

CREDIT AGREEMENT

BETWEEN

MEDIPHARM LABS INC.

and

THE BANK OF NOVA SCOTIA

and

MEDIPHARM LABS CORP. and MPL PROPERTY HOLDINGS INC.

October 10, 2019



CASSELS BROCK
LAWYERS

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CREDIT AGREEMENT

Dated October 10, 2019

BETWEEN:

MEDIPHARM LABS INC., an Ontario corporation (the “**Borrower**”)

and

THE BANK OF NOVA SCOTIA (the “**Lender**”)

and

MEDIPHARM LABS CORP., an Ontario corporation (the “**Parent**”) and
MPL PROPERTY HOLDINGS INC., an Ontario corporation (“**MPL PropCo**”)

RECITALS:

- A. The Borrower has requested that the Lender establish and maintain the Credit Facilities described in this Agreement, the proceeds of which will be used by the Borrower for the purposes set forth in this Agreement.
- B. The Lender has agreed to establish the Credit Facilities in favour of the Borrower on the terms of this Agreement.
- C. The Borrower is a wholly-owned Subsidiary of the Parent.

The parties agree as follows:

ARTICLE 1 INTERPRETATION

1.01 Definitions

In this Agreement, in addition to the terms defined above, the following definitions apply:

“**Account Debtor**” means any Person who is obligated to pay an Account Receivable.

“**Account Receivable**” means any right of a Person to payment for services rendered by it, goods sold by it, or from any other transaction made in the ordinary course of business, classified as an account receivable in accordance with GAAP.

“**Acquisition**” means, for any Person, any purchase or other acquisition, regardless of how it is done (including any purchase or other acquisition by amalgamation, merger, arrangement, business combination, Joint Venture or other form of corporate reorganization or by purchase, lease, or other acquisition arrangement), of

- (a) any other Person (including any purchase or other acquisition of issued and outstanding securities of, or a portion of an Equity Interest in, another Person, with the effect of that other Person becoming a Subsidiary of the purchaser or of any of its Affiliates) or of all or substantially all of the Property of any other Person, or

- (b) any division, business, operation, or undertaking of any other Person or of all or substantially all of the Property of any division, business, operation, or undertaking of any other Person.

“Additional Compensation” has the meaning given to that term in Section 14.01 (Change in Applicable Law).

“Additional Financing” means any transaction or series of transactions under which any Person or Persons acquire any Equity Interest, investment in, or loan to any Obligor or any Subsidiary of any Obligor or enters into or is granted any right, option, or agreement relating to that transaction or series of transactions.

“Advance” means:

- (a) a borrowing by the Borrower by way of a Canadian Prime Rate Advance,
- (b) acceptance by the Lender of a draft or depository bill presented for acceptance as a Bankers’ Acceptance,
- (c) the Lender’s issuance of a Letter of Credit; or
- (d) an Australian Bank Bill Rate Advance;

any reference relating to the amount of Advances means, whether as a result of an Advance, deemed advance, Conversion or Rollover, as applicable, the sum of the principal amount of all outstanding Canadian Prime Rate Advances and Australian Bank Bill Rate Advances,

plus

- (e) the face amount of all outstanding Bankers’ Acceptances, and
- (f) the undrawn amount of all outstanding Letters of Credit.

“Affected Loan” has the meaning given to that term in Section 14.02.

“Affiliate” of any Person means, at the time the determination is being made, any other Person Controlling, Controlled by, or under common Control with, that Person, whether directly or indirectly (including a directly or indirectly held Subsidiary of any Obligor).

“Agreement” means this Credit Agreement.

“Aggregate Early Termination Amount” means, at any time, the sum of the Early Termination Amounts of each of the Hedge Arrangements that is “out of the money” from the Borrower’s perspective, after taking into account the netting provisions, if any, under those Hedge Arrangements.

“Annual Business Plan” means the Borrower’s annual business plan prepared in respect of the Consolidated Group on a consolidated basis, with detailed financial projections and budgets on a month-to-month basis for the following Fiscal Year, in each case consisting of a balance sheet, statement of income, statement of retained earnings, statement of changes in financial position, and proposed Capital Expenditures for that year, which plan will be in compliance with the terms of this Agreement (including the Financial Covenants).

