

CREDIT AGREEMENT

dated as of

May 31, 2022

among

CANNARA BIOTECH (OPS) INC.

as Borrower

CANNARA BIOTECH INC. and its Subsidiaries from time to time

as Guarantors

OLYMBEC INVESTMENTS INC.

as Limited Recourse Guarantor

and

THE LENDERS FROM TIME TO TIME PARTIES HERETO

as Lenders

and

BANK OF MONTREAL

as Administrative Agent, Lead Arranger, Syndication Agent and Sole Bookrunner

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT dated as of May 31, 2022 is made among **CANNARA BIOTECH (OPS) INC.** as Borrower, the Lenders from time to time party hereto, as Lenders, **BANK OF MONTREAL** as Administrative Agent, Lead Arranger, Syndication Agent, Sole Bookrunner, **CANNARA BIOTECH INC.**, **CANNARA BIOTECH (QUEBEC) INC.**, **CANNARA BIOTECH (VALLEYFIELD) INC.**, as Guarantors and **OLYMBEC INVESTMENTS INC.** as Limited Recourse Guarantor.

RECITALS

WHEREAS Bank of Montreal, together with the other Lenders from time to time party to this Agreement, have agreed to provide certain credit facilities to the Borrower;

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each party hereto, the parties hereto agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Definitions.

In this Agreement:

“Acceptance Fee” means a fee payable by the Borrower to the Administrative Agent for the account of a Lender in Canadian Dollars with respect to the acceptance of a B/A or the making of a B/A Equivalent Loan, calculated on the face amount of the B/A or the B/A Equivalent Loan at a rate per annum equal to the Applicable Margin from time to time in effect on the basis of the actual number of days in the applicable Contract Period (including the date of acceptance and excluding the date of maturity) and a year of 365 days, (it being agreed that the Applicable Margin in respect of a B/A Equivalent Loan is equivalent to the Applicable Margin otherwise applicable to the B/A Borrowing which has been replaced by the making of such B/A Equivalent Loan pursuant to Section 2.13(7)).

“Accounts” means, in respect of each Credit Party, all of such Credit Party’s now existing and future: (a) accounts (as defined in the PPSA), and any and all other receivables (whether or not specifically listed on schedules furnished to the Administrative Agent), including all accounts created by, or arising from, all of such Credit Party’s sales, leases, loans, rentals of goods or renditions of services to its customers, including those accounts arising under any of such Credit Party’s trade names or styles, or through any of such Credit Party’s divisions; (b) any and all instruments, documents, bills of exchange, notes or any other writing that evidences a monetary obligation and chattel paper (including electronic chattel paper) (all as defined in the PPSA); (c) unpaid seller’s or lessor’s rights (including rescission, replevin, reclamation, repossession and stoppage in transit) relating to the foregoing or arising therefrom; (d) rights to any goods represented by any of the foregoing, including rights to returned, reclaimed or repossessed goods; (e) reserves and credit balances arising in connection with or pursuant hereto; (f) guarantees, indemnification rights, supporting obligations, payment intangibles, tax refunds and letter of credit rights;

(g) insurance policies or rights relating to any of the foregoing; (h) intangibles pertaining to any and all of the foregoing (including all rights to payment, including those arising in connection with bank and non-bank credit cards), and including books and records and any electronic media and software relating thereto; (i) notes, deposits or property of borrowers or other account debtors securing the obligations of any such borrowers or other account debtors to such Credit Party; (j) cash and non-cash proceeds (as defined in the PPSA) of any and all of the foregoing; and (k) all monies and claims for monies now or hereafter due and payable in connection with any and all of the foregoing or otherwise.

“Acquisition” means any transaction, or any series of related transactions, consummated after the Closing Date, by which any Credit Party directly or indirectly, by means of a takeover bid, tender offer, amalgamation, merger or other business combination, plan of arrangement, purchase of assets, joint venture or otherwise:

- (a) acquires any business (including any division of a business) or all or substantially all of the assets of any Person engaged in any business;
- (b) acquires control of securities of a Person engaged in a business representing more than 50% of the ordinary voting power for the election of directors or other governing position if the business affairs of such Person are managed by a board of directors or other governing body;
- (c) acquires control of more than 50% of the ownership interest in any Person engaged in any business that is not managed by a board of directors or other governing body; or
- (d) otherwise acquires Control of a Person engaged in a business.

“Acquisition Cost” means, with respect to any Acquisition, the aggregate amount of consideration (including earn-out obligations as determined in good faith at the time of such Acquisition based upon reasonably developed projections) paid or payable in exchange for the subject-matter of such Acquisition; provided that (i) the amount of any non-cash consideration shall be equal to its Fair Market Value as at the time of such Acquisition, and (ii) the amount of any Investment made by a Credit Party since the Closing Date in the applicable Target shall be included in its Acquisition Cost.

“Additional Commitment” has the meaning set out in Section 2.21(1).

“Additional Lender” has the meaning set out in Section 2.21(4).

“Additional Lender Agreement” means an agreement between any Additional Lender, the Borrower and the Administrative Agent substantially in the form of Exhibit “A”.

“Administrative Agent” means Bank of Montreal, in its capacity as administrative agent for the Lenders hereunder, or any successor Administrative Agent appointed pursuant to Section 8.14.

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

“**Affiliate**” means, with respect to any Person, another Person the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with, such Person.

“**Agreement**” means this credit agreement and all the Exhibits and the Schedules attached hereto.

“**AML Legislation**” means the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and “know your client” applicable Laws, whether within Canada or elsewhere, including any regulations, guidelines or orders thereunder.

“**Anti-Corruption Laws**” means all laws, rules, and regulations of any jurisdiction applicable to the Credit Parties and their Affiliates from time to time concerning or relating to bribery or corruption, including without limitation the *Corruption of Foreign Public Officials Acts* (Canada).

“**Applicable Margin**” means the applicable rate per annum, expressed as a percentage, set out in the relevant column and row of the table below, by reference to the applicable type of advance or fee and the current Funded Debt to EBITDA Ratio.

Level	Total Funded Debt to EBITDA Ratio	B/A Margin, L/C Fee	Prime Loan Margin	Standby Fee % unused Facility 2
I				
II				
III				
IV				
V				

The Applicable Margin Level on the Closing Date will be Level V until September 1, 2023. Following that date, the Applicable Margin shall be based upon the Total Funded Debt to EBITDA Ratio and the applicable Rolling Period unless EBTIDA is negative, in which case the Applicable Margin Level would be Level V. The Applicable Margin will be adjusted quarterly on the 5th Business Day following receipt by the Administrative Agent

of financial statements and a Compliance Certificate under Section 5.1(1)(a) or Section 5.1(1)(d) in accordance with the Administrative Agent's normal procedure. Adjustments to the Prime Loan margin and the Standby Fee shall be made as a change in the Applicable Margin is noted by the Administrative Agent. Adjustments to the B/A margin will occur on the next issue of B/As. For this definition, "**Level**" followed by a roman numeral means the row of the table above corresponding to the indicated roman numeral.

"Applicable Percentage" means, in respect of any Lender at any time, with respect to a Credit or all Credits, the percentage of such Credit or of all Credits, as the case may be, which such Lender has agreed to make available to the Borrower at such time, determined by dividing such Lender's Commitment in respect of such Credit or of all Credits, as the case may be, by the aggregate of all of the Lenders' Commitments with respect to such Credit or all Credits, as the case may be; provided that, in the case of Section 2.22 when a Defaulting Lender shall exist, "Applicable Percentage" shall mean the percentage of the total Commitments (disregarding any Defaulting Lender's Commitment) represented by such Lender's Commitment.; provided that, for the purposes of determining a Lender's share of a Borrowing under the Revolving Credit pursuant to Section 2.2(1), the Applicable Percentage of each Lender shall be calculated net of the Swingline Commitment. If any Commitments have terminated or expired, the Applicable Percentages in respect of the terminated or expired Commitments shall be determined based upon the relevant Commitments most recently in effect (prior to their termination or expiry), giving effect to any assignments and to any Lender's status as a Defaulting Lender at the time of determination.

"Approved Cannabis Jurisdiction" means a Cannabis Jurisdiction which is (a) approved in writing by the Required Lenders in their discretion and (b) where it is legal on a federal, state, local and all other basis to undertake the Cannabis Activities contemplated by the Credit Parties, including activities relating to the importation, cultivation, production, purchase and sale of Cannabis. The Required Lenders may, in their discretion, require a legal opinion to be provided by the Borrower's counsel in any jurisdiction in which the Credit Parties wish to carry on Cannabis Activities addressed to the Administrative Agent for and on behalf of the Lenders in form and substance satisfactory to the Administrative Agent and the Required Lenders. The Required Lenders in their sole discretion from time to time may revoke the designation of a jurisdiction as an Approved Cannabis Jurisdiction by written notice to the Borrower if at the time of such revocation the Approved Cannabis Jurisdiction has ceased to be a Cannabis Jurisdiction. At the Closing Date:

- (a) Canada is federally legal for all Cannabis Activities and is an Approved Cannabis Jurisdiction for all Cannabis Activities;
- (b) Germany, Portugal, Israel, Australia, Greece, Jamaica, Denmark and England have each passed legislation to make medical Cannabis Activities legal and each is an Approved Cannabis Jurisdiction for medical Cannabis Activities only; and
- (c) the United States of America has not made Cannabis Activities of any nature or description legal at the federal level and shall only become an Approved Cannabis Jurisdiction if so approved in writing by the Required Lenders in their discretion

following the implementation of appropriate federal legislation to legalise some or all Cannabis Activities.

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

“**Approved Electronic Platform**” has the meaning assigned to it in Section 9.1(6)(a).

“**Approved Fund**” means (a) a CLO, and (b) with respect to any Lender that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans or similar extensions of credit and is advised or managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

“**Asset Disposition**” means, with respect to any Person, the sale, lease, license, transfer, assignment or other disposition of, or the expropriation, condemnation, destruction or other loss of, all or any portion of the business, assets, rights, revenues or property, real, personal or mixed, tangible or intangible, whether in one transaction or a series of transactions, other than (a) inventory sold in the Ordinary Course of Business, (b) sales of worn-out, scrap or obsolete material or equipment, (c) leases of real property or personal property (under which such Person is lessor) entered into in the Ordinary Course of Business, (d) licenses granted to third parties in the Ordinary Course of Business, (e) transactions among Credit Parties, (f) transactions that constitute Permitted Investments or any redemption or repayment thereof, or (g) transactions that constitute Restricted Payments permitted hereunder.

“**Assignment and Assumption**” means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.4), and accepted by the Administrative Agent, in the form of Exhibit E or any other form (including electronic records generated by the use of an Approved Electronic Platform) approved by the Administrative Agent.

“**Authorization**” means, with respect to any Person, any authorization, order, permit, 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.

“**B/A Borrowing**” means a Borrowing comprised of one or more Bankers’ Acceptances or, as applicable, B/A Equivalent Loans. For greater certainty, unless the context requires otherwise, all provisions of this Agreement which are applicable to Bankers’ Acceptances are also applicable, *mutatis mutandis*, to B/A Equivalent Loans.

“**B/A Equivalent Loan**” has the meaning set out in Section 2.13(7).

“**Bankers’ Acceptance**” and “**B/A**” mean an instrument denominated in Canadian Dollars, drawn by the Borrower and accepted by a Lender in accordance with this Agreement, and includes a “depository note” within the meaning of the *Depository Bills and Notes Act*

(Canada) and a bill of exchange within the meaning of the *Bills of Exchange Act* (Canada) and a B/A Equivalent Loan.

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

“**Borrower**” means Cannara Biotech (OPS) Inc., a corporation incorporated under the laws of Canada.

“**Borrower Guarantee**” means the multi-party guarantee dated as of the date hereof from the Guarantors in favour of the Administrative Agent with respect to the Secured Liabilities.

“**Borrowing**” means any availing of any of the Credits, and includes any Loan, the issuance of a Letter of Credit under Facility 1 or Facility 3 (or any amendment thereto or renewal or extension thereof) and a rollover or conversion of any outstanding Loan under Facility 1 or Facility 2.

“**Borrowing Base**” means, at any time, an amount (which shall not be less than zero) equal to the sum of:

- (a) 85% of the aggregate amount of all Government Eligible Accounts; plus
- (b) 75% of the aggregate amount of all Canadian Eligible Accounts; plus
- (c) 65% of the aggregate amount of Foreign Eligible Accounts to a limit of \$2,000,000 and a maximum exposure to any single account debtor or related group of \$1,000,000; minus
- (d) the aggregate amount of all Priority Payables of the Credit Parties,

in each case at such time.

“**Borrowing Base Report**” means the report of the Borrower concerning the amount of the Borrowing Base, to be delivered pursuant to Section 5.1(1), substantially in the form set out in Exhibit B.

“**Borrowing Request**” has the meaning set out in Section 2.3(1).

“**Business Day**” means any day that is not a Saturday, Sunday or other day on which commercial banks in Toronto, Ontario are authorized or required by law to be closed for business.

“**Canadian Dollars**” and “**\$**” refer to lawful money of Canada.

“**Canadian Eligible Account**” means an Eligible Account owing by an obligor (other than a Canadian Governmental Authority) which is located in Canada.

“**Cannabis**” means:

- (a) any plant or seed, whether live or dead, from any species or subspecies of genus *Cannabis*, including *Cannabis sativa*, *Cannabis indica* and *Cannabis ruderalis*, Marijuana and Industrial Hemp and any part, whether live or dead, of the plant or seed thereof, including any stalk, branch, root, leaf, flower, or trichome;
- (b) any material obtained, extracted, isolated, or purified from the plant or seed or the parts contemplated by clause (a) of this definition, including any oil, cannabinoid, terpene, genetic material or any combination thereof;
- (c) any organism engineered to biosynthetically produce the material contemplated by clause (b) of this definition, including any micro-organism engineered for such purpose;
- (d) any biologically or chemically synthesized version of the material contemplated by clause (b) of this definition or any analog thereof, including any product made by any organism contemplated by clause (c) of this definition; and
- (e) any other meaning ascribed to the term “cannabis” under applicable Law, including the Cannabis Act, the *Controlled Drugs and Substances Act* (Canada) and the *Controlled Substances Act* (United States).

“**Cannabis Act**” means the *Cannabis Act*, SC 2018, c. 16, as amended or replaced from time to time.

“**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 services, assets, undertaking or property to facilitate such activities which are acquired or used in accordance with applicable Laws shall not constitute “Cannabis Activities”.

“**Cannabis Authorizations**” means, at any time, all Authorizations necessary or advisable for the conduct of Cannabis Activities by any Credit Party. For the avoidance of doubt, Health Canada Licences shall constitute Cannabis Authorizations.

“**Cannabis Jurisdiction**” means a country in which applicable Laws (at both the federal and, if applicable, provincial or state level) permit any Cannabis Activities.

“**Cannabis Laws**” means Laws with respect to Cannabis Activities (other than Laws of general application), including without limitation the Cannabis Act, the Cannabis Regulations and the *Controlled Drugs and Substances Act* (Canada).

“**Cannabis Regulations**” means the regulations made from time to time under the Cannabis Act, the *Controlled Drugs and Substances Act* (Canada) and any other statute with respect to Cannabis Activities.

“Capital Adequacy Guideline” means the capital adequacy requirements from time to time specified by the Office of the Superintendent of Financial Institutions (or any successor Canadian Governmental Authority performing the functions and exercising the powers performed and exercised by the Office of the Superintendent of Financial Institutions) and published by it as one or more guidelines for Canadian banks.

“Capital Expenditures” means, with respect to any Person for any period, all expenditures (whether paid in cash or accrued as a liability, including the portion of Capital Lease Obligations originally incurred during such period that are capitalized) of such Person during such period that, in conformity with GAAP, are included in “capital expenditures”, “additions to property, plant or equipment” or comparable items.

“Capital Lease Obligations” of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases or financing leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

“Cash Management Services” means any one or more of the following types of services or facilities provided to any Credit Party by a Lender or any Lender Affiliate (a) automated clearing house transactions, (b) cash management services, including controlled disbursement services, treasury, depository, overdraft, and electronic funds transfer services, the operation of accounts, centralized cash control, payroll and deposit or payment services (c) foreign exchange facilities, (d) credit card processing services, (e) credit or debit cards, (f) purchase cards and (g) any other banking services.

“CCAA” means the *Companies’ Creditors Arrangement Act* (Canada).

“CDOR Rate” means, on any day and for any period, an annual rate of interest equal to the average rate applicable to Canadian Dollar bankers’ acceptances for the applicable period appearing on the Refinitiv Screen CDOR Page at approximately 10:00 a.m., on such day, or if such day is not a Business Day, then on the immediately preceding Business Day; provided that:

- (a) if such rate does not appear on the Refinitiv Screen CDOR Page on such day as contemplated, then the CDOR Rate on such day shall be calculated as the rate for such period applicable to Canadian Dollar bankers’ acceptances quoted by the Administrative Agent as of 10:00 a.m., on such day or, if such day is not a Business Day, then on the immediately preceding Business Day;
- (b) if such rate is less than zero then the CDOR Rate shall be deemed to be zero; and
- (c) if the Administrative Agent decides to replace CDOR with another reference rate in its business generally, ‘CDOR’ shall mean and refer to such reference rate and any changes to this Agreement or any other Loan Document required to implement such change shall be automatically made to this Agreement and any other relevant

Loan Document by the Administrative Agent without any notice or requirement for consent.

“Change in Law” means (i) the adoption or taking effect of any new Law after the date of this Agreement, (ii) any change in any existing Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority after the date of this Agreement, or (iii) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority made or issued after the date of this Agreement.

“Change of Control” means:

- (a) the 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 of ParentCo other than Javaa Private Equity Inc. or Olymbec Investments;
- (b) ParentCo ceases to own all of the issued and outstanding Equity Securities of the Borrower and the other Credit Parties; or
- (c) the direct or indirect Control of ParentCo by any Person or group of Persons acting jointly or otherwise in concert other than Javaa Private Equity Inc. or Olymbec Investments.

“CIBC” means Canadian Imperial Bank of Commerce, a Canadian schedule I bank.

“CLO” means any Person (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or a Lender Affiliate.

“Closing Date” means May 31, 2022 being the date on which this Agreement is executed and delivered by the parties hereto.

“Collateral” means the property described in and subject to the Liens, privileges, priorities and security interests purported to be created by any Security Document.

“Collateral Hypothec” means a deed of immovable and movable hypothec in favour of a hypothecary representative conforming with Article 2692 of the Civil Code of Quebec.

“Commitment” means, with respect to each Lender, the commitment(s) of such Lender to make Loans and other Borrowings available hereunder as, in the case of the Revolving Credit Commitments, such commitment may be reduced from time to time pursuant to Sections 2.6 or 2.11, and as such commitment(s) may be reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.4. The initial amount(s) of each Lender’s Commitment(s) are set out in Schedule 2.1, or in the

Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment(s), as applicable.

“**Commodity Exchange Act**” means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“**Communications**” has the meaning specified in Section 9.1(6)(b).

“**Compliance Certificate**” means a certificate and agreement in the form attached hereto as Exhibit D, signed by a Responsible Officer of the Borrower which shall include specific confirmation that all active Credit Parties:

- (a) only operate in Approved Cannabis Jurisdictions;
- (b) are in compliance with all Cannabis Laws; and
- (c) all Cannabis Authorizations remain in full force and effect.

“**Consolidated**” means, when used with respect to any financial term, financial covenant, financial ratio or financial statement, such financial term, financial covenant, financial ratio or financial statement calculated, prepared or determined, as applicable, for ParentCo on a consolidated basis in accordance with GAAP consistently applied.

“**Contingent Entity**” means a business, activity, person or entity engaged in Cannabis Activities of any nature in any jurisdiction where that type of Cannabis Activity is not legal at all levels of government. The Credit Parties 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 Credit Parties’ businesses, security clearance, or any regulatory or other investigations into the Credit Parties’ Cannabis business practices.

“**Contract Period**” means the term of a B/A Borrowing selected by the Borrower in accordance with Section 2.2(1) commencing on the date of such B/A Borrowing and expiring on a Business Day which shall be between 28 and 92 days (subject to availability) as determined by the Administrative Agent in good faith, six months thereafter (or such other terms as may be requested by the Borrower and approved unanimously by the Lenders); provided that (a) subject to clause (b) of this definition, each such period shall be subject to such extensions or reductions as may be determined by the Administrative Agent to ensure that each Contract Period will expire on a Business Day, and (b) no Contract Period shall extend beyond the Maturity Date.

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

“**Convertible Debentures**” means the unsecured convertible debentures issued by ParentCo on June 21, 2021 and July 12, 2021 bearing interest at the rate of 4% per annum

the net carrying value of both of which was \$9,005,975 on February 28, 2022. The convertible debentures mature on June 21 and July 12, 2024 respectively.

“**Convertible Debenture Documents**” means all documents entered into by the Credit Parties in connection with the Convertible Debentures or related thereto.

“**Convertible Debentureholder**” means Olymbec Investments.

“**Credit Parties**” means, collectively, the Borrower and the Guarantors, and “**Credit Party**” means any one of them.

“**Credits**” means, collectively, the Revolving Credit, the Term Credit and the Hydro LC Credit and “**Credit**” means any one of the Credits.

“**Currency Excess Amount**” has the meaning set out in Section 2.11(2).

“**Default**” means any event or condition that constitutes an Event of Default or that, upon notice, lapse of time or both, would, unless cured or waived, become an Event of Default.

“**Defaulting Lender**” means any Lender that (a) has failed to fund any portion of the Loans or perform its obligations under Section 2.1 within three Business Days of the date it is required to do so, unless the failure has been cured, (b) has otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it under this Agreement within three Business Days of when due, unless the payment is the subject of a good faith dispute or unless the failure has been cured, or (c) is an Insolvent Defaulting Lender.

“**Defined Benefit Plan**” means a pension plan registered under the Income Tax Act, the *Pension Benefits Act* (Ontario) or any other applicable pension standards legislation which contains a “defined benefit provision”, as such term is defined in subsection 147.1(1) of the Income Tax Act.

“**Depreciation Expense**” means, with respect to any period, the collective depreciation, depletion, impairment and amortization expense determined on a Consolidated basis.

“**Discount Proceeds**” means, for any B/A, an amount equal to the result of the following mathematical formula, rounded to the nearest whole cent:

$$\text{BANKER'S ACCEPTANCE NOMINAL AMOUNT} \times \left(\frac{1}{1 + (A \times \frac{B}{C})} \right)$$

where,

“**A**” is the Discount Rate;

“**B**” is the number of days comprised in the Contract Period selected by a Borrower with respect to the relevant B/As such Lender is requested to issue; and

“C” is 365.

“**Discount Rate**” means, with respect to either a B/A for a particular Contract Period being purchased by a Lender on any day or a B/A Equivalent Loan being made by a Lender on any day, (a) for any Lender which is a Schedule I bank under the *Bank Act* (Canada), the CDOR Rate on such day for such Contract Period, and (b) for any other Lender, the CDOR Rate on such day for such Contract Period, plus 0.10%.

“**Discount Fee**” means the difference between the face amount of each B/A and the Discount Proceeds actually paid.

“**Early Maturity Date**” means March 21, 2024.

“**EBITDA**” means, for any period, an amount equal to Net Income for such period minus, to the extent included in such Net Income (but without duplication):

- (a) any non-cash income and gains (including unrealized mark-to-market gains under Hedge Arrangements, fair value credit adjustments on biological assets, and non-cash income and gains from minority interests), except to the extent that such income or gains will inevitably result in future cash receipts;
- (b) any cash expenses and losses to the extent previously deducted in a prior period as a non-cash expense or loss under clause (g) below; and
- (c) any extraordinary or non-recurring income and gains unless approved by the Required Lenders;

plus, to the extent deducted from such Net Income (but without duplication):

- (d) Interest Expense;
- (e) Income Tax Expense;
- (f) Depreciation Expense;
- (g) any non-cash expenses and losses (including unrealized mark-to-market losses under Hedge Arrangements, fair value adjustments on sale of inventory, fair value debit adjustments on biological assets, stock based compensation and non-cash expenses and losses from minority interests); and
- (h) any extraordinary or non-recurring charges, expenses or losses approved by the Required Lenders;

all determined on a Consolidated basis.

“**Electronic Signature**” means an electronic sound, symbol or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

“Eligible Account” means, at any time, the invoice amount, net of all GST, PST and other Tax, (which, in the case of an Approved Currency other than Canadian Dollars, shall be the Equivalent Amount in Canadian Dollars at such time of the amount denominated in such Approved Currency) owing on each account of a Credit Party (net of any credit balance, returns, trade discounts, unapplied cash, unbilled amounts or retention or finance charges); provided that, in any event, no account shall be deemed an Eligible Account unless each of the following statements is accurate and complete (and by including such account in any computation of the applicable Borrowing Base, the Borrower shall be deemed to represent and warrant to the Administrative Agent and the Lenders the accuracy and completeness of such statements):

- (a) the account arises from a bona fide, fully completed transaction consisting of the sale of goods or the provision of services by the Credit Party to an account debtor;
- (b) the account is subject to a first-priority perfected Lien held by the Administrative Agent pursuant to the Security Documents and is not subject to any other Lien except Permitted Liens;
- (c) if the account debtor is a Governmental Authority, all requirements of applicable legislation have been satisfied in order that the assignment of such Eligible Account in favour of the Administrative Agent shall be valid and enforceable (it being understood that, as at the Closing Date, there are no such requirements with regards to amounts coming from the governments of the Provinces of Ontario, Quebec and British Columbia);
- (d) the account debtor is located in an Approved Cannabis Jurisdiction;
- (e) the account debtor is not a Credit Party or an Affiliate thereto;
- (f) the account is not in dispute or subject to any defence, counterclaim or claim by the account debtor for credit, set-off, allowance, holdback or adjustment;
- (g) the Credit Party does not have an obligation to hold any portion of the account in trust or as agent for any other Person (except pursuant to a statutory Lien securing obligations which are not overdue);
- (h) an invoice relating to the account has been issued by the Credit Party and sent to the account debtor;
- (i) the account, if owed by a Person which is not a Governmental Authority, has been outstanding for ninety-one (91) days or less from the date of the invoice relating thereto (regardless of the due date specified in such invoice for payment);
- (j) the account, if owed by a Person which is a Governmental Authority, has been outstanding for one hundred twenty (120) days or less from the date of the invoice relating thereto (regardless of the due date specified in such invoice for payment); and

- (k) the account debtor is not insolvent or subject to any proceeding under any legislation in any applicable jurisdiction relating to reorganization, arrangement, compromise or re-adjustment of debt, dissolution or winding-up, or any similar legislation, including, without limitation, the BIA, the CCAA and WURA.

“Environmental Laws” means all Laws relating in any way to the preservation or protection of the environment, the generation, use, handling, collection, treatment, storage, transportation, recovery, recycling, release, threatened release or disposal of any Hazardous Material.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities) of any Credit Party directly or indirectly resulting from or based upon (a) the violation of any Environmental Laws, (b) the generation, use, handling, collection, treatment, storage, transportation, recovery, recycling or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the Release or threatened Release of any Hazardous Materials into the environment, or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Equity Securities” means, with respect to any Person, any and all shares, interests, participations, 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 but excluding any debt securities convertible into any of the foregoing.

“Equivalent Amount” means, in relation to the conversion of one currency into another currency, the spot rate of exchange for such conversion as quoted by the Bank of Canada at the close of business on the immediately preceding Business Day, and, in either case, if no such rate is quoted, the spot rate of exchange quoted for wholesale transactions by the Administrative Agent in Toronto, Ontario in accordance with its normal practice.

“ETA” means Part IX of the *Excise Tax Act* (Canada).

“Events of Default” has the meaning set out in Section 7.1.

“Excluded Taxes” means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder or under any other Loan Document,

- (a) any Taxes imposed on or measured by its net income, capital gains, or capital, and franchise Taxes imposed on it 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, or that are Other Connection Taxes,
- (b) any branch Tax, branch profits Tax or any similar Tax imposed by any jurisdiction,

- (c) any Taxes imposed as a result of a Lender's failure or inability (other than as a result of a Change in Law) to comply with Section 2.17(6),
- (d) any Taxes imposed under FATCA, or
- (e) any Taxes required to be deducted or withheld under the Income Tax Act from any payment under the Loan Documents as a result of: (1) the recipient (or beneficial holder of the Loan) not dealing at arm's length (within the meaning of the Income Tax Act) with the Borrower, or (2) the recipient being a "specified non-resident shareholder" of the Borrower or not dealing at arm's length with a "specified shareholder" of the Borrower (in each case within the meaning of the Income Tax Act) (other than where the non-arm's length relationship arises, or where the recipient is a "specified non-resident shareholder", or does not deal at arm's length with a "specified shareholder", as a result of such Person having become a party to, received or perfected a security interest under, or received or enforced any rights under, any Loan Document).

"Excluded Subsidiaries" means Global ShopCBD.com Inc., a British Columbia corporation, and ShopCBD.com, a California corporation.

"Existing Lender" has the meaning given in Section 2.21(2).

"Facility" means a credit facility made available by the Lenders for the purposes described in the definition of that credit facility.

"Facility 1" means the Term Credit to be used solely for (a) repayment of Indebtedness outstanding to third parties on the Closing Date, and (b) funding Capital Expenditures at the Valleyfield Facility and the Farnham Facility.

"Facility 2" means the Revolving Credit used solely for ordinary working capital purposes.

"Facility 3" means the Letter of Credit facility established solely for the issuance of the Hydro LC.

"Fair Market Value" means (a) with respect to any asset or group of assets (other than a marketable security) at any date, the value of the consideration obtainable in a sale of such asset at such date assuming a sale by a willing seller to a willing purchaser dealing at arm's length and arranged in an orderly manner over a reasonable period of time having regard to the nature and characteristics of such asset, or, if such asset shall have been the subject of a relatively contemporaneous appraisal by an independent third party appraiser, the basic assumptions underlying which have not materially changed since its date, the value set out in such appraisal, and (b) with respect to any marketable security at any date, the closing sale price of such marketable security on the Business Day next preceding such date, as quoted on any recognized securities exchange or, if there is no such closing sale price of such marketable security, the final price for the purchase of such marketable security at face value quoted on such Business Day by a financial institution of recognized standing selected by the Administrative Agent which regularly deals in securities of such type.

“**Farnham Facility**” means a 625,000 square foot facility located at 1144 Boulevard Magenta E, Quebec, J2N 1C1.

“**Farnham Property**” means the real property owned by the Borrower on which the Farnham Facility is located.

“**FATCA**” means Sections 1471 through 1474 of the Internal Revenue Code of 1986 of the United States of America, 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 regulations or official interpretations thereof.

“**Fee Agreement**” means the agreement between the Borrower and Bank of Montreal dated May 31, 2022 regarding fees payable in connection with this Agreement.

“**Financial Covenants**” means the covenants set out in Section 5.1(14).

“**Fiscal Quarter**” means any fiscal quarter of ParentCo and the Borrower.

“**Fiscal Year**” means any fiscal year of ParentCo and the Borrower being the annual period ending on August 31 in each calendar year.

“**Fixed Charge Coverage Ratio**” means, with reference to any Rolling Period, the ratio of:

- (a) EBITDA less:
 - (i) Income Tax Expense paid;
 - (ii) Unfunded Capital Expenditures; and
 - (iii) any cash dividend, distribution or return of capital with respect to its Equity Securities paid; to
- (b) Fixed Charges,

both determined on a Consolidated basis.

“**Fixed Charges**” means, with reference to any Rolling Period, the sum (without duplication) of:

- (a) the aggregate amount of all scheduled principal payments on Indebtedness made (or required to be made) on account of principal (or, in the case of Capital Lease Obligations, all scheduled payments of principal) by the Credit Parties determined on a Consolidated basis; and
- (b) Interest Expense.

For Fiscal Quarters ending within 12 months of August 31, 2022, Fixed Charges shall include a principal component for any period during which the Borrower was not required

to make principal payments under this Agreement based upon the Borrower's principal payment obligations accruing due for subsequent financial periods. For example, the calculation of Fixed Charges for that Fiscal Quarter ended August 31, 2022 shall include a principal component equal to the scheduled principal payments required under this Agreement for the following four Fiscal Quarters. The projected component will reduce as time passes so that, using the above example, at the end of the third Fiscal Quarter following August 31, 2022, Fixed Charges for that Fiscal Quarter shall include three Fiscal Quarters of actual principal payments and one Fiscal Quarter of projected principal payments.

“Foreign Eligible Account” means any Eligible Account other than a Canadian Eligible Account or a Government Eligible Account.

“GAAP” means generally accepted accounting principles for public 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 the Borrower and the Guarantor(s), 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.

“Government Eligible Account” means an Eligible Account owing by a Canadian federal or provincial Governmental Authority where any statutory limitation or restriction on the assignment of such Eligible Account has been complied with.

“Governmental Authority” means the government of Canada or any other nation, or of any political subdivision thereof, whether provincial, state, territorial or local, and any agency, authority, instrumentality, regulatory body, court, central bank, fiscal or monetary authority or other authority regulating financial institutions, and any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including (i) any supra-national bodies (such as the European Union or the European Central Bank), (ii) Health Canada, a Minister of the Crown, the Superintendent of Financial Institutions or other comparable authority or agency, and (iii) the Bank Committee on Banking Regulation and Supervisory Practices of the Bank for International Settlements.

“GSA” means the multi-party general security agreement dated as of the date hereof between each Credit Party from time to time party thereto and the Administrative Agent for the benefit of the Secured Parties constituting a first-priority Lien (subject to Permitted Liens) over all present and future property (both real and personal) of each grantor.

“GST” means all amounts payable under the ETA or any similar legislation in any other jurisdiction of Canada, including HST.

“Guarantee” of or by any Person (in this definition, the **“guarantor”**) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic

effect of guaranteeing any Indebtedness or other obligation of any other Person (in this definition, a “**primary credit party**”) or providing financial assistance of any kind to a primary credit party, in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect:

- (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof (whether in the form of a loan, advance, stock purchase, capital contribution or otherwise);
- (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof;
- (c) to maintain working capital, equity capital solvency, or any other balance sheet, income statement or other financial statement condition or liquidity of the primary credit party so as to enable the primary credit party to pay any Indebtedness or other obligation;
- (d) to support the issuance of any letter of credit or letter of guarantee issued to support such Indebtedness or other obligation;
- (e) to make take-or-pay or similar payments, if required, regardless of non-performance by any other party or parties to an agreement; or
- (f) to purchase, sell or lease (as lessor or lessee) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss.

The term ‘Guarantee’ shall not include endorsements of instruments for deposit or collection in the Ordinary Course of Business. The amount of any Guarantee in respect of Indebtedness shall be deemed to be an amount equal to the stated or determinable amount of the related Indebtedness (unless the Guarantee is limited by its terms to a lesser amount, in which case to the extent of such amount) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof.

“**Guarantor**” means any Person that has entered into, or acceded to, the Borrower Guarantee. As of May 31, 2022 the Guarantors are ParentCo, Cannara Biotech (Quebec) Inc. and Cannara Biotech (Valleyfield) Inc.

“**Hazardous Materials**” means any substance, product, liquid, waste, pollutant, chemical, contaminant, insecticide, pesticide, gaseous or solid matter, organic or inorganic matter, fuel, micro-organism, ray, odour, radiation, energy, vector, plasma, constituent or other material which (a) is or becomes listed or regulated under any Environmental Laws, or (b) is, or is deemed to be, alone or in any combination, hazardous, hazardous waste, toxic, a pollutant, a deleterious substance, a contaminant or a source of pollution or contamination under any Environmental Laws, including asbestos, cyanide, petroleum and polychlorinated biphenyls, including petroleum or petroleum distillates, asbestos or

asbestos containing materials, polychlorinated biphenyls, radon gas and all other substances or wastes of any nature regulated pursuant to any Environmental Laws.

“**Health Canada Licence**” means, any licence issued by Health Canada to any of the Credit Parties in respect of its Cannabis Activities, including without limitation, licences LIC – [REDACTED], and LIC - [REDACTED] granted to the Borrower.

“**Hedge Arrangement**” means any derivative transaction entered into in connection with protection against, or benefit from, fluctuation in any rate or price. For the avoidance of doubt, the entry into a ISDA master agreement and the schedule thereto shall not in and of themselves constitute a Hedge Arrangement, but each trade documented pursuant to a confirmation entered into thereunder shall.

“**Hedge Exposure**” of a Person means all obligations of such Person arising under or in connection with Hedge Arrangements; provided that:

- (a) when calculating the value of a Hedge Arrangement only the mark-to-market value (or, if any actual amount is due as a result of the termination or close-out of such Hedge Arrangement, that amount) shall be taken into account; and
- (b) the Hedge Exposure with respect to any counterparty shall be calculated on an aggregate net basis after taking into account all amounts owing by such counterparty to such Person under Hedge Arrangements.

“**Hostile Acquisition**” means a proposed Acquisition by any Credit Party in circumstances in which the Target shall not have evidenced its agreement or agreement in principle to such Acquisition by means of (a) a definitive agreement of purchase and sale, (b) a letter of intent in respect thereof, or (c) any other document, instrument, opinion or other writing satisfactory to the Lenders.

“**HST**” means all amounts payable as harmonized sales tax in the Provinces of Ontario, Nova Scotia, Newfoundland, New Brunswick and Prince Edward Island under the ETA.

“**Hydro LC**” means the letter of credit required by Hydro Quebec to support the supply of electricity to the Borrower in the amount of \$5,680,777.

“**Hydro LC Credit**” means the credit facility established under Section 2.1(3).

“**Hydro LC Credit Commitment**” has the meaning set out in Section 2.1(3) for each Lender with an overall limit for all Lenders of \$5,680,777.

“**Hydro LC Credit Exposure**” means, with respect to any Lender at any time, the sum of (a) the Equivalent Amount in Canadian Dollars of the outstanding principal amount of such Lender’s Loans outstanding under the Revolving Credit at such time, and (b) such Lender’s LC Exposure at such time.

“**Hydro LC Credit Lender**” means any Lender having a Hydro LC Credit Commitment hereunder.

“**Income Tax Act**” means the *Income Tax Act* (Canada), as amended from time to time.

“**Income Tax Expense**” means, with respect to any period, the aggregate of all taxes on income for such period, whether current or deferred and net of any incentive or similar tax credits, determined on a Consolidated basis.

“**Indebtedness**” of any Person means, without duplication:

- (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind;
- (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments;
- (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person;
- (d) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the Ordinary Course of Business);
- (e) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed;
- (f) all Guarantees by such Person of Indebtedness of others;
- (g) all Capital Lease Obligations of such Person;
- (h) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guarantee;
- (i) all obligations, contingent or otherwise, of such Person in respect of bankers’ acceptances;
- (j) all Hedge Exposure to the extent due and payable; and
- (k) all obligations of such Person to purchase, redeem, retire, defease or otherwise acquire for value (other than for other Equity Securities) any Equity Securities of such Person, valued, in the case of redeemable Equity Securities, at the greater of voluntary or involuntary redemption price, plus accrued and unpaid dividends.

The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a partner, general partner or limited partner) to the extent such Person is liable therefor as a result of such Person’s ownership interest in or other relationship with such entity. For the purposes of the Financial

Covenants, the amount outstanding at any time of any Indebtedness issued with original issue discount is the accreted amount of such Indebtedness.

“**Indemnified Taxes**” means all Taxes other than Excluded Taxes.

“**Indemnitee**” has the meaning specified in Section 9.3(2).

“**Industrial Hemp**” has the meaning ascribed to such term and the term “hemp” under applicable Law, including the *Industrial Hemp Regulations* (Canada) issued under the Cannabis Act and under the Agricultural Marketing Act of 1946 (United States).

“**Insolvent Defaulting Lender**” means any Defaulting Lender that (a) has been adjudicated as, or determined by a Governmental Authority having regulatory authority over such Person or its assets to be, insolvent, (b) becomes the subject of an insolvency, bankruptcy, dissolution, liquidation or reorganization proceeding, or (c) becomes the subject of an appointment of a receiver, receiver and manager, monitor, trustee or liquidator under the *Bank Act* (Canada) or any applicable bankruptcy, insolvency or similar law now existing or hereafter enacted; provided that a Lender shall not be an Insolvent Defaulting Lender solely by virtue of the ownership or acquisition by a Governmental Authority or instrumentality thereof of any Equity Securities in such Lender or a parent company thereof.

“**Insurance Coverage Reserve Account**” means a blocked account maintained by the Borrower with the Agent to be funded with periodic deposits and disbursed in accordance with Section 5.1(11)(f).

“**Interest Expense**” means, with respect to any period, the interest expense of the Credit Parties for such period, determined on a Consolidated basis.

“**Interest Payment Date**” means, in the case of any Prime Loan, the last Business Day of each month.

