any of its Affiliates or any Personal Guarantor, in each of the foregoing events whether under any Insolvency Legislation. The Borrower hereby authorizes the Agent to debit its accounts in order to pay any such costs, expenses or other amounts if such amount is not paid in full when due. For greater certainty, in respect of any matters aforesaid arising at any time (other than after and during the continuance of a Default or Event of Default), the Obligors shall only be obliged to pay the legal fees and expenses of one law firm retained to act on behalf of the Agent and the Lenders in connection with this Agreement, and of any ancillary law firm that the Agent and Lenders may be required to retain to assist them in any particular jurisdiction outside the Province of Ontario.

17.5 General Indemnity

In addition to any other liability of the Borrower hereunder, the Borrower hereby agrees, jointly and severally, to indemnify and save harmless the Indemnitees in respect of the acts or omissions of the particular Borrower from and against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements (including reasonable legal fees on a full indemnity basis) of any kind or nature whatsoever (but excluding any consequential damages and damages for loss of profit) which may be imposed on, incurred by or asserted against the Indemnitees (except to the extent arising from the negligence or wilful misconduct of such Indemnitees) which relate or arise out of or result from:

- 17.5.1 any failure by the Borrower to pay and satisfy its obligations hereunder including, without limitation, any costs or expenses incurred by reason of the liquidation or re-employment in whole or in part of deposits or other funds required by the Lenders to fund or maintain the Term Facilities or as a result of the Borrower's failure to take any action on the date required hereunder or specified by it in any notice given hereunder;

- 17.5.2 any investigation by Governmental Authorities or any litigation or other similar proceeding related to any use made or proposed to be made by the Borrower of the proceeds of any Advance; and
- 17.5.3 any instructions given to any Lender to stop payment on any cheque issued by the Borrower or to reverse any wire transfer or other transaction initiated by said Lender at the request of the Borrower.

17.6 Environmental Indemnity

In addition to any other liability of the Borrower hereunder, the Borrower hereby agrees, jointly and severally, to indemnify and save harmless the Indemnitees in respect of the acts or omissions of a particular Borrower or any property owned or leased by them, from and against:

- 17.6.1 any losses suffered by them for, in connection with, or as a direct or indirect result of, the failure of any Obligor to comply with all Requirements of Environmental Law;
- 17.6.2 any losses suffered by the Indemnitees for, in connection with, or as a direct or indirect result of, the presence of any Hazardous Material situated in, on or under any property owned by any Obligor or upon which it carries on business, specifically including any diminution in value of the business, property and assets of such Person; and
- 17.6.3 any and all liabilities, losses, damages, penalties, expenses (including reasonable legal fees) and claims which may be paid, incurred or asserted against the Indemnitees for, in connection with, or as a direct or indirect result of, any legal or administrative proceedings with respect to the presence of any Hazardous Material on or under any property owned by any Obligor or upon which it carries on business, or the discharge, emission, spill, radiation or disposal by any Obligor of any Hazardous Material into or upon any Obligor's real property, the atmosphere, or any watercourse or body of water; including the costs of defending and/or counterclaiming or claiming against third parties in respect of any action or matter and any cost, liability or damage arising out of a settlement entered into by the Indemnitees of any such action or matter, in each case, except to the extent arising from the gross negligence or wilful misconduct of such Indemnitees.

17.7 Survival

All agreements, representations and warranties made in this Agreement shall survive the execution and delivery of this Agreement and the obtaining of Advances, and all indemnities set forth in this Agreement (including, without limitation, Sections 17.5 and 17.6 of this Agreement and Section 3.2 of the CBA Model Provisions) shall survive the repayment of all Advances and the termination of this Agreement.

17.8 Notice

Any notice or communication to be given under this Agreement (other than telephone notice as specifically provided in this Agreement) may be effectively given to each Obligor, Personal Guarantor or the Agent at the address set out in Schedule 17.8 or notice information to any Lender at its address set out on the Register (or with respect to any Eligible Assignee pursuant to Section 10 of the CBA Model Provisions, to the address provided by such Eligible Assignee to the Borrower and the Agent) in accordance with Section 8 of the CBA Model Provisions.

17.9 Severability

If any term, covenant, obligation or agreement contained in this Agreement, or the application of any such term, covenant, obligation or agreement to any Person or circumstance, shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term, covenant, obligation or agreement to Persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected by such invalidity or unenforceability and each term, covenant, obligation or agreement contained in this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

17.10 Further Assurances

The Borrower, the other Obligor and the Personal Guarantors shall from time to time and promptly upon request by the Agent do, make and execute, all such documents, acts, matters and things as may be reasonably required by the Agent to give effect to the Loan Documents, and to any assignment or transfer permitted by Section 10 of the CBA Model Provisions or to more fully record or evidence the obligations to be entered into herein, or to make any recording, file any notice or obtain any consent.

17.11 Tombstone Marketing

For the purpose of “tombstone marketing”, the Borrower hereby authorizes and consents to the reproduction, disclosure and use by the Lenders and the Agent of their name, identifying logos and the Term Facilities to enable the Lenders and the Agent to issue and publish promotional “tombstones” subject to prior disclosure to the Borrower. The Borrower acknowledges and agrees that (i) the Agent and the Lenders shall be entitled to determine, in their discretion, whether to use such information; (ii) that no compensation will be payable by the Lenders or the Agent in connection therewith; (iii) and that the Agent and the Lenders shall have no liability whatsoever to it or any of its employees, officers, directors, affiliates or shareholders in obtaining and using such information as contemplated herein.

17.12 Entire Agreement

This Agreement supersedes all discussion papers, term sheets and other writings issued by the Agent or the Lenders and all agreements, understandings, negotiations and discussions, whether verbal or written, in each case, prior to the date hereof relating to the Term Facilities. This Agreement shall constitute the entire agreement and understanding among the Borrower, the Obligor, the Personal Guarantors, the Lenders and the Agent relating to the Term Facilities.

17.13 Anti-Terrorism Laws

Each Lender hereby notifies the Borrower and the other Obligor and the Personal Guarantors that pursuant to the requirements of certain Anti-Terrorism Laws, it is required to obtain, verify and record information that identifies the Borrower and the other Obligor and the Personal Guarantors, which information includes the names and addresses of the Borrower and the other Obligor and the Personal Guarantors and other information that will allow such Lender to identify the Borrower and the other Obligor and the Personal Guarantors in accordance with such Anti-Terrorism Laws.

17.14 Waivers and Amendments to be in Writing

Subject to Section 15.1.3 (insofar as it relates to confirming any agreement among the Required Lenders) and Section 15.10, no provision of this Agreement, or any other document or instrument in existence among the parties may be modified, waived or terminated except by an instrument in writing executed by the party against whom such modification, waiver or termination is sought to be enforced.

17.15 Conflicts

In the event of a conflict in or between the provisions of this Agreement and the provisions of any of the other Loan Document then, notwithstanding anything contained in such other Loan Document, the provisions of this Agreement will prevail and the provisions of such other Loan Document will be deemed to be amended to the extent necessary to eliminate such conflict. If any act or omission is expressly prohibited under a Loan Document (other than this Agreement) but this Agreement does not expressly permit such act or omission, or if any act is expressly required to be performed under a Loan Document (other than this Agreement) but this Agreement does not expressly relieve the applicable Obligor or Personal Guarantor from such performance, such circumstance shall not constitute a conflict in or between the provisions of this Agreement and the provisions of such Loan Document.

In the event of a conflict in or between the CBA Model Provisions and any other provision of this Agreement then, notwithstanding anything contained in the CBA Model Provisions, the provisions of this Agreement will prevail and such other provision of the CBA Model Provisions will be deemed to be amended to the extent necessary to eliminate such conflict. If any act or omission is expressly prohibited under any other provision of the CBA Model Provisions but this Agreement does not expressly permit such act or omission, or if any act is expressly required to be performed under any other provision of the CBA Model Provisions but this Agreement does not expressly relieve the applicable Obligor or Personal Guarantor from such performance, such circumstance shall not constitute a conflict in or between the this Agreement and any CBA Model Provision.

17.16 Binding Effect

This Agreement shall be binding upon and shall enure to the benefit of the parties to this Agreement and their respective successors and permitted assigns. The term “successors” includes any corporation resulting from the amalgamation of any party with any other corporation.