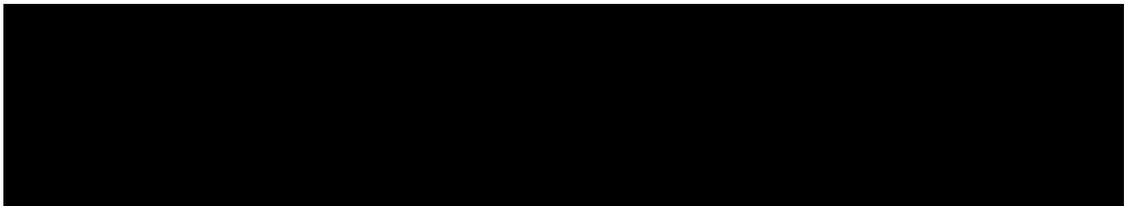
“Anti-Corruption Laws” means all Applicable Law of any jurisdiction applicable to the Borrower, the Borrower’s Subsidiaries or any Guarantor from time to time concerning or relating to bribery or corruption.

“Anti-Terrorist Financing and Anti-Money Laundering Laws” means any Applicable Law relating to or concerning financing terrorism or money laundering (including the *Criminal Code* (Canada), the *Proceeds of Crime (Money Laundering) and the Terrorist Financing Act* (Canada), the *Official Secrets Act* (Canada), Executive Order No. 13224, the United States’ *Patriot Act, Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth), the Charter of the *United Nations Act 1945* (Cth), the *Charter of United Nations (Dealing with Assets) Regulations 2008* (Cth) and the *Banking (Foreign Exchange) Regulations 1959* (Cth) and any laws or regulations imposing “know your customer” or other identification checks or procedures that apply to the Lender, the laws comprising or implementing the Bank Secrecy Act, and the laws *administered* by the United States Treasury Department’s Office of Foreign Asset Control).

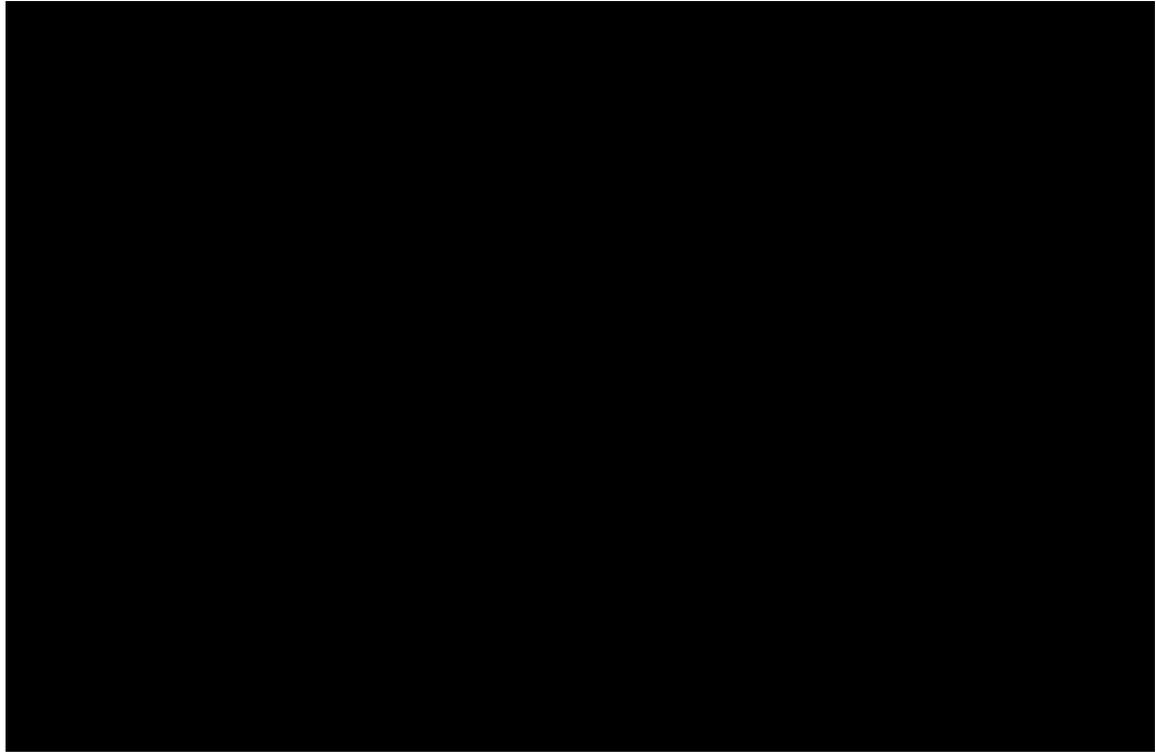
“Applicable Law” means any present or future: (a) Law; (b) any consents or approvals of any Governmental Authority; and (c) any orders, decisions, advisory or interpretative opinions, injunctions, judgements, awards, decrees of, or agreements with, any Governmental Authority, in each case, relating or applicable to any Person, property, transaction, event, or other matter (including any interpretation of Law by any Governmental Authority) whether or not having force of law.