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

- (a) purchase or other acquisition by the investor of Equity Securities of any other Person or any beneficial interest therein;
- (b) purchase or other acquisition by the investor of bonds, notes, debentures or other debt securities of any other Person or any beneficial interest therein;
- (c) loan or advance to any other Person, other than (i) advances to employees for expenses incurred in the Ordinary Course of Business, (ii) accounts receivable arising from sales or services rendered to such other Person in the ordinary course of the investor’s business and (iii) deposits paid to suppliers in the ordinary course of the investor’s business; and
- (d) capital contribution by the investor to any other Person,

provided that an Acquisition shall not constitute an Investment.

The amount of any Investment shall be the cost of such Investment following the Closing Date 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 a Credit Party in connection with such disposition), (ii) constituting repayments of Investments that are loans or advances, (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) or (iv) subsequently becoming Acquisition Cost.

“Issuing Bank” means Bank of Montreal and its successors in such capacity as provided in Section 2.8(9). The Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Bank, in which case the term **“Issuing Bank”** shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate. Each reference herein to the **“Issuing Bank”** in connection with a Letter of Credit or other matter shall be deemed to be a reference to the relevant Issuing Bank with respect thereto.

“Joint Venture” means any arrangement, regardless of legal form, but including a corporation, partnership, joint venture, trust or contractual arrangement, formed or entered into between a Credit Party and one or more other Persons (other than a Credit Party) for the purpose of carrying on specific business or developing one or more specific projects together.

“Laws” means all federal, provincial, municipal, foreign and international statutes, acts, codes, ordinances, decrees, treaties, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards or any provisions of the foregoing, including general principles of common and civil law and equity, and all policies, practices and guidelines of any Governmental Authority binding on or affecting the Person referred to in the context in which such word is used (including, in the case of tax matters, any accepted practice or application or official interpretation of any relevant taxation authority); and **“Law”** means any one or more of the foregoing.

“LC Collateral Account” has the meaning given in Section 2.22(d)(9).

“LC Cover” means either:

- (a) providing cash collateral (pursuant to documentation reasonably satisfactory to the Administrative Agent and the Issuing Bank(s)), to be held by the Administrative Agent for the benefit of the Revolving Credit Lenders in an amount equal to the amount of the then existing LC Exposure: or
- (b) providing the Administrative Agent with a standby letter of credit, in form and substance reasonably satisfactory to Administrative Agent, from a commercial

bank acceptable to Administrative Agent, acting reasonably, in an amount equal to the amount of the then existing LC Exposure.

Any such cash collateral or letter of credit shall be retained by the Administrative Agent in such collateral account until such time as the applicable Letters of Credit shall have expired or matured and all Reimbursement Obligations, if any, with respect thereto shall have been fully satisfied; provided that if any such Reimbursement Obligations are not satisfied when due hereunder, the Administrative Agent may apply such cash collateral or drawings upon such letter of credit against such Reimbursement Obligations.

“LC Disbursement” means a payment made by the Issuing Bank pursuant to a Letter of Credit.

“LC Exposure” means, at any time, the sum of (a) the Equivalent Amount in Canadian Dollars Amount of the aggregate undrawn amount of all outstanding Letters of Credit at such time, plus (b) the Equivalent Amount in Canadian Dollars of the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

“Lead Arranger” means Bank of Montreal.

“Lender Affiliate” means, with respect to any Lender, (a) an Affiliate of such Lender, or (b) any Person that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or an Affiliate of such Lender.

“Lender Termination Date” means the first date on which:

- (a) all Commitments have expired or been terminated;
- (b) the principal of and interest on each Loan and all fees, indemnities and other amounts payable hereunder shall have been irrevocably paid in full; and
- (c) all Letters of Credit shall have either (x) expired or terminated and all LC Disbursements shall have been reimbursed or (y) in the case of contingent Reimbursement Obligations with respect to outstanding Letters of Credit, LC Cover shall have been provided.

“Lenders” means the Persons listed as lenders on Schedule 2.1 and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term **“Lenders”** includes the Swingline Lender and the Issuing Bank.

“Lending Office” means, with respect to a particular Lender, the branch or office from which such Lender makes advances and to which the Administrative Agent disburses payments received for the benefit of such Lender.

“**Letter of Credit**” means any letter of credit or letter of guarantee issued under this Agreement.

“**Letter of Credit Limit**” means, with reference to the Revolving Credit, \$1,000,000.

“**Lien**” means, (a) with respect to any asset, any mortgage, deed of trust, lien (statutory or otherwise), deemed trust, pledge, hypothec, hypothecation, encumbrance, charge, security interest, royalty interest, adverse claim, defect of title or right of set off in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease, title retention agreement or consignment agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to any asset, (c) any purchase option, call or similar right of a third party with respect to such assets, (d) any netting arrangement, defeasance arrangement or reciprocal fee arrangement, and (e) any other arrangement having the effect of providing security.

“**Limited Recourse Guarantee**” means the Guarantee issued by Olymbec Investments to the Administrative Agent for itself and the Lenders, the principal amount of which is limited to \$25,000,000.

“**Limited Recourse Guarantor**” means Olymbec Investments.

“**Liquidity Coverage**” means, as of the date of determination, Unrestricted Cash plus unused availability under the Revolving Credit.

“**Loan**” means any advance of funds made by the Lenders to the Borrower under this Agreement by way of Prime Loan, Swingline Loan or otherwise, and includes any B/A accepted and any B/A Equivalent Loan advanced by any Lender hereunder.

“**Loan Documents**” means this Agreement, the Security Documents, the Borrowing Requests, the Borrowing Base Reports, together with any other document, instrument or agreement (other than participation, agency or similar agreements among the Lenders or between any Lender and any other bank or creditor with respect to any indebtedness or obligations of any Credit Party (as applicable) hereunder or thereunder) now or hereafter entered into in connection with this Agreement (including any document, instrument or agreement with respect to any Secured Cash Management Services), as such documents, instruments or agreements may be amended, modified or supplemented from time to time.

“**Marijuana**” has the meaning ascribed to such term under applicable Law, including the *Controlled Substances Act* of the United States of America.

“**Material Adverse Change**” means any event, development or circumstance that has had or could have a Material Adverse Effect.

“**Material Adverse Effect**” means a material adverse effect on (a) the business, assets, operations, or financial condition, of the Credit Parties taken as a whole or Olymbec Investments, or (b) the validity or enforceability of any of the Loan Documents, the priority of the Liens created thereby or the rights and remedies of the Administrative Agent and the

Lenders thereunder or (c) the ability of the Credit Parties or Olymbec Investments to perform their material obligations under the Loan Documents.

“Material Contract” means (a) the contracts, licences and agreements listed and described on Schedule 3.1(10), and (b) any other contract, licence or agreement (i) to which any Credit Party is a party or bound, (ii) which is material to, or necessary in, the operation of the business of any Credit Party, (iii) which any Credit Party cannot promptly replace by an alternative and comparable contract with comparable commercial terms and (iv) the absence of which would have a Material Adverse Effect.

“Material Indebtedness” means any Indebtedness (other than the Loans) of any one or more of the Credit Parties in an aggregate principal amount exceeding \$250,000.

“Maturity Date” means (a) May 31, 2025 or (b) if the Borrower has not extended or otherwise addressed the impending maturity of the Convertible Debentures to the satisfaction of the Lenders in their discretion, which may be exercised unreasonably, the Early Maturity Date.

“Mortgages” means the mortgages or hypothecs granted by the Borrower granting to the Administrative Agent for itself and the other Secured Parties a first fixed charges over each of the Properties and **“Mortgage”** means any one of them.

“Net Income” means, with respect to any period, the net income of ParentCo for such period, determined on a Consolidated basis.

“Net Proceeds” means, with respect to any Asset Disposition or Securities Sale, the gross amount received by any Credit Party, including proceeds of any insurance policies received by any Credit Party in connection with such Asset Disposition and amounts received by any Credit Party pursuant to any expropriation proceeding or condemnation proceeding in connection with such Asset Disposition, minus the sum of (a) the amount, if any, of all Taxes paid or payable by any Credit Party directly resulting from such Asset Disposition or Securities Sale (including the amount, if any, estimated by the Borrower in good faith at the time of such Asset Disposition or Securities Sale for Taxes payable by any Credit Party on or measured by net income or gain resulting from such Asset Disposition or Securities Sale) assuming the application of any Tax losses or credits available (or to be available) to any Credit Party at the time such Taxes are payable that are not used (or intended to be used) to offset other income or gains, and (b) the reasonable out-of-pocket costs and expenses incurred by any Credit Party in connection with such Asset Disposition or Securities Sale (including reasonable brokerage or other fees or compensation paid to a Person other than an Affiliate of any Credit Party, but excluding any fees or expenses paid to an Affiliate of any Credit Party).

“Non-Consenting Lender” means a Lender that has not provided its consent to a waiver of, or amendment to, any provision of the Loan Documents where requested to do so by Borrower or the Administrative Agent if (a) such waiver or amendment requires the consent of all the Lenders, and (b) the Required Lenders have consented to such waiver or amendment.

“**Non-Party Beneficiary**” means any Secured Party or Indemnitee that is not a Party.

“**Olymbec Investments**” means Olymbec Investments Inc., a Quebec corporation.

“**Olymbec Postponement**” means the postponement to be provided to the Agent for itself and the Lenders by Olymbec Investments in relation to the Convertible Debentures.

“**Ordinary Course of Business**” means, with respect to an action taken or to be taken by any Person, that such action is consistent with the past practices of such Person and is taken in the ordinary course of the normal day-to-day business and operations of such Person and, in any case, is not unreasonable or unusual in the circumstances when considered in the context of the provisions of this Agreement and such past practices and normal day-to-day operations.

“**Other Connection Taxes**” means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such Tax (other than connections arising from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan Document).

“**Outstanding Borrowings**” means, at the time of determination, the sum of the principal or face amount of all Borrowings then outstanding under the Credit Agreement or any Facility, as the context may require, where the amount of any advance outstanding in a currency other than Canadian Dollars is expressed as the Equivalent Amount in Canadian Dollars of the foreign currency amount then outstanding.

“**Outstanding Obligations**” means the aggregate of: (i) all Outstanding Borrowings, (ii) all Hedge Exposure of the Credit Parties, (iii) all Secured Cash Management Obligations, (iv) all unpaid interest and fees thereon as herein provided, and (v) 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 Credit Party under this Agreement or pursuant to the Security Documents or pursuant to any other written agreements relating to this Agreement now or hereafter entered into between any Credit Party and the Administrative Agent.

“**ParentCo**” means Cannara Biotech Inc., a BC corporation trading on the Toronto Venture Stock Exchange under the symbol ‘LOVE’.

“**Participant**” has the meaning set out in Section 9.4(5).

“**Party**” means a party to this Agreement, and reference to a Party includes its successors and permitted assigns and “Parties” means every Party.

“**Payment Office**” means the Administrative Agent’s office located at First Canadian Place, 100 King Street West, Toronto, Ontario (or such other office in Canada as the Administrative Agent may hereafter designate in writing to the other parties hereto).

“**Pension Plan**” means a “registered pension plan”, as such term is defined in subsection 248(1) of the Income Tax Act, which is or was sponsored, administered or contributed to, or required to be contributed to, by any Credit Party or under which any Credit Party has or may incur any actual or contingent liability.

“**Permitted Acquisition**” means any Acquisition by any Credit Party:

- (a) when no Default or Event of Default has occurred and is continuing or would be caused thereby;
- (b) where both before and after the Acquisition, on a *pro forma* basis, the Credit Parties are in compliance with each of the Financial Covenants, all as set out and demonstrated to the Administrative Agent in a Compliance Certificate;
- (c) where both before and after the Acquisition, on a *pro forma* basis, the acquisition is EBITDA positive for the Credit Parties
- (d) where no advances under this Agreement will be used to fund the Acquisition without the prior written approval of the Required Lenders;
- (e) if the Acquisition is an Acquisition of the Equity Securities of a Target that is not a Contingent Entity:
 - (i) the Target is organized in and carrying on business only in an Approved Cannabis Jurisdiction and that business is the same as or related, ancillary or complimentary to the business carried on by the Credit Parties,
 - (ii) the Target shall grant to the Administrative Agent a full recourse guarantee (by way of accession to the Borrower Guarantee) from, and a first-priority Lien (subject only to Permitted Liens) over all of the properties and assets of the Target and its subsidiaries to be delivered within 45 days of closing of the Acquisition together with such legal opinions or other evidence acceptable to the Administrative Agent of the filing, registration, perfection and priority of the Liens granted under the Security Documents and the enforceability of the Security Documents and the Liens granted under them,
 - (iii) the acquiring Credit Party acquires or otherwise owns not less than 100% of the Equity Securities of that Person unless otherwise approved by the Required Lenders, and
 - (iv) the Acquisition is not a Hostile Acquisition unless otherwise agreed by the Required Lenders;

- (f) if such Acquisition is the Acquisition of a right to acquire Equity Securities of a Contingent Entity, that right to acquire Equity Securities is not exercisable until the earlier of: (1) the Cannabis Activities in which the Contingent Entity proposes to engage are legal at all levels of government in the jurisdiction(s) in which the Contingent Entity is or proposes to operate, including, for greater certainty, under both federal and state laws in the case of the United States; and (2) the applicable Credit Party has received approval to exercise such right from any stock exchange upon which their securities are listed
- (g) if such Acquisition is an Acquisition of assets:
 - (i) the assets are located only in an Approved Cannabis Jurisdiction and used or useful in a business which is the same as or related, ancillary or complimentary to the business carried on by any Credit Party,
 - (ii) the Administrative Agent has been granted Security Documents which grant a first-priority Lien (subject only to Permitted Liens) over all assets to be acquired and, if the assets are real property, environmental due diligence satisfactory to the Administrative Agent shall have been conducted;
- (h) the Administrative Agent shall have received a Compliance Certificate which demonstrates to the Administrative Agent's satisfaction that after giving effect to such Acquisition, the Credit Parties will be in compliance with the Financial Covenants as at the date of such Acquisition (calculated on a *pro forma* basis);
- (i) the Acquisition Cost of which does not exceed \$2,000,000 for any single Acquisition or \$3,000,000 in total for Acquisitions made during the same Fiscal Year; and
- (j) immediately following the Acquisition, the consolidated liquidity of the Credit Parties, including the Target, exceeds \$5,000,000,

provided that, notwithstanding the foregoing, an Acquisition between Credit Parties shall be a Permitted Acquisition.

“Permitted Credit Party Investments” means an Investment by a Credit Party in any of the following:

- (a) Equity Securities of any other Credit Party;
- (b) Equity Securities of the Excluded Subsidiaries;
- (c) any other Credit Party by way of a capital contribution; or
- (d) Indebtedness of any other Credit Party.

“Permitted Indebtedness” means:

- (a) Indebtedness under a Loan Document;
- (b) Indebtedness of one Credit Party to another Credit Party;
- (c) Indebtedness pursuant to a Permitted Investment;
- (d) any Guarantee by a Credit Party of Indebtedness of any other Credit Party if such Indebtedness is permitted under this Agreement;
- (e) Capital Lease Obligations and Indebtedness secured by Purchase Money Liens, provided that the aggregate principal amount of Indebtedness permitted by this clause (e) shall not exceed \$3,000,000 at any time;
- (f) any unsecured Indebtedness in an aggregate principal amount not exceeding \$1,000,000 at any time outstanding;
- (g) Secured Cash Management Obligations;
- (h) the Convertible Debentures;
- (i) Subordinated Debt incurred after the Closing Date if, when such Subordinated Debt is incurred, the Credit Parties are in compliance with each of the Financial Covenants, all as set out and demonstrated to the Administrative Agent in a Compliance Certificate; and
- (j) any Indebtedness in respect of performance bonds, surety bonds, appeal bonds, completion guarantees or like instruments incurred in the Ordinary Course of Business.

“Permitted Investments” means:

- (a) Investments existing on the Closing Date;
- (b) Permitted Credit Party Investments;
- (c) Investments in Equity Securities of a Target where:
 - (i) the Target is engaged in Cannabis Activities in an Approved Cannabis Jurisdiction,
 - (ii) no Credit Party shall have Control of the Target following the Investment in the Equity Securities,
 - (iii) no advances under this Agreement are used to fund the Investment without the prior written consent of the Required Lenders, and
 - (iv) the Investment shall be EBITDA accretive to the Credit Parties on a trailing twelve month basis.

“Permitted Liens” means:

- (a) Liens in favour of the Administrative Agent for the benefit of the Secured Parties for the obligations of any Credit Party under or pursuant to the Loan Documents;
- (b) Purchase Money Liens securing Indebtedness to the extent permitted by clause (e) of the definition of “Permitted Indebtedness” and Liens to secure Capital Lease Obligations to the extent permitted by clause (e) of the definition of “Permitted Indebtedness”;
- (c) Liens imposed by any Governmental Authority for Taxes not yet due and delinquent or which are being contested in good faith and by appropriate proceedings in compliance with Section 5.1(4), and, during such period during which such Liens are being so contested, such Liens shall not be executed on or enforced against any of the assets of any Credit Party, provided that such Credit Party shall have set aside on its books reserves deemed adequate therefor and not resulting in qualification by auditors;
- (d) carrier’s, warehousemen’s, mechanics’, materialmen’s, repairmen’s, construction and other like Liens arising by operation of applicable Law, arising in the Ordinary Course of Business and securing amounts (i) which are not overdue for a period of more than 30 days, or (ii) which are being contested in good faith and by appropriate proceedings and, during such period during which amounts are being so contested, such Liens shall not be executed on or enforced against any of the assets of any Credit Party, provided that such Credit Party shall have set aside on its books reserves deemed adequate therefor and not resulting in qualification by auditors;
- (e) undetermined or inchoate Liens and charges arising or potentially arising under statutory provisions which have not at the time been filed or registered in accordance with applicable Law or of which written notice has not been duly given in accordance with applicable Law or which although filed or registered, relate to obligations not due or delinquent, including without limitation statutory Liens incurred, or pledges or deposits made, under worker’s compensation, employment insurance and other social security legislation;
- (f) Liens or deposits to secure the performance of bids, tenders, expropriation proceedings, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature (other than for borrowed money) incurred in the Ordinary Course of Business
- (g) servitudes, easements, rights-of-way, restrictions and other similar encumbrances on real property imposed by applicable Law or incurred in the Ordinary Course of Business and encumbrances consisting of zoning or building restrictions, easements, licenses, restrictions on the use of property or minor imperfections in title thereto which, in the aggregate, are not material, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of any Credit Party or zoning and building by-

laws and ordinances and municipal by-laws and regulations with respect to real property so long as the same are complied with;

- (h) Liens of, or resulting from, any judgment or award that does not constitute an Event of Default under Section 7.1(f)(10);
- (i) the rights reserved to or vested in Governmental Authorities by statutory provisions or by the terms of leases, licenses, franchises, grants or permits, which affect any land, to terminate the leases, licenses, franchises, grants or permits or to require annual or other periodic payments as a condition of the continuance thereof;
- (j) securities to public utilities or to any municipalities or Governmental Authorities or other public authority when required by the utility, municipality or Governmental Authorities or other public authority in connection with the supply of services or utilities to the Credit Parties;
- (k) Liens or covenants restricting or prohibiting access to or from lands abutting on controlled access highways or covenants affecting the use to which lands may be put; provided that such Liens or covenants do not materially and adversely affect the use of the lands by any Credit Party;
- (l) Liens consisting of royalties payable with respect to any asset or property of the Credit Parties existing as of the Closing Date;
- (m) statutory Liens incurred or pledges or deposits made in favour of a Governmental Authority to secure the performance of obligations of any Credit Party under Environmental Laws to which any assets of such Credit Party are subject;
- (n) customary rights of set-off or combination of accounts in favour of a financial institution with respect to deposits maintained by it;
- (o) contractual rights of setoff granted in the Ordinary Course of Business;
- (p) Liens or escrow arrangements with respect to cash deposits lodged in connection with a Permitted Acquisition;
- (q) the reservations, limitations, provisos and conditions, if any, expressed in any original patents or grants of real or immoveable property;
- (r) title defects or irregularities which are of a minor nature and in the aggregate will not materially impair the use of the property for the purpose for which it is held;
- (s) applicable municipal and other governmental restrictions affecting the use of land or the nature of any structures which may be erected thereon, provided such restrictions have been complied with and will not materially impair the use of the property for the purpose for which it is held;
- (t) Liens listed in Schedule 3.1(14); and

(u) any extension, renewal or replacement of any of the foregoing;

provided, however, that the Liens permitted hereunder shall not be extended to cover any additional Indebtedness of the Credit Parties or their property (other than a substitution of like property), except Liens in respect of Capital Lease Obligations and Purchase Money Liens as permitted by clause (b) of this definition.

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

“**Platform**” means Debt Domain, Intralinks, Syndtrak, ClearPar or a substantially similar electronic transmission system.

“**PPSA**” means the *Personal Property Security Act* (Ontario), as such legislation may be amended, renamed or replaced from time to time, and includes all regulations from time to time made under such legislation.

“**Prime Loan**” means a Loan denominated in Canadian Dollars which bears interest at a rate based upon the Prime Rate.

“**Prime Rate**” means, on any day, the annual rate of interest equal to the greater of (a) the annual rate of interest announced by the Administrative Agent and in effect as its prime rate at its principal office in Toronto, Ontario on such day for determining interest rates on Canadian Dollar-denominated commercial loans in Canada, and (b) the annual rate of interest equal to the sum of (i) the one-month CDOR Rate in effect on such day, plus (ii) 1.00%; provided that if the Prime Rate is at any time less than zero, the Prime Rate shall be deemed to be zero for the purposes of this Agreement.

“**Priority Payables**” means, with respect to any Person, any amount payable or accrued by such Person which is secured by a Lien which ranks or is capable of ranking prior to or *pari passu* with the Liens created by the Security Documents, including amounts owing for wages, vacation pay, severance pay, employee deductions, sales tax, excise tax, Tax payable pursuant to Part IX of the *Excise Tax Act* (Canada) (net of GST input credits), income tax, workers compensation, government royalties, pension fund obligations including employee and employer pension plan contributions (including “normal cost”, “special payments” and any other payments in respect of any funding deficiencies or shortfalls), overdue rents or Taxes, and other statutory or other claims that have or may have priority over, or rank *pari passu* with, such Liens created by the Security Documents.

“**Promotional Information**” has the meaning set out in Section 9.16.

“**Properties**” means the Valleyfield Property and the Farnham Property.

“**PST**” means all provincial sales taxes payable under the relevant sales tax legislation of Manitoba, Saskatchewan and British Columbia.

“Purchase Money Lien” means a Lien taken or reserved in personal property to secure payment of all or part of its purchase price (or to secure financing to fund such purchase price), provided that such Lien (a) secures an amount not exceeding the lesser of the purchase price of such personal property and the Fair Market Value of such personal property at the time such Lien is taken or reserved, (b) extends only to such personal property and its proceeds, and (c) is granted prior to or within 30 days after the purchase of such personal property.

“Quarterly Date” means each of the last day of each Fiscal Quarter.

“Refinitiv Screen CDOR Page” means the display designated as page “CDOR” on the Refinitiv Monitor Money Rates Service (or such other page which replaces the CDOR page on that service) for purposes of displaying Canadian Dollar bankers’ acceptance rates.

“Register” has the meaning set out in Section 9.4(3).

“Reimbursement Obligations” means, at any date, the obligations of the Borrower then outstanding in respect of the Letters of Credit to reimburse the Issuing Bank for the amount paid by the Issuing Bank in respect of any drawings under the Letters of Credit.

“Related Non-Party Beneficiaries” means, with respect to any Party, (i) any Lender Affiliate with respect to such Party, (ii) any other Related Party with respect to such Party, and (iii) any assignee of the Persons identified in (i) or (ii).

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

“Release” is to be broadly interpreted and shall include a discharge, deposit, spill, leak, pumping, pouring, emission, emptying, injection, escape, leaching, seepage or disposal of Hazardous Materials which is in breach of any Environmental Laws.

“Required Lenders” means, subject to Section 2.22 at any time, Lenders having Outstanding Obligations and unused and uncanceled Commitments representing at least 66 $\frac{2}{3}$ % of the sum of the total Revolving Credit Exposures, Term Credit Exposures, Hydro LC Credit Exposures and unused and uncanceled Commitments at such time; provided that) if there are only two Lenders having Revolving Credit Exposures, Term Credit Exposures, Hydro LC Credit Exposures and unused and uncanceled Commitments at such time, **“Required Lenders”** shall mean both such Lenders. From and after the Lender Termination Date, **“Required Lenders”** means Secured Cash Management Providers holding Secured Cash Management Obligations representing at least 66 $\frac{2}{3}$ % of the sum of all Secured Cash Management Obligations.

“Responsible Officer” means, with respect to any Person, the chairman, the president, any vice president, the chief executive officer or the chief operating officer, and, in respect of financial or accounting matters, any chief financial officer, principal accounting officer, treasurer or controller of such Person.

“Responsible Person” means, with respect to any Credit Party holding a Health Canada Licence, its person designated as such for the purposes of the Cannabis Act and the Cannabis Regulations. As of the Closing Date, the Responsible Person is Anthony Manouk.

“Restricted Payment” means, with respect to any Person, any payment by such Person (whether in cash or in kind, and whether by way of actual payment, set-off, counterclaim or otherwise):

- (a) of any dividend, distribution or return of capital with respect to its Equity Securities;
- (b) on account of the purchase, redemption, retirement or other acquisition of any of its Equity Securities or any warrants, options or similar rights with respect to its Equity Securities;
- (c) of any principal of or interest or premium on any Indebtedness of such Person that:
 - (i) by its terms or contractual postponement, ranks in right of payment subordinate to any liability of such Person under the Loan Documents,
 - (ii) is owed to a holder of Equity Securities of such Person or to an Affiliate or associate of a holder of Equity Securities of such Person, or
 - (iii) is not permitted hereunder;
- (d) of any management, consulting or similar fee or any bonus payment or comparable payment, or by way of gift or other gratuity, to:
 - (i) any director or officer of such Person (but excluding wages, termination payments required by contract or applicable law, payments made in connection with long-term incentive plans, and bonuses, in each case paid in the Ordinary Course of Business and consistent with past practice); and
 - (ii) any Affiliate of such Person or director or officer thereof;
- (e) for the purpose of setting apart any property for a sinking, defeasance or other analogous fund for any of the payments referenced above.

“Revolving Credit” means the \$5,000,000 revolving credit facility established under Section 2.1(1).

“Revolving Credit Commitment” has the meaning set out in Section 2.1(1) for each Revolving Credit Lender with an overall limit for all Lenders of \$5,000,000.

“Revolving Credit Exposure” means, with respect to any Lender at any time, the sum of (a) the Equivalent Amount in Canadian Dollars of the outstanding principal amount of such

Lender's Loans outstanding under the Revolving Credit at such time, and (b) such Lender's LC Exposure at such time.

"Revolving Credit Lender" means any Lender having a Revolving Credit Commitment hereunder or a Borrowing outstanding the Revolving Credit.

"Rolling Period" means, with reference to any date of determination, the immediately preceding twelve month period.

"Sanctioned Person" means, at any time, any Person with whom any Party is prohibited or restricted from transacting or otherwise dealing under any Sanction, whether by reason of designation under such Sanction or otherwise.

"Sanctions" means, at any time, economic or financial sanctions or trade embargoes imposed, administered or enforced by:

- (a) the Office of Foreign Assets Control of the U.S. Department of Treasury; or
- (b) any other Governmental Authority that are applicable to any Party at such time.

"Secured Cash Management Obligations" means all indebtedness arising under or in connection with any Secured Cash Management Services.

"Secured Cash Management Provider" means any Lender or Lender Affiliate in its capacity as a provider of Cash Management Services. For the avoidance of doubt, a Person that ceases to be a Lender or Lender Affiliate (other than upon a Lender Termination Date) shall cease to be a Secured Cash Management Provider.

"Secured Cash Management Service" means any Cash Management Service provided by a Secured Cash Management Provider to the Borrower.

"Secured Liabilities" means all present and future indebtedness, liabilities and obligations of any and every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, mature or unmatured) of the Credit Parties to the Secured Parties under, in connection with or with respect to the Loan Documents (including Secured Cash Management Obligations), and any unpaid balance thereof and includes all Outstanding Obligations from time to time.

"Secured Parties" means the Administrative Agent, the Lenders and the Secured Cash Management Providers.

"Securities Sale" means the sale by a Credit Party of equity or debt securities.

"Security Documents" means the agreements or instruments described or referred to in Section 5.1(13) (including, to the extent such Section describes an amendment, the agreement or instrument amended thereby) and any and all other agreements or instruments now or hereafter executed and delivered by any Credit Party or otherwise as security (including by way of guarantee) for the payment or performance of all or part of the

Secured Liabilities, as any of the foregoing may have been, or may hereafter be, amended, modified or supplemented.

“**Solvency Certificate**” means a certificate of the Borrower in the form attached hereto as Exhibit E, signed by the Chief Financial Officer of the Borrower.

“**Subordinated Debt**” means Indebtedness (i) the primary terms of which including, without limitation, its amount, interest rate, payment schedule, maturity date and applicable acceleration rights and the proposed use of such funds, are all satisfactory to the Required Lenders, (ii) which has been validly postponed and subordinated in right of payment and collection to the repayment in full of the Outstanding Obligations to the satisfaction of the Required Lenders, and (iii) all security, if any, held for such Indebtedness has been fully subordinated to the Security Documents to the satisfaction of the Required Lenders or is unsecured.

“**subsidiary**” means, with respect to any Person (the “**parent**”) at any date, any other Person the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other Person (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

“**Subsidiary**” means any subsidiary of ParentCo.

“**Swingline Account**” means the Canadian Dollar bank account maintained by the Administrative Agent in the name of the Borrower and designated as such by the Administrative Agent.

“**Swingline Commitment**” has the meaning set out in Section 2.9(1). For the avoidance of doubt, the Swingline Commitment comprises part of, and is not in addition to, the Commitment of the applicable Revolving Credit Lender.

“**Swingline Exposure**” means, at any time, the Equivalent Amount in Canadian Dollars of the aggregate principal amount of all Swingline Loans outstanding at such time.

“**Swingline Lender**” means Bank of Montreal in its capacity as lender of Swingline Loans hereunder.

“**Swingline Loan**” has the meaning set out in Section 2.9(1).

“**Syndication Agent**” means Bank of Montreal, in its capacity as syndication agent.

“**Target**” means, with respect to any Acquisition, the Person whose shares or assets (or both) are proposed to be acquired.

“Taxes” means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, harmonized sales, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments, or similar charges in the nature of a tax, including Canada Pension Plan and provincial pension plan contributions, employment insurance payments and workers’ compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties with respect thereto, imposed by any Governmental Authority (including federal, state, provincial, municipal and foreign Governmental Authorities), and whether disputed or not.

“Term Credit Commitment” has the meaning set out in Section 2.1(2) for each Lender to an aggregate limit for all Lenders of \$39,319,223.

“Term Credit Exposure” means, with respect to any Lender at any time, the aggregate amount outstanding from that Lender under the Term Credit at such time.

“Term Credit Lender” means any Lender having a Term Credit Commitment hereunder or a Borrowing outstanding under the Term Credit.

“Term Credit” means the \$39,319,223 term credit established under Section 2.1(2).

“Termination Date” means the first date on which:

- (a) the Lender Termination Date shall have occurred;
- (b) subject to clause (d)(ii) below, in the case of Secured Cash Management Obligations, cash or other collateral satisfactory to the affected Lender shall have been provided;
- (c) the Administrative Agent shall have received cash collateral in order to secure any other contingent Secured Liabilities for which a claim or demand for payment has been made on or prior to such time or in respect of matters or circumstances known to Administrative Agent or a Lender at such time that are reasonably expected to result in any loss, cost, damage, or expense (including legal fees and expenses), such cash collateral to be in such amount as Administrative Agent reasonably determines is appropriate to secure such contingent Secured Liabilities; and
- (d) the payment or repayment in full in immediately available funds of all other outstanding Secured Liabilities (including the payment of any termination amount then applicable (or which would or could become applicable as a result of the repayment of the other Secured Liabilities) other than (i) unasserted contingent indemnification Secured Liabilities, and (ii) any Secured Cash Management Obligations, that, at such time, are allowed by the provider to remain outstanding without being required to be repaid or collateralized with cash or other collateral satisfactory to the affected Lender.

“Total Funded Debt” means all obligations of the Credit Parties on a Consolidated basis which are considered debt under GAAP, including the Outstanding Borrowings and other funded debt, Capital Lease Obligations, interest-bearing liabilities, obligations secured by purchase-money security interests, capitalized interest, obligations under hedging agreements that have become due and payable, negative mark-to-market exposure of all outstanding hedging agreements, negative mark-to-market value and the redemption price of any securities issued by any Credit Party which are redeemable at the option of the holder; but excluding accounts payable, short term non-interest bearing liabilities and future or deferred income taxes (both current and long-term) and related-party loans which are Subordinated Debt.

“Total Funded Debt to EBITDA Ratio” means the ratio calculated on a Consolidated basis for the Credit Parties as at the end of any period by dividing: (i) the Total Funded Debt as at such date by, (ii) the EBITDA in the applicable Rolling Period.

“Transactions” means the execution, delivery and performance by the Credit Parties of the Loan Documents, the borrowing of Loans and the use of the proceeds thereof, and the issuance of Letters of Credit.

“Unfunded Capital Expenditure” means a Capital Expenditure of ParentCo and its Subsidiaries on a Consolidated basis which have not been financed: (i) by the Lenders or any other third party, or with cash equity or Subordinated Debt, (ii) with the proceeds of a asset sale which is permitted under this Agreement; or (iii) through an exchange of equipment or other personal property for the functional equivalent thereof in the ordinary course of business.

“Unrestricted Cash” means, as of the date of determination, the amount of monies standing to the credit of the Borrower in bank accounts maintained with the Administrative Agent which monies are (a) not subject to any Lien other than Permitted Liens and (b) not subject to any restriction that would prevent the Borrower from using such monies for operating purposes in the Ordinary Course of Business, including without limitation any restriction imposed under a Permitted Lien.

“Valleyfield Facility” means the 1,030,000 square foot hybrid greenhouse cannabis growing facility located at 1175 Boulevard Gerard-Cadieux, Salaberry-de-Valleyfield, Quebec, J6T 6L3.

“Valleyfield Property” means the real property owned by the Borrower on which the Valleyfield Facility is located.

“Wholly-Owned Subsidiary” of a Person means any subsidiary of such Person of which securities (except for directors’ qualifying shares) or other ownership interests representing 100% of the equity or 100% of the ordinary voting power or 100% of the general partnership or membership interests are, at the time any determination is being made, owned, controlled or held by such Person or one or more subsidiaries of such Person or by such Person and one or more subsidiaries of such Person.

“WURA” means *Winding Up and Restructuring Act* (Canada).

1.2 Terms Generally.

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 “or” is disjunctive; the word “and” is conjunctive. The words “to the knowledge of” means, when modifying a representation, warranty or other statement of any Person, that the fact or situation described therein is known by such Person (or, in the case of a Person other than a natural Person, known by the Responsible Officer of such Person) making the representation, warranty or other statement, or with the exercise of reasonable due diligence under the circumstances (in accordance with the standard of what a reasonable Person in similar circumstances would have done) would have been known by such Person (or, in the case of a Person other than a natural Person, would have been known by such Responsible Officer of such Person). For the purposes of determining compliance with or measuring status under any cap, threshold or basket hereunder denominated in Canadian Dollars, reference shall be had to the Equivalent Amount in Canadian Dollars of any portion of the underlying component that is not denominated in Canadian Dollars. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, restated or replaced (subject to any restrictions on such modifications set out herein), (b) any reference herein to any law, rule statute or regulation or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such law, rule or regulation or section as amended, restated or re-enacted from time to time, (c) any reference herein to any Person shall be construed to include such Person’s successors and permitted assigns, (d) 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, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, 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. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement. Any reference herein to an action, document or other matter or thing being “satisfactory to the Lenders”, “to the Lenders’ satisfaction” or similar phrases, shall mean that such action, document, matter or thing must be satisfactory to Lenders constituting the Required Lenders, unless it is described in Sections 9.2(2)(a)-9.2(2)(g), hereof, in which case it must be satisfactory to each Lender whose consent is required under the applicable clause.

1.3 Accounting Terms; GAAP.

Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP. Except as otherwise expressly provided herein, all calculations of the components of the 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 Closing Date and used in the preparation of the Consolidated financial statements of the Credit Parties referred to in Section

5.1(1). In the event of a change in GAAP, ParentCo and the Administrative Agent shall negotiate in good faith to revise (if appropriate) such ratios and covenants to give effect to the intention of the parties under this Agreement as at the Closing Date, and any new financial ratio or financial covenant shall be subject to approval by the Required Lenders. Until the successful conclusion of any such negotiation and approval by the Required Lenders, (a) all calculations 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 immediately prior to such adoption or change, and (b) financial statements delivered pursuant to Section 5.1(1) shall be accompanied by a reconciliation showing the adjustments made to calculate such financial ratios and Financial Covenants. Any financial ratios required to be maintained under this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed in this Agreement and rounding the result up or down to the nearest number (with a round-up if there is no nearest number) to the number of places by which such ratio is expressed in this Agreement. No Credit Party shall change the framework adopted under International Financial Reporting Standards.

1.4 **Time.**

All time references herein shall, unless otherwise specified, be references to local time in Toronto, Ontario. Time is of the essence of this Agreement and the other Loan Documents.

1.5 **Third Party Beneficiaries.**

(1) Except as set out in clause (2) below, this Agreement and the Security Documents are for the sole benefit of the Parties and nothing in them, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement or the Security Documents.

(2) Each Non-Party Beneficiary shall be entitled to enjoy the benefit of those provisions of this Agreement and the Security Documents that, by their terms, are in favour of such Non-Party Beneficiary (including all Liens granted for its benefit as a Secured Party). In furtherance thereof, each Party (i) accepts such provisions as agent and trustee for its Related Non-Party Beneficiaries, and (ii) shall be entitled to enforce such provisions on behalf of its Related Non-Party Beneficiaries. For the avoidance of doubt, any reference to a Permitted Lien shall not serve to subordinate or postpone any Lien created by any Security Document to such Permitted Lien.

(3) Notwithstanding clause (2) above or any other term of this Agreement or any Security Document, the consent of any Non-Party Beneficiary or other Person who is not a Party is not required to amend, modify or supplement this Agreement or any Security Document.

ARTICLE 2 THE CREDITS

2.1 **Commitments.**

(1) *Revolving Credit.* Subject to the terms and conditions set forth herein, each Revolving Credit Lender commits to make Loans and to issue or participate in the issue of Letters

of Credit under the Revolving Credit to or for the benefit of the Borrower from time to time during the period commencing on the Closing Date and ending on the Maturity Date (each such commitment, a “**Revolving Credit Commitment**”) in an aggregate principal amount outstanding up to the amount set forth beside such Lender’s name in Schedule 2.1 under the heading “Revolving Credit Commitment”, provided that a Revolving Credit Lender shall not be required to extend further credit under the Revolving Credit if such extension would result in:

- (a) such Revolving Credit Lender’s Revolving Credit Exposure exceeding such Revolving Credit Lender’s Revolving Credit Commitment,
- (b) the aggregate face amount of Letters of Credit outstanding under the Revolving Credit exceeding the Letter of Credit Limit, or
- (c) the aggregate Revolving Credit Exposures exceeding either the aggregate Revolving Credit Commitments or the Borrowing Base.

Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, repay and reborrow Loans made under the Revolving Credit for the purposes set out in the definition of Facility 2.

(2) *Term Credit.* Subject to the terms and conditions set forth herein, each Term Credit Lender commits to make Loans to the Borrower on the Closing Date under the Term Credit (each such commitment, a “**Term Credit Commitment**”) in an aggregate principal amount up to the amount set forth beside such Lender’s name in Schedule 2.1 under the heading “Term Credit Commitment”; provided that:

- (a) Borrowings to repay outstanding third party Indebtedness, including all Indebtedness owing by the Borrower to CIBC and any Lien holders with prior registered Liens shall be made on the Closing Date by the Administrative Agent in amounts necessary to fulfill those obligations in full; and
- (b) any remaining availability under the Term Credit shall be deposited to the Borrower’s operating account and used to fund Capital Expenditures related to the Valleyfield Facility and the Farnham Facility, being approximately \$17,319,000, less the amount reserved under Section 5.1(11)(h).

Any undrawn portion of any Term Credit Commitments shall be cancelled.

(3) *Hydro LC Credit.* Subject to the terms and conditions set forth herein, each Hydro LC Credit Lender commits to issuing or participating in the issue of the Hydro LC on the Closing Date under the Hydro LC Credit (each such commitment, a “**Hydro LC Credit Commitment**”) in an aggregate principal amount up to the amount set forth beside such Lender’s name in Schedule 2.1 under the heading “Hydro LC Credit Commitment”.