(signatures appear on the following pages)

IN WITNESS WHEREOF this Agreement has been executed and delivered by the parties hereto.

GREENWAY GREENHOUSE CANNABIS CORPORATION, as Borrower

Per: (s) "Carl Mastronardi"
Name: Carl Mastronardi
Title: President

Per: (s) "Jamie D'Alimonte"
Name: Jamie D'Alimonte
Title: Chief Executive Officer

I/We have authority to bind the Corporation.

(s) "Frank C. Ricci"
Name: Frank C. Ricci

(s) "Carl Mastronardi"
CARL MASTRONARDI

(s) "Frank C. Ricci"
Name: Frank C. Ricci

(s) "Jamie D'Alimonte"
JAMIE D'ALIMONTE

BANK OF MONTREAL, as Administrative Agent

Per: (s) "Allen Benjamin"
Name: Allen Benjamin
Title: Managing Director Loan Syndications

Per: (s) "Francois Wentzel"
Name: Francois Wentzel
Title: Managing Director

I/We have authority to bind the Bank.

BANK OF MONTREAL, as a Lender

Per: (s) "*Hassan Baig*"
Name: Hassan Baig
Title: Associate Director

Per: (s) "*Kyle Redford*"
Name: Kyle Redford
Title: Director

I/We have authority to bind the Bank.

**SCHEDULE A
APPLICABLE MARGIN**

Level	Total Funded Debt / EBITDA	B/A Margin	CDN\$ Prime Loans Margin
I	<1.00:1	2.25%	1.00%
II	≥1.00:1 < 1.50:1	2.50%	1.25%
III	≥1.50:1 < 2.00:1	2.75%	1.50%
IV	≥2.00:1 < 2.50:1	3.00%	1.75%
V	≥2.50:1	3.25%	2.00%

The applicable margin level at the Closing Date will be Level V up and until the Conversion Date. Thereafter, the applicable margin level shall be based on the Borrower's Senior Funded Debt to EBITDA ratio as of the end of the most recently completed Fiscal Quarter, provided that for any Rolling Period when the Borrower's EBITDA is negative, the applicable margin level will be Level V.

Pricing to be adjusted quarterly upon receipt of compliance certificate. If no compliance certificate is received when due, pricing will be adjusted to the highest applicable margin until a satisfactory compliance certificate is received.

Pricing for outstanding BAs will not be amended; new pricing will apply to subsequent BAs (including rollovers).

Interest is to be paid monthly in arrears on Cdn. Prime Based Loans. The stamping fee on BAs is to be paid upon issuance.

Applicable margins and interest rates which would be otherwise applicable shall increase by 2.0% upon the occurrence of and during continuance of an Event of Default.

All interest rates and fees shall be calculated on a 365 or 366-day basis as appropriate.

SCHEDULE B
CBA MODEL PROVISIONS, INCLUDING EXHIBITS ATTACHED THERETO:
EXHIBIT A - FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT
EXHIBIT B - INFORMATION TO BE GIVEN TO LOAN PRICING CORPORATION

The attached model credit agreement provisions, which have been revised under the direction of the Canadian Bankers' Association Secondary Loan Market Specialist Group from provisions prepared by The Loan Syndications and Trading Association, Inc., form part of this Agreement, except for the footnotes to the model credit agreement provisions, if any.

MODEL CREDIT AGREEMENT PROVISIONS

1.1 Definitions

“**Administrative Questionnaire**” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“**Affiliate**” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“**Agreement**” means the credit agreement of which these Provisions form part.

“**Applicable Law**” means (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgement, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of such Person, in each case whether or not having the force of law.

“**Applicable Percentage**” means with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be the percentage of the total outstanding Loans and participations in respect of Letters of Credit represented by such Lender's outstanding Loans and participations in respect of Letters of Credit.

“**Approved Fund**” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“**Assignment and Assumption**” means an assignment and assumption entered into by a Lender and an Eligible Assignee and accepted by the Administrative Agent, in substantially the form of Exhibit A or any other form approved by the Administrative Agent.

“**Change in Law**” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any Applicable Law, (b) any change in any Applicable Law or in the administration, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any Applicable Law by any Governmental Authority.

“**Control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have corresponding meanings.

“**Default**” means any event or condition that constitutes an Event of Default or that would constitute an Event of Default except for satisfaction of any condition subsequent required to make the event or condition an Event of Default, including giving of any notice, passage of time, or both.

“**Eligible Assignee**” means any Person (other than a natural person, any Obligor or any Affiliate of an Obligor), in respect of which any consent that is required by Section (b) has been obtained.

“**Excluded Taxes**” means, with respect to the Administrative Agent, any Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of an Obligor hereunder, (a) taxes imposed on or measured by its net income, and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes or any similar tax imposed by any jurisdiction in which the Lender is located and (c) in the case of a Foreign Lender (other than (i) an assignee pursuant to a request by the Borrower under Section 1.3(c)(ii), (ii) an assignee pursuant to an Assignment and Assumption made when an Event of Default has occurred and is continuing or (iii) any other assignee to the extent that the Borrower has expressly agreed that any withholding tax shall be an Indemnified Tax), any withholding tax that (A) is not imposed or assessed in respect of a Loan that was made on the premise that an exemption from such withholding tax would be available where the exemption is subsequently determined, or alleged by a taxing authority, not to be available and (B) is required by Applicable Law to be withheld or paid in respect of any amount payable hereunder or under any Loan Document to such Foreign Lender at the time such Foreign Lender becomes a party hereto (or designates a new lending office) or is attributable to such Foreign Lender’s failure or inability (other than as a result of a Change in Law) to comply with Section 1.3(b)(v), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from an Obligor with respect to such withholding tax pursuant to Section 1.3(b)(i). For greater certainty, for purposes of item (c) above, a withholding tax includes any Tax that a Foreign Lender is required to pay pursuant to Part XIII of the *Income Tax Act* (Canada) or any successor provision thereto.

“**Foreign Lender**” means any Lender that is not organized under the laws of the jurisdiction in which the Borrower is resident for tax purposes and that is not otherwise considered or deemed in respect of any amount payable to it hereunder or under any Loan Document to be resident for income tax or withholding tax purposes in the jurisdiction in which the Borrower is resident for tax purposes by application of the laws of that jurisdiction. For purposes of this definition Canada and each Province and Territory thereof shall be deemed to constitute a single jurisdiction and the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“**Fund**” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

“**Governmental Authority**” means the government of Canada or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any supra-national bodies such as the European Union or the European Central Bank and including a Minister of the Crown, Superintendent of Financial Institutions or other comparable authority or agency.

“Indemnified Taxes” means Taxes other than Excluded Taxes.

“Issuing Bank” means the Person named elsewhere in this Agreement as the issuer of Letters of Credit on the basis that it is “fronting” for other Lenders and not on the basis that it is the attorney of other Lenders to sign Letters of Credit on their behalf, or any successor issuer of Letters of Credit. For greater certainty, where the context requires, references to “Lenders” in these Provisions include the Issuing Bank.

“Loan” means any extension of credit by a Lender under this Agreement, including by way of bankers’ acceptance or LIBO Rate Loan, except for any Letter of Credit or participation in a Letter of Credit.

“Obligors” means, collectively, the Borrower and each of the guarantors of the Borrower’s obligations that are identified elsewhere in this Agreement.

“Other Taxes” means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

“Participant” has the meaning assigned to such term in Section 1.10(d).

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Provisions” means these model credit agreement provisions.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the directors, officers, employees, agents and advisors of such Person and of such Person’s Affiliates.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

1.2 Terms Generally

- (a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein (including this Agreement) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, restated or otherwise modified (subject to any restrictions on such amendments, supplements, restatements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and permitted assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) unless otherwise expressly stated, all references in these Provisions to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, these Provisions, but all such references

elsewhere in this Agreement shall be construed to refer to this Agreement apart from these Provisions, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time and (f) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

- (b) If there is any conflict or inconsistency between these Provisions and the other terms of this Agreement, the other terms of this Agreement shall govern to the extent necessary to resolve the conflict or inconsistency.