2.2 **Loans and Borrowings.**

(1) *Loans.* Each Loan made under the Revolving Credit shall be funded by the Revolving Credit Lenders rateably based upon their Applicable Percentages. Each Loan under the

Term Credit shall be funded by the Term Credit Lenders rateably based upon their Applicable Percentages. Each Swingline Loan shall be made in accordance with the procedures set forth in Section 2.9. The failure of any Lender to fund any Loan shall not relieve any other Lender of its obligations hereunder. The Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(2) *Composition of Borrowings.* Subject to Section 2.9, each Borrowing under the Revolving Credit shall be comprised entirely of Prime Loans, Bankers' Acceptances, B/A Equivalent Loans or Letters of Credit as the Borrower may request in accordance with this Agreement. Each Borrowing under the Term Credit shall be comprised entirely of Prime Loans, Bankers' Acceptances or B/A Equivalent Loans as the Borrower may request in accordance with this Agreement.

(3) *Amount of Prime Loans.* Each Prime Loan advanced under Facility 1 or Facility 2 shall be made in a minimum amount of \$500,000 and larger whole multiples of \$100,000; provided that a Loan may be in an aggregate amount that is equal to the entire unused balance of the applicable Facility or that is required to finance the reimbursement of an LC Disbursement.

(4) *Amount of B/As.* Promptly following receipt of a Borrowing Request specifying a Borrowing by way of B/As, the Administrative Agent shall so advise the Lenders and shall advise each Lender of the aggregate face amount of the B/As to be accepted by it and the applicable Contract Period (which shall be identical for all Lenders). For B/As issued under Facility 1 or Facility 2, the aggregate face amount of the B/As to be accepted by the Lenders shall be in a minimum aggregate amount of \$1,000,000 and larger whole multiples of \$100,000. For B/As issued under Facility 2, the aggregate face amount of the B/As to be accepted by the Term Credit Lenders shall be in a minimum aggregate amount of \$5,000,000 and larger whole multiples of \$100,000. Each Lender shall issue one or more B/As in an aggregate face amount of its Applicable Percentage of the aggregate amount required; provided that the Administrative Agent may, in its sole discretion, increase or reduce any Lender's portion of any B/A issue to the nearest \$1,000 without affecting the overall Revolving Credit Commitment or Term Credit Commitment of any Lender.

2.3 **Requests for Borrowings.**

(1) *Requesting a Borrowing.* To request a Borrowing (other than a Swingline Loan), the Borrower shall notify the Administrative Agent of such request in writing substantially in the form of Exhibit C - 1 (each, a "**Borrowing Request**") (a) in the case of a B/A, not later than 11:00 a.m. two Business Days before the date of the proposed issue, or (b) in the case of a Prime Loan, not later than 11:00 a.m., one Business Day before the date of the proposed advance; provided that no notice is required for a Prime Loan to finance the reimbursement of an LC Disbursement. Each Borrowing Request shall be irrevocable. The Administrative Agent and each Lender are entitled to rely and act upon any Borrowing Request given or purportedly given by the Borrower, and the Borrower hereby waives the right to dispute the authenticity and validity of any such request or resulting transaction once the Administrative Agent or any Lender has advanced funds or issued a B/A.

(2) *Default Terms.* If no election as to the type of Borrowing is specified in a Borrowing Request, then the requested Borrowing shall be a Prime Loan. If no Contract Period is specified with respect to any B/A, then the Borrower shall be deemed to have selected a Contract Period of 30 days' duration.

(3) *Conversion or Rollover of Borrowings.* The Borrower may elect to convert an outstanding Loan to a different type Loan or to rollover an outstanding B/A and, in the case of a B/A Borrowing, may elect a new Contract Period, all as provided in this Section 2.3(3). The Borrower may elect different options with respect to different portions of the affected Loan, in which case each such portion shall be allocated among the Lenders holding the Loans comprising such Borrowing in accordance with their respective Applicable percentage. To make an election under this Section 2.3(3), the Borrower shall notify the Administrative Agent of its election by the time that a Borrowing Request would be required under Section 2.3(1) if the Borrower were requesting a Borrowing of the type resulting from that election on the date of that election. A request for a rollover shall be in the form set out in Exhibit C – 2 and a request for a conversion shall be in the form of Exhibit C – 3. Each such request shall be irrevocable and shall be confirmed promptly by hand delivery, telecopy or electronic mail to the Administrative Agent of a written Borrowing Request. Each Borrowing Request shall specify the Borrowing to which such request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing. Notwithstanding the foregoing, the Borrower is not entitled to elect a new Contract Period in respect of a B/A, or to convert a Borrowing of any type into a B/A if a Default has occurred and is continuing.

(4) *Deemed Election to Convert.* In the absence of a timely and proper election with regard to B/As, the Borrower shall be deemed to have elected to convert any maturing B/A to a Prime Loan on the last day of the applicable Contract Period.

2.4 **Funding of Borrowings.**

(1) *Funding.* Each Lender shall make each Loan to be made by it under this Agreement by wire transfer of immediately available funds by 2:00 p.m., to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; provided that Swingline Loans shall be made as provided in Section 2.9. The Administrative Agent shall make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent in Toronto and designated by the Borrower in the applicable Borrowing Request; provided that Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.20(2) shall be remitted by the Administrative Agent to the Issuing Bank.

(2) *Each Lender's Share of Borrowing.* Unless the Administrative Agent has received written notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.4(1) 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 Borrowing available to the Administrative Agent, then the Administrative Agent shall seek funding of such Borrowing from the applicable Lender and, if funding has not been received

within three Business Days from the Defaulting Lender, the Administrative Agent shall seek repayment from the Borrower. The applicable Lender and the Borrower severally agree to 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 the interest rate applicable to Prime Loans. If a Defaulting Lender pays such amount to the Administrative Agent, then the Lender shall cease to be a Defaulting Lender with respect to the applicable Loan. Any payment by the Borrower under this Section shall be made without prejudice to any claim the Borrower may have against a Defaulting Lender.

2.5 Interest and B/A Fees.

(1) *Interest.* Prime Loans shall bear interest (computed on the basis of the actual number of days elapsed since advance of the Prime Loan or the most recent Interest Payment date, whichever is most recent, over a year of 365 days or 366 days, as the case may be) at a rate per annum equal to the Prime Rate plus the Applicable Margin from time to time in effect.

(2) *Fees Applicable to B/As.* B/As shall be subject to the applicable Acceptance Fee and Discount Fee which shall be payable as set out in Section 2.13.

(3) *Before and After Judgment Interest.* Notwithstanding the foregoing, if an Event of Default shall have occurred and be continuing the Loans shall bear interest, after as well as before judgment at a rate per annum equal to the rate otherwise applicable to such Loan or, in the case of any amount not constituting principal or interest on a Loan, at a rate equal to the rate otherwise applicable to Prime Loans.

(4) *Accrued Interest.* Accrued interest on each Prime Loan shall be payable in arrears on (a) each Interest Payment Date, (b) in the case of Loans under the Revolving Credit, upon termination of the Revolving Credit Commitments, and (c) in the case of Loans under the Term Credit, upon termination of the Term Credit Commitments. In addition, in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment. Interest on overdue amounts shall be payable upon demand.

(5) *Days Interest Payable.* All interest hereunder shall be payable for the actual number of days elapsed as described in Section 2.5(1), including the first day but excluding the last day. Any Loan that is repaid on the same day on which it is made shall bear interest for one day. The applicable Prime Rate, Acceptance Fee or Discount Fee shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

(6) *Yearly Rate of Interest.*

(a) For the purposes of the *Interest Act* (Canada) and disclosure thereunder, whenever any interest or any fee to be paid under any Loan Document is to be calculated on the basis of a other than the yearly rate of interest, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 365. The rates of interest

under this Agreement are nominal rates, and not effective rates or yields. The principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement.

- (b) The Borrower acknowledges and agrees that:
 - (i) clause (a) above satisfies the requirements of Section 4 of the *Interest Act* (Canada) to the extent it applies to the expression or statement of any interest payable under any Loan Document; and
 - (ii) each Credit Party is able to calculate the yearly rate or percentage of interest payable under any Loan Document based upon the methodology set out in clause (a) above.
- (c) The Borrower agrees not to, and to cause each Credit Party not to, plead or assert, whether by way of defence or otherwise, in any proceeding relating to the Loan Documents, that the interest payable thereunder and the calculation thereof has not been adequately disclosed to any Credit Party, whether pursuant to Section 4 of the *Interest Act* (Canada) or any other applicable Law or legal principle.

(7) *Criminal Interest.* If any provision of this Agreement would oblige the Borrower to make any payment of interest or other amount payable to any Lender in an amount or calculated at a rate which would be prohibited by applicable Law or would result in a receipt by that Lender 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 with retroactive effect 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 that Lender of “interest” at a “criminal rate”, such adjustment to be effected, to the extent necessary (but only to the extent necessary), as follows:

- (a) first, by reducing the amount or rate of interest or the amount or rate of any Acceptance Fee or Discount Fee required to be paid to the affected Lender under Section 2.5; and
- (b) thereafter, by reducing any fees, commissions, costs, expenses, premiums and other amounts required to be paid to the affected Lender which would constitute interest for purposes of section 347 of the *Criminal Code* (Canada).

(8) *Reconciliation for Additional Interest and Fees.* Notwithstanding anything to the contrary contained in this Agreement, if, as a result of any restatement or other adjustment to the financial statements delivered under this Agreement (including any adjustment to unaudited financial statements as a result of subsequent audited financial statements) or for any other reason, the Borrower or the Lenders determine that the Total Funded Debt to EBITDA ratio as of any applicable date was inaccurate and, as a result of such occurrence the Applicable Margins applicable to any Loans or any fees for any period were lower than would otherwise be the case, the Borrower shall immediately and retroactively pay to the Administrative Agent for the account of the applicable Lenders, promptly on demand by the Administrative Agent (or, if an Event of Default pursuant to Sections 7.1(5) and (7) shall have occurred and be continuing, automatically

and without further action by the Administrative Agent), an amount equal to the excess of the amount of interest and fees that should have been paid by the Borrower for such period over the amount of interest and fees actually paid by the Borrower for such period, plus interest on such amount at the rate otherwise applicable under this Agreement. The Borrower's obligations under this Section 2.5(8) shall survive the termination of the Commitments and the repayment of all Indebtedness hereunder.

2.6 Termination and Reduction of Commitments; Extensions.

(1) *Maturity Date.* Unless previously terminated, the Revolving Credit Commitments, the Term Credit Commitments and the Hydro LC Credit Commitments shall terminate on the Maturity Date.

(2) *Cancellation of Unused Credit.* The Borrower may, upon five Business Days prior written notice to the Administrative Agent, permanently cancel any unused portion of the Revolving Credit or the Term Credit, without penalty. The Administrative Agent shall promptly notify each Revolving Credit Lender or Term Credit Lender (as the case may be) of the receipt by the Administrative Agent of any such notice. Any such cancellation shall be applied in accordance to each Lender's Applicable Percentage aggregate of all Revolving Credit Commitments or Term Credit Commitments, as applicable. Each notice delivered by the Borrower pursuant to this Section 2.6(2) shall be irrevocable.

2.7 Repayment of Loans.

(1) *Repayment of Revolving Credit.* The Borrower unconditionally promises to pay (a) to the Administrative Agent for the account of the Revolving Credit Lenders the outstanding principal amount of Loans made under the Revolving Credit on the Maturity Date, and (b) to the Swingline Lender the then unpaid principal amount of each Swingline Loan outstanding on the Maturity Date.

(2) *Repayment of Term Credit.* The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of the Term Credit Lenders the outstanding principal amount of the Loans outstanding under the Term Credit on the last Business Day of each calendar quarter commencing on November 30, 2022. Principal installments shall be calculated on the basis of the principal amount outstanding under the Term Credit on November 30, 2022 assuming an amortization period of 80 (eighty) calendar quarters.

Notwithstanding the assumed amortization periods, all amounts outstanding under the Term Credit shall be irrevocably paid in full on the Maturity Date.

2.8 Letters of Credit.

(1) *General.* Subject to the terms and conditions set out herein, the Borrower may request the issuance of Letters of Credit in an Approved Currency as an availment of the Revolving Credit Commitment, in a form reasonably acceptable to the Administrative Agent and the Issuing Bank, at any time and from time to time up to the Maturity Date. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the

Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall govern. Notwithstanding anything herein to the contrary, the Issuing Bank shall have no obligation hereunder to issue, and shall not issue, any Letter of Credit the proceeds of which would be made available to any Person (i) to fund any activity or business of or with any Sanctioned Person, or in any country or territory that, at the time of such funding, is the subject of any Sanctions, (ii) in any manner that would result in a violation of any Sanctions by any party to this Agreement or (iii) in any manner that would result in a violation of one or more policies of such Issuing Bank applicable to letters of credit generally.

(2) *Notice of Issuance, Amendment, Renewal, Extension, Certain Conditions.* To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Bank) to the Issuing Bank and the Administrative Agent (at least five Business Days in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension, the date on which such Letter of Credit is to expire (which shall comply with Section 2.8(3)), the amount and currency (Approved Currencies only) of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the Issuing Bank, the Borrower also shall submit a letter of credit application on the Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit, the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension, (a) the aggregate LC Exposure shall not exceed \$1,000,000, and (b) the aggregate Revolving Credit Exposure shall not exceed either the total Revolving Credit Commitments or the Borrowing Base.

(3) *Expiration Date.* Each Letter of Credit shall expire at or prior to the close of business on the earlier of (a) the date that is one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (b) the date that is five Business Days prior to the Maturity Date provided that any Letter of Credit may contain customary automatic renewal provisions agreed upon by the Borrower and the Issuing Bank pursuant to which the expiration date of such Letter of Credit (an “**Auto Renewal Letter of Credit**”) shall automatically be extended for consecutive periods of up to twelve (12) months (but, subject to the penultimate sentence of this Section 2.8(3), not to a date later than the date set forth in clause (b) above). Unless otherwise directed by the Issuing Bank, the Borrower shall not be required to make a specific request to the Issuing Bank for any such renewal. Once an Auto Renewal Letter of Credit has been issued, the Revolving Credit Lenders shall be deemed to have authorized (but may not require) the Issuing Bank to permit the renewal of such Letter of Credit at any time to an expiry date not later than the date set forth in clause (b) above. Notwithstanding the foregoing to the contrary, a Letter of Credit may expire up to one year beyond the Maturity Date so long as the Borrower cash collateralizes an amount equal to 105% of the face amount of such Letter of Credit in the manner described in Section 2.8(10) or provides a backup letter of credit in such amount and otherwise in form and substance acceptable to the Issuing Bank and the Administrative Agent in their discretion, in each case no later than thirty (30) days prior to the Maturity Date. For the avoidance of doubt, if the Maturity Date shall be extended,

“Maturity Date” as referenced in this clause (3) shall refer to the Maturity Date as extended; provided that, notwithstanding anything in this Agreement or any other Loan Document to the contrary, the Maturity Date, as such term is used in reference to the Issuing Bank or any Letter of Credit issued thereby, may not be extended without the prior written consent of the Issuing Bank.

(4) *Participations.* By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Bank or the Lenders, the Issuing Bank hereby grants to each Revolving Credit Lender, and each Revolving Credit Lender hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Revolving Credit Lender’s Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Credit Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such Revolving Credit Lender’s Applicable Percentage of each LC Disbursement made by the Issuing Bank and not reimbursed by the Borrower on the date due as provided in Section 2.8(5), or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Revolving Credit Lender acknowledges and agrees that its obligation to acquire participations pursuant to this Section 2.8(4) in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(5) *Reimbursement.* If the Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 12:00 noon on the date that such LC Disbursement is made, if the Borrower shall have received notice of such LC Disbursement prior to 10:00 a.m. on such date, or, if such notice has not been received by the Borrower prior to 10:00 a.m. on such date, then not later than 12:00 noon on (a) the Business Day that the Borrower receives such notice, if such notice is received prior to 10:00 a.m. on the day of receipt, or (b) the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to 10:00 a.m. on the day of receipt; provided that the Borrower may, subject to the conditions to borrowing set out herein, request in accordance with Section 2.3 that such payment be financed with a Prime Loan or a Swingline Loan in an Equivalent Amount in Canadian Dollars and, to the extent so financed, the Borrower’s obligation to make such payment shall be discharged and replaced by the resulting Prime Loan or Swingline Loan. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Revolving Credit Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Revolving Credit Lender’s Applicable Percentage thereof. Promptly following receipt of such notice, each Revolving Credit Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrower, and the Administrative Agent shall promptly pay to the Issuing Bank the amounts so received by it from the Revolving Credit Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this Section 2.8(5), the Administrative Agent shall distribute such payment to the Issuing Bank or, to the extent that Revolving Credit Lenders have made payments pursuant to this Section 2.8(5) to reimburse the Issuing Bank, then to such Revolving Credit Lenders and the Issuing Bank as their interests may appear. Any payment made

by a Revolving Credit Lender pursuant to this Section 2.8(5) to reimburse the Issuing Bank for any LC Disbursement (other than the funding of Prime Loans or Swingline Loans as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(6) *Obligations Absolute.* The Borrower's obligation to reimburse LC Disbursements as provided in Section 2.8(5) shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (a) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein or herein, (b) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (c) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (d) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of Section 2.20(2), constitute a legal or equitable discharge of, or provide a right of set-off against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Revolving Credit Lenders nor the Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided that the foregoing shall not be construed to excuse the Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to indirect, special, punitive or consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable Law) suffered by the Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or wilful misconduct on the part of the Issuing Bank (as finally determined by a court of competent jurisdiction), the Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the Borrower and the Lenders agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(7) *Disbursement Procedures.* The Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed in writing) of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Issuing Bank and the Revolving Credit Lenders with respect to any such LC Disbursement.

(8) *Interim Interest.* If the Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate then applicable to Prime Loans. Interest accrued pursuant to this Section 2.8(8) shall be for the account of the Issuing Bank, except that interest accrued on and after the date of payment by any Revolving Credit Lender pursuant to Section 2.8(5) to reimburse the Issuing Bank shall be for the account of such Revolving Credit Lender to the extent of such payment. Subject to the appointment and acceptance of a successor Issuing Bank, the Issuing Bank may resign as Issuing Bank at any time upon thirty days' prior written notice to the Administrative Agent, the Borrower and the Lenders, in which case, such Issuing Bank shall be replaced in accordance with Section 2.8(9) below.

(9) *Replacement of the Issuing Bank.* The Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Revolving Credit Lenders of any such replacement of the Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank. From and after the effective date of any such replacement, (a) the successor Issuing Bank shall have all the rights and obligations of the Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter, and (b) references herein to the term "**Issuing Bank**" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(10) *Cash Collateralization.* If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Lenders with LC Exposure representing greater than 66⅔% of the total LC Exposure) demanding the deposit of LC Cover, the Borrower shall deposit in an account with the Administrative Agent, in the name of the Issuing Bank or Borrower and for the benefit of the Revolving Credit Lenders, an amount in cash equal to the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in Section 7.1(7), 7.1(g)(8), or 7.1(f)(9). Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the

Reimbursement Obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with LC Exposure representing greater than 66⅔% of the total LC Exposure), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived or the total LC Exposure is reduced to nil.

(11) *Letters of Credit Issued for Account of Subsidiaries.* Notwithstanding that a Letter of Credit issued or outstanding hereunder supports any obligations of, or is for the account of, a Subsidiary, or states that a Subsidiary is the “account party,” “applicant,” “customer,” “instructing party,” or the like of or for such Letter of Credit, and without derogating from any rights of the applicable Issuing Bank (whether arising by contract, at law, in equity or otherwise) against such Subsidiary in respect of such Letter of Credit, the Borrower (i) shall reimburse, indemnify and compensate the applicable Issuing Bank hereunder for such Letter of Credit (including to reimburse any and all drawings thereunder) as if such Letter of Credit had been issued solely for the account of the Borrower and (ii) irrevocably waives any and all defenses that might otherwise be available to it as a Guarantor or surety of any or all of the obligations of such Subsidiary in respect of such Letter of Credit. The Borrower hereby acknowledges that the issuance of such Letters of Credit for its Subsidiaries inures to the benefit of the Borrower, and that the Borrower’s business derives substantial benefits from the businesses of such Subsidiaries.

2.9 **Swingline Loans.**

(1) *General.* Subject to the terms and conditions set out herein and as part of its Revolving Credit Commitment, the Swingline Lender commits to make Prime Loans (each such Prime Loan made under this Section 2.9, a “**Swingline Loan**”) to the Borrower from time to time during the period commencing on the Closing Date and ending on the Maturity Date (such commitment being the “**Swingline Commitment**”), in an aggregate principal amount at any time outstanding up to \$500,000; provided that the Swingline Lender shall not be required to extend further credit hereunder if such extension would result in (a) the Swingline Exposure at such time exceeding the amount of the Swingline Commitment, (b) the aggregate of the Revolving Credit Exposures exceeding either the total Revolving Credit Commitments or the Borrowing Base, or (c) a Swingline Loan refinancing an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set out herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(2) *Interest; Overdrafts; Swingline Loan Requests.* Subject to the terms and conditions set out herein, the Borrower shall be entitled to obtain Swingline Loans by way of overdraft on the Swingline Account, and at any given time the Equivalent Amount in Canadian Dollars of the outstanding principal amount of all Swingline Loans shall be equal to the aggregate amount by which the Swingline Account is overdrawn. Swingline Loans shall bear interest at a rate per annum equal to the rate applicable to a Prime Loan. Interest shall be payable on such dates, not more frequently than monthly, as may be specified by the Swingline Lender and in any event on the Maturity Date. The Swingline Lender shall be responsible for invoicing the Borrower for such interest. The interest payable on Swingline Loans and all standby fees owing under Section 2.12(1) in respect of the Swingline Commitment are solely for the account of the Swingline Lender.

(3) *Reallocation.* At any time that an Event of Default has occurred and is continuing, the Swingline Exposure shall be adjusted as necessary so as to cause the Revolving Credit Exposure of each Revolving Credit Lender to equal its Applicable Percentage of the aggregate Revolving Credit Exposure of all Revolving Credit Lenders. Such adjustment shall be affected by either:

- (a) the Swingline Lender making Swingline Loans in the requisite amount(s) and advancing the proceeds thereof to other Revolving Credit Lenders in repayment of their Loans outstanding under the Revolving Credit; or
- (b) the Revolving Credit Lenders other than the Swingline Lender making Loans under the Revolving Credit in the requisite amounts(s) and advancing the proceeds thereof to the Swingline Lender in repayment of outstanding Swingline Loans,

and the Borrower irrevocably authorizes and directs such Borrowings to be automatically made and the proceeds thereof so applied.

(4) *Replacement of Swingline Lender.* The Swingline Lender may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Swingline Lender and the successor Swingline Lender. The Administrative Agent shall notify the Lenders of any such replacement of the Swingline Lender. At the time any such replacement shall become effective, the Borrower shall pay all unpaid interest accrued for the account of the replaced Swingline Lender. From and after the effective date of any such replacement, (i) the successor Swingline Lender shall have all the rights and obligations of the replaced Swingline Lender under this Agreement with respect to Swingline Loans made thereafter, and (ii) references herein to the term "Swingline Lender" shall be deemed to refer to such successor or to any previous Swingline Lender, or to such successor and all previous Swingline Lenders, as the context shall require. After the replacement of a Swingline Lender hereunder, the replaced Swingline Lender shall remain a party hereto and shall continue to have all the rights and obligations of a Swingline Lender under this Agreement with respect to Swingline Loans made by it prior to its replacement, but shall not be required to make additional Swingline Loans.

(5) *Resignation of Swingline Lender.* Subject to the appointment and acceptance of a successor Swingline Lender, the Swingline Lender may resign as a Swingline Lender at any time upon thirty (30) days' prior written notice to the Administrative Agent, the Borrower and the Lenders, in which case, such Swingline Lender shall be replaced in accordance with Section 2.9(4) above.

(6) *Cancellation of Swingline Loan.* Upon the occurrence and during the continuance of an Event of Default, notwithstanding any action or inaction of the Administrative Agent, the Swingline Lender may cancel the Swingline Loan and reallocate any Outstanding Borrowings under the Swingline Loan in accordance with Section 2.9(3).

2.10 Evidence of Debt.

(1) *Accounts of Indebtedness.* Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of the Borrower to such Lender

resulting from each Borrowing made by such Lender hereunder, including the amounts of principal and interest payable and paid to such Lender from time to time.

(2) *Account Details.* The Administrative Agent shall maintain accounts in which it shall record (a) the amount of each Borrowing made hereunder, the class and type thereof and, in the case of B/As, the relevant Contract Period, (b) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder, and (c) the amount of any sum received by the Administrative Agent for the account of the Lenders and each Lender's share thereof.

(3) *Accounts Conclusive.* The entries made in the accounts maintained pursuant to Sections 2.10(1) and (2) shall be conclusive evidence (absent manifest error) of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Borrowings in accordance with the terms of this Agreement. In the event of a conflict between the records maintained by the Administrative Agent and any Lender, the records maintained by the Administrative Agent shall govern.

2.11 **Prepayments.**

(1) *Borrowing Base.* If at any time the aggregate Revolving Credit Exposure of the Lenders exceeds the Borrowing Base, the Borrower shall immediately pay to the Administrative Agent, for the account of the Revolving Credit Lenders, the amount of such excess to be applied (a) as a prepayment of the Loans made under the Revolving Credit and Reimbursement Obligations outstanding, and (b) thereafter as LC Cover for any LC Exposure under the Revolving Credit in an amount of such remaining excess.

(2) *Currency Fluctuations.* If at any time the Equivalent Amount in Canadian Dollars of the Revolving Credit Exposure of any Lender exceeds its Revolving Credit Commitment (any such excess being referred to in this Section 2.11(2) as a "**Currency Excess Amount**"), then the Borrower shall immediately pay to the Administrative Agent, for the account of such Lender, an amount equal to the Currency Excess Amount with respect to such Lender to be applied (a) as a prepayment of the Loans and Reimbursement Obligations outstanding to such Lender, and (b) thereafter as LC Cover to such Lender for its LC Exposure under the Revolving Credit in an amount of such remaining Currency Excess Amount. If any Currency Excess Amount with respect to any Lender is equal to or greater than 3% of the Commitment of such Lender for the applicable Credit, then the repayment of the Currency Excess Amount to such Lender shall be made by the Borrower within one Business Day after the Administrative Agent requests such repayment. If any Currency Excess Amount with respect to any Lender is less than 3% of the Commitment of such Lender for such Credit, then the repayment of the Currency Excess Amount to such Lender shall be made on the next Quarterly Date. The Administrative Agent shall request repayment of any Currency Excess Amount forthwith upon request therefor by any Lender, but the Administrative Agent is not otherwise required to monitor Currency Excess Amount levels or to request repayment thereof.

(3) **Mandatory Loan Prepayment.**

- (a) The Borrower shall pay any Net Proceeds of Securities Sales the Administrative Agent for the account of the Lenders within five (5) Business Days of receipt unless and to the extent that such Net Proceeds are required for a Permitted Acquisition or a Permitted Investment.
- (b) If any Credit Party shall engage in an Asset Disposition, the Borrower shall pay to the Administrative Agent for the account of the Lenders all Net Proceeds of such Asset Disposition (other than Asset Dispositions made in the ordinary course of business and Asset Dispositions of minority equity positions in investee entities) in excess of \$1,000,000 which have not been used by the applicable Credit Party to purchase replacement assets within 180 days of such Asset Disposition.
- (c) If any Credit Party raises an amount from Permitted Indebtedness for net proceeds, such Credit Party shall pay any net proceeds to the Administrative Agent for the account of the Lenders within five (5) Business Days of receipt.
- (d) If any Credit Party receives any net proceeds of insurance or expropriation, such Credit Party shall pay any net proceeds to the Administrative Agent for the account of the Lenders within five Business Days of receipt unless they are reinvested in similar assets within 180 days or, if the insurance proceeds were received as a result of a legal claim or lawsuit settlement the amount paid would be net of any settlement costs and legal expenses.
- (e) Payments made to the Administrative Agent under clause 2.11(3)(a), (b), (c), or (d) shall be applied as follows:
 - (i) first, in permanent repayment of all amounts outstanding under Facility 2 in inverse order of maturity commencing with the lump sum payment owing on the Maturity Date; and
 - (ii) second, in permanent repayment of all amounts outstanding under Facility 1.

The Borrower shall provide to the Administrative Agent written notice of any repayment or payment to be made under this Section at least three Business Days prior to the date such prepayment is to be made in the form of Exhibit C - 4; provided that any failure to do so shall not relieve the Borrower of the obligation in question.

(4) *Voluntary Prepayments.* The Borrower may, at its option, at any time and from time to time, prepay Prime Loans under Facility 1, in whole or in part, upon giving three Business Days' prior written notice to the Administrative Agent in the form of Exhibit C - 4. Such notice shall specify the date and amount of prepayment. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified. Prepayments shall be applied in the inverse order of maturity. Each voluntary prepayment of any Prime Loan shall be in a minimum principal amount of \$500,000 and larger whole multiples of \$100,000, provided that the Administrative Agent may, in its sole discretion, increase or reduce any Term Credit Lender's

portion of such voluntary prepayment to the nearest \$1,000. No prepayment of the Term Credit may be reborrowed. Loans by way of B/A may be prepaid at the end of a Contract Period only.

(5) *Notice by Borrower.* Each notice provided by the Borrower in respect of any prepayment shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid.

(6) *Notice by Administrative Agent.* Upon receipt of a notice of prepayment pursuant to Section 2.11, the Administrative Agent shall promptly notify each applicable Lender of the contents thereof and of such Lender's share of such prepayment based upon its Applicable Percentage.

(7) *General.* Any amount required to be prepaid on a date pursuant to Section 2.11 shall be due and payable together with any amount payable pursuant to Section 2.16 and accrued interest to such date on such amount in accordance with Section 2.5(4).

2.12 Fees.

(1) *Standby Fees.* The Borrower shall pay to the Administrative Agent for the account of each Revolving Credit Lender a standby fee in respect of Facility 2 for the period commencing on the Closing Date to and including the Maturity Date (or such earlier date as the Revolving Credit Commitments shall have been terminated entirely), computed at a rate per annum equal to the rate stipulated under "Standby Fee" in the definition of Applicable Margin on the excess amount of the Revolving Credit Commitment of such Revolving Credit Lender over its Revolving Credit Exposure. Standby fees shall be (a) payable in arrears on each Quarterly Date, commencing on the first Quarterly Date to occur after the Closing Date, and on the date on which the Revolving Credit Commitments or Term Credit Commitments, as applicable, terminate, and (b) computed daily on the basis of a year of 365 or 366 days, as the case may be, and shall be payable for the actual number of days elapsed (including the first day but including the last day).

(2) *Participation and Fronting Fees.* The Borrower shall pay:

- (a) to the Administrative Agent for the account of each Revolving Credit Lender and Hydro LC Credit Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the Applicable Margin in arrears for Letters of Credit on the average daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Closing Date to but excluding the later of the date on which such Lender's Revolving Credit Commitment or the Hydro LC Credit Commitment (as applicable) terminate, and the date on which such Lender ceases to have any LC Exposure; and
- (b) to the Issuing Bank a fronting fee, which shall accrue at the rate of 0.25% per annum in arrears on the daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements and that portion attributable to the Issuing Bank) during the period from and including the Closing Date to but excluding the later of the date of termination of the

Revolving Credit Commitments and/or the Hydro LC Credit Commitments (as applicable), and the date on which there ceases to be any LC Exposure, as well as the Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder.

Participation fees and fronting fees shall be (i) payable on each Quarterly Date in arrears and on the date on which the Revolving Credit Commitments and/or the Hydro LC Credits (as applicable) terminate, and (ii) computed daily on the basis of a year of 365 days or 366 days, as the case may be, and shall be payable for the actual number of days elapsed (including the first day and the last day). Participation and fronting fees accruing after the date on which the Revolving Credit Commitments and/or the Hydro LC Credit Commitments (as applicable) terminate shall be payable on demand.

(3) *Other Fees.* The Borrower shall pay to Bank of Montreal the fees agreed in the Fee Agreement.

(4) *Payment of Fees.* All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to the Issuing Bank, in the case of fees payable to it) for distribution, in the case of standby and participation fees, to the Lenders. Fees paid shall not be refundable except in the case of manifest error in the calculation of any fee payment.

2.13 **Bankers' Acceptances.**

(1) *Request for B/A Borrowings.* Subject to the terms and conditions of this Agreement, the Borrower may request a Borrowing by presenting drafts for acceptance and purchase as B/As by the Lenders.

(2) *Lender Power of Attorney.* To facilitate the issue of B/As, the Borrower hereby appoints each Lender as its attorney to sign and endorse on its behalf (in accordance with a Borrowing Request relating to a B/A), in handwriting, by facsimile, electronic mail or mechanical signature as and when deemed necessary by such Lender, blank forms of B/As in the form requested by such Lender. Each Lender shall maintain an adequate supply of blank forms of B/As for acceptance under this Agreement. The Borrower recognizes and agrees that all B/As signed or endorsed by a Lender on behalf of the Borrower shall bind the Borrower as fully and effectually as if signed in the handwriting of and duly issued by the proper signing officers of the Borrower. Each Lender is authorized to issue such B/As endorsed in blank in such face amounts as may be determined by such Lender; provided that the aggregate amount thereof is equal to the aggregate amount of B/As required to be accepted and purchased by such Lender. No Lender shall be liable for any damage, loss or other claim arising by reason of any loss or improper use of any such instrument except for any loss arising from the gross negligence or wilful misconduct of the Lender or its officers, employees, agents or representatives. Each Lender shall maintain a record with respect to B/As (a) received by it in blank hereunder, (b) voided by it for any reason, (c) accepted and purchased by it hereunder, and (d) cancelled at their respective maturities. On request by or on behalf of the Borrower, a Lender shall cancel all forms of B/A which have been pre-signed or pre-endorsed on behalf of the Borrower and which are held by such Lender and are not required

to be issued in accordance with the Borrower's irrevocable notice. Alternatively, the Borrower agrees that, at the request of the Administrative Agent, the Borrower shall deliver to the Administrative Agent a "depository note" which complies with the requirements of the *Depository Bills and Notes Act* (Canada), and consents to the deposit of any such depository note in the book-based debt clearance system maintained by the Canadian Depository for Securities.

(3) *B/A Signatory.* Drafts of the Borrower to be accepted as B/As hereunder shall be signed as set out in this Section 2.13. Notwithstanding that any person whose signature appears on any B/A may no longer be an authorized signatory for any Lender or the Borrower at the date of issuance of a B/A, such signature shall nevertheless be valid and sufficient for all purposes as if such authority had remained in force at the time of such issuance and any such B/A so signed shall be binding on the Borrower.

(4) *B/A Amounts.* Promptly following receipt of a Borrowing Request specifying a Borrowing by way of B/As, the Administrative Agent shall so advise the Lenders and shall advise each Lender of the aggregate face amount of the B/As to be accepted by it and the applicable Contract Period (which shall be identical for all Lenders).

(5) *Acceptance of B/A.* Upon acceptance of a B/A by a Lender, such Lender shall purchase, or arrange for the purchase of, each B/A from the Borrower at the Discount Rate for such Lender applicable to such B/A accepted by it and provide to the Administrative Agent the Discount Proceeds therefor for the account of the Borrower. The Acceptance Fee payable by the Borrower to a Lender under Section 2.5 in respect of each B/A accepted by such Lender shall be set off against the Discount Proceeds payable by such Lender under Section 2.13 and shall be calculated based on the face amount of the relevant B/A, the Applicable Margin and the number of days in the Contract Period in a year of 365 days.

(6) *Lender's Rights Re B/A.* Each Lender may at any time and from time to time hold, sell, rediscount or otherwise dispose of any or all B/As accepted and purchased by it.

(7) *B/A Equivalent Loans.* If a Lender notifies the Administrative Agent in writing that it is unable or unwilling to accept bankers' acceptances, such Lender shall, instead of accepting and purchasing bankers' acceptances, make a Loan (a "**B/A Equivalent Loan**") to the Borrower in the amount and for the same term as the draft which such Lender would otherwise have been required to accept and purchase. Each Lender shall provide to the Administrative Agent the Discount Proceeds of such B/A Equivalent Loan for the account of the Borrower. Each B/A Equivalent Loan shall bear interest at the same rate which would result if such Lender had accepted (and been paid an Acceptance Fee and a Discount Fee) and purchased (on a discounted basis) a Bankers' Acceptance for the relevant Contract Period (it being the intention of the parties that each such B/A Equivalent Loan shall have the same economic consequences for the Lenders and the Borrower as the Bankers' Acceptance which such B/A Equivalent Loan replaces). All interest shall be paid in advance on the date such B/A Equivalent Loan is made, and shall be deducted from the principal amount of such B/A Equivalent Loan in the same manner in which the Discount Fee and Acceptance Fee shall be deducted from or set off against the face amount of the Bankers' Acceptance. Subject to repayment requirements, on the last day of the relevant Contract Period for each B/A Equivalent Loan, the Borrower shall be entitled to convert the B/A Equivalent Loan

into another type of Loan, or to roll over each such B/A Equivalent Loan into another B/A Equivalent Loan, all in accordance with the applicable provisions of this Agreement.

(8) *Notice of Intention to Issue B/As.* With respect to each B/A Borrowing, at or before 10:00 a.m. two Business Days before the last day of the Contract Period of such B/A Borrowing, the Borrower shall notify the Administrative Agent by irrevocable telephone notice, followed by a Borrowing Request on the same day giving notice of rollover, if the Borrower intends to issue B/As on such last day of the Contract Period to provide for the payment of such maturing B/A Borrowing. If the Borrower fails to notify the Administrative Agent of its intention to issue B/As on such last day of the Contract Period, the Borrower shall provide payment to the Administrative Agent on behalf of the Lenders of an amount equal to the aggregate face amount of such B/A Borrowing on the last day of the Contract Period of thereof. If the Borrower fails to make such payment, such maturing B/As shall be deemed to have been converted on the last day of the Contract Period into a Prime Loan in an amount equal to the face amount of such B/As.

(9) *Upon Maturity of B/As.* The Borrower waives presentment for payment and any other defence to payment of any amounts due to a Lender in respect of a B/A accepted and purchased by it pursuant to this Agreement which might exist solely by reason of such B/A being held, at the maturity thereof, by such Lender in its own right, and the Borrower shall not claim any days of grace if such Lender, as holder, sues the Borrower on the B/A for payment of the amount payable by the Borrower thereunder. On the last day of the Contract Period of a B/A, or such earlier date as may be required or permitted pursuant to the provisions of this Agreement, the Borrower shall pay the Lender that has accepted and purchased such B/A the full face amount of such B/A and, after such payment, the Borrower shall have no further liability in respect of such B/A and such Lender shall be entitled to all benefits of, and be responsible for all payments due to third parties under, such B/A.

(10) *Participation.* If a Lender grants a participation in a portion of its rights under this Agreement to a Participant under Section 9.4(5), then, in respect of any B/A Borrowing, a portion thereof may, at the option of such Lender, be by way of Bankers' Acceptance accepted by such Participant. In such event, the Borrower shall upon request of the Administrative Agent or the Lender granting the participation execute and deliver a form of Bankers' Acceptance undertaking in favour of such Participant for delivery to such participant.

2.14 **Alternate Rate of Interest.**

If prior to the commencement of any Contract Period for a B/A Borrowing:

- (a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that there is no market for B/As; or
- (b) the Administrative Agent is advised by a Lender that the Discount Rate for such Contract Period will not adequately and fairly reflect the cost to such Lender of issuing or maintaining its B/As included in such Borrowing for such Contract Period,

then the Administrative Agent shall give written notice thereof to the Borrower and the Lenders as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and

the Lenders that the circumstances giving rise to such notice no longer exist, (A) any conversion or rollover request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a B/A shall be ineffective, and (B) if any Borrowing Request requests a B/A Borrowing, such Borrowing shall be made as a Prime Loan; provided that if the circumstances giving rise to such notice do not affect all the Lenders, then requests by the Borrower for B/A Borrowings, may be made to Lenders that are not affected thereby.

2.15 Increased Costs; Illegality.

- (1) *Compensation for Increased Costs.* If any Change in Law shall:
- (a) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender; or
 - (b) impose on any Lender or the Issuing Bank any other condition affecting this Agreement (including the imposition on any Lender of, or any change to, any Tax or other charge with respect to its Loans or any Letter of Credit or participation therein, or its obligation to make Loans or issue or participate in any Letter of Credit),

and the result of any of the foregoing is 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 to reduce the amount of any sum received or receivable by such Lender or the Issuing Bank hereunder (whether of principal, interest or otherwise), then the Borrower shall pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered.

(2) *Compensation for Reduced Rate of Return.* If any Lender or the Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital or liquidity or on the capital or liquidity of such Lender's holding company or the Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by such Lender, or the Letters of Credit issued by the Issuing Bank, to a level below that which such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Bank's policies and the policies of such Lender's or the Issuing Bank's holding company with respect to capital adequacy or liquidity and such Lender's desired return on capital), then from time to time the Borrower shall pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company for any such reduction suffered. Notwithstanding anything herein to the contrary, (a) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, and Basel Committee on Banking Supervision (or any successor or similar authority) or by United States, Canadian or foreign regulatory authorities, in each case pursuant to Basel III, and (b) the *Dodd-Frank Wall*

Street Reform and Consumer Protection Act (United States) and all requests, rules, guidelines, requirements and directives thereunder or issued in connection therewith or in implementation thereof, shall in each case be deemed to be a Change in Law for purposes of this Section 2.15(2) regardless of the date enacted, adopted, issued or implemented.

(3) *Certificate.* A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender as specified in Sections 2.15(1) or (2), providing reasonable detail of the basis of calculation of the amount owing together with a brief description of the change of Law, shall be delivered to the Borrower by such Lender, and shall be conclusive absent manifest error. In preparing any such certificate, a Lender shall be entitled to use averages and to make reasonable estimates, and shall not be required to “match contracts” or to isolate particular transactions. The Borrower shall pay such Lender the amount shown as due on any such certificate within 30 days after receipt thereof.

(4) *Illegality.* If any Lender determines that it is 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. For the avoidance of doubt, such suspension shall occur notwithstanding that the activity in question was unlawful on the Closing Date. 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.

2.16 **Break Funding Payments.**

In the event of the failure by the Borrower to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered by the Borrower under this Agreement, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section 2.16 shall be delivered to the Borrower by such Lender and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 30 days after receipt thereof.

2.17 **Taxes.**

(1) *Gross-up for Taxes.* Any and all payments by or on account of any obligation of the Borrower hereunder or under any Loan Document shall be made free and clear of and without deduction or withholding for any Taxes except as required by applicable Laws; provided that if

the Borrower shall be required to deduct or withhold any Taxes from such payments, then (a) in the case of Indemnified Taxes, the sum payable shall be increased as necessary so that, after making all required deductions or withholdings (including deductions or withholdings applicable to additional sums payable under this Section 2.17), the Administrative Agent, Lender or Issuing Bank (as the case may be) receives an amount equal to the sum it would have received had no such deduction or withholding been made, (b) the Borrower shall make such required deduction or withholding, and (c) the Borrower shall pay to the relevant Governmental Authority the full amount deducted or withheld in accordance with, and within the time limits prescribed by, applicable Law.

(2) *Stamp and Other Taxes.* In addition to the payments by the Borrower required by Section 2.17(1), the Borrower shall pay any and 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 from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement to the relevant Governmental Authority in accordance with applicable Law.

(3) *Indemnity for Taxes.* The Borrower shall indemnify the Administrative Agent, each Lender and the Issuing Bank, within 30 days after written demand therefor, for the full amount of any Indemnified Taxes paid by the Administrative Agent, such Lender or the Issuing Bank, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder or under any Loan Document (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 2.17) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified 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 or the Issuing Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or the Issuing Bank, shall be conclusive absent manifest error.

(4) *Evidence of Tax Payments.* As soon as practicable after any payment of Indemnified Taxes described in Section 2.17(1) or 2.17(2) by the Borrower to a Governmental Authority, the Borrower 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.

(5) *Indemnification by the Lenders.* Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Credit Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Credit Parties to do so), and (ii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such 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 any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan

Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (5).

(6) *Status of Lenders.* Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, prior to the date on which such Lender becomes a Lender under this Agreement or acquired an interest therein and at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably 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 backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(7) *Treatment of Certain Refunds and Tax Reductions.* If a Lender determines, in its discretion, that it has received a refund of any Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts or that, because of the payment of such Taxes, it has benefited from a reduction in Excluded Taxes otherwise payable by it, it shall pay to the Borrower an amount equal to such refund or reduction (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower with respect to the Taxes giving rise to such refund or reduction), net of all reasonable out-of-pocket expenses of the applicable Lender, and without interest (other than any net after-tax interest paid by the relevant Governmental Authority with respect to such refund). The Borrower, upon the request of a Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to such Lender if such Lender is required to repay such refund or reduction to such Governmental Authority. This paragraph shall not be construed to require a 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 or to arrange its affairs in any particular manner.

2.18 **Payments Generally; Pro Rata Treatment; Sharing of Set-offs.**

(1) *Payments.* The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, amounts payable under any indemnity contained herein, or otherwise hereunder) prior to 2:00 p.m., on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at the Payment Office, except that payments pursuant to Sections 2.15, 2.16, 2.17 and 9.3 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received

by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments under this Agreement shall be made in Canadian Dollars unless otherwise specified in a Loan Document. The Borrower hereby authorizes the Administrative Agent to debit the general operating bank account of the Borrower which is maintained with the Administrative Agent to effect any payment due to the Lenders or the Administrative Agent pursuant to this Agreement. Any resulting overdraft in such account shall be payable by the Borrower to the Administrative Agent in same day funds.

(2) *Allocation of Insufficient Funds.* If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (a) first, towards payment of interest and fees then due hereunder, rateably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (b) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, rateably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(3) *Allocation of Funds in Event of Default.* If an Event of Default shall have occurred and be continuing, and the maturity of the Loans shall have been accelerated pursuant to Section 7.1, all payments or proceeds received by the Administrative Agent under this Agreement or any other Loan Document in respect of any of the Secured Liabilities (including, but not limited to, Secured Cash Management Obligations that are owing to any Secured Cash Management Provider), including, but not limited to all proceeds received by the Administrative Agent in respect of any sale of, any collection from, or other realization upon, all or any part of the Collateral, shall be applied as follows:

- (a) first, to the payment of all reasonable and documented costs and expenses of such sale, collection or other realization, including reasonable and documented compensation to the Administrative Agent and its agents and outside counsel, and all other reasonable and documented expenses, liabilities and advances made or incurred by the Administrative Agent in connection therewith, and all amounts for which the Administrative Agent is entitled to indemnification hereunder or under any other Loan Document (in its capacity as Administrative Agent and not as a Lender), and to the payment of all reasonable and documented costs and expenses paid or incurred by the Administrative Agent in connection with the exercise of any right or remedy hereunder or under any other Loan Document, all in accordance with the terms hereof or thereof;
- (b) second, to the payment of amounts outstanding under this Agreement or any Loan Document as may be determined by each Lender in its discretion; and
- (c) third, to the extent of any excess of such payments or proceeds, to the payment to or upon the order of the Borrower or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

(4) *Sharing of Set-Offs.* If any Secured Party shall obtain payment in respect of any of its Secured Liabilities (including by way of set-off or counterclaim) resulting in such Secured Party receiving payment of a greater proportion of the aggregate amount of its Secured Liabilities than the proportion received by any other Secured Party on its Secured Liabilities, then the Secured Party receiving such greater proportion shall purchase (for cash at face value) participations in the Secured Liabilities owed to other Secured Parties (as applicable) to the extent necessary so that the benefit of all such payments shall be shared by the Secured Parties rateably in accordance with the aggregate amount of their respective Secured Liabilities; provided that (i) 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, and (ii) this Section 2.18(4) shall not apply to:

- (a) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement;
- (b) any payment obtained by a Lender as consideration for the assignment of, or sale of a participation in, any of its Loans (including participations in LC Disbursements and Swingline Loans);
- (c) any payment made by or on behalf of a Credit Party under or in connection with any Secured Cash Management Services when no Event of Default has occurred and is continuing; and
- (d) netting as between bank accounts maintained by a Lender and/or its Lender Affiliates.

The Borrower hereby consents to the foregoing and agrees, to the extent it may effectively do so under applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(5) *Assumption of Payment; Reimbursement of Agent.* Unless the Administrative Agent shall have received written notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Bank 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 to the Lenders or the Issuing Bank, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank 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 the applicable rate for Prime Loans.

(6) *Failure of Lender to Make Payment.* If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.18(4), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received

by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Section 2.18(4) until all such unsatisfied obligations are fully paid.

(7) *No Deemed Obligation for Source of Funds.* Nothing in this Agreement shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.19 **Currency Indemnity.**

If, for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Agreement or any other Loan Document, it becomes necessary to convert into a particular currency (the "**Judgment Currency**") any amount due under this Agreement or under any other Loan Document in any currency other than the Judgment Currency (the "**Currency Due**"), then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose, "rate of exchange" means the rate at which the Administrative Agent is able, on the relevant date, to purchase the Currency Due with the Judgment Currency in accordance with its normal practice at its head office in Toronto, Ontario. In the event that there is a change in the rate of exchange prevailing between the Business Day immediately preceding the day on which the judgment is given and the date of receipt by the Administrative Agent of the amount due, the Borrower shall, on the date of receipt by the Administrative Agent, 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 received by the Administrative Agent on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of receipt by the Administrative Agent is the amount then due under this Agreement or such other Loan Document in the Currency Due. If the amount of the Currency Due which the Administrative Agent is so able to purchase is less than the amount of the Currency Due originally due to it, the Borrower shall indemnify and save the Administrative Agent and the Lenders harmless from and against all loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Agreement and the other Loan Documents, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Administrative Agent from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due under this Agreement or any other Loan Document or under any judgment or order.

2.20 **Mitigation Obligations; Replacement of Lenders.**

(1) *Mitigation.* If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then upon the written request of the Borrower, 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 Lender Affiliates, if, in the judgment of such Lender, such designation or assignment (a) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future, and (b) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower shall pay all

reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(2) *Replacement of Lender.* If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender is a Defaulting Lender or if any Lender is a Non-Consenting Lender, then the Borrower may, at its sole expense (including the processing and recording fee contemplated by Section 9.4(2)) and effort, upon 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 Section 9.4), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (a) if such assignee is not otherwise a Lender, the Borrower shall have received the prior written consent of the Administrative Agent (and, if a Commitment is being assigned, the Issuing Bank and Swingline Lender), which consent shall not unreasonably be withheld, (b) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder 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), and (c) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and 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. Each party hereto agrees (a) that an assignment required pursuant to this paragraph may be effected pursuant to an Assignment and Assumption executed by the Borrower, the Administrative Agent and the assignee (or, to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to an Approved Electronic Platform as to which the Administrative Agent and such parties are participants), and (b) the Lender required to make such assignment need not be a party thereto in order for such assignment to be effective and shall be deemed to have consented to and be bound by the terms thereof; provided that, following the effectiveness of any such assignment, the other parties to such assignment agree to execute and deliver such documents necessary to evidence such assignment as reasonably requested by the applicable Lender, provided that any such documents shall be without recourse to or warranty by the parties thereto.

2.21 **Accordion.**

(1) *Request for Additional Commitment.* At any time prior to the Maturity Date the Borrower may request that the aggregate Revolving Credit Commitment or the aggregate Term Credit Commitment be increased by up to \$10,000,000, provided that no Default or Event of Default has occurred and is continuing, and that the Borrower is in *pro forma* compliance with the Financial Covenants assuming that the increased availability has been fully advanced. The additional Commitment being requested from any existing Lender or other potential lenders under this Section may be referred to as an “**Additional Commitment**”.

(2) *Offer to Existing Lenders.* Additional Commitments shall be offered first to the Lenders as of the date immediately prior to any such request (each an “**Existing Lender**”) based on each Existing Lender’s Applicable Percentage of the relevant Commitment.

(3) *Initial Failure to Place.* If and to the extent that any Existing Lender does not take up its Applicable Percentage of the Additional Commitment requested, any shortfall may be provided by the other Existing Lenders.

(4) *Secondary Failure to Place.* If and to the extent that the Existing Lenders do not take up all of the Additional Commitments requested, then the balance of such request may be provided by any other Person or Persons selected by the Borrower in consultation with the Administrative Agent (each an “**Additional Lender**”).

(5) *Tertiary Failure to Place.* If the total amount of the Additional Commitments requested is not taken up, the Borrower may elect not to proceed with any increase in Commitment. However, if the Borrower elects to proceed with any Additional Commitment taken up by any Existing Lender then the Borrower must agree to use all Additional Commitments made by Existing Lenders before accepting any Additional Commitments from Additional Lenders.

(6) *Confirmation for Existing Lenders.* Any Additional Commitment provided by an Existing Lender will be documented by the Administrative Agent by notifying each such Lender of its new Revolving Credit Commitment or Term Credit Commitment, as applicable, the new aggregate Revolving Credit Commitment or new aggregate Term Credit Commitment, as applicable, and its Applicable Percentage of the increased Commitment with copies to all of the other Lenders confirming the above information for each of the Lenders.

(7) *Confirmation for Additional Lenders.* Any Additional Commitment provided by an Additional Lender shall be documented by an Additional Lender Agreement executed by the Borrower, the Additional Lender and the Administrative Agent. Upon satisfaction of the conditions precedent set out therein, the Additional Commitment in question shall become effective and the Administrative Agent shall promptly notify each Lender as to such agreement and confirming the Revolving Credit Commitment or Term Credit Commitment, as applicable, the new aggregate Revolving Credit Commitment or new aggregate Term Credit Commitment, as applicable of each of the Lenders.

(8) *Adjustment of Borrowings.* On the request of the Administrative Agent, each Lender (a) shall sell or purchase, at par, such Borrowings outstanding under the affected Facility as is necessary to cause each Lender under that Facility (including any Additional Lender(s)) to record on its books and records its Applicable Percentage of all Outstanding Borrowings under that Facility, (b) the Borrower shall pay any breakage cost arising as a result of such prepayment to an Existing Lender, and (c) Schedule 2.1 shall be deemed to be modified accordingly.

(9) *Miscellaneous.* Notwithstanding anything to the contrary in this Agreement:

- (b) no Additional Commitment shall require the consent of any Lender other than the Existing Lender or Additional Lender in question, but each Additional Commitment shall require the approval of the Administrative Agent, not to be unreasonably withheld;

- (c) no Lender shall have any obligation to take up any Additional Commitment unless and to the extent it agrees to do so in its sole discretion;
- (d) the aggregate amount of all Additional Commitments shall not exceed \$10,000,000 and
- (e) any Additional Lender shall be a Lender upon the effectiveness of its Additional Lender Agreement subject to the rights and obligations of any Lender under this Agreement and the Additional Commitments will merge into the relevant Commitment of all Lenders.

2.22 Defaulting Lenders.

Notwithstanding any provision of this Agreement to the contrary, if any Lender is a Defaulting Lender, then the following provisions shall apply to such Lender for so long as it remains a Defaulting Lender:

(1) fees shall cease to accrue pursuant to Section 2.12(1) on the unfunded portion of the Revolving Credit Commitment of such Defaulting Lender;

(2) the Revolving Credit Commitments and Term Credit Commitments of such Defaulting Lender shall not be included in determining whether all Lenders or the Required Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 9.2); provided that any waiver or amendment which affects such Defaulting Lender differently than other Lenders generally shall require the consent of such Defaulting Lender;

(3) any amount owing by a Defaulting Lender to the Administrative Agent or another Lender that is not paid when due shall bear interest at the interest rate applicable to Prime Loans under the Revolving Credit;

(4) any amount payable to such Defaulting Lender hereunder (whether on account of principal, interest, fees or otherwise and including any amount that would otherwise be payable to such Defaulting Lender other than in respect of the assignment of such Defaulting Lender's Loans and Commitments) shall, in lieu of being distributed to such Defaulting Lender, be retained by the Administrative Agent in a segregated account and, subject to any applicable requirements of law, be applied at such time or times as may be determined by the Administrative Agent (i) first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder, (ii) second, pro rata, to the payment of any amounts owing by such Defaulting Lender to the Issuing Bank hereunder, (iii) third, to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, (iv) fourth, held in such account as cash collateral for future funding obligations of the Defaulting Lender under this Agreement (the amount of such cash collateral not to exceed the Revolving Credit Commitment of such Defaulting Lender minus the outstanding principal amount of such Defaulting Lender's Loans made under the Revolving Credit), (v) fifth, to the payment of any other amounts owing to the Lenders or the Issuing Bank hereunder, (vi) sixth, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the

Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement, and (vii) seventh, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if such payment is a prepayment of the principal amount of any Loans or reimbursement obligations in respect of Letters of Credit with respect to which a Defaulting Lender has funded its participation obligations, such payment shall be applied solely to prepay the Loans of, and reimbursement obligations owed to, all Lenders other than Defaulting Lenders pro rata prior to being applied to the prepayment of any Loans, or reimbursement obligations owed to, any Defaulting Lender;

(5) any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Section 7.1 or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 9.10 shall be applied at such time or times as may be determined by the Administrative Agent as follows: (i) first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; (ii) second, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to any Issuing Bank hereunder; (iii) third, to cash collateralize the Issuing Banks' LC Exposure with respect to such Defaulting Lender in accordance with this Section; (iv) fourth, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; (v) fifth, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) cash collateralize the Issuing Banks' future LC Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with this Section; (vi) sixth, to the payment of any amounts owing to the Lenders or the Issuing Banks as a result of any judgment of a court of competent jurisdiction obtained by any Lender or the Issuing Banks against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement or under any other Loan Document; (vii) seventh, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement or under any other Loan Document; and (viii) eighth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or LC Disbursements in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 4.2 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and LC Disbursements owed to, all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or LC Disbursements owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in the Borrower's obligations corresponding to such Defaulting Lender's LC Exposure are held by the Lenders pro rata in accordance with the Commitments without giving effect to clause (d). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or

to post cash collateral pursuant to this Section shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto;

(6) if a Defaulting Lender is an Insolvent Defaulting Lender, any amount payable to such Defaulting Lender hereunder may, in lieu of being distributed pursuant to Section 2.22(4), be retained by the Administrative Agent to collateralize indemnification and reimbursement obligations of such Defaulting Lender hereunder in an amount determined by the Administrative Agent, acting reasonably;

(7) if any Letters of Credit are outstanding at the time a Lender becomes a Defaulting Lender, then:

- (a) all or any part of the pro rata share of such Defaulting Lender in respect of the outstanding Letters of Credit shall be reallocated among the Revolving Credit Lenders which are not Defaulting Lenders (in this Section 2.22, “**Non-Defaulting Lenders**”) in accordance with their respective Revolving Credit Commitments, provided that any such reallocation shall not cause any Non-Defaulting Lender to exceed its Revolving Credit Commitment,
- (b) if the reallocation described in clause (a) above cannot, or can only partially, be effected, the Borrower shall within five (5) Business Days following notice by the Administrative Agent cash collateralize for the benefit of the Issuing Bank the Borrower’s obligations corresponding to such Defaulting Lender’s pro rata share of the outstanding Letters of Credit (after giving effect to any partial reallocation pursuant to clause (a) above) in accordance with the procedures set forth in Section 2.22(9), for so long as such Letters of Credit are outstanding,
- (c) upon any reallocation pursuant to clause (a) above, the fees payable to the Lenders pursuant to Section 2.11(2) shall be adjusted in accordance with such Non-Defaulting Lenders’ Revolving Credit Commitment, and
- (d) if all or any portion of such Defaulting Lender’s pro rata share of the outstanding Letters of Credit is cash collateralized pursuant to clause (b) above, then, without prejudice to any rights or remedies of the Issuing Bank or any other Lender hereunder, all fees payable under Section 2.11(2) with respect to such Defaulting Lender’s pro rata share of the outstanding Letters of Credit shall be payable to the Borrower;

(8) so long as any Lender is a Defaulting Lender, the Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender’s then outstanding pro rata share of the outstanding Letters of Credit will be 100% covered by the Revolving Credit Commitments of the Non-Defaulting Lenders and/or cash collateral will be provided by the Borrower in accordance with Section 2.22(7), and any newly issued or increased Letter of Credit shall be allocated among Non-Defaulting Lenders in a manner consistent with Section 2.22(7) (and such Defaulting Lender shall not participate therein);

(9) if required by Section 2.22(7)(b), the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Revolving Credit Lenders (the “**LC Collateral Account**”), an amount in cash equal to the Equivalent Amount in Canadian Dollars of the outstanding Letters of Credit as of such date (as may be reduced from time to time) plus accrued and unpaid interest thereon. Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the Outstanding Obligations of the Borrower under the Loan Documents. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower’s risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Bank for outstanding Letters of Credit for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the Reimbursement Obligations of the Borrower for the outstanding Letters of Credit at such time, until the expiry date of such Letters of Credit (in which case, to the extent such Letters of Credit are undrawn when they expire, the funds shall be returned to the Borrower); and

(10) if the Administrative Agent, the Borrower, and the Issuing Bank each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the LC Exposure of the Revolving Credit Lenders shall be readjusted to reflect the inclusion of such Revolving Credit Lender’s Commitment and on such date such Revolving Credit Lender shall purchase at par such of the Loans of the other Revolving Credit Lenders as the Administrative Agent shall determine may be necessary in order for such Revolving Credit Lender to hold such Loans under the Revolving Credit in accordance with its Revolving Credit Commitment, whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of any Borrower while that Lender was a Defaulting Lender; provided, further, that, except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender’s having been a Defaulting Lender.

Except as otherwise expressly provided in this Section 2.22, no Revolving Credit Commitment of any other Lender shall be increased or otherwise affected, and performance by a Borrower of its obligations hereunder and the other Loan Documents shall not be excused or otherwise modified as a result of any Lender becoming a Defaulting Lender. The rights and remedies against a Defaulting Lender under this Section 2.22 are in addition to other rights and remedies which a Borrower may have against such Defaulting Lender as a result of it becoming a Defaulting Lender and which the Administrative Agent or any other Lender may have against such Defaulting Lender with respect thereto.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Credit Parties.

In order to induce the Administrative Agent and the Lenders to enter into this Agreement, to make any Loans hereunder and to issue any Letters of Credit hereunder, each Credit Party represents and warrants to the Administrative Agent and each Lender that each statement set forth in this Article 3 is true and correct on the date hereof. For the avoidance of doubt, such representations are repeated as at the date of each Borrowing and at the end of each Fiscal Quarter.

(1) *Organization; Powers.* Each Credit Party is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now and formerly conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

(2) *Authorization; Enforceability.* The Transactions are within each Credit Party's corporate powers and have been duly authorized by all necessary corporate and shareholder action, as applicable. This Agreement and the other Loan Documents have been duly executed and delivered by each Credit Party (as applicable) and constitute legal, valid and binding obligations of each Credit Party (as applicable), enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other Laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law. Specifically but without limitation, Section 2.5(6)(a) satisfies the requirements of Section 4 of the *Interest Act* (Canada) to the extent it applies to the expression or statement of any interest payable under any Loan Document, and each Credit Party is able to calculate the yearly rate or percentage of interest payable under any Loan Document based upon the methodology set out in such Section.

(3) *Governmental Approvals; No Conflicts.* The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except as disclosed in Schedule 3.1(3), (b) will not violate any applicable Law or the charter, by-laws or other organizational documents of any Credit Party 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 Credit Party or their respective assets, or give rise to a right thereunder to require any payment to be made by any Credit Party, and (d) will not result in the creation or imposition of, or the requirement to create, any Lien on any asset of any Credit Party, except for any Lien arising in favour of the Administrative Agent, for the benefit of the Lenders, under the Loan Documents.

(4) Financial Projections; Financial Condition; No Material Adverse Effect.

(a) The Borrower has furnished to the Administrative Agent financial projections for the Fiscal Years 2022, 2023 and 2024 prepared on a Consolidated basis. The projections, forecasts, and budgets provided by or on behalf of the Credit Parties

to the Administrative Agent have been prepared in good faith and are based on reasonable assumptions, and there are no statements or conclusions in such projections, forecasts, or budgets which are based upon or include information known to any Credit Party to be misleading in any material respect or which fail to take into account material information known to any Credit Party regarding the matters reported therein. Each Credit Party believes that the forecasts and budgets provided to the Administrative Agent are reasonable and attainable, it being recognized that projections as to future events are not to be viewed as facts and that the actual results during the period or periods covered by such forecasts and budgets may differ from the projected results included in such forecasts and budgets and such differences may be material.

- (b) Any financial statements delivered pursuant to Section 5.1(1), present fairly, in all material respects, the consolidated financial position and results of operations and cash flows of the Credit Parties on a Consolidated basis as of the applicable dates and for the applicable periods in accordance with GAAP, subject to year-end audit adjustments. Other than as disclosed in the most recent financial statements delivered to the Administrative Agent, there are no off-balance sheet transactions arrangements, obligations (including contingent obligations) or other relationships of the Borrower or any other Credit Party with unconsolidated entities or other Persons that may have a material current or future effect on the financial condition, changes in financial condition, results of operations, earnings, cash flow, liquidity, Capital Expenditures, capital resources, or significant components of revenues or expenses of the Borrower or any other Credit Party.
 - (c) Since the date of the most recent audited financial statements delivered to the Administrative Agent, there has been no event, development or circumstance that has had or could reasonably be expected to have a Material Adverse Effect.
 - (d) All information (including that disclosed in all financial statements) pertaining to the Credit Parties (other than projections) that has been or will be made available to the Lenders, the Administrative Agent by the Borrower or any representative of the Credit Parties, taken as a whole, is or will be, when furnished, complete and correct in all material respects and does not or will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made.
- (5) *Litigation.* Except as disclosed in Schedule 3.1(5), there are no actions, suits or proceedings (including any Tax-related matter) by or before any arbitrator or Governmental Authority pending against or, to the knowledge of any Credit Party, threatened in writing against or affecting any of the Credit Parties (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that involve this Agreement, any other Loan Document or the Transactions.

(6) *Compliance with Laws (General)*. Each Credit Party is in compliance in all material respects with all Laws (other than Cannabis Laws) applicable to it, its property or its business except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

(7) *Compliance with Cannabis Laws*. Each Credit Party is in compliance with all Cannabis Laws applicable to it, its property or its business. Specifically, but without limitation, no Credit Party (i) conducts or at any time has conducted any Cannabis Activities, or (ii) has made or held an Investment in any Person who conducts or at any time has conducted any Cannabis Activities, in each case other than in an Approved Cannabis Jurisdiction where such Cannabis Activities would not violate or result in a breach of any applicable Cannabis Law at the time in question. Schedule 3.1(7) sets out all Investments.

(8) *Authorizations*. No Credit Party has violated or failed to obtain any Authorization (other than any Cannabis Authorization) necessary to the ownership of any of its property or assets or the conduct of its business, which violation or failure would reasonably be expected to have (in the event that such a violation or failure were asserted by any Person through appropriate action) a Material Adverse Effect.

(9) *Cannabis Authorizations*. No Credit Party has violated or failed to obtain any Cannabis Authorization necessary to (i) the ownership of any of its property or assets or the conduct of its business, or (ii) to make or hold any Investment in any Person who conducts Cannabis Activities. All Cannabis Authorizations:

- (a) have been duly obtained, taken, given or made;
- (b) are valid and in full force and effect, and
- (c) are free from conditions or requirements that have not been met or complied with where the failure to so satisfy may allow for the material modification or revocation thereof.

Each Credit Party is in compliance in all material respects with all Cannabis Authorizations held by, or in favour of, such Credit Party. Specifically, but without limitation, no Credit Party conducts or has conducted any Cannabis Activities in a building or facility for which an applicable Cannabis Authorization was not in full force and effect at the time in question. No Credit Party has received any notice from any Governmental Authority regarding any actual or alleged violation of, or any failure on the part of the Credit Party to comply with, any term or requirement of any Cannabis Authorization that has not been remedied. No Credit Party has received any written notice from any Governmental Authority of any revocation or intention to revoke any interest of any Credit Party in any of the Cannabis Authorizations that has not been remedied. No Credit Party knows of any reason why any Cannabis Authorization should be suspended, cancelled or revoked or of any factor that would in any way prejudice the continuance or renewal of any Cannabis Authorization. All Taxes, assessments, maintenance fees and other amounts required to maintain the Cannabis Authorizations have been paid in full.

(10) *Material Contracts.* Schedule 3.1(10) sets out all Material Contracts. A true and complete copy of each Material Contract has been delivered to the Administrative Agent. Each of the Material Contracts is in full force and effect. No Credit Party is in default under or in breach of any term or condition of any Material Contract that would have, either individually or in the aggregate, a Material Adverse Effect, nor is any Credit Party aware of any default under or breach of any term or condition of any Material Contract that would have, either individually or in the aggregate, a Material Adverse Effect.

(11) *No Default.* No Default has occurred and is continuing.

(12) *Taxes.* Each Credit Party has filed or caused to be filed when due all Tax returns and reports required to have been filed and has paid or caused to be paid when due all Taxes required to have been paid by it (including all instalments with respect to the current period) and has made adequate provision for Taxes for the current period, except Taxes that are being contested in good faith by appropriate proceedings and for which such Credit Party, as applicable, has set aside on its books adequate reserves.

(13) *Title to Real Property.* The Borrower owns the Valleyfield Property and the Farnham Property. No Credit Party owns any real property other than the Valleyfield Property and the Farnham Property. No Credit Party leases any real property other than as disclosed in Schedule 3.1(13).

(14) *Title to Personal Property.* The Credit Parties have title to their respective owned personal property, and with respect to leased personal property, title to the leasehold estate with respect thereto, pursuant to valid and enforceable leases, free and clear of all Liens except Permitted Liens.

(15) Pension Plans.

- (a) Each Pension Plan is duly registered under the Income Tax Act and applicable pension standards legislation and has been administered in all respects in accordance with applicable Law and the terms of such plan. All obligations of each Credit Party (including fiduciary, funding, investment and administration obligations) required to be performed in connection with the Pension Plans and the funding agreements thereunder have been performed on a timely basis. There are no outstanding disputes concerning the assets of any Pension Plan and there have been no improper withdrawals of any assets of the Pension Plans. All assessments owed to the Pension Benefits Guarantee Fund established under the *Pension Benefits Act* (Ontario), or other assessments or payments required under similar legislation in any other jurisdiction have been paid when due in respect of each Pension Plan.
- (b) No Credit Party is obligated under any Pension Plan that is a Defined Benefit Plan.
- (c) All employee and employer contributions (including special payments and any other payments in respect of any funding deficiencies or shortfalls) or premiums required to have been remitted to the Pension Plans under the terms of the

applicable plan and applicable Law have been properly withheld and remitted to the funding arrangement for the plan in a timely manner.

- (d) No Credit Party or any of their Affiliates or any of the Pension Plans are subject to the *United States Employee Retirement Income Security Act of 1974*, as amended.

(16) *Casualties; Taking of Properties.* Since the date of the most recent audited financial statements delivered to the Administrative Agent, neither the business nor the properties of any Credit Party have been affected in a manner that has had, or could reasonably be expected to have, a Material Adverse Effect as a result of any fire, explosion, earthquake, flood, drought, windstorm, accident, strike or other labour disturbance, embargo, requisition or taking of property or cancellation of contracts, permits or concessions by any domestic or foreign Governmental Authority, riot, activities of armed forces, or acts of God or of any public enemy. There is no expropriation or similar proceeding, actual or threatened (in writing), of which any Credit Party has notice, or reason to believe such notice is pending or threatened (in writing), against any owned or leased lands of any Credit Party, or any material part thereof.

(17) *Subsidiaries, Investments and Joint Ventures.* As of the Closing Date, Schedule 3.1(17) correctly sets forth:

- (a) a corporate organizational chart of ParentCo, its subsidiaries setting out the legal name of each Subsidiary and its jurisdiction of incorporation;
- (b) the Equity Securities issued and outstanding by each Credit Party (other than ParentCo), and the registered and beneficial owners thereof;
- (c) the Equity Securities owned by each Credit Party;
- (d) whether each such Person is the Borrower or a Guarantor;
- (e) any Investments, including Joint Venture arrangements, currently owned by any Credit Party.

Except as described in Schedule 3.1(17), as of the Closing Date, no Credit Party owns any Equity Securities or debt securities which are convertible into, or exchangeable for, Equity Securities of any other Person. Unless otherwise indicated in Schedule 3.1(17), as of the Closing Date, there are no outstanding options, warrants or other rights to purchase Equity Securities of any Credit Party (other than ParentCo), 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 Laws, and are free and clear of all Liens, except for Permitted Liens. The Credit Parties have no interests in any partnerships, Joint Ventures or other entities.

(18) *Insurance.* The Credit Parties maintain insurance policies and coverage in compliance with Section 5.1(11). Such insurance coverage (a) is sufficient for compliance with all requirements of applicable Law and of all agreements to which such Credit Party is a

party, (b) is provided under valid, outstanding and enforceable policies, (c) provides adequate insurance coverage in at least such amounts and against at least such risks (but including in any event public liability) as are usually insured against in the same general area by Persons engaged in the same or a similar business to the assets and operations of the Credit Parties, and (d) will not in any way be affected by, or terminate or lapse by reason of, the Transactions. All such material 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 Credit Party has reason to believe that it will not be able to renew the insurance policies currently in force or to obtain similar coverage from financially sound, reputable independent insurance companies, at a cost that is not significantly higher. No Credit Party 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 Administrative Agent pursuant to Section 4.1(8) contains an accurate and complete description of all material policies of insurance owned or held by each Credit Party on the Closing Date.

- (19) *Material Subsidiaries.* Other than ParentCo, each Credit Party is a Subsidiary.
- (20) *Solvency.* No Credit Party is an “insolvent person” within the meaning of the BIA.
- (21) *Environmental Matters.* Except as disclosed to the Lenders in Schedule 3.1(21):
 - (a) *Environmental Laws, Etc.* To the knowledge of Each Credit Party, neither any property of the Credit Parties nor the operations conducted thereon violate any applicable order of any court or Governmental Authority or any Environmental Laws, which violation would reasonably be expected to result in remedial obligations having a Material Adverse Effect, assuming disclosure to the applicable Governmental Authority of all relevant facts, conditions and circumstances, if any, pertaining to the relevant property.
 - (b) *Notices, Permits, Etc.* All notices, permits, licenses or similar authorizations, if any, required to be obtained or filed by the Credit Parties pursuant to Environmental Laws in connection with the operation or use of any and all property of the Credit Parties, including but not limited to past or present treatment, transportation, storage, disposal or Release of Hazardous Materials into the environment, have been duly obtained or filed, except to the extent the failure to obtain or file such notices, permits, licenses or similar authorizations would not reasonably be expected to have a Material Adverse Effect, or which would not reasonably be expected to result in remedial obligations having a Material Adverse Effect, assuming disclosure to the applicable Governmental Authority of all relevant facts, conditions and circumstances, if any, pertaining to the relevant property.
 - (c) *Hazardous Substances Carriers.* All Hazardous Materials generated at any and all property of the Credit Parties have been treated, transported, stored and disposed of only in accordance with all Environmental Laws applicable to them,

except to the extent the failure to have such Hazardous Materials transported, treated or disposed of in accordance with all Environmental Laws would not reasonably be expected to have a Material Adverse Effect, and, to the knowledge of each Credit Party, only at treatment, storage and disposal facilities maintaining valid permits under applicable Environmental Laws, and to the Credit Parties' knowledge, which carriers and facilities are operating in compliance with such permits, except to the extent the failure to have such Hazardous Materials treated, transported, stored or disposed of at such facilities, or the failure of such carriers or facilities to so operate, would not reasonably be expected to have a Material Adverse Effect or which would not reasonably be expected to result in remedial obligations having a Material Adverse Effect, assuming disclosure to the applicable Governmental Authority of all relevant facts, conditions and circumstances, if any, pertaining to the relevant property.

- (d) *Hazardous Materials Disposal.* The Credit Parties have taken all reasonable steps necessary to determine and have determined that no Hazardous Materials have been disposed of or otherwise released and there has been no threatened Release of any Hazardous Materials on or to any property of the Credit Parties other than in compliance with Environmental Laws, except to the extent the failure to do so would not reasonably be expected to have a Material Adverse Effect or which would not reasonably be expected to result in remedial obligations having a Material Adverse Effect, assuming disclosure to the applicable Governmental Authority of all relevant facts, conditions and circumstances, if any, pertaining to the relevant property.
 - (e) *No Contingent Liability.* To the knowledge of the Credit Parties, no Credit Party has any material contingent liability in connection with any Release or threatened Release of any Hazardous Materials into the environment except (i) contingent liabilities which would not reasonably be expected to exceed applicable insurance coverage at any time, and for which adequate reserves for payment thereof as required by GAAP have been provided; and (ii) contingent liabilities which would not reasonably be expected to result in remedial obligations having a Material Adverse Effect, assuming disclosure to the applicable Governmental Authority of all relevant facts, conditions and circumstances, if any, pertaining to such Release or threatened Release.
 - (f) *Notice of Contamination.* The notice of contamination registered against title to the Valleyfield Property on April 29, 2019 under number 24 551 152 deals in part with matters that have been addressed in the course of construction of the Valleyfield Facility and in part with contamination located in a forested portion of the Valleyfield Property. The contamination that has not been addressed relates to a small area contaminated by zinc and cadmium which are not at a level that is illegal for the current use of the land but would be if a building were to be constructed pursuant to plans made by a previous owner.
- (22) *Employee Matters.*

- (a) None of the Credit Parties, nor any of their respective employees, is subject to any collective bargaining agreement. There are no strikes, slowdowns, work stoppages or controversies pending or, to the best knowledge of the Credit Parties, threatened. Except as set out in Schedule 3.1(22), none of the Credit Parties is subject to an employment contract providing for a fixed term of employment or providing for special payments on termination of employment.
- (b) Each of the Credit Parties has withheld from each payment to each of their respective officers, directors and employees the amount of all Taxes, including income tax, Canada Pension Plan contributions, employment insurance premiums and other payments and deductions required to be withheld therefrom, and has paid the same to the proper taxation or other receiving authority in accordance with applicable Law. No Credit Party 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.

(23) *Fiscal Year.* The Fiscal Year ends on August 31st of each calendar year for all Credit Parties.

(24) *Intellectual Property Rights.* Each Credit Party is the registered and beneficial owner of, with good and marketable title, free of all licenses, franchises and Liens other than Permitted Liens, to all patents, patent applications, trade marks, trade mark applications, trade names, service marks, copyrights, industrial designs, integrated circuit topographies, or other rights with respect to the foregoing and other similar property, used in or necessary for the present and planned future conduct of the business, without any conflict with the rights of any other Person, other than as listed on Schedule 3.1(24), or other than for such conflicts as would not reasonably be expected to have a Material Adverse Effect. All material patents, trade marks, trade names, service marks, copyrights, industrial designs, integrated circuit topographies, and other similar rights owned or licensed by any Credit Party, and all rights of each Credit Party to the use of any patents, trade marks, trade names, service marks, copyrights, industrial designs, integrated circuit topographies, or other similar rights, are described in Schedule 3.1(24). Except as set out in Schedule 3.1(24), no material claim has been asserted and is pending by any Person with respect to the use by any Credit Party of any intellectual property or challenging or questioning the validity, enforceability or effectiveness of any intellectual property necessary for the conduct of the business of any Credit Party. Except as disclosed in Schedule 3.1(24), or except as could not reasonably be expected to have a Material Adverse Effect, (a) each Credit Party has the exclusive right to use the intellectual property which such Credit Party owns, (b) all applications and registrations for such intellectual property are current, and (c) to the knowledge of the Credit Parties, the conduct of each Credit Party's business does not infringe the intellectual property rights of any other Person.

(25) *Residency for Tax Purposes.* Each Credit Party is a resident of Quebec, Canada for the purposes of the Income Tax Act.

(26) *“Know Your Customer” Information.* All materials and information provided to the Administrative Agent and any Lender requesting such information in connection with applicable “know your customer” and AML Legislation are true and correct.

(27) *Anti-Corruption Laws and Sanctions.* Each Credit Party has implemented and maintains in effect policies and procedures designed to ensure compliance by it and its directors, officers, employees with Anti-Corruption Laws and Sanctions. Each Credit Party and its directors, officers, employees are in compliance with Anti-Corruption Laws and Sanctions. No Credit Party or any of its directors, officers or employees is a Sanctioned Person or is engaged in any activity that would reasonably be expected to result in such Credit Party being designated as a Sanctioned Person. No Loan or Letter of Credit hedging arrangement or foreign exchange futures contract, and no use of proceeds or other transaction contemplated by this Agreement will violate Anti-Corruption Laws or Sanctions.

(28) *Convertible Debentures.* As of May 31, 2022, there is no default or event of default outstanding under either issue of Convertible Debenture Documents, the total amount outstanding under the Convertible Debentures is approximately \$10,700,000. The Borrower has provided the Administrative Agent with copies of the Convertible Debenture Documents that are true, accurate and complete in all respects.

(29) *Bank Accounts.* Schedule 3.1(29) sets out all bank and deposit accounts of the Credit Parties.

(30) *Excluded Subsidiaries.* The Excluded Subsidiaries are not active and will remain inactive, with no employees, and only non-material and inactive assets and liabilities, unless otherwise approved by the Lenders. Within 90 days of the Closing Date, the Excluded Subsidiaries will open an account with BMO and/or an affiliate of BMO and maintain all cash held in that account.

(31) *All Assets in Quebec.* All assets of the Credit Parties are located in Quebec.

ARTICLE 4 CONDITIONS

4.1 Effective Date.

The obligation to make Loans and of the Issuing Bank to issue Letters of Credit hereunder shall not become effective unless each of the conditions listed below is satisfied (or deferred under the post-closing undertaking between the Administrative Agent and the Credit Parties, or waived pursuant to Section 9.2) at or prior to 5:00 p.m. on the Closing Date, and, in the event such conditions are not so satisfied or waived by such time, the Commitments shall terminate at such time.