1.3 Yield Protection

- (a) Increased Costs

- (i) Increased Costs Generally. If any Change in Law shall:

- (1) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender;
 - (2) subject any Lender to any Tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any participation in a Letter of Credit or any Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof, except for Indemnified Taxes or Other Taxes covered by Section 1.3(b) and the imposition, or any change in the rate, of any Excluded Tax payable by such Lender; or
 - (3) impose on any Lender or any applicable interbank market any other condition, cost or expense affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender or the Issuing Bank of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or the Issuing Bank hereunder (whether of principal, interest or any other amount), then upon request of such Lender the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

- (ii) Capital Requirements. If any Lender determines that any Change in Law affecting such Lender or any lending office of such Lender or such Lender’s holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender’s capital or on the capital of such Lender’s holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or the Letters of Credit issued or participated in by such Lender, to a level below that which such Lender or its holding company could have achieved but for such Change in Law (taking into consideration such Lender’s policies and the policies of its holding company with respect to capital adequacy), then from time to time the Borrower will pay to such

Lender such additional amount or amounts as will compensate such Lender or its holding company for any such reduction suffered.

- (iii) Certificates for Reimbursement. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in subsection (i) or (ii) of this Section, including reasonable detail of the basis of calculation of the amount or amounts, and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.
- (iv) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation, except that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefore, unless the Change in Law giving rise to such increased costs or reductions is retroactive, in which case the nine-month period referred to above shall be extended to include the period of retroactive effect thereof.

(b) Taxes

- (i) Payments Subject to Taxes. If any Obligor, the Administrative Agent, or any Lender is required by Applicable Law to deduct or pay any Indemnified Taxes (including any Other Taxes) in respect of any payment by or on account of any obligation of an Obligor hereunder or under any other Loan Document, then (i) the sum payable shall be increased by that Obligor when payable as necessary so that after making or allowing for all required deductions and payments (including deductions and payments applicable to additional sums payable under this Section) the Administrative Agent or Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions or payments been required, (ii) the Obligor shall make any such deductions required to be made by it under Applicable Law and (iii) the Obligor shall timely pay the full amount required to be deducted to the relevant Governmental Authority in accordance with Applicable Law.
- (ii) Payment of Other Taxes by the Borrower. Without limiting the provisions of subsection (i) above, the Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.
- (iii) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent and each Lender, within 10 days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Administrative Agent or such Lender and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender

(with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

- (iv) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by an Obligor to a Governmental Authority, the Obligor shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.
- (v) Status of Lenders. Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Loan Document shall, at the request of the Borrower, deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by Applicable Law as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, (a) any Lender, if requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to withholding or information reporting requirements, and (b) any Lender that ceases to be, or to be deemed to be, resident in Canada for purposes of Part XIII of the Income Tax Act (Canada) or any successor provision thereto shall within five days thereof notify the Borrower and the Administrative Agent in writing.
- (vi) Treatment of Certain Refunds and Tax Reductions. If the Administrative Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which an Obligor has paid additional amounts pursuant to this Section or that, because of the payment of such Taxes or Other Taxes, it has benefited from a reduction in Excluded Taxes otherwise payable by it, it shall pay to the Borrower or Obligor, as applicable, an amount equal to such refund or reduction (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower or Obligor under this Section with respect to the Taxes or Other Taxes giving rise to such refund or reduction), net of all out-of-pocket expenses of the Administrative Agent or such Lender, as the case may be, and without interest (other than any net after-Tax interest paid by the relevant Governmental Authority with respect to such refund). The Borrower or Obligor as applicable, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower or Obligor (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender if the Administrative Agent or such Lender is required to repay such refund or reduction to such Governmental Authority. This Section shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrower or any other Person, to arrange its affairs in any particular manner or to claim any available refund or reduction.

(c) Mitigation Obligations: Replacement of Lenders

- (i) Designation of a Different lending office. If any Lender requests compensation under Section 1.3(a), or requires the Borrower to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 1.3(b) then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 1.3(a) or 1.3(b), as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.
- (ii) Replacement of Lenders. If any Lender requests compensation under Section 1.3(a), if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant Section 1.3(b), if any Lender's obligations are suspended pursuant to Section 1.3(d) or if any Lender defaults in its obligation to fund Loans hereunder, then the Borrower may, at its sole expense and effort, upon 10 days' notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 1.10), all of its interests, rights and obligations under this Agreement and the related other Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:
 - (1) the Borrower pays the Administrative Agent the assignment fee specified in Section 1.10(b)(vii);
 - (2) the assigning Lender receives payment of an amount equal to the outstanding principal of its Loans and participations in disbursements under Letters of Credit, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any breakage costs and amounts required to be paid under this Agreement as a result of prepayment to a Lender) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);
 - (3) in the case of any such assignment resulting from a claim for compensation under Section 1.3(a) or payments required to be made pursuant to Section 1.3(b), such assignment will result in a reduction in such compensation or payments thereafter; and
 - (4) such assignment does not conflict with Applicable Law.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

(d) Illegality

If any Lender determines that any Applicable Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable lending office to make or maintain any Loan (or to maintain its obligation to make any Loan), or to participate in, issue or maintain any Letter of Credit (or to maintain its obligation to participate in or to issue any Letter of Credit), or to determine or charge interest rates based upon any particular rate, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, any obligation of such Lender with respect to the activity that is unlawful shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if conversion would avoid the activity that is unlawful, convert any Loans, or take any necessary steps with respect to any Letter of Credit in order to avoid the activity that is unlawful. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted. Each Lender agrees to designate a different lending office if such designation will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender.

(e) Inability to Determine Rates Etc.

If the Required Lenders determine that for any reason a market for bankers' acceptances does not exist at any time or the Lenders cannot for other reasons, after reasonable efforts, readily sell bankers' acceptances or perform their other obligations under this Agreement with respect to bankers' acceptances, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, the Borrower's right to request the acceptance of bankers' acceptances shall be and remain suspended until the Required Lenders determine and the Agent notifies the Borrower and each Lender that the condition causing such determination no longer exists. If the Required Lenders determine that for any reason adequate and reasonable means do not exist for determining the LIBO Rate for any requested Interest Period with respect to a proposed LIBO Rate Loan, or that the LIBO Rate for any requested Interest Period with respect to a proposed LIBO Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, the obligation of the Lenders to make or maintain LIBO Rate Loans shall be suspended until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a borrowing, conversion or continuation of LIBO Rate Loans or, failing that, will be deemed to have converted such request into a request for a borrowing of Base Rate Loans in the amount specified therein.

1.4 Right of Set off

If an Event of Default has occurred and is continuing, each of the Lenders and each of their respective Affiliates is hereby authorized at any time and from time to time to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or any such Affiliate to or for the credit or the account of any Obligor against any and all of the obligations of the Borrower now or hereafter existing under this Agreement or any other Loan Document to such Lender, irrespective of whether or not such Lender has made any demand under this Agreement or any other Loan Document and although such obligations of the Obligor may be contingent or unmatured or are owed to a branch or office of such Lender different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each the Lenders and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff, consolidation of accounts and bankers' lien) that the Lenders or their respective Affiliates may have. Each Lender agrees to promptly notify the Borrower and the Administrative Agent after any such setoff and application, but the failure to give such notice shall not

affect the validity of such setoff and application. If any Affiliate of a Lender exercises any rights under this Section 1.4, it shall share the benefit received in accordance with Section 1.5 as if the benefit had been received by the Lender of which it is an Affiliate.

1.5 Sharing of Payments by Lenders

If any Lender, by exercising any right of setoff or counterclaim or otherwise, obtains any payment or other reduction that might result in such Lender receiving payment or other reduction of a proportion of the aggregate amount of its Loans and accrued interest thereon or other obligations hereunder greater than its pro rata share thereof as provided herein, then the Lender receiving such payment or other reduction shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders rateably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that

- (a) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest,
- (b) the provisions of this Section shall not be construed to apply to (x) any payment made by any Obligor pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in disbursements under Letters of Credit to any assignee or participant, other than to any Obligor or any Affiliate of an Obligor (as to which the provisions of this Section shall apply); and
- (c) the provisions of this Section shall not be construed to apply to (w) any payment made while no Event of Default has occurred and is continuing in respect of obligations of the Borrower to such Lender that do not arise under or in connection with the Loan Documents, (x) any payment made in respect of an obligation that is secured by a Permitted Lien or that is otherwise entitled to priority over the Borrower's obligations under or in connection with the Loan Documents, (y) any reduction arising from an amount owing to an Obligor upon the termination of derivatives entered into between the Obligor and such Lender, or (z) any payment to which such Lender is entitled as a result of any form of credit protection obtained by such Lender.