(1) *Credit Agreement.* The Administrative Agent, each Lender, and the Issuing Bank shall have received from each Credit Party a counterpart of this Agreement, duly executed on behalf of each party hereto.

(2) *Security Documents.* The Administrative Agent shall have received the Security Documents in form and substance satisfactory to it.

(3) *Other Documents.* Delivery of the following in form and substance satisfactory to the Administrative Agent:

- (a) Applications and indemnities for Letters of Credit for Hydro LC and for other Letters of Credit if required;
- (b) Such other documents and agreements as the Administrative Agent may require in its discretion.

(4) *Perfection of Liens.* The Security Documents shall have been registered (or arrangements for registration satisfactory to the Administrative Agent shall have been made) in all offices in which, in the opinion of the Administrative Agent and its counsel, registration is necessary or of advantage to perfect or render opposable to third parties the Liens intended to be created thereby, and the Security Documents and the Liens created thereby shall constitute a first ranking charge over the property of the Credit Parties, subject to no other Liens except Permitted Liens. The Administrative Agent shall have received and be satisfied with the results of all personal property, pending litigation, judgment, bankruptcy, execution and other searches conducted by the Administrative Agent and its counsel with respect to the Credit Parties in all jurisdictions selected by the Administrative Agent and its counsel.

(5) *Legal Opinions.* The Administrative Agent shall have received a favourable written opinion of counsel to the Borrower, covering such matters relating to the Credit Parties, this Agreement, the other Loan Documents, or the Transactions as the Administrative Agent shall reasonably request (together with copies of all factual certificates and legal opinions delivered to such counsel in connection with such opinion upon which counsel has relied). The Borrower shall deliver to the Administrative Agent a title insurance policy in form and substance satisfactory to the Administrative Agent as to the mortgages or hypothecs registered against each of the Properties. The Borrower hereby requests each such counsel to deliver such opinions and supporting materials. All opinions and certificates referred to in this Section 4.1(5) shall be addressed to the Administrative Agent for itself and the other Secured Parties and dated the Closing Date.

(6) *Corporate Certificates.* The Administrative Agent shall have received:

- (a) certified copies of the resolutions of the board of directors, general partner, or shareholders, as applicable, of each Credit Party approving, as appropriate, the Borrowings, this Agreement and the other Loan Documents, and all other documents, if any, to which such Credit Party is a party and evidencing authorization with respect to such documents;
- (b) a certificate of an officer of each Credit Party, dated as of the Closing Date, and certifying (i) the name, title and true signature of each officer of such Person authorized to execute this Agreement and the other Loan Documents to which it is a party, (ii) the name, title and true signature of each officer of such Person authorized to provide the certifications required pursuant to this

Agreement, including certifications required pursuant to Section 5.1(1) and Borrowing Requests, (iii) the name and title of any Responsible Person with respect to such Credit Party together with evidence of the security clearance of such Responsible Person, and (iv) that attached thereto is a true and complete copy of the articles of incorporation and bylaws of each Credit Party, as amended to date; and

- (c) a recent certificate of status, certificate of compliance, good standing certificate or analogous certificate.

(7) *Fees.* The Administrative Agent, the Lenders, and the Lead Arranger shall have received all fees and other amounts due and payable on or prior to the Closing Date, including, to the extent invoiced, reimbursement or payment of all legal fees and other out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder or under any other Loan Document.

(8) *Insurance.* The Administrative Agent shall have received a certificate of insurance coverage, dated not more than 30 days prior to the Closing Date, evidencing that the Credit Parties are carrying insurance in accordance with Section 5.1(11) hereof and naming the Administrative Agent as mortgagee and first loss payee on all policies of title insurance and additional insured on all policies of liability insurance.

(9) *No Litigation.* No litigation, order, judgment, injunction or other action or proceeding shall be threatened or pending by any Person or Governmental Authority to enjoin, restrict, or prohibit the completion of the Transactions contemplated hereby and by the other Loan Documents (including the delivery of the Security Documents and the granting of the Liens in favour of the Administrative Agent contemplated hereunder) or which may impose any material condition on the completion thereof, or which could reasonably be expected to have a Material Adverse Effect, and the Administrative Agent shall have received a certificate from a senior officer of the Borrower confirming same.

(10) *Regulatory Approval; Consents; Waivers.* The Administrative Agent and the Lenders shall be satisfied that:

- (a) all material Authorizations (including all approvals listed in Schedule 3.1(3)); and
- (b) all corporate, partnership, shareholder, lender and court approvals

required to consummate the Transactions have been obtained and are in full force and effect, in each case without the imposition of any burdensome provision, and that all applicable waiting periods shall have expired without any action being taken or threatened by any Governmental Authority that would materially restrain, prevent or otherwise impose material adverse conditions on the Transactions.

(11) *No Material Adverse Change.* The Administrative Agent and the Lenders shall be satisfied that, since the date of the last audited financial statements delivered to the Administrative Agent, there has not been a Material Adverse Change.

(12) *Indebtedness.* The 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 (other than Indebtedness being repaid in connection with the Transactions) 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 such 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.

(13) *Material Contracts and Health Canada.* The Administrative Agent shall have received certified copies of, and be satisfied with the terms and conditions of, each of the Material Contracts and the Health Canada Licences.

(14) *“Know Your Customer” Information.* The Administrative Agent and the Lenders shall have received all documentation and other information required by bank regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including AML Legislation.

(15) *Account Documentation.* Completion to the satisfaction of the Administrative Agent of all loan and account documentation for each of the Credit Parties.

(16) *Legal and Financial Due Diligence.* Completion to the satisfaction of the Administrative Agent of all legal and financial due diligence relating to ParentCo and all of its Subsidiaries, including a review of:

- (a) the last three month’s aged accounts receivable, accounts payable and inventory listings of ParentCo on a Consolidated basis; and
- (b) a *pro-forma* Borrowing Base Report and Compliance Certificate.

(17) *Other Due Diligence.* Satisfactory completion by the Administrative Agent of other due diligence, including a satisfactory review of:

- (a) the regulatory environment affecting the Credit Parties;
- (b) any environmental concerns include receipt and review of any existing environmental assessments and completion of the Administrative Agent’s standard form environmental compliance certificate;
- (c) insurance coverage, to include review by an insurance consultant satisfactory to the Administrative Agent, for the account of the Borrower; and
- (d) proposed financial, operating and quality management systems, including evidence that such systems satisfy all applicable requirements of Governmental Authorities.

(18) *Pro Forma Financial Statements.* Receipt and review of projected financial statements for the Credit Parties on a Consolidated basis for the 2022, 2023 and 2024 Fiscal Years taking into account the capital structure contemplated by this Agreement and the other Loan Documents in form and substance satisfactory to the Administrative Agent.

(19) *Properties - Appraisals.* Receipt of an appraisal that was completed on July 31, 2021 delivered to the Administrative Agent over each of the Properties from an accredited appraiser acceptable to the Administrative Agent confirming:

- (a) the Fair Market Value of each of the Properties;
- (b) the net orderly liquidation value of each of the Properties; and
- (c) the alternate use value of each of the Properties on a best hypothetical best use facility basis.

All valuations are to be prepared on both an “as-is” and “as-complete” and the appraiser shall provide a satisfactory transmittal letter to the Administrative Agent.

(20) *Properties - Site Visit.* The Administrative Agent shall have completed a site visit to each of the Properties and be satisfied with them.

(21) *Properties – Hypothec Documents.* Receipt by the Administrative Agent in form and substance satisfactory to it of the Mortgages over the Valleyfield Property and the Farnham Property and all supporting and ancillary documents as to the Administrative Agent seem necessary or desirable to grant to the Administrative Agent a first ranking hypothec over each of those properties free of all Liens other than Permitted Liens as more particularly detailed in the closing agenda prepared by the Administrative Agent in conjunction with this Agreement.

(22) *Cancellation of Existing Credit Facilities.* The Credit Parties shall have repaid (or made satisfactory arrangements for the repayment of) all Indebtedness outstanding under their credit facilities (including any commercial paper back-up lines), and such credit facilities (including such commercial paper back-up lines) shall have been cancelled permanently such that no Credit Party shall have any Indebtedness (or commitment therefor) that will survive the Closing Date except Permitted Indebtedness.

(23) *Solvency Certificate.* The Administrative Agent shall have received a Solvency Certificate from the Chief Financial Officer of ParentCo confirming the *pro forma* solvency of the Credit Parties after giving effect to the Transactions.

(24) *Execution and Delivery of Documents.* Each Credit Party shall have duly authorized, executed and delivered all documents required hereunder, all in form and substance satisfactory to the Administrative Agent. Such documents may be delivered to the Administrative Agent (or its counsel) by way of facsimile or other means of electronic transmission, provided that such number of original copies as may be reasonably requested shall be delivered by or on behalf of the Borrower to the Administrative Agent (or its counsel) within 7 days of the Closing Date.

(25) *Other.* Investigation and satisfactory review by the Administrative Agent of any matter or thing at its discretion

4.2 **Each Borrowing.**

The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of the Issuing Bank to issue, amend, renew or extend any Letter of Credit (including, in each case, on the occasion of the initial Borrowings hereunder), is subject to the satisfaction of the following conditions:

(1) *Representations and Warranties True.* The representations and warranties set out in this Agreement shall be true and correct on and as of the date of each such Borrowing as if made on such date (except where such representation or warranty is stated to be made as of a particular date).

(2) *No Default.* At the time of and immediately after giving effect to such Borrowing, no Default or Event of Default shall have occurred and be continuing.

(3) *Evidence of Capital Expenditure.* Satisfactory evidence that the Borrower has and will use all Borrowings under the Term Credit for Capital Expenditures relating to the Valleyfield Facility or the Farnham Facility.

(4) *Borrowing Request.* The Administrative Agent shall have received a Borrowing Request in the manner and within the time period required by Section 2.3 if required under that Section.

(5) *No Unauthorized Charges.* The Administrative Agent shall not have received written notice of any Lien affecting the assets charged by the Security Documents (other than Permitted Liens) or any event or circumstance that could reasonably be anticipated to be or to lead to a Default or an Event of Default.

(6) *Sub-Searches.* With respect to a Borrowing made under the Term Credit, counsel to the Administrative Agent shall perform sub-searches of title to the Properties to confirm that no registrations have been made against title since the most recent sub-search and the Administrative Agent shall have confirmed that, as of the date of such Borrowing, the coverage under the title insurance policy or policies referred to in Section 4.1(5) continues in effect to ensure that the Mortgage over each of the Properties has the same priority at such date as on the date of this Agreement and that all requirements and conditions of the title insurer under such title insurance policy or policies have been satisfied (which may include title searches and sub-searches, confirmation of payment of all municipal realty and school taxes that are due and owing as of such date, confirmation that the Administrative Agent has not received notice of any claims for liens or legal hypothecs, and confirmation that any holdback requirements under applicable legislation have been complied with), and the Borrower shall co-operate fully with the Administrative Agent in satisfying such requirements and conditions.

(7) *Compliance Certificate.* With respect to a Borrowing made under the Term Credit, a Compliance Certificate dated as of the date of such Borrowing prepared on a *pro*

forma basis after giving effect to the Loans to be made on such date and confirming that, before and after the requested Borrowing, the Borrower shall meet the requirements of the Financial Covenants.

(8) *Borrowing Base Report.* With respect to a Borrowing made under the Revolving Credit (other than a Swingline Loan), a current Borrowing Base Report confirming that, after giving effect to the Borrowing being made on such date, the aggregate Revolving Credit Exposures do not exceed the Borrowing Base.

Each Borrowing shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the accuracy of the matters specified in Sections 4.2(1) and 4.2(2). This requirement does not apply on the conversion or rollover of an existing Borrowing provided that the aggregate outstanding Borrowings will not be increased as a consequence thereof.

ARTICLE 5 AFFIRMATIVE COVENANTS

5.1 Covenants.

From (and including) the Closing Date until the Termination Date, each Credit Party covenants and agrees with the Lenders as follows:

- (1) *Financial Statements and Other Information.* The Borrower shall furnish to the Administrative Agent for distribution to each Lender:
 - (a) as soon as available and in any event within the earlier of (i) 120 days or (ii) the date upon which ParentCo is required to file its annual audited financial statements, after the end of each Fiscal Year, the audited Consolidated balance sheet and related statements of income, retained earnings and changes in financial position of ParentCo as of the end of and for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all reported on by independent auditors of recognized national standing (without a “going concern” or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Credit Parties on a Consolidated basis;
 - (b) as soon as available and in any event within 90 days after the end of each Fiscal Year, the unaudited, accountant prepared, balance sheet and related statements of income, retained earnings and changes in financial position of the Borrower and each of the other Credit Parties as of the end of and for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year;
 - (c) as soon as available and in any event within 60 days after the end of each Fiscal Year, the unaudited, accountant prepared, balance sheet and related statements of income, retained earnings and changes in financial position of Olymbec

Investments as of the end of and for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year;

- (d) as soon as available and in any event within 60 days after the end of each of the first three Fiscal Quarters of each Fiscal Year, the unaudited Consolidated balance sheet and related statements of income, retained earnings and changes in financial position of ParentCo on a Consolidated basis as of the end of and for such Fiscal Quarter and the then elapsed portion of the Fiscal Year which includes such Fiscal Quarter, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous Fiscal Year, all certified by a Responsible Officer of the Borrower as presenting fairly in all material respects the financial condition and results of operations of ParentCo on a Consolidated basis, subject to normal year-end audit adjustments;
- (e) monthly Borrowing Base Report within 30 days of each month end together with a monthly aged list of accounts receivable on an invoice date basis, a monthly aged list of accounts payable all certified correct and accurate by a Responsible Officer of the Borrower;
- (f) quarterly aged lists of inventory within 30 days of each Fiscal Quarter end certified correct and accurate by a Responsible Officer of the Borrower with an analysis of any material deviation from projected levels of inventory;
- (g) concurrently with the financial statements required pursuant to Sections 5.1(1)(a) and (d), a Compliance Certificate;
- (h) concurrently with any delivery of financial statements under Sections 5.1(1)(a) and (d), a management discussion and analysis that includes a comparison to the budget for that Fiscal Quarter and a comparison of performance for that Fiscal Quarter to the corresponding period in the prior year;
- (i) within 90 days following the end of each Fiscal Year, an annual Consolidated operating budget, including a projected income statement, cash flows and capital expenditure budget, together with a management discussion and comparison to past results;
- (j) within 60 days following the end of each Fiscal Year, evidence of payment of all property Taxes due and payable during that Fiscal Year;
- (k) promptly after receipt or knowledge thereof a copy of (i) any material document, letter or notice from Health Canada or other Governmental Authority to a Credit Party (it being understood that any warning shall be material), (ii) any material amendment to, material breach of, or expiration or termination of, a Material Contract, (iii) any written notice, investigation, correspondence or other proceedings or actions which could reasonably be expected to adversely affect any Cannabis Authorization, including any such notice, investigation, correspondence or proceedings involving Health Canada, (iv) any changes in the

identity of a Responsible Person, together with satisfactory evidence of security clearances for such Responsible Person under the Cannabis Act or the Cannabis Regulations, and any rejection notice for new or renewal security clearance applications for each Responsible Person, and (v) any Material Contract entered into after the Closing Date;

- (l) promptly after any Credit Party learns of the receipt or occurrence of any of the following, a certificate of the Borrower, signed by a Responsible Officer of the Borrower, detailing (i) any event which constitutes a Default or Event of Default, together with a detailed statement specifying the nature thereof and the steps being taken to cure such Default or Event of Default, (ii) the receipt of any notice from, or the taking of any other action by, the holder of any Material Indebtedness with respect to an actual or alleged default, together with a detailed statement specifying the notice given or other action taken by such holder and the nature of the claimed default and what action the relevant Credit Party is taking or proposes to take with respect thereto (iii) any written notice of termination or other proceedings or actions which would reasonably be expected to have a Material Adverse Effect, (iv) the creation, dissolution, merger, amalgamation or acquisition of any Credit Party, (v) any event or condition not previously disclosed to the Administrative Agent, which violates any Environmental Laws and which could potentially, in the Borrower's reasonable judgment, have a Material Adverse Effect, and (vi) any other event, development or condition which would reasonably be expected to have a Material Adverse Effect;
- (m) promptly after the occurrence thereof, notice of the institution of or any material adverse development in any action, suit or proceeding or any governmental investigation or any arbitration before any court or arbitrator or any Governmental Authority or official against any Credit Party or any material property thereof (including pursuant to any applicable Environmental Laws) which would reasonably be expected to have a Material Adverse Effect;
- (n) promptly after receipt thereof and in any event within two (2) Business Days, any correspondence received by the Credit Parties from the Convertible Debentureholders, or any applicable trustee of any material correspondence in relation to the Convertible Debentureholders (without limiting the foregoing, any correspondence relating to a potential default or event of default shall be material for the purposes of this provision);
- (o) upon request by the Administrative Agent, a copy of an insurance certificate summarizing the insurance coverages of the Credit Parties, in form and substance reasonably satisfactory to the Administrative Agent, and upon renewal of any insurance policy, a copy of an insurance certificate summarizing the terms of such policy, and upon request by the Administrative Agent, copies of the applicable policies; and

- (p) upon request by the Administrative Agent, such other information as the Lenders may request from time to time.

(2) *Existence; Conduct of Business.* Each Credit Party shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence (subject only to Section 6.1(3)), and except to the extent that the failure to do so would not reasonably be expected to result in a Material Adverse Effect, obtain, preserve, renew and keep in full force and effect any and all Authorizations (other than Cannabis Authorizations) material to the conduct of its business.

(3) *Cannabis Authorizations.* The Borrower shall:

- (a) deliver to the Administrative Agent a copy of each Cannabis Authorization upon the request of the Administrative Agent;
- (b) be and remain the sole legal and beneficial owner of all Cannabis Authorizations;
- (c) maintain as valid and in full force and effect each Cannabis Authorization and, where applicable, procure the renewal thereof prior to its expiration;
- (d) comply in all material respects with the terms and conditions of each Cannabis Authorization and do all material things required of a holder thereof by applicable Cannabis Law;
- (e) with due diligence and in a reasonable manner, enforce the material rights granted to it under and in connection with each Cannabis Authorization;
- (f) not dispose of or abandon any right, title or interest in any Cannabis Authorization;
- (g) apply for and obtain each future Cannabis Authorization on or before such time as it shall be required by applicable Law; and
- (h) timely pay all Taxes, assessments, maintenance fees and other amounts required to be paid to maintain the Cannabis Authorizations.

(4) *Payment of Obligations.* Each Credit Party shall pay its obligations, including Tax liabilities, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, and (b) the Credit Party has set aside on its books adequate reserves with respect thereto in accordance with GAAP.

(5) *Maintenance of Properties.* Each Credit Party shall keep and maintain all property material to the conduct of the business in good working order and condition, ordinary wear and tear excepted, except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect.

(6) *Books and Records; Inspection Rights.* Each Credit Party shall keep proper books of record and account in which full, true and correct entries are made of all material

dealings and transactions in relation to its business. Each Credit Party shall, once per calendar year (unless an Event of Default has occurred and is continuing), permit any representatives designated by the Administrative Agent or any Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers (designated by the Borrower) and independent accountants, all at reasonable times.

(7) *Compliance with Laws.* Each Credit Party shall comply with all Laws (other than Cannabis Laws) and orders of any Governmental Authority applicable to it, its property or its business and with all of its material contractual obligations, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect. Each Credit Party and its directors, officers and employees shall comply with all Anti-Corruption Laws and Sanctions.

(8) *Compliance with Cannabis Laws.* Each Credit Party who engages in Cannabis Activities shall comply with all Cannabis Laws applicable to it, its property and its business.

(9) *Use of Proceeds.* Borrowings under each Facility shall be used for the purposes described in the definition of that Facility.

(10) *Further Assurances.* Each Credit Party shall cure promptly any defects in the execution and delivery of the Loan Documents, including this Agreement. Upon request, each Credit Party shall, at its expense, as promptly as practical, execute and deliver to the Administrative Agent, all such other and further documents, agreements and instruments in compliance with or performance of the covenants and agreements of the Credit Party in any of the Loan Documents or to further evidence and more fully describe the Collateral, or to correct any omissions in any of the Loan Documents, or more fully to state the security obligations set out herein or in any of the Loan Documents, or to perfect, protect or preserve any Liens created by any of the Loan Documents, or to make any recordings, to file any notices, or obtain any consents, all as may be necessary or appropriate in connection therewith, in the judgment of the Administrative Agent, acting reasonably.

(11) *Insurance.*

- (a) Each Credit Party shall maintain or cause to be maintained, with financially sound and reputable insurers, insurance with respect to their respective properties and business against such liabilities, casualties, risks and contingencies and in such types and amounts and with deductibles as are customary in the case of Persons engaged in the same or similar businesses and similarly situated and in accordance with any requirement of any Governmental Authority including business interruption insurance and product recall and liability insurance at reasonable levels.
- (b) In the case of any fire, accident or other casualty causing loss or damage to any property of any Credit Party used in generating cash flow or required by

applicable Law, all proceeds of such policies shall be used to promptly repair or replace any such damaged property.

- (c) The Borrower shall obtain endorsements to the policies pertaining to all physical properties in which the Administrative Agent shall have a Lien under the Loan Documents, naming the Administrative Agent as an additional insured (with respect to liability insurance only) and mortgagee and first loss payee (with respect to property insurance only) and containing (i) provisions that such policies will not be cancelled without 30 days prior written notice having been given by the insurance company to the Administrative Agent, and (ii) a standard non-contributory “mortgagee”, “lender” or “secured party” clause.
- (d) If the Borrower fails to provide the Administrative Agent with timely evidence, acceptable to the Administrative Agent, of the maintenance of insurance coverage required pursuant to Section 5.1(11), or if any Credit Party fails to maintain such insurance, the Administrative Agent may purchase or otherwise arrange for such insurance, but at the Borrower’s expense and without any responsibility on the Administrative Agent’s part for: (i) obtaining the insurance; (ii) the solvency of the insurance companies; (iii) the adequacy of the coverage; or (iv) the collection of claims. The insurance acquired by the Administrative Agent may, but need not, protect any Credit Party’s interest in the Collateral, and therefore such insurance may not pay claims which a Credit Party may have with respect to the Collateral or pay any claim which may be made against a Credit Party in connection with the Collateral. In the event the Administrative Agent purchases, obtains or acquires insurance covering all or any portion of the Collateral, the Borrower shall be responsible for all of the applicable costs of such insurance, including premiums, interest (at the applicable interest rate for Prime Loans), fees and any other charges with respect thereto, until the effective date of the cancellation or the expiration of such insurance. The Administrative Agent may charge all of such premiums, fees, costs, interest and other charges to the Borrower’s Revolving Credit account. The Borrower acknowledges and agrees that the costs of the premiums of any insurance acquired by the Administrative Agent may exceed the costs of insurance which the Borrower may be able to purchase on its own. If the Administrative Agent purchases such insurance, the Administrative Agent shall promptly, and in any event within 15 days, notify the Borrower of said purchase.
- (e) Upon the occurrence and continuance of an Event of Default (and without limiting any other rights of the Administrative Agent or the Lenders hereunder or under any other Loan Document), (i) the Administrative Agent shall have the sole right, in the name of the Administrative Agent or any applicable Credit Party, to file claims under any property insurance policies in accordance with the terms of the mortgagee endorsement, to receive, receipt and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any

claims under any such insurance policies, and (ii) all insurance proceeds in respect of any Collateral shall be paid to the Administrative Agent.

- (f) The level of insurance required for the Farnham Facility shall be the full cost to repair or replace the building, all furniture, fittings and equipment used in it and the Cannabis or related products it might contain.
- (g) The level of property insurance other than building insurance required for the Valleyfield Facility shall be the full cost to repair or replace all furniture, fittings and equipment used in the Valleyfield Facility and the Cannabis or related products it might contain.
- (h) The level of building insurance required for the Valleyfield Facility shall be:
 - (i) (A) initially, \$10,000,000 which the Borrower must have purchased within 15 calendar days of the Closing Date, (B) an amount determined by the Lenders in their discretion when the Borrower uses 50% of the Valleyfield Facility for the production of Cannabis, and (C) thereafter, rising in increments determined by the Lenders as the Borrower uses a greater percentage of the Valleyfield Facility for the production of Cannabis; or
 - (ii) if the Borrower is unable to acquire building insurance under clause (i) the Borrower shall establish an Insurance Deficiency Reserve Account maintained with the Agent to be funded with a \$1,000,000 deposit which will increase by \$250,000 as of the end of each Fiscal Quarter until the Borrower uses 50% of the Valleyfield Facility for the production of Cannabis. At that time the Lenders shall determine in their discretion the level of building insurance required in addition of the Insurance Deficiency Reserve Account, which requirement may increase with production levels. Withdrawals from the Insurance Deficiency Reserve Account are to be used exclusively to fund otherwise insurable expenses which are beyond the insurance coverage maintained by the Borrower.

The amount of \$1,000,000 will be reserved from the advance under the Term Credit and held pending receipt by the Agent of evidence satisfactory to the Agent that the building insurance required under clause (i)(A) is in place. If satisfactory evidence of that insurance being in place is not received within the required period, the reserved \$1,000,000 will be deposited to the Insurance Deficiency Reserve Account as the initial funding under clause (ii). If satisfactory evidence of the required insurance is received within the required period, the reserved \$1,000,000 will be released to the Borrower.

- (i) The required level of building insurance for the Valleyfield Facility shall be reviewed by the Borrower and the Agent at the end of each Fiscal Quarter and on renewal of the building insurance policy. If any such review indicates that the price of maintaining the required level of building insurance under Section 5.1(11)(h)(ii) is lower than the cost of maintaining the Insurance Deficiency

Reserve Account, the Borrower shall obtain such insurance and the Insurance Deficiency Reserve Account shall be released. No review shall be required under this clause if the Borrower holds \$10,000,000 of coverage by way of building insurance or a combination of building insurance and the balance in the Insurance Deficiency Reserve Account for the Valleyfield Facility.

(12) *Operation and Maintenance of Property.* Each Credit Party shall engage in business of the same general type as now conducted by it; carry on and conduct its business and operations in a proper, efficient and businesslike manner, in accordance with good business practice.

(13) *Security.* The Credit Parties shall execute and deliver to the Administrative Agent for and on behalf of itself and the Lenders the following documents in form and substance satisfactory to the Administrative Agent as collateral security for the Secured Liabilities:

- (a) *Borrower Guarantee.* Each Guarantor shall enter into, or accede to, the Borrower Guarantee. The obligation of a Person to accede to the Borrower Guarantee shall arise as soon as reasonably practicable after such Person becomes a Subsidiary or is acquired pursuant to a Permitted Acquisition;
- (b) *Limited Recourse Guarantee.* Olymbec Investments shall enter into the Limited Recourse Guarantee, which Limited Recourse Guarantee shall be released if and when the Borrower achieves:
 - (i) a trailing twelve month EBITDA of \$ [REDACTED] and
 - (ii) a trailing twelve month Total Funded Debt to EBITDA Ratio of less than [REDACTED];
- (c) *Subordination of Shareholder Indebtedness.* All shareholders of the Borrower shall enter into and assignment, subordination and full postponement of any Indebtedness of the Borrower or any other Credit Party to any shareholder of ParentCo, including in particular Olymbec Investments with respect to the Convertible Debentures;
- (d) *Liens on Personal Property.* Each Credit Party shall grant a first-priority Lien (subject only to Permitted Liens) over all present and future personal (moveable) property of such Credit Party together with such supporting materials as may be required to ensure the perfection or priority of such Lien. Olymbec Investments shall grant a Lien over all present and future personal (moveable) property of such Credit Party together with such supporting materials as may be required to ensure the perfection or priority of such Lien. The obligation of a Credit Party to provide any such Lien shall arise as soon as is reasonably practicable following such Person (i) becoming a Subsidiary, or (ii) acquiring assets, property or undertaking that are not already subject to a Lien. Such Liens shall be initially be granted under the Collateral Hypothec or, in the case of ParentCo, the Hypothec and the GSA;

- (e) *Pledge of Shares.* ParentCo and the Borrower shall pledge all of the shares of the Borrower and each other Credit Party;
- (f) *Liens Over Real Property.* Each Credit Party shall, and shall cause each present and future Credit Party to grant a first-priority Lien by way of mortgage or hypothec (subject only to Permitted Liens) over all present and future real property of such Credit Party, together with such supporting materials as may be required to ensure the perfection or priority of such Lien. The obligation of a Credit Party to provide any such Lien shall arise as soon as is reasonably practicable following such Person (i) becoming a Subsidiary, or (ii) acquiring assets, property or undertaking that are not already subject to a Lien. Such Liens shall be granted by hypothecs charging the Valleyfield Property and the Farnham Property under the Collateral Hypothec;
- (g) *Leased Property.* Each Credit Party shall cause its landlords to enter into agreements in respect of each material leased property occupied by the Credit Party, including access rights, waiver of distraint, and permitting the Administrative Agent to assign any such lease upon the occurrence of an Event of Default, subject to the landlord's consent not to be unreasonably withheld or delayed;
- (h) *Insurance.* The Borrower shall enter into an assignment of all policies of insurance;
- (i) *Assignments of Contracts, Etc.* Each Credit Party shall enter into specific assignments of the proceeds of or all rights under its Material Contracts, permits, agreements, licenses, management agreements, or other similar documents to the extent required by the Administrative Agent acting reasonably to the extent assignable at law;
- (j) *Intellectual Property.* Each Credit Party shall enter into specific assignments of material patents, trademarks and other intellectual property;
- (k) *Assignment of Rents and Leases.* Each Credit Party shall enter into specific assignments of rents and leases with respect to its tenants in the Properties from time to time to the extent required by the Administrative Agent acting reasonably and to the extent assignable by law;
- (l) *Assignments of Intellectual Property.* Each Credit Party shall enter into specific assignments of the proceeds of or all of its patents, trademarks, copyrights, industrial designs and any other intellectual property it may own from time to time if and to the extent required by the Lenders;
- (m) *Other Documents.* Each Credit Party shall enter into such other documents and agreements as may be required by the Administrative Agent to ensure that the Liens of the Administrative Agent for itself and the Lenders over all properties and assets of each Credit Party from time to time are properly charged, registered or otherwise perfected in every applicable jurisdiction so that the

Administrative Agent retains a first ranking Lien in all of such property and assets subject to Permitted Liens; and

- (n) *Supporting Materials.* In connection with the execution and delivery of any Security Document pursuant to Section 5.1(13), each Credit Party shall deliver to the Administrative Agent such corporate resolutions, certificates, legal opinions and such other related documents as shall be reasonably requested by the Administrative Agent (including a consent from any minority shareholder) and consistent with the relevant forms and types thereof delivered on the Closing Date or as shall be otherwise reasonably acceptable to the Administrative Agent.
- (14) *Financial Covenants.* The Credit Parties shall maintain, on a Consolidated basis, tested as at the end of each Fiscal Quarter for the Rolling Period then ended:
- (a) *Liquidity Coverage.* At all times, Liquidity Coverage of the greater of (i) \$3,500,000 and (ii) 110% of the aggregate negative EBITDA (if any) for the two immediately preceding Fiscal Quarters.
- (b) *Fixed Charge Coverage Ratio.* Starting on September 1, 2023, a Fixed Charge Coverage Ratio of not less than 1.25:1.00 at all times.
- (c) *Total Funded Debt to EBITDA.* Starting on September 1, 2023, a Total Funded Debt to EBITDA Ratio of not more than 3.50:1.00 at all times. In the calculation of this ratio only, EBITDA may be calculated on the basis of the Rolling Period then ended or, for the Fiscal Quarters starting September 1, 2023 (Q1, fiscal 2024), December 1, 2023 (Q2 fiscal 2024) and March 1, 2024 (Q3 fiscal 2024), on a building basis. That means that EBITDA for Q1 of fiscal 2024 would be deemed to equal to four times the EBITDA earned in that Fiscal Quarter, EBITDA for Q2 of fiscal 2024 would be deemed to be the actual results for Q1 and Q2 multiplied by 2, and EBITDA for Q3 of fiscal 2024 would be deemed to be the actual results for Q1, Q2 and Q3 multiplied by 1½. For subsequent Fiscal Quarters EBITDA will be calculated on the actual results for the relevant Rolling Period.
- (d) *EBITDA.* Maintain minimum EBITDA of:
- (i) for the Fiscal Quarter ended May 31, 2023, \$3,000,000 and
- (ii) for the Fiscal Quarter ended August 31, 2023 and thereafter, \$4,000,000.

Notwithstanding the foregoing, no decrease in the prescribed Total Funded Debt to EBITDA Ratio shall be effective until the financial statements for the Rolling Period ended on the first day of the period in question have been, or were required to have been, delivered pursuant to Section 5.1(1)(a) or 5.1(1)(d).

(15) *Registrations.* The Borrower shall record, file or register, or cause to be recorded, filed or registered, at its own expense, applications for registration or financing statements (and continuation or financing change statements when applicable), and make, or

cause to be made, any other registrations or filings, including where required, the registration of each of the Security Documents (collectively, “**Registrations**”) with respect to the Collateral now existing and hereafter created or arising and the creation of Liens therein under and as contemplated by the Security Documents, meeting the requirements of applicable Law, in such manner and in such jurisdictions as are necessary or desirable to protect, perfect and maintain the protection and perfection of, such Liens, and to deliver a file stamped copy of each such Registration or other evidence of such Registration to the Administrative Agent on or prior to the Closing Date. If any Credit Party (a) makes any change in its name, jurisdiction or organization or corporate structure, (b) changes its place of domicile, registered head office or chief executive office, or (c) takes any other action, which in any such case would, under the applicable Law, require the amendment of any Registration recorded, registered and filed in accordance with the provisions hereof, the Borrower shall within 10 days after a change referred to in Section 5.1(15)(a) or prior to the taking of any action referred to in Section 5.1(15)(b) or (c), give the Administrative Agent notice of any such change or other action and shall promptly file such Registrations as may be necessary or desirable to continue the perfection of the Liens in the Collateral intended under the Security Documents. The Administrative Agent shall be under no obligation whatsoever to record, file or register any Registration, or to make any other recording, filing or registration in connection herewith.

(16) *Cash Management Procedures.* The Borrower shall, within 90 days following the Closing Date, transfer all of its and the other Credit Parties’ bank accounts to the Administrative Agent, following which:

- (a) the Borrower shall not open or maintain any bank accounts with any other financial institutions; and
- (b) the Borrower shall implement cash management procedures satisfactory to the Administrative Agent, acting reasonably.

(17) *Monitor.* Immediately upon the request of the Administrative Agent following any of the following events:

- (a) receipt of an any material document, letter or notice from Health Canada or other Governmental Authority to a Credit Party (it being understood that any warning shall be material),
- (b) any written notice, investigation, correspondence or other proceedings or actions which could reasonably be expected to adversely affect any Cannabis Authorization, including any such notice, investigation, correspondence or proceedings involving Health Canada, or
- (c) receipt of any rejection notice for new or renewal security clearance applications for any Responsible Person,

the Borrower shall appoint a monitor or consultant from a major national accounting firm acceptable to the Lenders under terms and conditions acceptable to the Lenders, which terms and conditions shall include the following:

- (i) the monitor/consultant shall report exclusively to the Administrative Agent but may release redacted copies of materials relevant to the Borrower's operations at the Lenders' discretion;
- (ii) the monitor/consultant shall be provided with an appropriate title within the Borrower's operations and shall be cleared through the security clearance process described in the Cannabis Act and the Cannabis Regulations; and
- (iii) the monitor/consultant may act in relation to any insolvency or restructuring process involving the Borrower.

(18) *Consultant.* Immediately upon the request of the Administrative Agent following the occurrence of a Default that, upon notice, lapse of time, or both could become an Event of Default, the Borrower shall appoint a consultant from a major national accounting firm acceptable to the Required Lenders under terms and conditions acceptable to the Required Lenders, which terms and conditions shall include the following:

- (a) the Borrower shall be responsible for all costs and expenses of the consultant;
- (b) the consultant shall monitor the Borrower's operations, business, financial and other affairs, review any reporting provided by the Borrower to the Administrative Agent, and provide such other reports and other advice as the Administrative Agent and/or the Lenders may require from time to time;
- (c) the consultant shall report exclusively to the Administrative Agent but may release redacted copies of materials relevant to the Borrower's operations at the Lenders' discretion; and
- (d) the consultant may act for the Administrative Agent for and on behalf of the Lenders in relation to any insolvency or restructuring process involving the Borrower.

(19) *Valleyfield Contamination.* The Borrower shall procure that a notice of decontamination is filed in respect of the notice of contamination registered against title to the Valleyfield Property on April 29, 2019 under number 24 551 152 if and when the Borrower elects to change the use of the contaminated area or is otherwise legally required to remediate that site. In addition, the Borrower shall ensure that the use of the land on which the zinc and cadmium contamination has been noted shall not change without making provision for the removal of the contaminated soil in accordance with applicable Environmental Law.

ARTICLE 6 NEGATIVE COVENANTS

6.1 Negative Covenants.

From (and including) the Closing Date until the Termination Date, each Credit Party covenants and agrees with the Lenders as follows:

(1) *Indebtedness.* No Credit Party shall create, incur, assume or permit to exist any Indebtedness other than Permitted Indebtedness.

(2) *Liens.* No Credit Party shall create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired except Permitted Liens.

(3) *Corporate Changes.* No Credit Party shall merge into or amalgamate or consolidate with any other Person, or permit any other Person to merge into or amalgamate or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing:

- (a) any Credit Party may merge into, amalgamate or consolidate with any other Credit Party; and
- (b) any Guarantor may liquidate or dissolve if it is a Wholly-Owned Subsidiary of another Credit Party and all of its property passes to such Credit Party,

provided that any transaction pursuant to Section 6.1(3)(a) involving a Credit Party shall not be permitted unless the merged, amalgamated or continuing corporation provides written confirmation satisfactory to the Administrative Agent, acting reasonably, that it is liable for the obligations of the relevant Credit Party under the Loan Documents.

(4) *Cannabis Activities.* No Credit Party shall engage in any Cannabis Activities or make an Investment in any Person who engages in Cannabis Activities, other than in an Approved Cannabis Jurisdiction in accordance with applicable Cannabis Laws.

(5) *Asset Dispositions.* No Credit Party shall make any Asset Disposition unless no Default or Event of Default has occurred and is continuing or would be created thereby and the Net Proceeds therefrom are dealt with in accordance with Section 2.11(3)(b).

(6) *Investments.* No Credit Party shall, make or permit to exist any Investment other than Permitted Investments. No Credit Party shall make or permit to exist any Investment in a Person that conducts Cannabis Activities other than in an Approved Cannabis Jurisdiction in accordance with applicable Cannabis Laws.

(7) *Acquisitions.* No Credit Party shall make or enter into any Acquisition other than Permitted Acquisitions.

(8) *Hedge Arrangements.* No Credit Party shall enter into any Hedge Arrangement without the prior written consent of the Administrative Agent.

(9) *Restricted Payments.* No Credit Party shall declare, pay or make, or agree to pay or make, directly or indirectly, any Restricted Payment, except that, so long as no Default or Event of Default is continuing or would be caused thereby and all of the Financial Covenants have come into force and there has been at least one Fiscal Quarter of successful compliance:

- (a) ParentCo may declare and pay any dividend, distribution or return of capital with respect to its Equity Securities on or after September 1, 2023 if (i) no Default or Event of Default has occurred and is continuing prior to any such payment of any dividend, distribution or return of capital, (ii) no Default or Event of Default occurs as a result of any such payment, and (iii) the Credit Parties are in compliance with each of the financial covenants set out in Section 5.1(14), all as set out and demonstrated to the Lender in a Compliance Certificate;
- (b) a Credit Party may make a Restricted Payment to another Credit Party;
- (c) a Credit Party may declare and pay any dividend, distribution or return of capital with respect to its Equity Securities to any other Credit Party;
- (d) a Credit Party (other than ParentCo) may purchase, redeem, retire or acquire any of its Equity Securities or any warrants, options or similar rights with respect to its Equity Securities from a Credit Party;
- (e) any Credit Party may make payments pursuant to and in accordance with profit sharing plans or other benefit plans for its management or employees;
- (f) ParentCo may pay reasonable and customary fees and expenses to independent directors that are not employees of a Credit Party;
- (g) prior to September 1, 2023, ParentCo may make the semi-annual coupon payments payable with respect to the Convertible Debentures provided that such payments are made in Equity Securities of ParentCo or capitalized and added to the principal amount owing under the Convertible Debentures;
- (h) following September 1, 2023, ParentCo may make current, scheduled, semi-annual coupon payments payable with respect to the Convertible Debentures in cash, provided that:
 - (i) the Borrower has been in compliance with all Financial Covenants for at least two consecutive Fiscal Quarters prior to the payment,
 - (ii) at the time of payment there is no Default or Event of Default outstanding and the payment itself would not result in any Default or Event of Default, and
 - (iii) no Borrowing is used to fund the payment,

failing which, such payment may only be made with Equity Securities of ParentCo or capitalized and added to the principal amount owing under the Convertible Debentures; and

- (i) following September 1, 2023, ParentCo may make payments of capital (including capitalized coupon payments) with respect to the Convertible Debentures in cash, provided that the conditions set out in paragraph (h) above are met and the Lenders have approved such payment in their discretion.

(10) *Transactions with Affiliates.* No Credit Party shall sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of their Affiliates, except:

- (a) in the Ordinary Course of Business at prices and on terms and conditions not less favourable to the Credit Party than could be obtained on an arm's-length basis from unrelated third parties;
- (b) transactions between or among Credit Parties not involving any of their other Affiliates; and
- (c) any Indebtedness, Investment or Restricted Payment permitted hereunder.

(11) *Restrictive Agreements.* No Credit Party shall, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon:

- (a) the ability of any Credit Party to create, incur or permit to exist any Lien upon any of its property or assets;
- (b) the ability of any Credit Party to pay dividends or other distributions with respect to any Equity Securities or with respect to, or measured by, its profits or to repay loans or advances to any other Credit Party or to provide a Guarantee of any Indebtedness of any other Credit Party;
- (c) the ability of any Credit Party to make any loan or advance to any other Credit Party; or
- (d) the ability of any Credit Party to sell, lease or transfer any of its property to any other Credit Party.

(12) *Sales and Leasebacks.* No Credit Party shall enter into any arrangement, directly or indirectly, with any Person whereby the Borrower or any such other Credit Party shall sell or transfer any property, whether now owned or hereafter acquired, and whereby the Borrower or any such other Credit Party shall then or thereafter rent or lease as lessee such property or any part thereof or other property which the Borrower or any such other Credit Party intends to use for substantially the same purpose or purposes as the property sold or transferred.

(13) *Pension Plan Compliance.* No Credit Party shall (a) terminate or wind-up or take any other action with respect to any Pension Plan which would reasonably be expected to result in any material liability of any Credit Party, (b) fail to make full payment when due of all amounts which, under the terms of any Pension Plan or applicable Law, the Credit Party is required to pay as contributions or premiums thereto, (c) establish, sponsor, administer, contribute to, participate in, or assume any liability (including any contingent liability) under any Defined Benefit Plan or (d) acquire an interest in any Person if such Person sponsors, maintains or contributes to any Defined Benefit Plan.

(14) *Sale or Discount of Accounts.* No Credit Party shall discount or sell (with or without recourse), any of its income or revenues, including any Accounts, or rights in respect thereof.

(15) *Unconditional Purchase Obligations.* No Credit Party shall enter into or be a party to, any material contract for the purchase of materials, supplies or other property or services if such contract requires that payment be made by a Credit Party regardless of whether or not delivery of such materials, supplies or other property or services is ever made.

(16) *Issuance of Shares.* No Credit Party shall authorize or issue:

- (a) any Equity Securities (other than Equity Securities of ParentCo) to any Person other than another Credit Party; or
- (b) any preferred shares or other Equity Securities having a mandatory redemption right existing with regard thereto which could become operative on or before the Termination Date.

(17) *Wholly Owned Subsidiaries.* No Credit Party shall own, hold or control Equity Securities of any Subsidiary unless it is a Wholly-Owned Subsidiary of one or more Credit Parties.

(18) *No Amendments to Constatng Documents, etc.* No Credit Party shall amend its constating documents, by-laws, partnership agreement or operating agreement, as applicable, in a manner that would materially adversely affect the Administrative Agent or the Lenders or such Credit Party's duty or ability to repay the Secured Liabilities.

(19) *No Amendments to Material Contracts.* No Credit Party shall amend, modify, allow to expire, fail to exercise any renewal right or terminate (or waive any provision of or provide any consent under) any Material Contract in a materially adverse manner.

(20) *Cash Management.* No Credit Party shall open or maintain any bank or deposit account with any Person other than the Administrative Agent.

(21) *Use of Proceeds.* The Borrower will not request any Loan or Letter of Credit, and the Borrower shall not use, and shall procure that no other Credit Party and its directors, officers and employees shall use, the proceeds of any Borrowing or Letter of Credit:

- (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws;
- (b) for the purpose of funding, financing or facilitating any prohibited activities, business or transaction of or with any Sanctioned Person; or
- (c) in any other manner that would result in the violation of any Sanctions.

(22) *Bankruptcy Proceedings.* Following the occurrence of an Event of Default under either of Sections 7.1(7) or (8), no Credit Party shall (i) oppose any steps taken by the Administrative Agent or the Lenders to initiate any liquidation, winding-up, reorganization (in each case, other than as specifically permitted hereunder), arrangement, adjustment, protection, relief or composition of such Credit Party or such Credit Party's debts under any applicable Law relating to bankruptcy, insolvency, reorganization, incorporation law or relief of debtors including any plan of compromise or arrangement or other similar corporate proceeding involving or affecting its creditors, or (ii) oppose any motion brought by the Administrative Agent or the Lenders to lift any stay of proceedings for that purpose.

(23) *Control Agreements.* No Credit Party shall enter into an account control agreement with any bank or financial institution other than the Administrative Agent.

(24) *Cannabis Activities.* No Credit Party shall engage in any Cannabis Activity in any jurisdiction that is not an Approved Cannabis Jurisdiction and shall not engage in any Cannabis Activities, including advertising or promotional activities, that would directly or indirectly cause it to become subject to the laws of any jurisdiction that is not an Approved Cannabis Jurisdiction.

(25) *No Amendments to Convertible Debenture Documents.* No Credit Party shall amend, modify, allow to expire, fail to exercise any renewal right or terminate (or waive any provision of or provide any consent under) any Convertible Debenture Document in a manner that is adverse to the Administrative Agent or any Lender without the prior written consent of the Administrative Agent.

ARTICLE 7 EVENTS OF DEFAULT

7.1 Events of Default.

If any of the following events (“**Events of Default**”) shall occur:

- (1) the Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;
- (2) any Credit Party shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in Section 7.1(1)) payable under any Loan Document, when and as the same shall become due and payable;

(3) any representation or warranty made or deemed made by or on behalf of any Credit Party 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;

(4) a Credit Party shall fail to observe or perform any covenant, condition or agreement contained in Section 5.1(1)(j) and 5.1(1)(k) (notice of Default or Event of Default), Section 5.1(2) (Existence; Conduct of Business), Section 5.1(3) (Cannabis Authorizations), Section 5.1(8) (Compliance with Cannabis Laws), Section 5.1(9) (Use of Proceeds), Section 5.1(14) (Financial Covenants) or in Article 6 (or in any negative covenant in any other Loan Document);

(5) any Credit Party shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in Section 7.1(1), (2) or (4)) or any other Loan Document, and such failure shall continue unremedied for a period of 30 days after the earlier of (i) knowledge thereof by any Credit Party, or (ii) notice thereof from the Administrative Agent to the Borrower (which notice shall be given at the request of any Lender);

(6) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or 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 if such event or condition has not been waived, cured or remedied; provided that this Section 7.1(5) shall not apply to any Capital Lease Obligation that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Capital Lease Obligation so long as the proceeds of such sale or transfer are sufficient to, and are applied to, reduce such secured Capital Lease Obligation to nil;

(7) any Credit Party:

- (a) admits in writing that it is insolvent or unable to pay its liabilities as they generally become due;
- (b) commits an act of bankruptcy under the BIA, files a voluntary assignment in bankruptcy under the BIA, makes a proposal (or files a notice of its intention to do so) under the BIA or seeks any other relieve in respect of itself under the BIA;
- (c) institutes any proceedings seeking relief in respect of itself under the CCAA;
- (d) institutes any proceeding seeking relief in respect of itself under the WURA;
- (e) in addition to the forgoing, institutes any other proceeding seeking: (a) to adjudicate itself an insolvent person or a bankrupt; (b) to liquidate, dissolve or wind-up its business or assets; (c) to compromise, arrange, adjust or declare a

moratorium in respect of the payment of, its debts; (d) to stay the rights of creditors generally (or any class of creditors); (e) any other relief in respect of itself under any federal, provincial or foreign applicable Law now or hereafter in effect relating to bankruptcy, winding-up, insolvency, receivership, restructuring of business, assets or debt, reorganization of business, assets or debt or protection of debtors from their creditors (such applicable Law includes any applicable corporations legislation to the extent the relief sought under such corporations legislation relates to or involves the compromise, settlement, adjustment or arrangement of debt); or (f) any other relief which provides for plans or schemes of reorganization, plans or schemes of arrangement or plans or schemes of compromise, in respect of itself, to be submitted or presented to creditors (or any class of creditors);

- (f) applies for the appointment of, or has a receiver (either court or privately appointed), interim receiver, receiver/manager (either court or privately appointed), sequestrator, conservator, custodian, administrator, trustee, liquidator or other similar official appointed in respect of it, or any substantial part of its property; or
- (g) threatens to do any of the foregoing, or takes any action, corporate or otherwise, to approve, effect, consent to or authorize any of the actions described in this Section 7.1(7);
- (8) any petition is filed, application made, or other proceeding instituted against or in respect of any Credit Party:
 - (a) seeking to adjudicate it an insolvent person;
 - (b) seeking a bankruptcy order against it under the BIA;
 - (c) seeking to institute proceedings against it under the CCAA;
 - (d) seeking to institute proceedings against it under the WURA;
 - (e) seeking, in addition to the foregoing: (a) to adjudicate it an insolvent person or a bankrupt; (b) to liquidate, dissolve or wind-up its business or assets; (c) to compromise, arrange, adjust or declare a moratorium in respect of the payment of, its debts; (d) to stay the rights of creditors generally (or any class of creditors); (e) any other relief in respect of it under any federal, provincial or foreign applicable Law now or hereafter in effect relating to bankruptcy, winding-up, insolvency, receivership, restructuring of business, assets or debt, reorganization of business, assets or debt, or protection of debtors from their creditors (such applicable Law includes any applicable corporations legislation to the extent the relief sought under such corporations legislation relates to or involves the compromise, settlement, adjustment or arrangement of debt); or (f) any other relief which provides plans or schemes of reorganization, plans or schemes of arrangement or plans or schemes of compromise in respect of it, to be submitted or presented to creditors (or any class of creditors); or

- (f) seeking the issuance of an order for the appointment of a receiver, interim receiver, receiver/manager, sequestrator, conservator, custodian, administrator, trustee, liquidator or other similar official in respect of it or any substantial part of its property,

and such petition, application or proceeding continues undismissed, or unstayed and in effect, for a period of 45 days after the institution thereof, provided that: (a) if the Credit Party fails to contest such petition, application or proceeding the 45 day grace period shall cease to apply; (b) if an order, decree or judgment is issued (whether or not entered or subject to appeal) against the Credit Party thereunder within the 45 day period, such grace period will cease to apply, and (c) if the Credit Party files an answer or other responding materials admitting the material allegations of a petition, application or other proceeding filed against it, such grace period will cease to apply;

(9) any other event occurs which, under the Laws of any applicable jurisdiction, has an effect equivalent to any of the events referred to in either of Sections 7.1(7) or (8);

(10) one or more judgments for the payment of money in a cumulative amount in excess of \$1,000,000 (or its then equivalent in any other currency) in the aggregate is rendered against any one or more of the Credit Parties and they have not (i) provided for its discharge in accordance with its terms within 45 days from the date of entry thereof, or (ii) procured a stay of execution thereof within 45 days from the date of entry thereof and within such period, or such longer period during which execution of such judgment has not been stayed, appealed such judgment and caused the execution thereof to be stayed during such appeal, provided that if enforcement or realization proceedings are lawfully commenced in respect thereof in the interim, such grace period shall cease to apply;

(11) any property of any Credit Party having a Fair Market Value in excess of \$500,000 (or its then Equivalent Amount in any other currency) in the aggregate 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 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 Credit Party or the property of any of them, or any sheriff or other Person becomes lawfully entitled by operation of law or otherwise to seize or distrain 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 45 days or such longer period during which entitlement to the use of such property continues with such Credit Party, and such Credit Party is contesting the same in good faith and by appropriate proceedings, provided that if the property is removed from the use of such Credit Party, or is sold, in the interim, such grace period shall cease to apply;

(12) one or more final judgments, not involving the payment of money and not otherwise specified in this Section 7.1(f)(12) has been rendered against any Credit Party, the result of which would reasonably be expected to result in a Material Adverse Effect, so long as such Credit Party has not (i) provided for its discharge in accordance with its terms within

45 days from the date of entry thereof, or (ii) procured a stay of execution thereof within 45 days from the date of entry thereof and within such period, or such longer period during which execution of such judgment has been stayed, appealed such judgment and caused the execution thereof to be stayed during such appeal, provided that if enforcement or realization proceedings are lawfully commenced in respect thereof in the interim, such grace period shall cease to apply;

(13) this Agreement, any other Loan Document or any material obligation or other provision hereof or thereof 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 Credit Party 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 Credit Party, or any Credit Party denies that it has any or any further liability or obligation hereunder or thereunder or any action or proceeding is commenced by any Credit Party to enjoin or restrain the performance or observance by any Credit Party 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 Credit Party to perform any of its material obligations hereunder or thereunder;

(14) any Lien purported to be created by any Security Document shall cease to be, or shall be asserted by any Credit Party not to be, a valid, perfected, first priority (except as otherwise expressly provided in this Agreement or such Security Document) Lien in Collateral with a Fair Market Value or book value (whichever is greater) in excess, individually or in the aggregate, of \$1,000,000;

(15) if a Material Contract is terminated prior to its stated maturity date;

(16) the occurrence of any transaction by any Credit Party outside of the ordinary course of its business with a value in excess of \$100,000 in any transaction or related series of transactions;

(17) a Material Adverse Change shall occur;

(18) a Change of Control shall occur without the prior written consent of the Lenders;

(19) the Cannabis Act is repealed and is not immediately replaced with substantially similar legislation;

(20) any Cannabis Authorization shall (i) expire or be revoked, terminated or cancelled, and in any such case not immediately replaced, renewed or reinstated on comparable terms or (ii) be modified in any materially adverse fashion; or

(21) the occurrence of an “Event of Default”, “Termination Event” or any other event specified in a Hedge Arrangement that entitles the hedge counterparty thereto to cause its early termination in accordance with the terms thereof

then:

- (A) upon the occurrence and during the continuance of any Event of Default not specified in clause (B) below, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (x) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (y) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind except as set out earlier in this paragraph, all of which are hereby waived by the Borrower, or
- (B) in the case of any Event of Default under Section 7.1(7), (8) or (9), the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, and
- (C) in either case, LC Cover for any outstanding Letters of Credit, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

7.2 Application of Payments.

Notwithstanding anything herein to the contrary, following the occurrence and during the continuance of an Event of Default, and notice thereof to the Administrative Agent by the Borrower or the Required Lenders, all payments received on account of the Outstanding Obligations shall, subject to Section 2.22, be applied by the Administrative Agent as follows:

- (1) first, to payment of that portion of the Outstanding Obligations constituting fees, indemnities, expenses and other amounts payable to the Administrative Agent (including fees and disbursements and other charges of counsel to the Administrative Agent payable under Section 9.3 and amounts pursuant to Section 2.12 payable to the Administrative Agent in its capacity as such);
- (2) second, to payment of any portion of the Outstanding Obligations as each Lender may decide in its discretion; and
- (3) finally, the balance, if any, after all Outstanding Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by law.

If any amount remains on deposit as cash collateral after all Letters of Credit have either been fully drawn or expired (without any pending drawings), such remaining amount shall be applied to the other Outstanding Obligations, if any, in the order set forth above.

ARTICLE 8 THE ADMINISTRATIVE AGENT

8.1 Appointment of Administrative Agent.

Each Lender hereby designates Bank of Montreal as Administrative Agent to act as herein specified and as specified in the other Loan Documents. Each Lender hereby irrevocably authorizes the Administrative Agent to take such action on its behalf under the provisions of the Loan Documents and to exercise such powers and to perform such duties thereunder as are specifically delegated to or required of the Administrative Agent by the terms thereof and such other powers as are reasonably incidental thereto. The Administrative Agent may perform any of its duties hereunder by or through its agents or employees. The provisions of this Article 8 are solely for the benefit of the Administrative Agent and the Lenders (including the Swingline Lender and the Issuing Bank), and neither the Borrower nor any other Credit Party shall have rights as a third party beneficiary of any of such provisions except as otherwise provided in this Article 8. It is understood and agreed that the use of the term “agent” as used herein or in any other Loan Document (or any similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between independent contracting parties.

8.2 Secured Parties.

(1) The Security Documents shall be in favour of the Administrative Agent for the benefit of the Secured Parties.

(2) The Secured Cash Management Obligations shall be secured by the Liens granted under the Security Documents and rank *pari passu* with the obligations of the Borrower under this Agreement.

(3) Notwithstanding such common security and prior to the Lender Termination Date, all decisions regarding the administration and enforcement of the Security Documents shall be made by the Administrative Agent and the Lenders alone, and no Secured Cash Management Provider shall have any voting rights under this Agreement or any other right whatsoever to participate in the administration or enforcement of the Security Documents. For the avoidance of doubt but without limitation, prior to the Lender Termination Date any or all of the Security Documents or any rights contained therein may be amended or released by the Administrative Agent without the consent of any Secured Cash Management Provider, in those capacities.

(4) Each Lender that is or becomes a Secured Cash Management Provider shall be bound as such by virtue of its execution and delivery of this Credit Agreement or an Assignment and Assumption, as applicable, notwithstanding that such capacity as Secured Cash Management Provider may not be identified on its signature line. Each Lender shall cause its Related Non-Party Beneficiaries to comply with the terms and conditions of the Loan Documents applicable to them and pay and perform their debts, liabilities and obligations thereunder.

8.3 Security Documents

The Security Documents shall be granted in favour of and held by the Administrative Agent for and on behalf of itself and the Lenders in accordance with this Agreement. The Administrative Agent shall, in accordance with its usual practices in effect from time to time, take all steps required to perfect and maintain the Liens granted under the Security Documents. If the Administrative Agent becomes aware of any matter concerning the Security Documents which it considers to be material, it shall promptly inform the Lenders. The Administrative Agent shall comply with all instructions provided by the Lenders in connection with the enforcement or release of Security Documents which it holds except as otherwise provided in this Agreement. The Administrative Agent agrees to permit each Lender to review and make photocopies of the Security Documents from time to time upon reasonable notice.

8.4 Limitation of Duties of Administrative Agent.

The Administrative Agent shall have no duties or responsibilities except those expressly set out in this Agreement and as specified in the other Loan Documents. None of the Administrative Agent, nor any of its Related Parties shall be liable for any action taken or omitted by it as such hereunder or in connection herewith, unless caused by its or their gross negligence or willful misconduct. The duties of the Administrative Agent shall be mechanical and administrative in nature; the Administrative Agent shall not have, by reason of this Agreement or the other Loan Documents, a fiduciary relationship in respect of any Secured Party. Nothing in this Agreement or the other Loan Documents, expressed or implied, is intended to or shall be so construed as to impose upon the Administrative Agent any obligations in respect of this Agreement except as expressly set out herein. The Administrative Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to this Agreement or the other Loan Documents unless it is requested in writing to do so by the Required Lenders.

8.5 Lack of Reliance on the Administrative Agent.

(1) *Independent Investigation.* Each Lender acknowledges and agrees that the extensions of credit made hereunder are commercial loans and letters of credit and not investments in a business enterprise or securities. Each Lender further represents that it is engaged in making, acquiring or holding commercial loans in the ordinary course of its business. Independently, and without reliance upon the Administrative Agent, each Lender, to the extent it deems appropriate, has made and shall continue to make (a) its own independent investigation of the financial condition and affairs of the Credit Parties in connection with the taking or not taking of any action in connection herewith, and (b) its own appraisal of the creditworthiness of the Credit Parties, and, except as expressly provided in this Agreement and the other Loan Documents, the Administrative Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before the consummation of the Transactions or at any time or times thereafter.

(2) *Agents Not Responsible.* The Administrative Agent shall not be responsible to any Lender for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the

execution, effectiveness, genuineness, validity, enforceability, collectability, priority or sufficiency of this Agreement or the other Loan Documents or the financial condition of the Credit Parties or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or the other Loan Documents, or the financial condition of the Credit Parties, or the existence or possible existence of any Default or Event of Default.

8.6 Certain Rights of the Administrative Agent.

If the Administrative Agent shall request instructions from the Lenders or the Required Lenders (as the case may be) with respect to any act or action (including the failure to act) in connection with this Agreement or the other Loan Documents, the Administrative Agent shall be entitled to refrain from such act or taking such action unless and until the Administrative Agent shall have received written instructions from the Lenders or the Required Lenders, as applicable, and the Administrative Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Lender shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or refraining from acting under this Agreement and the other Loan Documents in accordance with the instructions of the Required Lenders, or, to the extent required by Section 9.2, all of the Lenders.

8.7 Reliance by Administrative Agent.

The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, telex, teletype or facsimile message, electronic mail, cablegram, radiogram, order or other documentary transmission, telephone message, internet or intranet website posting or other distribution believed by it to be genuine and correct and to have been signed, sent or made 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 Borrowing that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

8.8 Indemnification of Administrative Agent.

To the extent the Administrative Agent is not reimbursed and indemnified by the Borrower, each Lender shall reimburse and indemnify the Administrative Agent, in its Applicable Percentage, for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including reasonable counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Administrative Agent in performing its duties hereunder, in any way relating to or arising out of this Agreement or any other Loan Document; provided that no Lender shall be liable

to the Administrative Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence (it being acknowledged that ordinary negligence does not necessarily constitute gross negligence) or willful misconduct.

8.9 Erroneous Payments by the Administrative Agent

(1) *Erroneous Payment Notice.* If the Administrative Agent notifies a Lender, or any Person who has received funds on behalf of a Lender under or pursuant to any of the Loan Documents (any such Lender or other recipient, a "**Payment Recipient**") that the Administrative Agent has determined in its sole discretion (whether or not after receipt of any notice that any funds received by such Payment Recipient from the Administrative Agent or any of its Affiliates were erroneously or mistakenly transmitted or paid to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Lender or other Payment Recipient on its behalf) (any such funds, whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise, individually and collectively, an "**Erroneous Payment**") and demands the return of such Erroneous Payment (or a portion thereof), such Erroneous Payment shall at all times remain the property of the Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Administrative Agent, and such Lender shall (or, with respect to any Payment Recipient who received such funds on its behalf, shall cause such Payment Recipient to) promptly, but in no event later than two Business Days thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which demand was made, in same day funds (in the currency so received), together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Administrative Agent in same day funds at the greater of:

- (a) in respect of an Erroneous Payment in U.S. Dollars, the Federal Funds Effective Rate or, in respect of an Erroneous Payment in Canadian Dollars or any other currency at a fluctuating rate per annum equal to the overnight rate at which Canadian Dollars or funds in the currency of such Erroneous Payment may be borrowed by the Administrative Agent in the interbank market in an amount comparable to such Erroneous Payment (as determined by the Administrative Agent); and
- (b) a rate determined by the Administrative Agent in accordance with banking industry rules or prevailing market practice for interbank compensation from time to time in effect.

A notice of the Administrative Agent to any Payment Recipient under this Section shall be conclusive, absent manifest error.

(2) *Notice of Receipt of Erroneous Payment.* Without limiting the immediately preceding Section 8.9(1) each Lender or any Person who has received funds on behalf of a Lender under or pursuant to any of the Loan Documents, hereby further agrees that if it receives a payment, prepayment or repayment (whether received as a payment, prepayment

or repayment of principal, interest, fees, distribution or otherwise) from the Administrative Agent (or any of its Affiliates):

- (a) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment;
- (b) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates); or
- (c) that such Lender, or other such recipient, otherwise becomes aware was transmitted, paid, or received, in error or by mistake (in whole or in part) then:
 - (i) in the case of immediately preceding sub-clauses (a) or (b), an error shall be presumed to have been made (absent express written confirmation from the Administrative Agent to the contrary) or
 - (ii) in the case of immediately preceding sub-clause (c), an error has been made

in each case, with respect to such payment, prepayment or repayment; and such Lender shall (and shall cause any other recipient that received funds on its behalf to) promptly (and, in all events, within one Business Day of its knowledge of such error) notify the Administrative Agent of its receipt of such payment, prepayment or repayment, the details thereof (in reasonable detail) and that it is so notifying the Administrative Agent under this Section.

(3) *Right of Set-off.* Each Lender hereby authorizes the Administrative Agent to set-off, net and apply any and all amounts at any time owing to such Lender under any Loan Documents, or otherwise payable or distributable by the Administrative Agent to such Lender from any source, against any amount due to the Administrative Agent under Section 8.9.

(4) *Erroneous Payment Deficiency Assignment.* If an Erroneous Payment (or portion thereof) is not recovered by the Administrative Agent for any reason, after demand therefor by the Administrative Agent in accordance with this Section from any Lender that has received such Erroneous Payment (or portion thereof) (and/or from any Payment Recipient who received such Erroneous Payment (or portion thereof) on its behalf) (such unrecovered amount, an “**Erroneous Payment Return Deficiency**”), upon the Administrative Agent’s notice to such Lender at any time:

- (a) such Lender shall be deemed to have assigned its Loans (but not any of its Commitment) in an amount equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Administrative Agent may specify) (such assignment of the Loans (but not any of its Commitment), the “**Erroneous Payment Deficiency Assignment**”) at par plus any accrued and unpaid interest (with the assignment fee to be waived by the Administrative Agent in such instance), and is hereby (together with the Borrower) deemed to execute and deliver an Assignment and Assumption with respect to such Erroneous Payment Deficiency Assignment;

- (b) the Administrative Agent as the assignee Lender shall be deemed to acquire the Erroneous Payment Deficiency Assignment;
- (c) upon such deemed acquisition, the Administrative Agent as the assignee Lender shall become a Lender hereunder with respect to such Erroneous Payment Deficiency Assignment and the assigning Lender shall cease to be a Lender hereunder with respect to such Erroneous Payment Deficiency Assignment, excluding, for the avoidance of doubt, its obligations under the indemnification provisions of this Agreement and any of its applicable Commitment which shall survive as to such assigning Lender; and
- (d) the Administrative Agent may reflect in the Register its ownership interest in the Loans subject to the Erroneous Payment Deficiency Assignment. The Administrative Agent may, in its discretion, sell any Loans acquired pursuant to an Erroneous Payment Deficiency Assignment and, upon receipt of the proceeds of such sale, the Erroneous Payment Return Deficiency owing by the applicable Lender shall be reduced by the net proceeds of the sale of such Loans (or portion thereof), and the Administrative Agent shall retain all other rights, remedies and claims against such Lender (and/or against any recipient that receives funds on its respective behalf).

For the avoidance of doubt, no Erroneous Payment Deficiency Assignment will reduce the Commitment of any Lender and such Commitment shall remain available under this Agreement. In addition, each party hereto agrees that, except to the extent that the Administrative Agent has sold a Loan (or portion thereof) acquired pursuant to an Erroneous Payment Deficiency Assignment, irrespective of whether the Administrative Agent may be equitably subrogated, the Administrative Agent shall be contractually subrogated to all the rights and interests of the applicable Lender under the applicable Loan with respect to each Erroneous Payment Return Deficiency.

(5) *Erroneous Payment Not Payment.* The parties hereto agree that an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Outstanding Obligations owed by the Borrower or any other Credit Party, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Administrative Agent from (i) the Borrower or any other Credit Party or (ii) the proceeds of realization from the enforcement of one or more of the Loan Documents against or in respect of one or more of the Credit Parties, in each case, for the purpose of making such Erroneous Payment.

(6) *Payment Recipient Has No Rights.* To the extent permitted by applicable Law, no Payment Recipient shall assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or compensation or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payment received, including waiver of any defense based on “discharge for value”, “good consideration” for the Erroneous Payment or change of position by such Payment Recipient, any defense that the intent of the

Administrative Agent was that such Payment Recipient retain the Erroneous Payment in all events, or any doctrine or defense similar to any of the foregoing.

(7) *Survival.* Each party's obligations, agreements and waivers under this Section shall survive the resignation or replacement of the Administrative Agent, or any assignment or transfer of rights or obligations by, or the replacement of, a Lender or an Affiliate thereof the termination of the Commitments and/or the repayment, satisfaction or discharge of all Outstanding Obligations (or any portion thereof) under any Loan Documents.

(8) *Lender Agreement.* For purposes of this Section 8.9 each Lender:

- (a) agrees it is executing and delivering this Agreement with respect to this Section both on its own behalf and as agent for and on behalf of its Affiliates referred to in this Section and any Person receiving funds under or pursuant to any of the Loan Documents on behalf of such Lender or any of such Affiliates;
- (b) represents, warrants, covenants and agrees that its Affiliates referred to in this Section and any Person receiving funds under or pursuant to any of the Loan Documents on behalf of such Lender or any of such Affiliates are bound by the provisions of this Section; and
- (c) agrees that any matter or thing done or omitted to be done by such Lender, its Affiliates, or any Person receiving funds under or pursuant to any of the Loan Documents on behalf of such Lender or any of such Affiliates which are the subject of this Section will be binding upon such Lender and each Lender does hereby indemnify and save the Administrative Agent and its Affiliates harmless from any and all losses, expenses, claims, demands or other liabilities of the Administrative Agent and its Affiliates resulting from the failure of such Lender, its Affiliates or such Persons to comply with their obligations under and in respect of this Section.

8.10 Duties of Administrative Agent

The Administrative Agent shall:

(1) *Hold Documents.* Hold and maintain the Loan Documents for itself and on behalf of the Lenders as administrative agent in connection with this Agreement;

(2) *Copies and Notice.* Provide each Lender copies of all financial information received from the Borrower promptly after receipt thereof;

(3) *Borrowings and Repayments.* Promptly advise each Lender of Borrowings required to be funded by it hereunder and disburse all repayments to the Lenders hereunder in accordance with the terms of this Agreement;

(4) *Default Notice.* Promptly notify each Lender of the occurrence of any Default or Event of Default of which the Administrative Agent has actual knowledge or actual notice;

(5) *Engagement of Consultant or Monitor.* At the time of engaging any consultant, monitor or other like party in connection with the Loan Documents;

(6) *Accounting.* Account for any monies received by it in connection with this Agreement, the Loan Documents and any other agreement delivered in connection herewith or therewith;

(7) *Requests for Lender Consent.* 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;

(8) *Other Matters Requiring Notice.* 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 this Agreement;

(9) *Instructions of Lenders.* Except as otherwise provided in this Agreement, act in accordance with any instructions given to it by the Lenders or Required Lenders, as applicable; and

(10) *Lender Meetings.* 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 or on such shorter notice as the Administrative Agent may consider appropriate in the circumstances, which meeting may be held in person, over the telephone or virtually. The Administrative Agent may send an email to the Lenders setting out a proposed course of conduct to which each Lender may agree or disagree by return email. Any such exchange of emails shall constitute a meeting under this Agreement.

8.11 Power of Attorney (Mandatory) to the Administrative Agent for Quebec Purposes.

Without limiting the powers of the Administrative Agent hereunder or under the other Loan Documents and to the extent applicable, each of the Lenders hereby acknowledges that the Agent will, for the purposes of holding any security granted under the hypothecs described in Section 5.1(13), be the hypothecary representative (within the meaning of Article 2692 of the *Civil Code of Quebec*) for all present and future Secured Parties. Each of the Lenders hereby constitutes, to the extent necessary, the Administrative Agent as its hypothecary representative in order to hold security granted under such hypothecs. Each eligible assignee will be deemed to have confirmed and ratified the constitution of the Administrative Agent as its hypothecary representative by execution of the relevant Assignment and Assumption agreement. Any Secured Party who is not a Lender and who is entitled to benefit from the Security will be deemed to have accepted the constitution of the Administrative Agent as its hypothecary representative. Notwithstanding the provisions of Section 32 of *An Act respecting the Special Powers of Legal Persons* (Quebec), the Borrower, the other Credit Parties and the Lenders irrevocably agree that the Administrative Agent may be a Lender. The execution prior to the date hereof by the Administrative Agent, in its capacity

as hypothecary representative for and on behalf of the Lenders, of the hypothecs comprised within the Security Documents is hereby ratified and confirmed.

8.12 **The Administrative Agent in its Individual Capacity.**

With respect to its obligations under this Agreement and the Loans made by it, Bank of Montreal, in its capacity as a Lender, shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not performing the duties, if any, specified herein; and the terms “**Lenders**”, “**Required Lenders**”, “**Revolving Credit Lenders**”, “**Term Credit Lenders**” and any similar terms shall, unless the context clearly otherwise indicates, include Bank of Montreal in its capacity as a Lender hereunder. The Administrative Agent and the Lead Arranger may accept deposits from, lend money to, and generally engage in any kind of banking, trust, financial advisory or other business with the Borrower or any Affiliate of the Borrower as if it were not performing the duties, if any, specified herein, and may accept fees and other consideration from the Borrower for services in connection with this Agreement and otherwise without having to account for the same to the Lenders.

8.13 **May Treat Lender as Owner.**

The Borrower, the Administrative Agent and the Issuing Bank may deem and treat each Lender as the owner of the Borrowings recorded on the Register maintained pursuant to Section 9.4(3) for all purposes hereof until a written notice of the assignment or transfer thereof shall have been filed with the Administrative Agent. Any request, authority or consent of any Person who at the time of making such request or giving such authority or consent is the owner of a Loan shall be conclusive and binding on any subsequent owner, transferee or assignee of such Loan.

8.14 **Successor Administrative Agent.**

(1) *Replacement of Administrative Agent.* The Administrative Agent may resign at any time by giving written notice thereof to the Lenders, the Issuing Bank and the Borrower. Upon any such resignation, the Required Lenders shall have the right, upon five Business Days’ notice to the Borrower, to appoint a successor Administrative Agent (who shall not be a non-resident of Canada within the meaning of the Income Tax Act), subject to the approval of the Borrower, such approval not to be unreasonably withheld. If no successor Administrative Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent’s giving of notice of resignation of the retiring Administrative Agent, then, upon five Business Days’ notice to the Borrower, the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent (subject to approval of the Borrower, such approval not to be unreasonably withheld), which shall be a financial institution organized under the laws of Canada having a combined capital and surplus of at least \$1,000,000,000 or having a parent company with combined capital and surplus of at least \$1,000,000,000.

(2) *Rights, Powers, etc.* Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring

Administrative Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

8.15 No Independent Legal Action.

Notwithstanding that any debt arising hereunder to a Lender shall be separate and independent debt, no Lender may take any independent legal action to enforce any obligation of the Borrower hereunder. Each Lender hereby acknowledges that, to the extent permitted by applicable Law, the Security Documents and the remedies provided thereunder to the Secured Parties are for the benefit of the Secured Parties collectively and acting together and not severally, and further acknowledges that each Secured Party's rights hereunder and under the Security Documents are to be exercised collectively, not severally, by the Administrative Agent upon the decision of the Required Lenders. Accordingly, notwithstanding any of the provisions contained herein or in the Security Documents, each of the Lenders hereby covenants and agrees that it and its Related Non-Party Beneficiaries shall not be entitled to take any action hereunder or thereunder, including 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, provided that, notwithstanding the foregoing, in the absence of instructions from the Lenders (or the Required Lenders) and where in the sole opinion of the Administrative Agent the exigencies of the situation so warrant such action, the Administrative Agent may without notice to or consent of the Lenders (or the Required Lenders) take such action on behalf of the Secured Parties as it deems appropriate or desirable in the interests of the Secured Parties. Each Lender hereby further covenants and agrees that upon any such written consent being given by the Required Lenders (or, to the extent required by Section 9.2, the Lenders), it and its Related Non-Party Beneficiaries shall co-operate fully with the Administrative Agent to the extent requested by the Administrative Agent, and each Lender further covenants and agrees that all proceeds from the realization of the Security Documents, to the extent permitted by applicable Law, are held for the benefit of all of the Secured Parties and shall be shared among them in accordance with this Agreement, and each Lender acknowledges that all costs of any such realization (including all amounts for which the Administrative Agent is required to be indemnified under the provisions hereof) shall be shared among the Lenders in accordance with this Agreement. Each Lender covenants and agrees to do, and to cause its Related Non-Party Beneficiaries to do, all acts and things and to make, execute and deliver all agreements and other instruments, so as to fully carry out the intent and purpose of this Section 8.15, and each Lender hereby covenants and agrees that it and its Related Non-Party Beneficiaries shall not (i) seek, take, accept or receive any Lien (other than a right of set-off) or Guarantee for any of the Secured Liabilities other than is provided to the Administrative Agent, or (ii) enter into any other agreement with any of the Credit Parties relating in any manner whatsoever to the Credits unless all of the Lenders shall at the same time obtain the benefit of any such agreement. For the avoidance of doubt but subject always to Section 2.18, nothing in this Section 8.15 shall limit or otherwise affect the ability of any Secured Party to separately enforce its rights under any document, instrument or agreement with respect to any Cash Management Services.

8.16 Lead Arranger.

The Lead Arranger has no duties, liabilities or obligations hereunder.

**ARTICLE 9
MISCELLANEOUS**

9.1 Notices.

(1) *Method and Contact Information.* Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to Section 9.1(2)), 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 facsimile or e-mail in each case to the addressee, as follows:

- (a) if to the Borrower or any other Credit Party:

Cannara Biotech (OPS) Inc.
333 Decarie Boulevard
Suite 200
Ville St. Laurent, Quebec
H4N 3M9

Attention: Nicholas Sosiak, CFO
E-mail address: Nicholas.sosiak@cannara.ca

- (b) if to any Lender or any Issuing Bank, to it at its address, facsimile number or e-mail address set out opposite its name on Schedule 9.1 or in the Assignment Agreement by which it becomes a Lender.

(2) *Electronic Communications.* Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communication 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.

(3) *Change of Address; When Notice Deemed Given.* Any party hereto may change its address, facsimile number or e-mail address for notices and other communications hereunder by notice to the other parties hereto in the manner provided in Section 9.1. All notices and other communications given to any Party in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

(4) 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 facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through an Approved Electronic

Platform, to the extent provided in paragraph (5) below, shall be effective as provided in said paragraph (5).

(5) Unless the Lender otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), 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 clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email 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.

(6) *Electronic Systems.*

- (a) The Borrower agrees that the Administrative Agent may, but shall not be obligated to, make Communications (as defined below) available to the Issuing Bank and the other Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak, ClearPar or a substantially similar electronic system (the "**Approved Electronic Platform**"). Although the Approved Electronic Platform and its primary web portal are secured with generally-applicable security procedures and policies implemented or modified by the Administrative Agent from time to time (including, as of the Closing Date, a user ID/password authorization system) and the Approved Electronic Platform is secured through a per-deal authorization method whereby each user may access the Approved Electronic Platform only on a deal-by-deal basis, each of the Lenders, the Issuing Bank and the Borrower acknowledges and agrees that the distribution of material through an electronic medium is not necessarily secure, that the Administrative Agent is not responsible for approving or vetting the representatives or contacts of any Lender that are added to the Approved Electronic Platform, and that there may be confidentiality and other risks associated with such distribution. Each of the Lenders, the Issuing Bank and the Borrower hereby approves distribution of the Communications through the Approved Electronic Platform and understands and assumes the risks of such distribution.
- (b) Any Approved Electronic Platform used by the Administrative Agent is provided "as is" and "as available." The Agent Parties (as defined below) do not warrant the adequacy of such Approved Electronic Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or any Approved Electronic Platform. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "**Agent Parties**") have any liability to any Credit Party, any

Lender, any Issuing Bank or any other Person or entity for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Credit Party's or the Administrative Agent's transmission of Communications through an Approved Electronic Platform, except to the extent of direct or actual damages as are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct on the part of any Agent Party or such Credit Party; provided that any Communication to any Lenders, prospective Lenders, Participants or prospective Participants or, to the extent such disclosure is otherwise permitted, to any other Person through an Approved Electronic Platform shall be made subject to the acknowledgement and acceptance by such Person that such Communication is being disseminated or disclosed on a confidential basis (on terms substantially the same as set forth in Section 9.15 or otherwise reasonably acceptable to the Administrative Agent and the Borrower), which shall in any event require "click through" or other affirmative actions on the part of the recipient to access such Communication. "Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Credit Party pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent, any Lender or the Issuing Bank by means of electronic communications pursuant to this Section, including through an Approved Electronic Platform.