The Obligors consent to the foregoing and agree, to the extent they may effectively do so under Applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Obligor rights of setoff and counterclaim and similar rights of Lenders with respect to such participation as fully as if such Lender were a direct creditor of each Obligor in the amount of such participation.

1.6 Administrative Agent's Clawback

- (a) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any advance of funds that such Lender will not make available to the Administrative Agent such Lender's share of such advance, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with the provisions of this Agreement concerning funding by Lenders and may, in reliance upon such assumption,

make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable advance available to the Administrative Agent, then the applicable Lender shall pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at a rate determined by the Administrative Agent in accordance with prevailing banking industry practice on interbank compensation. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such advance. If the Lender does not do so forthwith, the Borrower shall pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon at the interest rate applicable to the advance in question. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that has failed to make such payment to the Administrative Agent.

- (b) Payments by Borrower; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of any Lender hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute the amount due to the Lenders. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at a rate determined by the Administrative Agent in accordance with prevailing banking industry practice on interbank compensation.

1.7 Agency

- (a) Appointment and Authority. Each of the Lenders and the Issuing Bank hereby irrevocably appoints the Person identified elsewhere in this Agreement as the Administrative Agent to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the Issuing Bank, and no Obligor shall have rights as a third party beneficiary of any of such provisions.
- (b) Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any Obligor or any Affiliate thereof as if such Person were not the Administrative Agent and without any duty to account to the Lenders.

(c) Exculpatory Provisions

- (i) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:
 - (1) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;
 - (2) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Loan Documents), but the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or Applicable Law; and
 - (3) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the person serving as the Administrative Agent or any of its Affiliates in any capacity.
- (ii) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as is necessary, or as the Administrative Agent believes in good faith is necessary, under the provisions of the Loan Documents) or (ii) in the absence of its own gross negligence or wilful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing the Default is given to the Administrative Agent by the Borrower or a Lender.
- (iii) Except as otherwise expressly specified in this Agreement, the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition specified in this Agreement, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

(d) Reliance by Administrative Agent

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the Issuing Bank, the Administrative Agent may presume that such condition is satisfactory to such Lender or the Issuing Bank unless the Administrative Agent shall have received notice to the contrary from such Lender or the Issuing Bank prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

(e) Indemnification of Administrative Agent

Each Lender agrees to indemnify the Administrative Agent and hold it harmless (to the extent not reimbursed by the Borrower), rateably according to its Applicable Percentage (and not jointly or jointly and severally) from and against any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel, which may be incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or the transactions therein contemplated. However, no Lender shall be liable for any portion of such losses, claims, damages, liabilities and related expenses resulting from the Administrative Agent's gross negligence or wilful misconduct.

(f) Delegation of Duties

The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent from among the Lenders (including the Person serving as Administrative Agent) and their respective Affiliates. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The provisions of this Article and other provisions of this Agreement for the benefit of the Administrative Agent shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the Term Facilities provided for herein as well as activities as Administrative Agent.

(g) Replacement of Administrative Agent

- (i) The Administrative Agent may at any time give notice of its resignation to the Lenders, the Issuing Bank and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a Lender having a Commitment to a revolving credit if one or more is established in this Agreement and having an office in Toronto, Ontario or Montréal, Québec, or an Affiliate of any such Lender with an office in Toronto or Montréal. The Administrative Agent may also be removed at any time by the Required Lenders upon 30 days' notice to the Administrative Agent and the Borrower as long as the Required Lenders, in consultation with the Borrower, appoint and obtain the acceptance of a successor

within such 30 days, which shall be a Lender having a Commitment to a revolving credit if one or more is established in this Agreement and having an office in Toronto or Montréal, or an Affiliate of any such Lender with an office in Toronto or Montréal.

- (ii) If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications specified in Section 1.7(g)(i), provided that if the Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in the preceding subsection.
- (iii) Upon a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the former Administrative Agent, and the former Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided in the preceding subsection). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the termination of the service of the former Administrative Agent, the provisions of this Section 1.7 and of Section 1.9 shall continue in effect for the benefit of such former Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the former Administrative Agent was acting as Administrative Agent.

(h) Non-Reliance on Administrative Agent and Other Lenders

Each Lender and the Issuing Bank acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and the Issuing Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

(i) Collective Action of the Lenders

Each of the Lenders hereby acknowledges that to the extent permitted by Applicable Law, any collateral security and the remedies provided under the Loan Documents to the Lenders are for the benefit of the Lenders collectively and acting together and not severally and further acknowledges that its rights hereunder and under any collateral security are to be exercised not severally, but by the Administrative Agent upon the decision of the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Loan Documents). Accordingly, notwithstanding any of the provisions contained herein or in any collateral security, each of the Lenders hereby covenants and agrees that it shall not be entitled to take any action hereunder or thereunder including, without limitation, any declaration of default hereunder or thereunder but that any such action shall be taken only by the Administrative Agent with the prior written agreement of the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Loan Documents). Each of the Lenders hereby further covenants and agrees that upon any such written agreement being given, it shall co-operate fully with the Administrative Agent to the extent requested by the Administrative Agent. Notwithstanding the foregoing, in the absence of instructions from the Lenders and where in the sole opinion of the Administrative Agent, acting reasonably and in good faith, the exigencies of the situation warrant such action, the Administrative Agent may without notice to or consent of the Lenders take such action on behalf of the Lenders as it deems appropriate or desirable in the interest of the Lenders.

(j) No Other Duties. etc.

Anything herein to the contrary notwithstanding, none of the Bookrunners, Arrangers or holders of similar titles, if any, specified in this Agreement shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent or a Lender hereunder.

1.8 Notices: Effectiveness; Electronic Communication

(a) Notices Generally

Except in the case of notices and other communications expressly permitted to be given by telephone (and except as-provided in Section 1.8(b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier to the addresses or telecopier numbers specified elsewhere in this Agreement or, if to a Lender, to it at its address or telecopier number specified in the Register or, if to an Obligor other than the Borrower, in care of the Borrower.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given on a business day between 9:00 a.m. and 5:00 p.m. local time where the recipient is located, shall be deemed to have been given at 9:00 a.m. on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in Section 1.8(b) below, shall be effective as provided in said Section 1.8(b).

(b) Electronic Communications

Notices and other communications to the Lenders and the Issuing Bank hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender of Loans to be made or Letters of Credit to be issued if such Lender has notified the

Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgment), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing subsection (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) Change of Address, Etc.

Any party hereto may change its address or telecopier number for notices and other communications hereunder by notice to the other parties hereto.

1.9 Expenses; Indemnity; Damage Waiver

(a) Costs and Expenses

The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all reasonable out-of-pocket expenses incurred by the Administrative Agent, any Lender or the Issuing Bank, including the reasonable fees, charges and disbursements of counsel, in connection with the enforcement or protection of its rights in connection with this Agreement and the other Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by the Borrower

The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender and the Issuing Bank, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any third party or by any Obligor arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance or non-performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation or non-consummation of the transactions contemplated hereby or thereby, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal

by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by any Obligor, or any Environmental Liability related in any way to any Obligor, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by an Obligor and regardless of whether any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower or any other Obligor against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Obligor has obtained a final and non-appealable judgment in its favour on such claim as determined by a court of competent jurisdiction, nor shall it be available in respect of matters specifically addressed in Sections 1.3(a), 1.3(b) and 1.9(a).

(c) Reimbursement by Lenders

To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under Section 1.9(a) or 1.9(b) to be paid by it to the Administrative Agent (or any sub-agent thereof), the Issuing Bank or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the Issuing Bank or such Related Party, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or the Issuing Bank in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) or Issuing Bank in connection with such capacity. The obligations of the Lenders under this Section 1.9(c) are subject to the other provisions of this Agreement concerning several liability of the Lenders.

(d) Waiver of Consequential Damages, Etc.

To the fullest extent permitted by Applicable Law, the Obligors shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for indirect, consequential, punitive, aggravated or exemplary damages (as opposed to direct damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby (or any breach thereof), the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments

All amounts due under this Section shall be payable promptly after demand therefor. A certificate of the Administrative Agent or a Lender setting forth the amount or amounts owing to the Administrative Agent, Lender or a sub-agent or Related Party, as the case may be, as specified in this Section, including reasonable detail of the basis of calculation of the amount or amounts, and delivered to the Borrower shall be conclusive absent manifest error.

1.10 Successors and Assigns

(a) Successors and Assigns Generally

The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Obligor may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of Section 1.10(b), (ii) by way of participation in accordance with the provisions of Section 1.10(d), or (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 1.10(f) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 1.10(d) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders

Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that:

- (i) except if an Event of Default has occurred and is continuing or in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment being assigned (which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loan of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than \$5,000,000, in the case of any assignment in respect of a revolving facility, or \$1,000,000, in the case of any assignment in respect of a term facility, unless each of the Administrative Agent and, so long as no Default has occurred and is continuing, the Borrower otherwise consent to a lower amount (each such consent not to be unreasonably withheld or delayed);
- (ii) each assignor shall continue at least \$5,000,000 in principal amount of Loans;
- (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned, except that this subsection (b) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among separate credits on a non-pro rata basis;
- (iv) any assignment of a Commitment relating to a credit under which Letters of Credit may be issued must be approved by any Issuing Bank (such approval not to be unreasonably withheld or delayed) unless the Person that is the proposed assignee is itself already a Lender with a Commitment under that credit;

- (v) any assignment must be approved by the Administrative Agent (such approval not to be unreasonably withheld or delayed) unless:
 - (1) in the case of an assignment of a Commitment relating to a revolving credit, the proposed assignee is itself already a Lender with the same type of Commitment,
 - (2) no Event of Default has occurred and is continuing, and the assignment is of a Commitment relating to a non-revolving credit that is fully advanced, or
 - (3) the proposed assignee is a bank whose senior, unsecured, non-credit enhanced, long term debt is rated at least A3, A- or A low by at least two of Moody's Investor Services Inc., Standard & Poor's, a division of The McGraw-Hill Companies, Inc. and Dominion Bond Rating Service Limited, respectively;
- (vi) any assignment must be approved by the Borrower (such approval not to be unreasonably withheld or delayed) unless the proposed assignee is itself already a Lender with the same type of Commitment or a Default has occurred and is continuing; and
- (vii) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in an amount specified elsewhere in this Agreement and the Eligible Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to Section 1.10(c), from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement and the other Loan Documents, including any collateral security, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 1.3 and 1.9, and shall continue to be liable for any breach of this Agreement by such Lender, with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 1.10(d). Any payment by an assignee to an assigning Lender in connection with an assignment or transfer shall not be or be deemed to be a repayment by the Borrower or a new Loan to the Borrower.

(c) Register

The Administrative Agent shall maintain at one of its offices in Toronto, Ontario or Montréal, Québec a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, absent manifest error, and the Borrower, the Administrative Agent and the Lenders

may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations

Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural person, an Obligor or any Affiliate of an Obligor) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any payment by a Participant to a Lender in connection with a sale of a participation shall not be or be deemed to be a repayment by the Borrower or a new Loan to the Borrower.

Subject to Section 1.10(e), the Borrower agrees that each Participant shall be entitled to the benefits of Section 1.3 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 1.10(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 1.4 as though it were a Lender, provided such Participant agrees to be subject to Section 1.5 as though it were a Lender.

(e) Limitations upon Participant Rights

A Participant shall not be entitled to receive any greater payment under Sections 1.3(a) and 1.3(b) than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 1.3(b) unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 1.3(b)(i) as though it were a Lender.

(f) Certain Pledges

Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, but no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

1.11 Governing Law: Jurisdiction: Etc.

(a) Governing Law

This Agreement shall be governed by, and construed in accordance with, the laws of the Province specified elsewhere in this Agreement and the laws of Canada applicable in that Province.

(b) Submission to Jurisdiction

Each Obligor irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the Province specified elsewhere in this Agreement, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Obligor or its properties in the courts of any jurisdiction.

(c) Waiver of Venue

Each Obligor irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in Section 1.11(b). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

1.12 Waiver of Jury Trial

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

1.13 Counterparts: Integration: Effectiveness: Electronic Execution

(a) Counterparts, Integration: Effectiveness

This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in the conditions precedent Section(s) of this Agreement, this Agreement shall become effective when it has been executed by the Administrative Agent and when the Administrative Agent has received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed

counterpart of a signature page of this Agreement by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Electronic Execution of Assignments

The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Assumption 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 Law, including Parts 2 and 3 of the *Personal 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.

1.14 Treatment of Certain Information: Confidentiality

- (a) Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to it, its Affiliates and its and its Affiliates’ respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority), (c) to the extent required by Applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap, derivative, credit-linked note or similar transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent or any Lender on a non-confidential basis from a source other than an Obligor.
- (b) For purposes of this Section, “Information” means all information received in connection with this Agreement from any Obligor relating to any Obligor or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a non-confidential basis prior to such receipt. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Administrative Agent may disclose to any agency or organization that assigns standard identification numbers to loan facilities such basic information describing the facilities provided hereunder as is necessary to assign unique identifiers (and, if requested, supply a copy of this Agreement), it being understood that the Person to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to

make available to the public only such Information as such person normally makes available in the course of its business of assigning identification numbers.

- (c) In addition, and notwithstanding anything herein to the contrary, the Administrative Agent may provide the information described on Exhibit B concerning the Borrower and the credit facilities established herein to Loan Pricing Corporation and/or other recognized trade publishers of information for general circulation in the loan market.

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the “**Assignment and Assumption**”) is dated as of the Effective Date set forth below and is entered into by and between [**Insert name of Assignor**] (the “**Assignor**”) and [**Insert name of Assignee**] (the “**Assignee**”). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the “**Credit Agreement**”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor’s rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including without limitation any letters of credit and guarantees included in such facilities) and (ii) to the extent permitted to be assigned under Applicable Law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan-transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to subsection (i) above (the rights and obligations sold and assigned pursuant to subsection (i) and (ii) above being referred to herein collectively as, the “Assigned Interest”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____

2. Assignee: _____

[and is an Affiliate/Approved Fund of [identify Lender]]

3. Borrower(s): _____

4. Administrative Agent: _____, as the administrative agent under the Credit Agreement

5. Credit Agreement: [The [amount] Credit Agreement dated as of _____ among [name of Borrower(s)], the Lenders parties thereto, [name of Administrative Agent], as Administrative Agent, and the other agents parties thereto]

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans	CUSIP Number
	\$	\$	%	
	\$	\$	%	
	\$	\$	%	

7. [Trade Date: _____]

Effective Date: _____, 20__ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Title:

[Consented to and] Accepted:

[NAME OF ADMINISTRATIVE AGENT], as Administrative Agent

By: _____
Title:

[Consented to:]

[NAME OF RELEVANT PARTY]

By: _____
Title:

[_____]

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section ___ thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments

From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to, on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

3. General Provisions

This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law governing the Credit Agreement.

LOAN MARKET DATA TEMPLATE

Recommended Data Fields - At Close

The items highlighted in bold are those that Loan Pricing Corporation (LPC) deem essential. The remaining items are those that LPC has seen become more prominent over time as transparency has increased in the U.S. Loan Market.