9.2 Waivers; Amendments.

(1) *Waiver.* No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Credit Party therefrom shall in any event be effective unless the same shall be permitted by Section 9.2(2), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(2) *Amendments.* Neither this Agreement nor any other Security Document (or any provision hereof or thereof) may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or by the Borrower and the Administrative Agent with the consent of the Required Lenders (and for greater certainty, any such waiver, amendment or modification shall not require any consent or other agreement of any Credit Party other than the Borrower, notwithstanding that

any such Credit Party may be a party to this Agreement or any other Loan Document); provided that no such agreement shall:

- (a) increase the amount of any Commitment of any Lender;
- (b) extend the expiry date of any Commitment of any Lender;
- (c) reduce the principal amount of any Loan or reduce the rate of interest or any fee applicable to any Loan (provided that the Borrower and the Required Lenders may amend the definition of Total Funded Debt to EBITDA Ratio notwithstanding any effect on the Applicable Margin);
- (d) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees payable in respect thereof, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment (it being understood that modifications to, or waivers of, the mandatory prepayment provisions of Section 2.11(3) do not fall within this clause (d));
- (e) change Section 2.18 in a manner that would alter the sharing of payments required thereby;
- (f) change any of the provisions of Section 9.2 or the definition of “**Required Lenders**” or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder;
- (g) waive any Event of Default under Section 7.1(7), (8), or (9) (it being understood that any other Event of Default may be waived by the Required Lenders, notwithstanding that the Loans would be capable of falling due and payable); or
- (h) release any Credit Party from any material obligations under the Security Documents and other instruments contemplated by this Agreement, release or discharge any of the Liens arising under the Security Documents, permit the creation of any Liens (other than Permitted Liens) on any of the assets subject to the Liens arising under the Security Documents, waive or forgo the delivery of any Security Document required hereunder, lower the priority of any Lien arising under any of the Security Documents, or lower the priority of any payment obligation of any Credit Party under any of the Loan Documents,

in each case without the prior written consent of each Lender, or in the case of the matters referred to in Section 9.2(2)(a), (b), (c), (d) and (e), without the prior written consent of each Lender directly affected thereby, and provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, the Issuing Bank or the Swingline Lender hereunder, as the case may be, without the prior written consent of the Administrative Agent, Issuing Bank or Swingline Lender (as applicable). For greater certainty, the Administrative Agent may release and discharge the Liens constituted by the Security Documents or a Guarantor from the Borrower Guarantee to the extent necessary to

enable a Credit Party to complete any Asset Disposition which is not prohibited by this Agreement. The Administrative Agent may also subordinate the Liens constituted by the Security Documents to any Lien permitted by Section 6.1(2).

(3) Notwithstanding Section 9.2(2), if the Administrative Agent and the Borrower, acting together, identify any ambiguity, omission, mistake, typographical error or other defect in any provision of this Agreement or any other Loan Document, then the Administrative Agent and the Borrower shall be permitted to amend, modify or supplement such provision to cure such ambiguity, omission, mistake, typographical error or other defect, and such amendment shall become effective without any further action or consent of any other party to this Agreement.

9.3 Expenses; Indemnity; Damage Waiver.

(1) *Expenses.* The Borrower shall pay (a) 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 and all applicable Taxes, in connection with the syndication of the credit facilities provided for herein and the preparation and administration of this Agreement and the other Loan Documents, (b) 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 and applicable Taxes, in connection with any amendments, modifications or waivers of the provisions hereof or of any of the other Loan Documents, (whether or not the transactions contemplated hereby or thereby shall be consummated), and (c) all out-of-pocket expenses incurred by the Administrative Agent, the Lead Arranger or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent or any Lender and all applicable Taxes, in connection with the assessment, enforcement or protection of their rights in connection with this Agreement, including its rights under Section 9.3, or in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(2) *Indemnity.* The Borrower shall indemnify the Lead Arranger and each Secured Party, as well as each Related Party and each assignee of any of the foregoing Persons (each such Person and each such assignee being called an “**Indemnitee**”) against, and hold each Indemnitee harmless from, any and all losses, claims, cost recovery actions, damages and liabilities of whatsoever nature or kind and all reasonable out-of-pocket expenses and all applicable Taxes (other than Excluded Taxes) to which any Indemnitee may become subject arising out of or in connection with (a) the execution or delivery of the Loan Documents or any agreement or instrument contemplated thereby, the performance by the parties thereto of their respective obligations thereunder, and the consummation of the Transactions or any other transactions thereunder, (b) any Loan or Letter of Credit or any actual or proposed use of the proceeds therefrom, including any refusal by the Issuing Bank to honour 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, (c) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by a Credit Party, or any Environmental Liability, (d) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or

any other theory and regardless of whether any Indemnitee is a party thereto, (e) any other aspect of this Agreement and the other Loan Documents (including any misrepresentation made thereunder), or (f) the enforcement of any Indemnitee's rights hereunder and any related assessment, investigation, defence, preparation of defence, litigation and enquiries; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence (it being acknowledged that ordinary negligence does not necessarily constitute gross negligence) or wilful misconduct of such Indemnitee.

(3) *Lender Responsibility for Unpaid Expenses and Indemnity.* To the extent that the Borrower fails to pay any amount required to be paid under Sections 9.3(1) or (2), each Lender severally agrees to pay to the Administrative Agent, the Issuing Bank or the Swingline Lender (as applicable) 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, the Issuing Bank or the Swingline Lender, in its capacity as such.

(4) *Inspections for Administration.* Any inspection of any property of any Credit Party made by or through the Administrative Agent or any Lender shall be for purposes of administration of the Credits only, and no Credit Party shall be entitled to rely upon the same (whether or not such inspections are at the expense of the Borrower).

(5) *No Representation.* By accepting or approving anything required to be observed, performed, fulfilled or given to the Administrative Agent or the Lenders pursuant to the Loan Documents, neither the Administrative Agent nor the Lenders shall be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance or approval thereof shall not constitute a warranty or representation to anyone with respect thereto by the Administrative Agent or the Lenders.

(6) *Relationship Between Parties.* The relationship between the Credit Parties and the Administrative Agent and the Lenders is, and shall at all times remain, solely that of creditor and debtor. Neither the Administrative Agent nor the Lenders shall under any circumstances be construed to be a partner or joint venturer of any Credit Party or its Affiliates. Neither the Administrative Agent nor the Lenders shall under any circumstances be deemed to be in a relationship of confidence or trust or a fiduciary relationship with any Credit Party or its Affiliates, or to owe any fiduciary duty to any Credit Party or its Affiliates. Neither the Administrative Agent nor the Lenders undertake or assume any responsibility or duty to any Credit Party or its Affiliates to select, review, inspect, supervise, pass judgment upon or inform any Credit Party or its Affiliates of any matter in connection with their property or the operations of any Credit Party or its Affiliates. Each Credit Party and its Affiliates shall rely entirely upon their own judgment with respect to such matters, and any review, inspection, supervision, exercise of judgment or supply of information undertaken or assumed by the Administrative Agent or the Lenders in connection with such matters shall be solely for the

protection of the Administrative Agent and the Lenders, and neither the Borrower nor any other Person shall be entitled to rely thereon.

(7) *Limitation of Liability.* The Administrative Agent and the Lenders shall not be responsible or liable to any Person for any loss, damage, liability or claim of any kind relating to injury or death to Persons or damage to property caused by the actions, inaction or negligence of any Credit Party or its Affiliates, and the Borrower hereby indemnifies and holds the Administrative Agent and the Lenders harmless on the terms set out in Section 9.3(2) from any such loss, damage, liability or claim.

(8) *Waiver.* To the extent permitted by applicable law, no Credit Party shall assert, and each Credit Party hereby waives, any claim against any Indemnitee for any damages arising from the use by others of information or other materials obtained through telecommunications, electronic or other information transmission systems (including the Internet).

(9) *Payment of Expenses and Indemnity.* All amounts due under Section 9.3 shall be payable not later than 20 Business Days after written demand therefor.

9.4 **Successors and Assigns.**

(1) *Successors and Assigns.* 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 (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that (a) the Borrower shall not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void), and (b) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with Section 9.4. 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 (including any Affiliate of the Issuing Bank that issues any Letter of Credit) 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.

(2) *Assignment by Lenders.* Any Lender may assign to one or more assignees (treating any fund that invests in bank loans and any other fund that invests in bank loans and is managed by the same investment advisor of such fund or by an Affiliate of such investment advisor as a single assignee) all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Commitments and the Loans at the time owing to it); provided that (a) except in the case of an assignment to a Lender or a Lender Affiliate or an Approved Fund of a Lender, the Borrower must give its prior written consent to such assignment (which consent shall not be unreasonably withheld or delayed and the Borrower shall be deemed to have consented to an assignment unless it shall have objected thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof), and (b) except in the case of an assignment of (i) any Revolving Credit Commitment to an assignee that is a Lender with a Revolving Credit

Commitment immediately prior to giving effect to such assignment or (ii) any undrawn Term Credit Commitment to assignee that is a Lender with a Term Credit Commitment immediately prior to giving effect to such assignment, the Administrative Agent must give its prior written consent to such assignment (which consent shall not be unreasonably withheld or delayed); (c) the Borrower's consent shall not be required with respect to any assignment made at any time after the occurrence and during the continuance of an Event of Default, (d) except in the case of an assignment to a Lender or a Lender Affiliate or an Approved Fund of any Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date on which the Assignment and Assumption relating to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000, unless each of the Borrower and the Administrative Agent otherwise consent in writing and the amount held by each Lender after each such assignment shall not be less than \$5,000,000, unless each of the Borrower and the Administrative Agent otherwise consent in writing, (e) each partial assignment in respect of a Commitment and the related Loans shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement in respect of such Commitment and the related Loans, (f) the parties to each assignment shall execute and deliver to the Administrative Agent (x) an Assignment and Assumption, or (y) to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to a Platform as to which the Administrative Agent and the parties to the Assignment and Assumption are participants, together with (except in the case of an assignment to a Lender or a Lender Affiliate or an Approved Fund of any Lender) a processing and recordation fee of \$5,000, payable by the assigning Lender, (g) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire, and (h) no assignment may be made to any Credit Party, any Affiliate of a Credit Party, or a Defaulting Lender. The Administrative Agent shall provide the Borrower and each Lender with written notice of any change in (or new) address of a Lender disclosed in an Administrative Questionnaire. Subject to acceptance and recording thereof pursuant to Section 9.4(4), from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, shall have all of the rights and obligations of a Lender under this Agreement, 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 2.15, 2.16, and 2.17 and 9.3 but no other provisions). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with Section 9.4 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 9.4(5).

(3) *Register.* The Administrative Agent, acting for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices in Toronto, Ontario 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 Commitment of, and principal amount of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive, and the Borrower,

the Administrative Agent, the Issuing Bank, 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. The Register shall be available for inspection by the Borrower, the Issuing Bank and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(4) *Acceptance and Recording of Assignments.* Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in Section 9.4(2) and any written consent to such assignment required by Section 9.4(2), the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this Section 9.4(4).

(5) *Participations.* Any Lender may, without notice to or the consent of any Credit Party, the Administrative Agent, the Issuing Bank or the Swingline Lender, sell participations to one or more Persons (a "**Participant**") in all or a portion of such Lender's rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Commitment and the Loans owing to it); provided that (a) such Lender's obligations under this Agreement shall remain unchanged, (b) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (c) the Borrower, the Administrative Agent, the Issuing Bank 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 agreement or instrument pursuant to which a Lender sells such a participation shall provide that (d) such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender shall not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.2(2) that affects such Participant, and (e) the Participant shall agree in favour of the Borrower (with privity of contract) to maintain the confidentiality of Information (as defined in Section 9.16) on terms and conditions substantively similar to those contained in Section 9.16. Subject to Section 9.4(6), the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.3 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 9.4(2). To the extent permitted by Law, each Participant also shall be entitled to the benefits of Section 9.11 as though it were a Lender, provided that such Participant agrees to be subject to Section 2.18(4) as though it were a Lender.

(6) *Rights of Participant.* A Participant shall not be entitled to receive any greater payment under Sections 2.15, 2.16, 2.17 and 9.3 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.

(7) *Lender Pledge of Security.* 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, including any pledge or assignment to secure obligations to a Federal Reserve

Bank or the Bank of Canada, and Section 9.4 shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(8) *Borrower's Obligations.* Any assignment or grant of a participation pursuant to Section 9.4 shall constitute neither a repayment by the Borrower to the assigning or granting Lender of any Loan included therein, nor a new advance of any such Loan to the Borrower by such Lender or by the assignee or Participant, as the case may be. The parties acknowledge that the Borrower's obligations hereunder with respect to any such Loans shall continue and shall not constitute new obligations as a result of such assignment or participation.

9.5 **Anti-Money Laundering Legislation.**

(1) *Information.* The Borrower acknowledges and agrees that, pursuant to AML Legislation, the Lenders and the Administrative Agent may be required to obtain, verify and record information regarding any Credit Party, its directors, authorized signing officers, direct or indirect shareholders or other Persons in control of the Borrower, and the transactions contemplated hereby. The applicable Credit Party shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or the Administrative Agent, or any prospective assignee or participant of a Lender or the Administrative Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

(2) *Role of Agent.* If the Administrative Agent has ascertained the identity of any Credit Party or any authorized signatories of any Credit Party for the purposes of applicable AML Legislation, then the Administrative Agent:

- (a) shall be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a "written agreement" in such regard between each Lender and the Administrative Agent within the meaning of applicable AML Legislation; and
- (b) shall provide to each Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

Notwithstanding the preceding sentence and except as may otherwise be agreed in writing, each of the Lenders agrees that the Administrative Agent has no obligation to ascertain the identity of any Credit Party or any authorized signatories of any Credit Party on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from any Credit Party or any such authorized signatory in doing so.

9.6 **Syndication.**

The Administrative Agent reserves the right to syndicate the Facilities to one or more other financial institutions, in consultation with the Borrower. The Administrative Agent 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:

- (1) provision of all information reasonably deemed necessary by the Administrative Agent to successfully complete its syndication efforts including, but not limited to, information and financial analysis;
- (2) assistance upon the Administrative Agent's request in the preparation of syndication memoranda and all other marketing materials to be used in connection with syndication efforts. Such assistance shall also include the participation and presentation by the Borrower's senior management in any lenders meeting during syndication in addition to making management available to answer questions; and
- (3) maintaining a clear market during the syndication process by, without limitation, not agreeing to other debt facilities or entering into discussions with other lenders as to the potential availability of future debt facilities to or for the benefit of the Borrower from other financial institutions prior to or during the syndication of the Facilities without the Administrative Agent's prior written consent.

9.7 **Survival.**

All covenants, agreements, representations and warranties made by the Credit Parties herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. Sections 2.15, 2.16, 2.17, 9.3 and Article 8 shall survive and remain in full force and effect, regardless of the consummation of the Transactions, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

9.8 **Counterparts.**

(1) This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or faxed or other electronic form and the parties adopt any signatures received by a receiving fax machine or via e-mail as original signatures of the parties; provided, however, that any Party providing its signature in such manner shall promptly forward to the other parties an original of the signed copy of this Agreement which was so faxed or e-mailed.

(2) Delivery of an executed counterpart of a signature page of this Agreement by telecopy, emailed pdf. or any other electronic means that reproduces an image of the actual

executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries 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, physical delivery thereof 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; provided that nothing herein shall require the Administrative Agent to accept electronic signatures in any form or format without its prior written consent.

9.9 Entire Agreement.

This Agreement (together with the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent), constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no conditions, warranties, representations or other agreements between the parties in connection with the subject matter of this Agreement (whether oral or written, express or implied, statutory or otherwise) except as specifically set out in this Agreement or in such other applicable agreements.

9.10 Severability.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

9.11 Right of Set Off.

If an Event of Default shall have occurred and be continuing, each Secured Party is hereby authorized at any time and from time to time, to the fullest extent permitted by Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Secured Party to or for the credit or the account of any Credit Party against any of and all of the obligations of the Credit Parties now or hereafter existing under the Loan Documents held by such Secured Party, irrespective of whether or not such Secured Party shall have made any demand under any Loan Document and although such obligations may be unmatured and regardless of the currency of the deposit; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuing Bank, and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The applicable Lender shall notify the Borrower and the Administrative Agent of such set-off or application, provided that any failure to give or any delay in giving such notice shall not affect the validity of any such set-off or application under this Section 9.10. The rights

of each Secured Party under this Section 9.11 are in addition to other rights and remedies (including other rights of set off) which such Secured Party may have.

9.12 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in that Province and shall be treated, in all respects, as an Ontario contract.

9.13 Attornment.

Each party hereto agrees (a) that any action or proceeding relating to this Agreement may (but need not) be brought in any court of competent jurisdiction in the Province of Ontario, and for that purpose now irrevocably and unconditionally attorns and submits to the jurisdiction of such Ontario court, (b) that it irrevocably waives any right to, and shall not, oppose any such Ontario action or proceeding on any jurisdictional basis, including forum non conveniens, and (c) not to oppose the enforcement against it in any other jurisdiction of any judgment or order duly obtained from an Ontario court as contemplated by this Section 9.13.

9.14 Service of Process.

Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 9.1. Nothing in this Agreement shall affect the right of any Party to serve process in any other manner permitted by Law.

9.15 WAIVER OF JURY TRIAL.

EACH PARTY HERETO HEREBY 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, 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 PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY 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 BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.15.

9.16 Confidentiality; Press Releases and Public Announcements.

Each of the Administrative Agent, the Issuing Bank and each Lender shall maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to each of their Affiliates, Lender Affiliates (in the case of a Lender) directors, officers, employees, agents and advisors, including accountants, legal counsel and other advisors (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 rating agency, credit bureau, regulatory authority or other Governmental Authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies under any Loan Document or any suit, action or proceeding relating to any Loan Document or the enforcement of rights thereunder, (f) to (i) any actual or 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 Hedge Arrangement relating to the Borrower and its obligations, (g) to their auditors in connection with any audit, (h) with the consent of the Borrower, or (i) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section 9.16, or (ii) becomes available to the Administrative Agent, the Issuing Bank, or any Lender on a non-confidential basis from a source other than the Borrower. For the purposes of this Section 9.16, “**Information**” means all information received from any Credit Party relating to any Credit Party, any of their subsidiaries or Affiliates, or their respective business, other than any such information that is available to the Administrative Agent, the Issuing Bank, the Lead Arranger, or any Lender on a non-confidential basis prior to disclosure by such Credit Party; provided that, in the case of information received from a Credit Party after the date hereof, such information is identified as confidential in writing at the time of delivery. Any Person required to maintain the confidentiality of Information as provided in this Section 9.16 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. Notwithstanding the foregoing, Each Credit Party agrees that it will not issue any press release or make any other kind of public announcement, or consent to the issuance of any press release or the making of any other kind of public announcement, regarding this Agreement and the terms contained herein unless the text of any such release or announcement, and the time and manner in which such release or announcement is made, has been approved by the Administrative Agent and the Syndication Agent, except to the extent required by applicable Law (in which case the Borrower shall make all commercially reasonable efforts to provide advance notice of such release or announcement to the Administrative Agent and the Syndication Agent and consult with the Administrative Agent as to the content thereof). Each Credit Party authorizes and consents to reproduction, disclosure and use by the Lenders of information about the Credit Parties (including, without limitation, their names and any identifying logos) and the Facilities (all such information being called the “**Promotional Information**”) to publish promotional “tombstones” and other forms of notices of the Facilities in any manner and in any media (including, without limitation, brochures). Each Credit Party acknowledges and agrees that (i) the Administrative Agent shall determine, in its discretion, whether to use the Promotional Information, (ii) no compensation will be payable resulting from that disclosure, and (iii) the Lenders shall not have any liability whatsoever to the Credit Parties or any of their respective employees, officers, directors, Affiliates or shareholders, in obtaining and using the Promotional Information in accordance with this Section.

9.17 **Application under the CCAA.**

Each Credit Party acknowledges and agrees that its business and financial relationships with the Administrative Agent and Lenders are unique from its relationship with any other of its creditors. No Credit Party shall file any plan of arrangement under the *CCAA* (each a “**CCAA Plan**”) which provides for, or would permit, directly or indirectly, the Administrative Agent or the

Lenders to be classified in the same class with any other creditor of the Credit Parties for purposes of such CCAA Plan.

9.18 No Strict Construction.

The parties hereto have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favouring or disfavoring any Party by virtue of the authorship of any provisions of this Agreement.

9.19 Release of Security.

Upon the written request of, and at the expense of, the Borrower, the Administrative Agent will release and discharge the Liens constituted by the Security Documents to the extent necessary to enable a Credit Party to complete any disposition which is not prohibited by this Agreement or the other Loan Documents.

9.20 Paramountcy.

In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of any other Loan Document then, notwithstanding anything contained in such other Loan Document, the provisions contained in this Agreement shall prevail to the extent of such conflict or inconsistency and the provisions of such other Loan Document shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency, it being understood that the purpose of the other Loan Documents is to add to, and not detract from, the rights granted to the Administrative Agent (for its own benefit and the benefit of the other Secured Parties) under this Agreement. If any act or omission of any or all Credit Parties is expressly permitted under this Agreement but is expressly prohibited under any other Loan Document, such act or omission shall be permitted. If any act or omission is expressly prohibited under any other Loan Document, but this Agreement does not expressly permit such act or omission, or if any act is expressly required to be performed under any other Loan Document but this Agreement does not expressly relieve any or all Credit Parties from such performance, such circumstance shall not constitute a conflict or inconsistency between the applicable provisions of such other Loan Document and the provisions of the Credit Agreement.

9.21 No Advisory or Fiduciary Responsibility.

(1) Each Credit Party acknowledges and agrees that no Lender will have any obligations hereunder except those obligations expressly set forth herein and in the other Loan Documents and each Lender is acting solely in the capacity of an arm's length contractual counterparty to each Credit Party with respect to the Loan Documents and the transaction contemplated therein and not as a financial advisor or a fiduciary to, or an agent of, any Credit Party or any other person. Each Credit Party agrees that it will not assert any claim against any Lender based on an alleged breach of fiduciary duty by such Lender in connection with this Agreement and the transactions contemplated hereby. Additionally, each Credit Party acknowledges and agrees that no Lender is advising any Credit Party as to any legal, tax, investment, accounting, regulatory or any other matters in any jurisdiction. Each Credit Party

shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and the Lenders shall have no responsibility or liability to the any Credit Party with respect thereto.

(2) Each Credit Party further acknowledges and agrees, and acknowledges its Subsidiaries' understanding, that each Lender is a full service securities or banking firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, any Lender may provide investment banking and other financial services to, and/or acquire, hold or sell, for its own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of, a Credit Party, its Subsidiaries and other companies with which a Credit Party or any of its Subsidiaries may have commercial or other relationships. With respect to any securities and/or financial instruments so held by any Lender or any of its customers, all rights in respect of such securities and financial instruments, including any voting rights, will be exercised by the holder of the rights, in its sole discretion.

(3) In addition, each Credit Party acknowledges and agrees that each Lender and its affiliates may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which a Credit Party or any of its Subsidiaries may have conflicting interests regarding the transactions described herein and otherwise. No Lender will use confidential information obtained from any Credit Party by virtue of the transactions contemplated by the Loan Documents or its other relationships with the Credit Parties in connection with the performance by such Lender of services for other companies, and no Lender will furnish any such information to other companies. Each Credit Party also acknowledges that no Lender has any obligation to use in connection with the transactions contemplated by the Loan Documents, or to furnish to any Credit Party or any of its Subsidiaries, confidential information obtained from other companies.

9.22 LIMITATION OF LIABILITY.

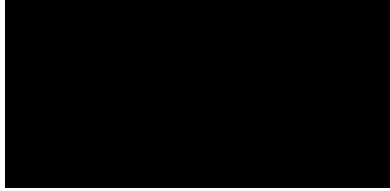
NO CLAIM MAY BE MADE BY ANY CREDIT PARTY, ANY SECURED PARTY OR ANY OTHER PERSON AGAINST ANY INDEMNITEE ON ANY THEORY OF LIABILITY, FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES (AS OPPOSED TO DIRECT OR ACTUAL DAMAGES) ARISING OUT OF, IN CONNECTION WITH, OR AS RESULT OF, ANY LOAN DOCUMENT, THE TRANSACTIONS, OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH, AND EACH CREDIT PARTY AND SECURED PARTY HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ALL SUCH CLAIMS, WHETHER OR NOT ACCRUED AND WHETHER OR NOT KNOWN OR SUSPECTED TO EXIST IN ITS FAVOUR.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

[signatures on the next following pages]

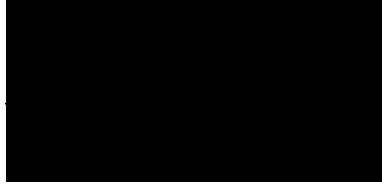
CANNARA BIOTECH (OPS) INC., as Borrower

By:



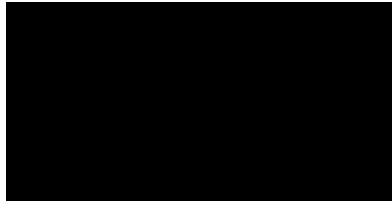
CANNARA BIOTECH INC., as Guarantor

By:



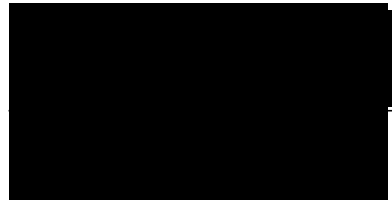
**CANNARA BIOTECH (QUEBEC) INC. as
Guarantor**

By:




**CANNARA BIOTECH (VALLEYFIELD) INC. as
Guarantor**

By:



**OLYMBEC INVESTMENTS INC. as Limited
Guarantor**

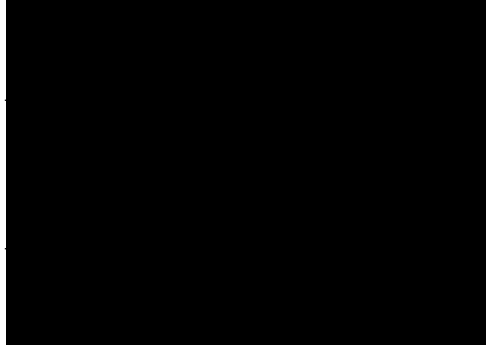
By:  _____

By:  _____

BANK OF MONTREAL, as Lender

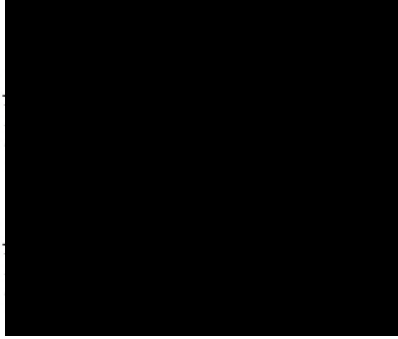
By:

By:



BANK OF MONTREAL, as Administrative Agent

By:



By:

CONCENTRA BANK cob as **WYTH
FINANCIAL**, as Lender

By:

By:



EXHIBIT A

FORM OF BORROWING BASE REPORT

TO: Bank of Montreal, as administrative agent under the Credit Agreement (the “**Administrative Agent**”)

AND TO: The Lenders

Reference is made to the Credit Agreement dated as of May 31, 2022 among Cannara Biotech (OPS) Inc., as Borrower, the Lenders parties thereto from time to time, Bank of Montreal, as Administrative Agent, the Guarantors and the Limited Recourse Guarantor (as amended, restated, extended or replaced from time to time, the “**Credit Agreement**”). Unless otherwise defined herein, capitalized terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

The undersigned, the [**Chief Financial Officer**] of the Borrower, in that capacity and not personally, hereby certifies that, as of the date hereof:

the following information is accurate and complete:

Type of Eligible Account	Aggregate Amount
Government Eligible Accounts	(A)
Canadian Eligible Accounts	(B)
Foreign Eligible Accounts	(C)

85% of Government Eligible Accounts (85% x A) = \$● (D)

75% of Canadian Eligible Accounts (75% x B) = \$● (E)

50% of Foreign Eligible Accounts (65% x C) = \$● (F)

aggregate amount of all Priority Payables = \$● (G)

The Borrowing Base (D + E + F - G) = \$●

DATED: [MONTH] [DAY], [YEAR]

Name:

Title: **[Chief Financial Officer]**

EXHIBIT B

FORM OF BORROWING REQUEST

TO: Bank of Montreal , as administrative agent under the Credit Agreement (the “**Administrative Agent**”)

RE: Credit Agreement dated as of May 31, 2022 among Cannara Biotech (OPS) Inc., as Borrower, the Lenders parties thereto from time to time, Bank of Montreal, as Administrative Agent, the Guarantors and the Limited Recourse Guarantor (as amended, restated, extended or replaced from time to time, the “**Credit Agreement**”)

We hereby give you notice that on **[DATE]** we wish to obtain a Borrowing under the **[Term Credit / Revolving Credit]** in the aggregate amount of **[\$[AMOUNT]]**. All capitalized terms used and not otherwise defined herein have the meanings given to them in the Credit Agreement.

The Borrowing requested hereby is to take the form of:

- a BA
- a Prime Loan
- a Letter of Credit

Such Borrowing is a **[rollover/conversion]** of outstanding **[Bankers’ Acceptances (including any B/A Equivalent Loans) having Contract Periods ending [DATE]/ Prime Loans]** in an aggregate principal amount of **[\$[AMOUNT]]**.

[The Contract Period in respect of the B/A Borrowing requested hereby is [NUMBER] days¹.]

[We attach a completed Application and Agreement Re; Letter of Credit which sets out the required information for the Letter of Credit]

We hereby certify, after due and careful investigation, that²:

each of the representations and warranties made by each Credit Party in the Credit Agreement are true and correct on and as of the date hereof except to the extent that (i) any change to the representations and warranties has been disclosed to the Administrative Agent and accepted by the Required Lenders, or (ii) any representation and warranty is stated to be made as of a particular time; and

¹This sentence is only required in the context of a Borrowing Request for a B/A Borrowing.

²This certification need not be made on conversions or rollovers.

on and as of the date hereof, no Default or Event of Default has occurred and is continuing.

If the Borrowing requested is to be used to purchase Planting Material (as defined in the GSA), the Borrower hereby grants to the Administrative Agent for the benefit of itself and the other Secured Parties, an additional security interest in such Planting Material and the Crop (as defined in the GSA) produced from it.

DATED: [MONTH] [DAY], [YEAR]

CANNARA BIOTECH (OPS) INC.

By:

Name:

Title:

By:

Name:

Title:

EXHIBIT C

COMPLIANCE CERTIFICATE

TO: Bank of Montreal, as administrative agent under the Credit Agreement (the “**Administrative Agent**”)

AND TO: The Lenders

Reference is made to the Credit Agreement dated as of May 31, 2022 among Cannara Biotech (OPS) Inc., as Borrower, the Lenders parties thereto from time to time, Bank of Montreal, as Administrative Agent, the Guarantors and the Limited Recourse Guarantor (as amended, restated, extended or replaced from time to time, the “**Credit Agreement**”). Capitalized terms used but not defined in this Compliance Certificate have the meanings given to them in the Credit Agreement.

The undersigned, the [**Chief Financial Officer**] of the Borrower, in that capacity and not personally, hereby certifies that, as of the date hereof, (a) a review of the consolidated financial statements of the Credit Parties for the Fiscal Quarter ended [**LAST DAY OF FISCAL QUARTER**], and of the activities of the Credit Parties during such Fiscal Quarter has been made under the supervision of the undersigned with a view to determining whether the Credit Parties have fulfilled all of their obligations under the Credit Agreement and the other Loan Documents, (b) the Credit Parties have fulfilled their obligations under the Credit Agreement, and (c) as at the end of the Fiscal Quarter ended [**LAST DAY OF FISCAL QUARTER**], each Credit Party was in compliance with each of the financial tests set forth in Article 5 of the Credit Agreement³. Each Credit Party’s compliance with each of such financial covenants as at the end of such Fiscal Quarter is demonstrated by the figures set out on the financial covenant compliance worksheet attached hereto as Schedule A.

This Compliance Certificate shall be governed by the laws of Ontario.

DATED: [MONTH] [DAY], [YEAR]

Name:

Title: [**Chief Financial Officer**]

³Or, if there is non-compliance, specify same.

Schedule A to Compliance Certificate
Financial Covenant Compliance Worksheet

RE: Rolling Period ended [MONTH] [DAY], [YEAR].

A. LIQUIDITY COVERAGE

Requirement: Maintain Liquidity Coverage of the greater of (i) \$3,500,000 and (ii) 110% of the aggregate negative EBITDA (if any) for the two immediately preceding Fiscal Quarters (Section 5.1(14)(a)).

- | | |
|---------------------------------------------------|---------|
| 1. Unrestricted Cash | [•] (A) |
| 2. unused availability under the Revolving Credit | [•] (B) |

Liquidity Coverage: (A) + (B) [•]

B. FIXED CHARGE COVERAGE RATIO

Requirement: Starting on September 1, 2023, maintain a Fixed Charge Coverage Ratio (EBITDA/Fixed Charges) of equal to or more than 1.25:1.00 (Section 5.1(14)(b)).

- | | |
|------------------|---------|
| 1. EBITDA | [•] (A) |
| 2. Fixed Charges | [•] (B) |

Fixed Charge Coverage Ratio: Ratio of (A) to (B) [•]

C. TOTAL FUNDED DEBT TO EBITDA RATIO

Requirement: Starting on September 1, 2023, maintain a Total Funded Debt to EBITDA Ratio of equal to or less than 3.00:1.00 (Section 5.1(14)(c)).

- | | |
|----------------------|---------|
| 1. Total Funded Debt | [•] (A) |
| 2. EBITDA | [•] (B) |

Total Funded Debt to EBITDA Ratio: Ratio of (A) to (B)

D. EBITDA

Requirement: Maintain EBITDA of equal to or less than \$3,000,000 for each Rolling Period ending after the Conversion Date (Section 5.1(14)(d)).

1. \$3,000,000 for the Fiscal Quarter ended May 31, 2023 [•]
2. \$4,000,000 for the Fiscal Quarter ended August 31, 2023 [•]

EXHIBIT D
FORM OF
ASSIGNMENT AND ASSUMPTION AGREEMENT

This assignment and assumption agreement (the “**Assignment and Assumption**”) is dated as of the Effective Date set out 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, supplemented, restated or replaced from time to time, the “**Credit Agreement**”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set out 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 out herein in full.

For good and valuable 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 (a) 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 any Letters of Credit and Swingline Loans included in such facilities) and (b) 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 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 clause (a) above (the rights and obligations sold and assigned pursuant to clauses (a) and (b) 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*]⁴]

3. Borrower: Cannara Biotech (OPS) Inc.

4. Administrative Agent: Bank of Montreal

⁴Select as applicable.

5. Credit Agreement: The Credit Agreement dated as of May 31, 2022 among Cannara Biotech (OPS) Inc., as Borrower, the Lenders parties thereto from time to time, Bank of Montreal, as Administrative Agent, the Guarantors and the Limited Recourse Guarantor.
6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans ⁵
	\$	\$	%
	\$	\$	%
	\$	\$	%

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 out in this Assignment and Assumption are hereby agreed to:

[NAME OF ASSIGNOR]

By:

Name:

Title:

[NAME OF ASSIGNEE]

By:

Name:

Title:

[Consented to and]⁶ Accepted:

⁵Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

⁶To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

BANK OF MONTREAL as Administrative Agent

By:

Name:

Title:

[Consented to:]⁷

[NAME OF RELEVANT PARTY]

By:

Name:

Title:

⁷To be added only if the consent of the Borrower and/or other parties (e.g., Swingline Lender, Issuing Bank) is required by the terms of the Credit Agreement.

ANNEX 1

ASSUMPTION AND ASSIGNMENT AGREEMENT

Standard Terms and Conditions for Assignment And Assumption

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, (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 (iv) **[it has closed out and settled all Hedge Arrangements with the Credit Parties such that it shall no longer be a Secured Party]**⁸, 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 Credit Parties or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Credit Parties of their respective obligations under any Loan Document. Upon request, the Assignor shall, at the expense of the Administrative Agent (for reimbursement by the Borrower), as promptly as practical, execute and deliver to the Administrative Agent, all such other and further documents, agreements and instruments as the Administrative Agent may reasonably request in order to effect the transfer of the Assigned Interest, including any materials required to discharge the Assignee's interest in and to the Collateral.

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 satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (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, and (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.1(1) 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 (b) agrees that (i) it shall, 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 shall 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.

⁸This clause should be included unless the Assignor is effecting only a partial assignment, such that it remains a Lender.

3. **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 the Effective Date or accrued subsequent to the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for the periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

4. **General Provisions.** This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and 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 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 laws of the Province of Ontario and the federal laws of Canada applicable therein.

EXHIBIT E

FORM OF SOLVENCY CERTIFICATE

[DATE]

Pursuant to Section 4.1(24) of the Credit Agreement dated as of May 31, 2022 among Cannara Biotech (OPS) Inc., as Borrower, the Lenders parties thereto from time to time, Bank of Montreal, as Administrative Agent, the Guarantors and the Limited Recourse Guarantor (as amended, supplemented, restated or replaced from time to time, the “**Credit Agreement**”), the undersigned, solely in the undersigned’s capacity as **[chief financial officer][specify other officer with equivalent duties]** of the Borrower, hereby certifies, on behalf of Borrower and not in the undersigned’s individual or personal capacity and without personal liability, that, to **[his/her]** knowledge and based upon (i) facts and circumstances as they exist as of the date hereof (and disclaiming any responsibility for changes in such facts or circumstances after the date hereof) and (ii) such materials and information as **[he/she]** has deemed relevant to the determination of the matters set forth in this certificate, as of the Closing Date, after giving effect to the Transactions (including the making of the Loans under the Credit Agreement on the Closing Date and the application of the proceeds thereof):

- (a) the fair value of the assets of the Credit Parties on a consolidated basis exceeds their debts and liabilities, subordinated, contingent or otherwise, on a consolidated basis;
- (b) the present fair saleable value of the property of the Credit Parties on a consolidated basis is greater than the amount that will be required to pay the probable liability, on a consolidated basis, of their debts and other liabilities, subordinated, contingent or otherwise, on a consolidated basis, as such debts and other liabilities become absolute and matured;
- (c) the Credit Parties on a consolidated basis are able to pay their debts and liabilities, subordinated, contingent or otherwise, on a consolidated basis, as such liabilities become absolute and matured; and
- (d) the Credit Parties on a consolidated basis are not engaged in, and are not about to engage in, business for which they have unreasonably small capital.

For purposes of this Solvency Certificate, the amount of any contingent liability at any time shall be computed as the amount that would reasonably be expected to become an actual and matured liability. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

The undersigned is familiar with the business and financial position of the Credit Parties. In reaching the conclusions set forth in this Solvency Certificate, the undersigned has made such investigations and inquiries as the undersigned has deemed appropriate, having taken into account the nature of the business proposed to be conducted by the Credit Parties after consummation of the Transactions.

IN WITNESS WHEREOF, the undersigned has executed this Solvency Certificate, solely in the undersigned's capacity as **[chief financial officer]***[specify other officer with equivalent duties]* of the Borrower, on behalf of the Credit Parties and not in the undersigned's individual or personal capacity and without personal liability, as of the date first stated above.

CANNARA BIOTECH (OPS) INC., as
Borrower

By:

Name:

Title: **[Chief Financial Officer]***[specify other officer with equivalent duties]*

SCHEDULE 2.1

LENDERS AND COMMITMENTS

Revolving Credit Commitments – Total \$5,000,000

<u>Lender</u>	<u>Commitment</u>
Bank of Montreal	██████████
Concentra Bank CoB as Wyth Financial	██████████

Term Credit Commitments – Total \$39,319,223

<u>Lender</u>	<u>Commitment</u>
Bank of Montreal	████████████████████
Concentra Bank CoB as Wyth Financial	████████████████████

Hydro LC Credit Commitments – Total \$5,680,777

<u>Lender</u>	<u>Commitment</u>
Bant of Montreal	████████████████████
Concentra Bank CoB as Wyth Financial	████████████████████

SCHEDULE 3.1(3)

GOVERNMENTAL APPROVALS; NO CONFLICTS

Nil.

SCHEDULE 3.1(5)

LITIGATION

Nil.

SCHEDULE 3.1(7)

INVESTMENTS

Nil.

SCHEDULE 3.1(10)

MATERIAL CONTRACTS

- Master Cannabis Supply Agreement dated April 20, 2021 between Ontario Cannabis Retail Corporation and Cannara Biotech (Quebec) Inc. relating to the supply of cannabis products in the province of Ontario.
- Letter of Intent with the *Société Québécoise du cannabis* (“SQDC”) relating to the production by Cannara Biotech (Quebec) Inc. of recreational cannabis for sale and distribution in the province of Quebec.
- The following licenses from Health Canada:
 - License no. LIC-[REDACTED], issued to Cannara Biotech (Quebec) Inc. effective January 31, 2020, allowing for cultivation and processing of cannabis at the Farnham Facility, and sale for medical purposes and to other licensed producers
 - License no. LIC-[REDACTED], issued to Cannara Biotech (Quebec) Inc. effective January 6, 2021, allowing for cultivation and processing of cannabis at the Farnham Facility, and sale for medical purposes and to other licensed producers
 - License no. LIC-[REDACTED], issued to Cannara Biotech (Quebec) Inc. effective August 25, 2021, allowing for cultivation and processing of cannabis at the Farnham Facility, and sale of derivative cannabis products to retail market
 - License no. LIC-[REDACTED], issued to Cannara Biotech (Valleyfield) Inc. effective September 24, 2021, allowing for cultivation and processing of cannabis at the Valleyfield Facility, and sale for medical purposes and to other licensed producers

SCHEDULE 3.1(13)

Real Property

1144 Magenta East, Farnham, Quebec, J2N 1C1 (Farnham Facility)

1175 Gerard-Cadieux, Salaberry-de-Vallefield, Quebec, J6T 6L3 (Valleyfield Facility)

Leased Real Property

333 Decarie blvd suite 200, Montreal, Quebec, H4N 3M9

[REDACTED]

[REDACTED]

**Short term leases used for staff housing. No assets owned by the Credit Parties are located at either of these properties.*

SCHEDULE 3.1(14)

PPSA SEARCH RESULTS

See attached.