Company Level	Deal Specific	Facility Specific
Issuer Name	Currency/Amount	Currency/Amount
Location	Date	Type
SIC (Cdn)	Purpose	Purpose
Identification Number(s)	Sponsor	Tenor
Revenue	Financial Covenants	Term Out Option
		Expiration Date
	Target Company	Facility Signing Date
Measurement of Risk*	Assignment Language	Pricing
S&P Sr. Debt	Law Firms	Base
S&P Issuer	MAC Clause	Rate(s) Spread(s)/BA/LIBOR
Moody's Sr. Debt	Springing lien	Initial Pricing Level
Moody's Issuer	Cash Dominion	Pricing Grid (tied to, levels)
Fitch Sr. Debt	Mandatory Prepays	Grid Effective Date
Fitch Issuer	Restricted Payments (Neg Covs)	Fees
S&P Implied (Internal assessment)	Other Restrictions	Participation Fee (tiered also
DBRS		Commitment Fee
Other Ratings*		Annual Fee
*Industry Classification		Utilization Fee
Moody's Industry		LC Fee(s)
S&P Industry		BA Fee
Parent		Prepayment Fee
Financial Ratios		Other Fees to Market
		Security
		Security/Unsecured
		Collateral and Seniority of Claim
		Collateral Value
		Guarantors
		Lenders Names/Titles
		Lender Commitment(s)
		Committed/Uncommitted
		Distribution method
		Amortization Schedule
		Borrowing Base/Advance Rates
		New Money Amount

		Country of Syndication
		Facility Rating (Loss given default)
		S&P Bank Loan
		Moody's Bank Loan
		Fitch Bank Loan
		DBRS
		Other Ratings

* These items would be considered useful to capture from an analytical perspective

SCHEDULE C
FORM OF CERTIFICATE OF COMPLIANCE

TO: Bank of Montreal, as Agent
Agency Services Canada
100 King Street West
19th Floor, First Canadian Place
Toronto, Ontario M5X 1A1

Tel: (416) 867-5639
Fax: (416) 867-5718

Attention: Manager, Agency Services Canada

Dear Sirs:

I, _____ being the _____ of the Borrower, do hereby certify to the Agent and the Lenders, solely in such capacity and without personal liability, the following:

1. This Certificate is delivered pursuant to the credit agreement dated as of December ●, 2019 between, *inter alios*, Greenway Greenhouse Cannabis Corporation, as borrower, Carl Mastronardi and Jamie D'Alimonte, as guarantors, Bank of Montreal, as Administrative Agent, Sole Arranger and Sole Bookrunner (the "**Agent**") and Bank of Montreal and such other lenders as may become parties hereto from time to time, as lenders (collectively, the "**Lenders**") (as amended, supplemented, replaced, restated or otherwise modified, the "**Credit Agreement**"). Unless otherwise defined herein, all capitalized terms appearing in this Certificate (including in Schedule I attached hereto) shall have the meaning as are ascribed thereto in the Credit Agreement.
2. I am familiar with and have examined the provisions of the Credit Agreement (including, without limitation, the financial covenants and ratios set forth in Article 12.3 of the Credit Agreement and representations, warranties and other covenants set forth in the Credit Agreement) and have made all appropriate investigations of the records and inquiries of the Senior Officers of the Borrower and the other Obligor as I have deemed necessary or useful to allow me to give this Certificate knowledgeably.
3. The attached Financial Statements for the [**Fiscal Quarter / Fiscal Year**] ending _____ (the "**Reporting Period**") for the Borrower and each Obligor, present fairly and in all material respects the combined and consolidated financial condition of the Borrower and the results of the operations of the Borrower and each other Obligor for the Reporting Period, all in accordance with GAAP consistently applied, subject to normal year-end adjustments). All calculations of financial covenants and presentations of financial information in this Compliance Certificate and Schedule I attached hereto have been prepared in accordance with GAAP (and consistently applied) and the Credit Agreement.
4. With reference to, without limitation, the Financial Statements of the Borrower for the Reporting Period, copies of which have been delivered to the Agent:

- (a) As at the end of the Reporting Period, each Obligor has duly observed and performed all of its covenants and other agreements and have satisfied every condition in the Credit Agreement and the Loan Documents, to be observed, performed or satisfied by it.
 - (b) The representations and warranties contained in the Credit Agreement and the other Loan Documents are true and correct in every material respect with the same effect as if such representations and warranties had been made on and as of the date of this Compliance Certificate (except where stated in the Credit Agreement to be made only as of the Closing Date or the Closing Date and except to the extent that, on or prior to the date hereof the Borrower has advised the Agent in writing of a variation in any such representation or warranty or has amended or supplemented any schedule (referred to in Section 7.1 of the Credit Agreement) from that in existence on the Closing Date, provided that such variation, amendment or supplement and the substance of the matters set forth therein have been approved in writing by the Agent and the Required Lenders).
 - (c) As at the end of the Reporting Period, except to the extent noted in Schedule II attachment hereto, no Default or Event of Default had occurred and is continuing.
 - (d) The Senior Funded Debt to Tangible Net Worth Ratio (Section 12.3.1 of the Credit Agreement) for the Borrower as at the end of the Reporting Period based on the Borrower's most recently completed Rolling Period is _____:1. **A detailed calculation of this ratio is attached as Schedule I attached hereto.**
 - (e) The Fixed Charge Coverage Ratio (Section 12.3.2 of the Credit Agreement) for the Borrower as at the end of the Reporting Period based on the Borrower's most recently completed Rolling Period is _____:1. **A detailed calculation of this ratio is attached as Schedule I attached hereto.**
 - (f) The Total Funded Debt to EBITDA Ratio (Section 12.3.3 of the Credit Agreement) for the Borrower as at the end of the Reporting Period based on the Borrower's most recently completed Rolling Period is _____:1. **A detailed calculation of this ratio is attached as Schedule I attached hereto.**
5. The information and disclosures provided in all of the schedules to the Credit Agreement or any other Loan Document, as previously updated or corrected, are true and complete in all material respects, except as set forth on Schedule II attached hereto.
6. The Net Cash Proceeds from any Asset Disposition or cash proceeds relating to an expropriation, condemnation, destruction or other loss of property [**which have not been used or re-invested within 180 days after receipt thereof**] is \$_____.
7. Since delivery of the last Compliance Certificate delivered in connection with the Borrower's last Fiscal Quarter, and other than as previously reported in a prior Compliance Certificate, (i) no Obligor has acquired, whether by way of ownership or licence, created any new quotas, registered patents, trademarks, trade names, copyrights, licenses and rights with respect thereto, or any new software (other than purchased software), and (ii) no previously reported quotas, patents, trademarks, trade names, copyrights, licenses and rights with respect thereto, or any software (other than purchased software), have ceased, been abandoned or terminated, except as set forth in the attached Schedule II.

8. Since delivery of the last Compliance Certificate to the date hereof, there has been no Material Adverse Change.
9. Attached hereto are all reports received from Health Canada during the first year of the Borrower's Cannabis Licence. The Borrower's business is operating only in qualified jurisdictions and in compliance with all Applicable Laws, and all licenses issued by Governmental Authorities for its facilities and operations remain in full force and effect.
10. All calculations made in connection with this Certificate are to be made with reference to all provisions of the Credit Agreement and the Borrower is not to rely exclusively upon the summary nature of this Certificate in making its calculations. To the extent that there is any inconsistency between this Certificate and other provisions in the Credit Agreement, such other provisions shall prevail.

Dated: _____, _____.

Yours truly,

**GREENWAY GREENHOUSE CANNABIS
CORPORATION**

Name:

Title:

**SCHEDULE D
FORM OF CONVERSION NOTICE**

TO: Bank of Montreal, as Agent
Agency Services Canada
100 King Street West
19th Floor, First Canadian Place
Toronto, Ontario M5X 1A1

Tel: (416) 867-5639
Fax: (416) 867-5718

Attention: Manager, Agency Services Canada

Dear Sirs:

Reference is made to the credit agreement dated December ●, 2019 between, *inter alios*, Greenway Greenhouse Cannabis Corporation, as borrower, Carl Mastronardi and Jamie D'Alimonte, as guarantors, Bank of Montreal, as Administrative Agent, Sole Arranger and Sole Bookrunner (the "**Agent**") and Bank of Montreal and such other lenders as may become parties hereto from time to time, as lenders (collectively, the "**Lenders**") (as amended, supplemented, replaced, restated or otherwise modified, the "**Credit Agreement**").

1. Give you notice, irrevocably, that [**specify Borrower**] hereby requests a Conversion under the _____ Facility under the Credit Agreement to be made on _____, _____, the aggregate Conversions to be as follows:

Existing Advance to be Converted:

Advance to result from the Conversion:

(state details of part of Term Facility to be converted)

(a) Advances in Cdn. Dollars

(b) Bankers' Acceptances in Cdn. Dollars and we hereby select the Bankers' Acceptances or BA Equivalent Advances shall mature on

(Cdn.) Dollars _____

_____, _____

Outstanding as: _____
(insert Cdn. Prime Based Loan, Bankers' Acceptances or BA Equivalent Note)

2. Confirm that the Lenders are to make the Conversion in accordance with the Credit Agreement.

The undersigned confirms that no Default or Event of Default has occurred and is continuing and, without limiting the generality of the foregoing, that all representations and warranties set out in the Credit Agreement and the other Loan Documents are true and correct.

The expressions defined in the Credit Agreement shall have the same meaning when used herein as that assigned to them in the Credit Agreement.

Dated: _____, _____.

Yours truly,

•

Name:

Title:

**SCHEDULE E
FORM OF DRAWDOWN REQUEST**

TO: Bank of Montreal, as Agent
Agency Services Canada
100 King Street West
19th Floor, First Canadian Place
Toronto, Ontario M5X 1A1

Tel: (416) 867-5639
Fax: (416) 867-5718

Attention: Manager, Agency Services Canada

Dear Sirs:

Reference is made to the credit agreement dated as of December ●, 2019 between, *inter alios*, Greenway Greenhouse Cannabis Corporation, as borrower, Carl Mastronardi and Jamie D'Alimonte, as guarantors, Bank of Montreal, as Administrative Agent, Sole Arranger and Sole Bookrunner (the "**Agent**") and Bank of Montreal and such other lenders as may become parties hereto from time to time, as lenders (collectively, the "**Lenders**") (as amended, supplemented, replaced, restated or otherwise modified, the "**Credit Agreement**"). Unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning as that ascribed to them in the Credit Agreement.

1. Pursuant to the Credit Agreement, [**specify Borrower**] requests that as of _____, an Advance (by way of drawdown) be made as follows:

(a) Term Facility _____

(b) Cdn. Prime Based Loan _____

(c) Bankers' Acceptance _____

Face Amount: \$ _____

Period: _____ days

The undersigned confirms that no Default or Event of Default has occurred and is continuing and, without limiting the generality of the foregoing, that all representations and warranties set out in the Credit Agreement and the other Loan Documents are true and correct.

Dated: _____, _____.

Yours truly,

●

Name:

Title:

SCHEDULE F
FORM OF MANDATORY REPAYMENT NOTICE

TO: Bank of Montreal, as Agent
Agency Services Canada
100 King Street West
19th Floor, First Canadian Place
Toronto, Ontario M5X 1A1

Tel: (416) 867-5639
Fax: (416) 867-5718

Attention: Manager, Agency Services Canada

Dear Sirs:

I, _____ being the _____ of [**specify Borrower**] do hereby certify to the Agent and the Lenders, solely in such capacity and without personal liability, the following:

1. This Certificate is delivered pursuant to the credit agreement dated as of December ●, 2019 between, *inter alios*, Greenway Greenhouse Cannabis Corporation, as borrower, Carl Mastronardi and Jamie D'Alimonte, as guarantors, Bank of Montreal, as Administrative Agent, Sole Arranger and Sole Bookrunner (the "**Agent**") and Bank of Montreal and such other lenders as may become parties hereto from time to time, as lenders (collectively, the "**Lenders**") (as amended, supplemented, replaced, restated or otherwise modified, the "**Credit Agreement**"). Unless otherwise defined herein, all capitalized terms appearing in this Notice (including its Annex) shall have the meaning as are ascribed thereto in the Credit Agreement.
2. I have read and am familiar with the provisions of the Credit Agreement (including, in particular, the definitions of the various terms used in the Credit Agreement) and have made all appropriate investigations of the records and inquiries of the Senior Officers of the Borrower and the other Obligor as I have deemed necessary or useful to allow me to give this Certificate knowledgeably.
3. With respect to Section 11.2.1, the total cash proceeds received in connection with the sale or issuance of Indebtedness by any Obligor was \$_____ and the Net Cash Proceeds received was \$_____. **A detailed calculation of the total cash proceeds and the Net Cash proceeds received from the sale or issuance of Indebtedness is provided as part of the Annex attached hereto.**
4. With respect to Section 11.2.1, the total cash proceeds received in connection with the offering or issuance of Equity Securities by any Obligor was \$_____ and the Net Cash Proceeds received was \$_____. **A detailed calculation of the total cash proceeds and the Net Cash Proceeds received from the offering or issuance of Equity Securities is provided as part of the Annex attached hereto.**
5. With respect to Section 11.2.2, the total Net Cash Proceeds received in connection with an Asset Disposition was \$_____. **A detailed calculation of the Net Cash Proceeds received from the Asset Sale is provided as part of the Annex attached hereto.**

6. With respect to Section 11.2.3, the Net Cash Proceeds received by an Obligor in connection with the expropriation, condemnation, destruction or other loss of property of any Obligor was \$_____. **A detailed calculation of the Net Cash Proceeds received from the expropriation, condemnation, destruction or other loss of property of any Obligor is provided as part of the Annex attached hereto.**

7. All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Credit Agreement. All calculations herein are to be made with reference to all provisions of the Credit Agreement and the Borrower is not to rely exclusively upon the summary nature of this Mandatory Repayment Notice in making its calculations. To the extent that there is any inconsistency between this Mandatory Repayment Notice and other provisions in the Credit Agreement, such other provisions shall prevail.

Dated this _____ day of _____, 20_____.

•

Name:
Title:

**SCHEDULE G
INITIAL COMMITMENTS**

Lender and Lending Office	Term Commitment
Bank of Montreal First Canadian Place 18 th Floor, 100 King Street West Toronto, Ontario M5X 1A1 Attention: Vice-President, Corporate Finance Facsimile: (416) 864-6534	\$6,100,000 (100%)
Total	<hr/> Cdn. \$6,100,000

**SCHEDULE H
PERMITTED DEBT**

I. GREENWAY GREENHOUSE CANNABIS CORPORATION

\$3,900,000.00 owing to Via Verde Hydroponics Ltd. for the retrofit costs for the Cannabis Operation (as defined in the Credit Agreement).

II. 2653873 ONTARIO INC.

None.

**SCHEDULE I
PERMITTED LIENS**

I. GREENWAY GREENHOUSE CANNABIS CORPORATION

None.

II. 2653873 ONTARIO INC.

None.

III. REAL PROPERTY PERMITTED LIENS

- (a) **620 Essex County Road 37, Leamington – PART LOT 19 CON 6 MERSEA DESIGNATED AS PART 4 PL 12R15979 EXCEPT PART 1 PL 12R19699; T/W R1448123; MUNICIPALITY OF LEAMINGTON [PIN: 75090-0123 (LT)]**
CE597707 Notice The Corporation of the Municipality of Leamington

SCHEDULE J
FORM OF PERMANENT PREPAYMENT NOTICE

TO: Bank of Montreal, as Agent
Agency Services Canada
100 King Street West
19th Floor, First Canadian Place
Toronto, Ontario M5X 1A1

Tel: (416) 867-5639
Fax: (416) 867-5718

Attention: Manager, Agency Services Canada

Gentlemen:

Reference is made to the credit agreement dated as of December ●, 2019 between, *inter alios*, Greenway Greenhouse Cannabis Corporation, as borrower, Carl Mastronardi and Jamie D'Alimonte, as guarantors, Bank of Montreal, as Administrative Agent, Sole Arranger and Sole Bookrunner (the "**Agent**") and Bank of Montreal and such other lenders as may become parties hereto from time to time, as lenders (collectively, the "**Lenders**") (as amended, supplemented, replaced, restated or otherwise modified, the "**Credit Agreement**"), whereunder we hereby give you notice, irrevocably, that [**specify Borrower**] shall make a Permanent Prepayment to the Agent under the Term Facility pursuant to Section 11.3 of the Credit Agreement on _____, 20_____, in the aggregate amount of C\$_____.

The expressions defined in the Credit Agreement shall have the same meaning when used herein as that assigned to them in the Credit Agreement.

Dated: _____, _____.