Date, heure, minute de certification : **2022-05-02 14:09**

Critère de recherche Nom d'organisme : **CANNARA BIOTECH INC.**

Résultat exact (1)

Fiche	Inscription	Date	h:min
001	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION 18-1379204-0001	2018-12-14	12:01

Date, heure, minute de certification : 2022-05-02 14:09

Critère de recherche Nom d'organisme : CANNARA BIOTECH INC.

Noms présentant des similarités (36)

Nom	Code postal	Nombre de fiches détaillées
+ AB BIOTECH INC	J8T 7V9	
+ AMERSHAM PHARMACIA BIOTECH INC	H9X 3V1	
+ AUBERGE LE CANARD HUPPE INC	G0A 3Z0	
+ BIOTEK INC	G8W 2C4	
+ BIOTHEC FORESTERIE	G0X 1L0	
+ BIOTHEC FORESTERIE INC	G0X 1L0	
+ BIOTHEC FORESTERIE INC	G0X 3H0	
+ CANARD & CIE SENC	J0S 1T0	
+ CANARD DU VILLAGE	J0H 1W0	
+ CANARD IMPERIAL DE BROME LTEE	J0E 1V0	
+ CANARD IMPERIAL DE BROME LTEE	J1A 2S5	
+ CANARDS DES MONTS INC	J0H 1P0	
+ CANARDS DES MONTS INC	J0L 1M0	
+ CANARDS DU LAC BROME LTEE	J0E 1V0	
+ CANARM LTD	K6V 5V6	
+ CANNARA BIOTECH OPS INC	H4N 3M9	
+ CANNARA BIOTECH OPS INC	J2N 1C1	
+ CANNARA BIOTECH VALLEYFIELD INC	H4N 3M9	
+ EXPOSITIONS BIOTECH CONNECT INC	J7C 6A4	
+ FERME AU FROID DE CANARD SENC	G0L 2K0	
+ FOLIA BIOTECH INC	G1P 4R1	
+ GESTION KANARI INC	J3R 1R4	
+ H2O BIOTECH INC	H2N 1H7	
+ HORIZON BIOTECH INC	H9R 4A7	
+ ITI BIOTECH INTERNATIONAL INC	H7L 3W3	
+ IVM BIOTECH CORP	J3Y 2S3	
+ JUPITER AGRO BIOTECH INC	J0H 1X0	
+ JUPITER AGRO BIOTECH INC	J2R 1X2	
+ LANCELOT BIOTECH INC	G0P 1H0	
+ LE CANARD GOULU INC	G0S 2E0	
+ LE JARDIN DES CANARDS BLEUS SENC	G8L 7B6	
+ LE JARDINS DES CANARDS BLEUS SENC	G8L 7B6	
+ LES CANARDS D'ABORD	J0K 3C0	

⊕ MISPRO BIOTECH SERVICES INC

H1W 4A4

⊕ PRODUCTIONS CANARI INC

H3A 1H3

⊕ STATION AGRO BIOTECH

J2S 8L1

Date, heure, minute de certification : **2022-05-02 14:09**

Critère de recherche Nom d'organisme : **CANNARA BIOTECH INC.**

Critère de sélection Nom d'organisme :
CANNARA BIOTECH INC

Code Postal :
H4N3M9

Fiche	Inscription	Date	h:min
001	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION 18-1379204-0001	2018-12-14	12:01

Date, heure, minute de certification : 2022-05-02 14:09

Critère de recherche Nom d'organisme : CANNARA BIOTECH INC.

Critère de sélection Nom d'organisme : CANNARA BIOTECH INC Code Postal : H4N3M9

Fiche 001 - Détail de l'inscription 1 (de 1)

INSCRIPTION	DATE-HEURE-MINUTE	DATE EXTRÊME D'EFFET
18-1379204-0001	2018-12-14 12:01	2028-06-06

HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION

PARTIES

Titulaire

DÉVELOPPEMENT OLYMBEC INC.

333, boulevard Décarie, 5e étage, Montréal, Québec

H4N 3M9

Constituant

CANNARA BIOTECH INC.

333, boulevard Décarie, suite 200, Saint-Laurent, Québec

H4N 3M9

BIENS

Hypothèque mobilière sur l'universalité des biens meubles situés dans les Lieux loués et appartenant au Constituant.

Les Lieux loués sont situés au 333, boulevard Décarie, suite 200, Saint-Laurent, Québec, H4N 3M9, Canada.

MENTIONS

Somme de l'hypothèque

169,772.40\$

Référence à l'acte constitutif

Forme de l'acte : Sous seing privé

Date : 2018-06-06

Lieu : Montréal

AVIS D'ADRESSE

N° 059677

Date, heure, minute de certification : **2022-05-02 14:09**

Critère de recherche Nom d'organisme : **CANNARA BIOTECH (VALLEYFIELD) INC.**

Résultat exact (1)

Fiche	Inscription	Date	h:min
001	DROITS DE PROPRIÉTÉ DU CRÉDIT-BAILLEUR 22-0264899-0003	2022-03-15	10:30

Date, heure, minute de certification : 2022-05-02 14:09

Critère de recherche Nom d'organisme : CANNARA BIOTECH (VALLEYFIELD) INC.

Noms présentant des similarités (36)

Nom	Code postal	Nombre de fiches détaillées
+ AB BIOTECH INC	J8T 7V9	
+ AMERSHAM PHARMACIA BIOTECH INC	H9X 3V1	
+ AUBERGE LE CANARD HUPPE INC	G0A 3Z0	
+ BIOTEK INC	G8W 2C4	
+ BLOTHEC FORESTERIE	G0X 1L0	
+ BLOTHEC FORESTERIE INC	G0X 1L0	
+ BLOTHEC FORESTERIE INC	G0X 3H0	
+ CANARD & CIE SENC	J0S 1T0	
+ CANARD DU VILLAGE	J0H 1W0	
+ CANARD IMPERIAL DE BROME LTEE	J0E 1V0	
+ CANARD IMPERIAL DE BROME LTEE	J1A 2S5	
+ CANARDS DES MONTS INC	J0H 1P0	
+ CANARDS DES MONTS INC	J0L 1M0	
+ CANARDS DU LAC BROME LTEE	J0E 1V0	
+ CANARM LTD	K6V 5V6	
+ CANNARA BIOTECH INC	H4N 3M9	
+ CANNARA BIOTECH OPS INC	H4N 3M9	
+ CANNARA BIOTECH OPS INC	J2N 1C1	
+ EXPOSITIONS BIOTECH CONNECT INC	J7C 6A4	
+ FERME AU FROID DE CANARD SENC	G0L 2K0	
+ FOLIA BIOTECH INC	G1P 4R1	
+ GESTION KANARI INC	J3R 1R4	
+ H2O BIOTECH INC	H2N 1H7	
+ HORIZON BIOTECH INC	H9R 4A7	
+ ITI BIOTECH INTERNATIONAL INC	H7L 3W3	
+ IVM BIOTECH CORP	J3Y 2S3	
+ JUPITER AGRO BIOTECH INC	J0H 1X0	
+ JUPITER AGRO BIOTECH INC	J2R 1X2	
+ LANCELOT BIOTECH INC	G0P 1H0	
+ LE CANARD GOULU INC	G0S 2E0	
+ LE JARDIN DES CANARDS BLEUS SENC	G8L 7B6	
+ LE JARDINS DES CANARDS BLEUS SENC	G8L 7B6	
+ LES CANARDS D'ABORD	J0K 3C0	

☒ MISPRO BIOTECH SERVICES INC

H1W 4A4

☒ PRODUCTIONS CANARI INC

H3A 1H3

☒ STATION AGRO BIOTECH

J2S 8L1

Date, heure, minute de certification : **2022-05-02 14:09**

Critère de recherche Nom d'organisme : **CANNARA BIOTECH (VALLEYFIELD) INC.**

Critère de sélection Nom d'organisme :
CANNARA BIOTECH VALLEYFIELD INC
Code Postal :
H4N3M9

Fiche	Inscription	Date	h:min
001	DROITS DE PROPRIÉTÉ DU CRÉDIT-BAILLEUR 22-0264899-0003	2022-03-15	10:30

Date, heure, minute de certification : 2022-05-02 14:09

Critère de recherche Nom d'organisme : CANNARA BIOTECH (VALLEYFIELD) INC.

Critère de sélection Nom d'organisme : CANNARA BIOTECH VALL... Code Postal : H4N3M9

Fiche 001 - Détail de l'inscription 1 (de 1)

INSCRIPTION	DATE-HEURE-MINUTE	DATE EXTRÊME D'EFFET
22-0264899-0003	2022-03-15 10:30	2024-03-09

DROITS DE PROPRIÉTÉ DU CRÉDIT-BAILLEUR

PARTIES

Crédit-bailleur

9376-3407 QUÉBEC INC
3720 BOUL ST ELZÉAR O. #703, LAVAL, P.Q.

H7P 0G7

Crédit-preneur

CANNARA BIOTECH (VALLEYFIELD) INC
200-333 BOUL. DÉCARIE, MONTRÉAL, P.Q.

H4N 3M9

BIENS

1 SÉCHEUSE: HUEBSCH; MODÈLE: YDEE7RGS173CW01; SÉRIE: 2201005610
1 LAVEUSE: HUEBSCH; MODÈLE: YWNE22SP115CW01; SÉRIE: 2201060613

MENTIONS

Référence à l'acte constitutif

Forme de l'acte : Sous seing privé
Date : 2022-03-09
Lieu : MONTRÉAL

Date, heure, minute de certification : **2022-05-02 14:09**

Critère de recherche Nom d'organisme : **CANNARA BIOTECH (OPS) INC.**

Résultats exacts (2)

Nom	Code postal	Nombre de fiches détaillées
<input type="checkbox"/> CANNARA BIOTECH OPS INC	H4N 3M9	6
Fiche	Inscription	Date h:min
001	DROITS DE PROPRIÉTÉ DU CRÉDIT-BAILLEUR 22-0264899-0004	2022-03-15 10:30
002	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION 21-1296341-0001	2021-11-30 09:00
003	DROITS DE PROPRIÉTÉ DU CRÉDIT-BAILLEUR 20-0194331-0014	2020-02-26 09:00
004	DROITS DE PROPRIÉTÉ DU CRÉDIT-BAILLEUR 19-1357939-0011	2019-11-29 10:55
005	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION 19-1041344-0001	2019-09-16 11:25
006	DROITS RÉSULTANT D'UN BAIL 19-1012950-0004	2019-09-10 09:00
<input type="checkbox"/> CANNARA BIOTECH OPS INC	J2N 1C1	2
Fiche	Inscription	Date h:min
001	DROITS DE PROPRIÉTÉ DU CRÉDIT-BAILLEUR 20-0194331-0014	2020-02-26 09:00
002	DROITS DE PROPRIÉTÉ DU CRÉDIT-BAILLEUR 19-1357939-0011	2019-11-29 10:55

Date, heure, minute de certification : 2022-05-02 14:09

Critère de recherche Nom d'organisme : CANNARA BIOTECH (OPS) INC.

Noms présentant des similarités (43)

Nom	Code postal	Nombre de fiches détaillées
+ AB BIOTECH INC	J8T 7V9	
+ AMERSHAM PHARMACIA BIOTECH INC	H9X 3V1	
+ AUBERGE LE CANARD HUPPE INC	G0A 3Z0	
+ BIOTEK INC	G8W 2C4	
+ BIOTHEC FORESTERIE	G0X 1L0	
+ BIOTHEC FORESTERIE INC	G0X 1L0	
+ BIOTHEC FORESTERIE INC	G0X 3H0	
+ CANARD & CIE SENC	J0S 1T0	
+ CANARD DU VILLAGE	J0H 1W0	
+ CANARD IMPERIAL DE BROME LTEE	J0E 1V0	
+ CANARD IMPERIAL DE BROME LTEE	J1A 2S5	
+ CANARDS DES MONTS INC	J0H 1P0	
+ CANARDS DES MONTS INC	J0L 1M0	
+ CANARDS DU LAC BROME LTEE	J0E 1V0	
+ CANARM LTD	K6V 5V6	
- CANNARA BIOTECH INC	H4N 3M9	1
Fiche	Inscription	Date h:min
001	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION 18-1379204-0001	2018-12-14 12:01
+ CANNARA BIOTECH VALLEYFIELD INC	H4N 3M9	
+ EXPOSITIONS BIOTECH CONNECT INC	J7C 6A4	
+ FERME AU FROID DE CANARD SENC	G0L 2K0	
+ FIDUCIE QUE OPS	H3P 1E1	
+ FOLIA BIOTECH INC	G1P 4R1	
+ GESTION KANARI INC	J3R 1R4	
+ H2O BIOTECH INC	H2N 1H7	
+ HORIZON BIOTECH INC	H9R 4A7	
+ ITI BIOTECH INTERNATIONAL INC	H7L 3W3	
+ IVM BIOTECH CORP	J3Y 2S3	
+ JUPITER AGRO BIOTECH INC	J0H 1X0	
+ JUPITER AGRO BIOTECH INC	J2R 1X2	
+ LANCELOT BIOTECH INC	G0P 1H0	
+ LE CANARD GOULU INC	G0S 2E0	
+ LE JARDIN DES CANARDS BLEUS SENC	G8L 7B6	
+ LE JARDINS DES CANARDS BLEUS SENC	G8L 7B6	
+ LES CANARDS D'ABORD	J0K 3C0	

+	MANAGEMENT OPS INC	H3C 1L9
+	MANAGEMENT OPS INC	H3C 1P9
+	MANAGEMENT OPS INC	J4C 2K1
+	MISPRO BIOTECH SERVICES INC	H1W 4A4
+	MOTOR OPS INC	T2P 4K9
+	OPS WAREHOUSING & DISTRIBUTION INC	H4S 1V8
+	PRODUCTIONS CANARI INC	H3A 1H3
+	QUE OPS SENC	H3P 1E1
+	SERVICES FINANCIERS OPS INC	H4R 0L6
+	STATION AGRO BIOTECH	J2S 8L1

Date, heure, minute de certification : **2022-05-02 14:09**

Critère de recherche Nom d'organisme : **CANNARA BIOTECH (OPS) INC.**

Critère de sélection Nom d'organisme :
CANNARA BIOTECH OPS INC
Code Postal :
H4N3M9

Fiche	Inscription	Date	h:min
001	DROITS DE PROPRIÉTÉ DU CRÉDIT-BAILLEUR 22-0264899-0004	2022-03-15	10:30
002	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION 21-1296341-0001	2021-11-30	09:00
003	DROITS DE PROPRIÉTÉ DU CRÉDIT-BAILLEUR 20-0194331-0014	2020-02-26	09:00
004	DROITS DE PROPRIÉTÉ DU CRÉDIT-BAILLEUR 19-1357939-0011	2019-11-29	10:55
005	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION 19-1041344-0001	2019-09-16	11:25
006	DROITS RÉSULTANT D'UN BAIL 19-1012950-0004	2019-09-10	09:00

Date, heure, minute de certification : 2022-05-02 14:09

Critère de recherche Nom d'organisme : CANNARA BIOTECH (OPS) INC.

Critère de sélection Nom d'organisme : CANNARA BIOTECH OPS ... Code Postal : H4N3M9

Fiche 001 - Détail de l'inscription 1 (de 1)

INSCRIPTION	DATE-HEURE-MINUTE	DATE EXTRÊME D'EFFET
22-0264899-0004	2022-03-15 10:30	2024-03-09
DROITS DE PROPRIÉTÉ DU CRÉDIT-BAILLEUR		

PARTIES

Crédit-bailleur

9376-3407 QUÉBEC INC

3720 BOUL. ST-ELZÉAR O. # 703, LAVAL P.Q

H7P 0G7

Crédit-preneur

CANNARA BIOTECH (OPS) INC

200-333 BL DÉCARIE, MONTRÉAL, P.Q

H4N 3M9

BIENS

1 AUTO RECUREUSE I-MOP; 18'', MODÈLE: NOB-1231845, SÉRIE # 333223

1 AUTO RECUREUSE SCRUB, MODÈLE: NOBSSRGSOD, # SSR10996932

MENTIONS

Référence à l'acte constitutif

Forme de l'acte : Sous seing privé

Date : 2022-03-09

Lieu : MONTRÉAL

Date, heure, minute de certification : 2022-05-02 14:09

Critère de recherche Nom d'organisme : CANNARA BIOTECH (OPS) INC.

Critère de sélection Nom d'organisme : CANNARA BIOTECH OPS ... Code Postal : H4N3M9

Fiche 002 - Détail de l'inscription 1 (de 1)

INSCRIPTION	DATE-HEURE-MINUTE	DATE EXTRÊME D'EFFET
21-1296341-0001	2021-11-30 09:00	2031-11-29

HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION

PARTIES

Titulaire

CANADIAN IMPERIAL BANK OF COMMERCE
1155, René-Lévesque Blvd. West, Suite 300, Montréal, Québec H3B 4P9

Constituant

CANNARA BIOTECH (OPS) INC.
333 Décarie Boulevard, Suite 200, Montréal, Québec H4N 3M9

BIENS

The Grantor hypothecates in favour of the Bank, the Immovable, including all existing and future constructions, works of a permanent nature, present and future, and appurtenances, as well as all present and future corporeal and incorporeal property which, with respect to the Immovable, are covered by any of Articles 901 through 904 of the Civil Code of Québec, including any movables, present and future, which are incorporated therewith and lose their individuality as well as ensure the utility of the Immovable, and all movables which ensure the utility of the Immovable and which are permanently physically attached or joined to the Immovable without losing their individuality and without being incorporated therewith (the "Equipment") (the whole hereinafter collectively designated as the "Property") and all the rents, revenues and claims (the "Rents") that are or will be payable pursuant to all existing and future leases regarding the Property, in whole or in part, including amounts payable for any rights of emphyteusis, use or occupation in whole or in part, as well as all existing and future indemnities (the "Insurances Indemnities") paid or to be paid pursuant to insurance contracts covering the Rents and the Property.

In the Deed, the expression "Hypothecated Property" shall mean collectively the Property, the Equipment, the Rents and the Insurance Indemnities.

DEFINITIONS:

"Bank" means Canadian Imperial Bank of Commerce.

"Deed" means the immovable hypothec referred to herein under the heading "Référence à l'acte constitutif".

"Grantor" means CANNARA BIOTECH (OPS) INC.

"Immovable" means the following:

An emplacement known and designated at the Cadastre of Québec, Land Registry of Missisquoi, as being:

a) Lot number FOUR MILLION FOUR HUNDRED AND FORTY-SEVEN THOUSAND NINE HUNDRED AND TWELVE (4 447 912);

b) Lot number FOUR MILLION FOUR HUNDRED AND FORTY-SEVEN THOUSAND NINE HUNDRED AND THIRTEEN (4 447 913);

c) Lot number FOUR MILLION FOUR HUNDRED AND FORTY-SEVEN THOUSAND NINE HUNDRED AND FOURTEEN (4 447 914);

With all the buildings thereon erected and namely that bearing civic number 1144 Magenta Boulevard East, in the City of Farnham, Province of Québec, J2N 1C1;

Subject to a servitude as appears from the deed registered in the Land Registry of Missisquoi under the number 24 278 560;

The whole as appears from the certificate of location prepared by Kevin Migué, land surveyor, dated December 7, 2015 under the number 2332 of his minutes;

MENTIONS

Somme de l'hypothèque

CAD\$23,000,000 (the "Principal") with interest, from the date of the Deed, at a rate of 25% per annum; and an amount equal to 15% of the Principal.

Référence à l'acte constitutif

Forme de l'acte : Notarié en minute

Date : 2021-11-29

Lieu : Montréal, Québec

N° de minute : 2827

Nom du notaire : KAMATEROS, Anna

Autres mentions :

The Bank authorizes the Grantor to collect the Rents. This authorization may be withdrawn at any time by the Bank as provided by law.

AVIS D'ADRESSE

N° 014722

Date, heure, minute de certification : 2022-05-02 14:09

Critère de recherche Nom d'organisme : CANNARA BIOTECH (OPS) INC.

Critère de sélection Nom d'organisme : CANNARA BIOTECH OPS ... Code Postal : H4N3M9

Fiche 003 - Détail de l'inscription 1 (de 1)

INSCRIPTION	DATE-HEURE-MINUTE	DATE EXTRÊME D'EFFET
20-0194331-0014	2020-02-26 09:00	2026-02-25
DROITS DE PROPRIÉTÉ DU CRÉDIT-BAILLEUR		

PARTIES

Crédit-bailleur

TOYOTA INDUSTRIES COMMERCIAL FINANCE CANADA, INC.
630 - 401 THE WEST MALL, TORONTO, ON

M9C 5J5

Crédit-preneur

CANNARA BIOTECH (OPS) INC.
333 BOUL. DECARIE, #200, MONTREAL, QC

H4N 3M9

Crédit-preneur

CANNARA BIOTECH (OPS) INC.
1144 MAGENTA EST, FARHAM, QC

J2N 1C1

BIENS

Véhicule routier :

Cat.	Numéro d'identification	Année	Description
11	Véhicule tout terrain 11985	2019	TOYOTA 8BWS132F28
11	Véhicule tout terrain 11983	2019	TOYOTA 8BWS132F28

Autres biens :

(2) CHARIOT ELEVATEUR NEUF TOYOTA MODELE 8BWS132F28 NO. DE SERIE:
11985, 11983
INCLUANT TOUTES LES BATTERIES, LES CHARGEURS, LES PIECES ET TOUS LES
ACCESSOIRES QUI Y ONT TRAIT OU QUI Y SONT ATTACHES

MENTIONS

Référence à l'acte constitutif

Forme de l'acte : Sous seing privé
Date : 2020-02-25
Lieu : TORONTO

Autres mentions :

REFERENCE: (22407)

Date, heure, minute de certification : 2022-05-02 14:09

Critère de recherche Nom d'organisme : CANNARA BIOTECH (OPS) INC.

Critère de sélection Nom d'organisme : CANNARA BIOTECH OPS ... Code Postal : H4N3M9

Fiche 004 - Détail de l'inscription 1 (de 1)

INSCRIPTION	DATE-HEURE-MINUTE	DATE EXTRÊME D'EFFET
19-1357939-0011	2019-11-29 10:55	2024-11-29

DROITS DE PROPRIÉTÉ DU CRÉDIT-BAILLEUR

PARTIES

Crédit-bailleur

TOYOTA INDUSTRIES COMMERCIAL FINANCE CANADA, INC.

630 - 401 THE WEST MALL, TORONTO, ON

M9C 5J5

Crédit-preneur

CANNARA BIOTECH (OPS) INC.

333 BOUL. DECARIE, #200, MONTREAL, QC

H4N 3M9

Crédit-preneur

CANNARA BIOTECH (OPS) INC.

1144 MAGENTA EST, FARHAM, QC

J2N 1C1

BIENS

Véhicule routier :

Cat.	Numéro d'identification	Année	Description
11	Véhicule tout terrain 62237	2012	TOYOTA 8FBCU25

Autres biens :

(1) CHARIOT ELEVATEUR USAGE 2012 TOYOTA MODELE 8FBCU25 NO. DE SERIE:
62237

(1) BATTERIE DEKA, MODELE 24-D85-19-7003 NO. DE SERIE 1000IC

(1) CHARGEUR HAWKER, MODELE PH3R24-775 NO. DE SERIE JE83574

INCLUANT TOUTES LES BATTERIES, LES CHARGEURS, LES PIECES ET TOUS LES
ACCESSOIRES QUI Y ONT TRAIT OU QUI Y SONT ATTACHES

MENTIONS

Référence à l'acte constitutif

Forme de l'acte : Sous seing privé

Date : 2019-11-20

Lieu : TORONTO

Autres mentions :

REFERENCE: (22408)

Date, heure, minute de certification : 2022-05-02 14:09

Critère de recherche Nom d'organisme : CANNARA BIOTECH (OPS) INC.

Critère de sélection Nom d'organisme : CANNARA BIOTECH OPS ... Code Postal : H4N3M9

Fiche 005 - Détail de l'inscription 1 (de 1)

INSCRIPTION	DATE-HEURE-MINUTE	DATE EXTRÊME D'EFFET
19-1041344-0001	2019-09-16 11:25	2029-09-16

HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION

PARTIES

Titulaire

BANQUE CANADIENNE IMPÉRIALE DE COMMERCE
1155, BOUL. RENÉ LÉVESQUE OUEST, SUITE 300, MONTRÉAL (QUÉBEC) H3B 4P9

Constituant

CANNARA BIOTECH (OPS) INC
333 DECARIE BLVD, SUITE 200 SAINT-LAURENT (QUEBEC) H4N 3M9

BIENS

ANNEX A
Description of the Collateral

THE FOLLOWING SECURITIES, MONETARY CLAIMS AND/OR OTHER PROPERTY:

- THE \$100,000.00 TERM DEPOSIT EVIDENCE, IF ANY, BY THE GUARANTEED INVESTMENT CERTIFICATE ISSUED BY CIBC OR BY CIBC TRUST CORPORATION

ANNEX B
Definitions

COLLATERAL: MEANS THE MOVABLE PROPERTY LISTED IN ANNEX A (AS AMENDED OR SUPPLEMENTED FROM TIME TO TIME), ALL SUBSTITUTIONS AND REPLACEMENTS THEREOF AND INCREASES, ADDITIONS AND ACCESSIONS THERETO, AND ALL RELATED INTERESTS, PROCEEDS, FRUITS, REVENUES AND INCOME IN ANY FORM DERIVED FROM ANY DEALING WITH ANY OF THE FOREGOING.

CHARGE: MEANS ANY MORTGAGE, CHARGE, PLEDGE, HYPOTHEC, LIEN, ASSIGNMENT, LEASE, TITLE RETENTION AGREEMENT OR ARRANGEMENT, SECURITY OR OTHER ENCUMBRANCE OF ANY NATURE HOWEVER ARISING, OR ANY OTHER SECURITY AGREEMENT, CONTROL AGREEMENT OR ARRANGEMENT CREATING IN FAVOR OF ANY CREDITOR A RIGHT IN RESPECT OF ANY PARTICULAR COLLATERAL THAT IS PRIOR TO THE RIGHT OF ANY OTHER CREDITOR IN RESPECT OF SUCH COLLATERAL.

SECURITIES: MEANS ANY AND ALL DEPOSITS OF MONEY OR PRECIOUS METALS, CLAIMS, BONDS, DEBENTURES, TREASURY BILLS, BANKER'S ACCEPTANCES, BILLS OF EXCHANGE, SHARES, STOCKS, WARRANTS, OPTIONS, UNITS, PARTICIPATIONS, MUTUAL FUNDS AND OTHER SECURITIES AND INSTRUMENTS OF TITLE OF ANY NATURE AND DESCRIPTION, NEGOTIABLE OR NOT, AND ALL CERTIFICATES AND GUARANTEED INVESTMENT CERTIFICATES, IF ANY, EVIDENCING THE SAME AND ALL SECURITIES, AS DEFINED IN THE STA, AND ALL UNCERTIFICATED SECURITIES.

MONETARY CLAIM: MEANS ANY CLAIM REQUIRING THE DEBTOR TO REIMBURSE, RETURN OR RESTORE AN AMOUNT OF MONEY OR MAKE ANY OTHER PAYMENT IN RESPECT OF AN AMOUNT OF MONEY, EXCEPT ANY SECURITIES OR SECURITY ENTITLEMENT.

STA: MEANS AN ACT RESPECTING THE TRANSFER OF SECURITIES AND THE

ESTABLISHMENT OF SECURITY ENTITLEMENT (QUBEC), AS SUCH IS IN FORCE FROM TIME TO TIME.

SECURITY ENTITLEMENT: MEANS ANY AND ALL SECURITY ENTITLEMENTS, AS SUCH TERM IS USED IN THE STA.

UNCERTIFICATED SECURITY: MEANS A SHARE OR EQUITY INTEREST ISSUED BY OR SIMILAR PARTICIPATION IN A CORPORATION, TRUST OR OTHER PERSON THAT IS NOT REPRESENTED BY A CERTIFICATE (BUT DOES NOT INCLUDE ANY SUCH SHARES, INTERESTS OR PARTICIPATIONS IN A SECURITIES ACCOUNT).

MENTIONS

Somme de l'hypothèque

\$115,000.00 INCLUANT UNE SOMME ADDITIONNELLE ÉGALE À 15% AU TAUX DE 25% L'AN

Référence à l'acte constitutif

Forme de l'acte : Sous seing privé

Date : 2019-08-28

Lieu : MONTREAL

AVIS D'ADRESSE

N° 014722

Date, heure, minute de certification : 2022-05-02 14:09

Critère de recherche Nom d'organisme : CANNARA BIOTECH (OPS) INC.

Critère de sélection Nom d'organisme : CANNARA BIOTECH OPS ... Code Postal : H4N3M9

Fiche 006 - Détail de l'inscription 1 (de 1)

INSCRIPTION	DATE-HEURE-MINUTE	DATE EXTRÊME D'EFFET
19-1012950-0004	2019-09-10 09:00	2024-09-09

DROITS RÉSULTANT D'UN BAIL

PARTIES

Locateur

LOCATION PRIME INC.

5760 CH DE LA COTE DE LIESSE, MONT ROYAL, QC

H4T 1B1

Locataire

CANNARA BIOTECH (OPS) INC

200-333 BOUL DECARIE, MONTREAL, QC

H4N 3M9

BIENS

Véhicule routier :

Cat.	Numéro d'identification	Année	Description
01	Véhicule de promenade WA1BNAFY0K2135428	2019	AUDI Q5

MENTIONS

Référence à l'acte constitutif

Forme de l'acte : Sous seing privé

Date : 2019-09-09

Lieu : MONTREAL, QC

Date, heure, minute de certification : **2022-05-02 14:09**

Critère de recherche Nom d'organisme : **CANNARA BIOTECH (OPS) INC.**

Critère de sélection Nom d'organisme :
CANNARA BIOTECH OPS INC

Code Postal :
J2N1C1

Fiche	Inscription	Date	h:min
001	DROITS DE PROPRIÉTÉ DU CRÉDIT-BAILLEUR 20-0194331-0014	2020-02-26	09:00
002	DROITS DE PROPRIÉTÉ DU CRÉDIT-BAILLEUR 19-1357939-0011	2019-11-29	10:55

Date, heure, minute de certification : **2022-05-02 14:09**

Critère de recherche Nom d'organisme : CANNARA BIOTECH (OPS) INC.

Critère de sélection Nom d'organisme : CANNARA BIOTECH OPS ... Code Postal : J2N1C1

Fiche 001 - Détail de l'inscription 1 (de 1)

INSCRIPTION	DATE-HEURE-MINUTE	DATE EXTRÊME D'EFFET
20-0194331-0014	2020-02-26 09:00	2026-02-25
DROITS DE PROPRIÉTÉ DU CRÉDIT-BAILLEUR		

PARTIES

Crédit-bailleur

TOYOTA INDUSTRIES COMMERCIAL FINANCE CANADA, INC.
630 - 401 THE WEST MALL, TORONTO, ON

M9C 5J5

Crédit-preneur

CANNARA BIOTECH (OPS) INC.
333 BOUL. DECARIE, #200, MONTREAL, QC

H4N 3M9

Crédit-preneur

CANNARA BIOTECH (OPS) INC.
1144 MAGENTA EST, FARHAM, QC

J2N 1C1

BIENS

Véhicule routier :

Cat.	Numéro d'identification	Année	Description
11	Véhicule tout terrain 11985	2019	TOYOTA 8BWS132F28
11	Véhicule tout terrain 11983	2019	TOYOTA 8BWS132F28

Autres biens :

(2) CHARIOT ELEVATEUR NEUF TOYOTA MODELE 8BWS132F28 NO. DE SERIE:
11985, 11983
INCLUANT TOUTES LES BATTERIES, LES CHARGEURS, LES PIECES ET TOUS LES
ACCESSOIRES QUI Y ONT TRAIT OU QUI Y SONT ATTACHES

MENTIONS

Référence à l'acte constitutif

Forme de l'acte : Sous seing privé
Date : 2020-02-25
Lieu : TORONTO

Autres mentions :

REFERENCE: (22407)

Date, heure, minute de certification : 2022-05-02 14:09

Critère de recherche Nom d'organisme : CANNARA BIOTECH (OPS) INC.

Critère de sélection Nom d'organisme : CANNARA BIOTECH OPS ... Code Postal : J2N1C1

Fiche 002 - Détail de l'inscription 1 (de 1)

INSCRIPTION	DATE-HEURE-MINUTE	DATE EXTRÊME D'EFFET
19-1357939-0011	2019-11-29 10:55	2024-11-29

DROITS DE PROPRIÉTÉ DU CRÉDIT-BAILLEUR

PARTIES

Crédit-bailleur

TOYOTA INDUSTRIES COMMERCIAL FINANCE CANADA, INC.
630 - 401 THE WEST MALL, TORONTO, ON

M9C 5J5

Crédit-preneur

CANNARA BIOTECH (OPS) INC.
333 BOUL. DECARIE, #200, MONTREAL, QC

H4N 3M9

Crédit-preneur

CANNARA BIOTECH (OPS) INC.
1144 MAGENTA EST, FARHAM, QC

J2N 1C1

BIENS

Véhicule routier :

Cat.	Numéro d'identification	Année	Description
11	Véhicule tout terrain 62237	2012	TOYOTA 8FBCU25

Autres biens :

(1) CHARIOT ELEVATEUR USAGE 2012 TOYOTA MODELE 8FBCU25 NO. DE SERIE:
62237

(1) BATTERIE DEKA, MODELE 24-D85-19-7003 NO. DE SERIE 1000IC

(1) CHARGEUR HAWKER, MODELE PH3R24-775 NO. DE SERIE JE83574

INCLUANT TOUTES LES BATTERIES, LES CHARGEURS, LES PIECES ET TOUS LES
ACCESSOIRES QUI Y ONT TRAIT OU QUI Y SONT ATTACHES

MENTIONS

Référence à l'acte constitutif

Forme de l'acte : Sous seing privé

Date : 2019-11-20

Lieu : TORONTO

Autres mentions :

REFERENCE: (22408)

Date, heure, minute de certification : **2022-05-02 14:09**

Critère de recherche Nom d'organisme : **CANNARA BIOTECH (OPS) INC.**

Critère de sélection Nom d'organisme :
CANNARA BIOTECH INC

Code Postal :
H4N3M9

Fiche	Inscription	Date	h:min
001	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION 18-1379204-0001	2018-12-14	12:01

Date, heure, minute de certification : 2022-05-02 14:09

Critère de recherche Nom d'organisme : CANNARA BIOTECH (OPS) INC.

Critère de sélection Nom d'organisme : CANNARA BIOTECH INC Code Postal : H4N3M9

Fiche 001 - Détail de l'inscription 1 (de 1)

INSCRIPTION	DATE-HEURE-MINUTE	DATE EXTRÊME D'EFFET
18-1379204-0001	2018-12-14 12:01	2028-06-06

HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION

PARTIES

Titulaire

DÉVELOPPEMENT OLYMBEC INC.

333, boulevard Décarie, 5e étage, Montréal, Québec

H4N 3M9

Constituant

CANNARA BIOTECH INC.

333, boulevard Décarie, suite 200, Saint-Laurent, Québec

H4N 3M9

BIENS

Hypothèque mobilière sur l'universalité des biens meubles situés dans les Lieux loués et appartenant au Constituant.

Les Lieux loués sont situés au 333, boulevard Décarie, suite 200, Saint-Laurent, Québec, H4N 3M9, Canada.

MENTIONS

Somme de l'hypothèque

169,772.40\$

Référence à l'acte constitutif

Forme de l'acte : Sous seing privé

Date : 2018-06-06

Lieu : Montréal

AVIS D'ADRESSE

N° 059677

SCHEDULE 3.1(15)

PENSION PLANS

Nil.

SCHEDULE 3.1(17)

SUBSIDIARIES

17.(a)

See corporate organizational chart attached.

17(b), (c) and (d)

Credit Party	Form of Legal Entity and Jurisdiction of Organization	Issued and Outstanding Equity Securities and Owners	Transaction Status
Cannara Biotech Inc.	Corporation – British Columbia	242,167,820 common shares owned by Javaa Private Equity Inc. 163,650,184 common shares owned by Olymbec Investments Inc.	Guarantor
Cannara Biotech (OPS) Inc.	Corporation - Federal	476,667,330 common shares owned by Cannara Biotech Inc..	Borrower
Cannara Biotech (Quebec) Inc.	Corporation - Federal	100 common owned by Cannara Biotech (OPS) Inc.	Guarantor
Cannara Biotech (Valleyfield) Inc.	Corporation – Federal	1 common share owned by Cannara Biotech (OPS) Inc.	Guarantor

17 (e)

Nil.

SCHEDULE 3.1(21)

ENVIRONMENTAL MATTERS

Potential need for removal of materials in the event that further development on the Valleyfield Facility, as further described in a reports from environmental engineering firms WSP Canada Inc. (dated December 2017) and Groupe ABS Inc. (dated February 2019) with respect to the Valleyfield Facility, each as previously disclosed to the Bank of Montreal.

SCHEDULE 3.1(22)

EMPLOYEE MATTERS




Employment contracts with special payments on termination of employment:






Name	Position	Date of Hire	Severance Calculation	Base Salary	Bonus Potential	Total Annual Compensation

SCHEDULE 3.1(24)

INTELLECTUAL PROPERTY RIGHTS

Trademarks

Country	Owner	Trademark	Filing Number	Registration Number
Canada	Cannara Biotech Inc.	Nativa Logo 	1923893	TMA1125600
	Cannara Biotech Inc.	NATIVA CANNABIS	1916330	TMA1125599
	Cannara Biotech Inc.	EARTH MAGIC	1916049	TMA1128794
	Cannara Biotech Inc.	PET LEAF	1916058	TMA1128793
	Cannara Biotech Inc.	EARTH MAGIC Design 	1916067	TMA1128792
	Cannara Biotech Inc.	TRIBAL	2014473	N/A
	Cannara Biotech Inc.	ORCHID	2014468	N/A
	Cannara Biotech Inc.	CULTIVISTS	2014470	N/A
	Cannara Biotech Inc.	OLD SCHOOL HASH	2121879	N/A
	Cannara Biotech Inc.	ZONE10	2014472	N/A
	Cannara Biotech Inc.	TIGUIDOU	2014474	N/A
	Cannara Biotech Inc.	NUGZ STICKY ICKY ICKY Design 	2078245	N/A
	Cannara Biotech Inc.	CANNABAR Design	1916065	N/A

				
	Cannara Biotech Inc.	Cannara & Leaf Design 	1888957	N/A
	Cannara Biotech Inc.	Cannara	1888955	N/A
	Cannara Biotech Inc.	NUGZ STRAIN HUNTER	2187042	N/A
	Cannara Biotech Inc.	PLUSH	2014467	N/A
	Cannara Biotech Inc.	NUGZ	2014469	N/A
	Cannara Biotech Inc.	JACKPOT	2014471	N/A
	Cannara Biotech Inc.	SAC D'OR	2036819	N/A
	Cannara Biotech Inc.	NUGZ DESIGN	2078246	N/A
	Cannara Biotech Inc.	CANNABAR	1916047	N/A
	Cannara Biotech Inc.	NATIVA	1984154	N/A
United States	Cannara Biotech Inc.	EARTH MAGIC	88150274	N/A
	Cannara Biotech Inc.	PET LEAF 	88150296	6629502
	Cannara Biotech Inc.	PET LEAF	88150287	6629501
	Cannara Biotech Inc.	NATIVA 	88144194	N/A
	Cannara Biotech Inc.	NATIVA	88168737	N/A
	Cannara Biotech Inc.	CANNARA 	88150245	N/A

	Cannara Biotech Inc.	CANNARA	88150234	N/A
	Cannara Biotech Inc.	NATIVA	88977487	N/A
	Cannara Biotech Inc.	NATIVA	88976064	N/A
	Cannara Biotech Inc.	NATIVA	88606804	N/A

Patent Application

None.

Conflicts, Claims and Exceptions

None.

SCHEDULE 9.1

LENDER AND ISSUING BANK CONTACT INFORMATION

Name of Lender or Issuing Bank	Address	Facsimile No.	E-mail Address
Bank of Montréal	Bank of Montreal Corporate Finance Division 100 King ST W. – 18 TH Floor, Toronto, Ontario M5X 1A1 ATTN: Administration Services	416-867- 5127	