Yours truly,

●

Name:

Title:

**SCHEDULE K
FORM OF ROLLOVER NOTICE**

TO: Bank of Montreal, as Agent
Agency Services Canada
100 King Street West
19th Floor, First Canadian Place
Toronto, Ontario M5X 1A1

Tel: (416) 867-5639
Fax: (416) 867-5718

Attention: _____ Manager, Agency Services Canada

Dear Sirs:

Reference is made to the credit agreement dated as of December ●, 2019 between, *inter alios*, Greenway Greenhouse Cannabis Corporation, as borrower, Carl Mastronardi and Jamie D'Alimonte, as guarantors, Bank of Montreal, as Administrative Agent, Sole Arranger and Sole Bookrunner (the "**Agent**") and Bank of Montreal and such other lenders as may become parties hereto from time to time, as lenders (collectively, the "**Lenders**") (as amended, supplemented, replaced, restated or otherwise modified, the "**Credit Agreement**"), whereunder we hereby:

1. Give you notice, irrevocably, that the [**specify Borrower**] requests a Rollover Advance under the Term Facility under the Credit Agreement to be made on _____, _____, the aggregate Rollover Advance to be as follows:

Renewed Advance

(state details of part
of Loan to be converted)
Cdn. Dollars _____
Outstanding as: _____ (insert
Cdn. Prime Based Loan, Bankers' Acceptances or
BA Equivalent Note)

Rollover Advance

(a) Advances in Cdn. Dollars
(b) Bankers' Acceptances in Cdn. Dollars and we
hereby select the Bankers' Acceptances or BA
Equivalent Advances shall mature on
_____, _____

2. Confirm that the Lenders are to make the Rollover Advance in accordance with the Credit Agreement.

The undersigned confirms that no Default or Event of Default has occurred and is continuing and, without limiting the generality of the foregoing, that all representations and warranties set out in the Credit Agreement and the other Loan Documents are true and correct.

The expressions defined in the Credit Agreement shall have the same meaning when used herein as that assigned to them in the Credit Agreement.

Dated: _____, _____.

Yours truly,

•

Name:

Title:

**SCHEDULE 7.1.4
APPROVALS**

None.

**SCHEDULE 7.1.7
COMPLIANCE WITH LAWS**

None.

**SCHEDULE 7.1.8
OWNERSHIP OF THE OBLIGORS**

I. GREENWAY GREENHOUSE CANNABIS CORPORATION

- (a)(i) Legal name: Greenway Greenhouse Cannabis Corporation
- (a)(ii) Form of legal entity: Ontario corporation
- (a)(iii) Equity Securities

Authorized:

One class of shares designated as “Common Shares” in an unlimited number

Issued and outstanding:

See attached copy of registered list of shareholders as at November 29, 2019.

Indebtedness convertible into any Equity Securities: None.

- (a)(iv) Equity Securities owned by Greenway Greenhouse Cannabis Corporation: None.
- (a)(v) Jurisdictions:
 - A. of organization and head office: Canada
 - B. of location of minute books and share/unit registers: Canada
 - C. in which such Person carries on business or has assets (including accounts receivable) having an aggregate value in excess of \$100,000: Canada

(e) Outstanding Options: See attached copy of stock option register.

II. 2653873 ONTARIO INC.

- (a)(i) Legal name: 2653873 Ontario Inc.
- (a)(ii) Form of legal entity: Ontario corporation
- (a)(iii) Equity Securities

Authorized:

Unlimited number of common shares

Issued and outstanding:

1 common share to Carl Mastronardi
1 common share to Jamie D’Alimonte

Indebtedness convertible into any Equity Securities: None.

- (a)(iv) Equity Securities owned by 2653873 Ontario Inc.: None.
- (a)(v) Jurisdictions:
 - A. of organization and head office: Canada
 - B. of location of minute books and share/unit registers: Canada
 - C. in which such Person carries on business or has assets (including accounts receivable) having an aggregate value in excess of \$100,000: Canada

**SCHEDULE 7.1.9
LOCATION OF PROPERTY AND ASSETS**

A-1. Jurisdictions where Collateral of each Obligor is Situate

<u>Member of Credit Group</u>	<u>Jurisdiction</u>
Greenway Greenhouse Cannabis Corporation	Ontario, Canada
2653873 Ontario Inc.	Ontario, Canada

A-2. All Real Property Owned by each Obligor

	<u>Registered Owner</u>	<u>Municipal Address</u>	<u>Legal Description</u>	<u>Defined Term</u>
Ontario				
1.	2653873 Ontario Inc.	620 Essex County Road 37, Leamington, Ontario N0P 2P0	PART LOT 19 CON 6 MERSEA DESIGNATED AS PART 4 PL 12R15979 EXCEPT PART 1 PL 12R19699; T/W R1448123; MUNICIPALITY OF LEAMINGTON	“Greenhouse Property”

B. All Real Property Leased or Operated by Each Obligor

Lease between Greenway Greenhouse Cannabis Corporation and Via Verde Hydroponics Ltd. from May 1, 2019 to April 30, 2039 for the premises municipally known as 1102 Mersea Road 5, Leamington, Ontario N8H 3V6.

C. All Other Locations where any Collateral of any Obligor is located with FMV in excess of \$50,000.00

None.

**SCHEDULE 7.1.14
MATERIAL PERMITS**

See attached building permit.

**SCHEDULE 7.1.15
INTELLECTUAL PROPERTY**

See attached list of pending trademarks.

SCHEDULE 7.1.18
MATERIAL AGREEMENTS

See attached the following:

1. Loan document between Via Verde Hydroponics Ltd. and Greenway Greenhouse Cannabis Corporation; and
2. Lease between Greenway Greenhouse Cannabis Corporation and Via Verde Hydroponics Ltd. from May 1, 2019 to April 30, 2039 for the premises municipally known as 1102 Mersea Road 5, Leamington, Ontario N8H 3V6.

**SCHEDULE 7.1.19
LABOUR MATTERS**

None.

**SCHEDULE 7.1.20
WITHHOLDINGS AND REMITTANCE OF
SOURCE DEDUCTIONS**

None.

**SCHEDULE 7.1.22
LITIGATION**

None.

**SCHEDULE 7.1.24
PENSION PLANS**

None.

**SCHEDULE 7.1.29
GUARANTEES**

None.

**SCHEDULE 7.1.30
TAXES**

None.

SCHEDULE 7.1.32
MATERIAL ADVERSE CHANGE

None.

**SCHEDULE 7.1.33
BANK ACCOUNTS**

Company	Name of Bank	Account Number
Greenway Greenhouse Cannabis Corporation	Windsor Family Credit Union	7475247
Greenway Greenhouse Cannabis Corporation	Bank of Montreal	0344 1994155
Greenway Greenhouse Cannabis Corporation	Bank of Montreal	0344 1994809

SCHEDULE 7.1.38
LEASES

All real property Leases to which any Obligor is a party:

1. Lease between 2653873 Ontario Inc. as trustee in trust for Greenway Greenhouse Cannabis Corporation and Sunrite Greenhouses Ltd. from May 1, 2019 to April 30, 2020 for the premises municipally known as 620 Essex County Road 37, Leamington, Ontario, N0P 2P0.
2. Lease between Greenway Greenhouse Cannabis Corporation and Via Verde Hydroponics Ltd. from May 1, 2019 to April 30, 2039 for the premises municipally known as 1102 Mersea Road 5, Leamington, Ontario, N8H 3V6.

**SCHEDULE 7.1.39
SHAREHOLDER LOANS**

I. GREENWAY GREENHOUSE CANNABIS CORPORATION

\$154,078.27 owing to Sunrite Greenhouses Ltd.

II. 2653873 ONTARIO INC.

None.

**SCHEDULE 7.1.41
ENVIRONMENTAL MATTERS**

None.

**SCHEDULE 17.8
NOTICE**

1. The Borrower (or any other Obligor or Personal Guarantor):

1478 Seacliff Drive
Kingsville, Ontario N9Y 2M2

Attention: Darren Peddle
Fax No.: (519) 733-5290

with a copy to:

Ricci, Enns, Rollier & Settrington LLP
60 Talbot Street West
Leamington, Ontario N8H 1M4

Attention: Frank C. Ricci
Fax No.: (519) 326-8139

2. Bank of Montreal, as Agent:

Bank of Montreal
Agent Bank Services, Global Financing Services
250 Yonge Street, 11th Floor
Toronto, Ontario M5B 2L7

Attention: Manager, Agent Bank Services
Fax No.: (416) 598-6218

with a copy (which shall not constitute a notice) to:

Gowling WLG (Canada) LLP
1 First Canadian Place, Suite 1600
100 King Street West
Toronto, Ontario M5X 1G5

Attention: Christopher Alam
Fax No.: (416) 862-7661

3. Bank of Montreal, as a Lender:

Bank of Montreal
18th Floor, First Canadian Place
Toronto, Ontario M5X 1A1

Attention: Vice-President, Corporate Finance
Fax No.: (416) 864-6534

with a copy (which shall not constitute a notice) to:

Gowling WLG (Canada) LLP
1 First Canadian Place, Suite 1600
100 King Street West
Toronto, Ontario M5X 1G5

Attention: Christopher Alam
Fax No.: (416) 862-7661