“Applicable Margin” means, subject to Section 5.10 (Changes to Applicable Margin), with respect to an Advance, fee or financial ratio:

- (a) at any time or for any period relating to any Advance made prior to the approval by the Lender, in its sole discretion, of the consolidated audited financial statements of the Parent for the Fiscal Year ending December 31, 2019, the percentage rate per annum as expressed in basis points per annum, determined in accordance with the pricing grid set forth immediately below by reference to the applicable type of Advance:

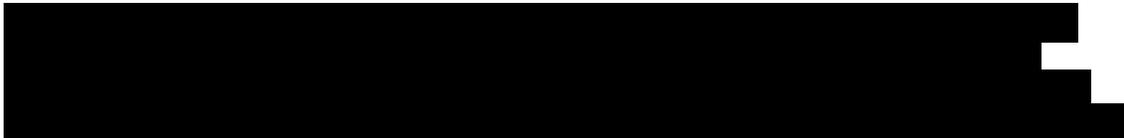
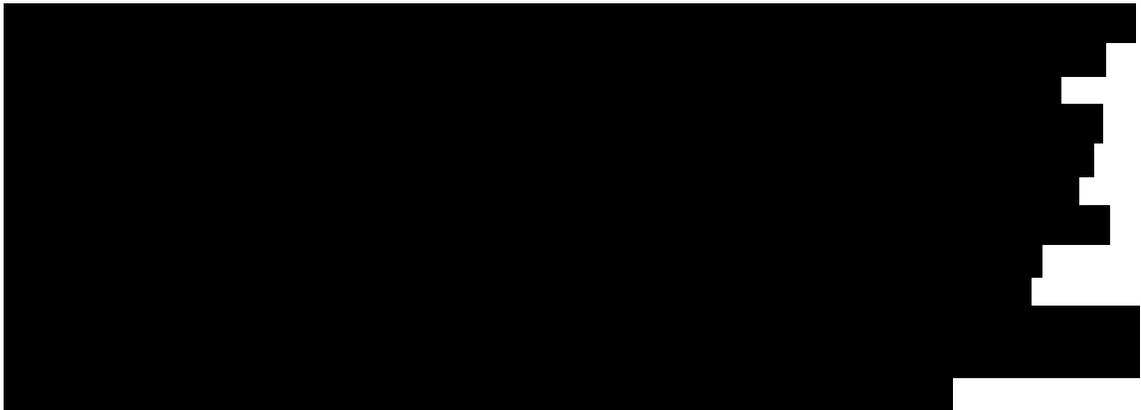


- (b) at any time or for any period relating to any Advance made after approval by the Lender, in its sole discretion, of the consolidated audited financial statements of the Parent for the Fiscal Year ending December 31, 2019, satisfactory to the Lender in its sole discretion, the percentage rate per annum as expressed in basis points per annum, determined in accordance with the pricing grid set forth immediately below by reference to the applicable type of Advance as determined by the Borrower’s corresponding Debt to EBITDA Ratio level at such time or for that period as determined by reference to the most recent Compliance Certificate delivered by the Borrower under Section 10.33 (Compliance Certificate). Changes to the Applicable Margin set forth below will occur at the times and in the manner set forth in Section 5.10 (Changes to Applicable Margin):



“Applicable Margin Adjustment Date” means the first day of the month next following the earlier of the date that the Compliance Certificate

- (a) certifying the occurrence of the change is delivered, and
- (b) is due to be delivered under Section 10.33 (Compliance Certificate).



[REDACTED]

“**Arm’s Length**” has the meaning given to that term in the definition of “Non-Arm’s Length.”

“**Associate**” has the meaning given to that term in the *Business Corporations Act* (Ontario).

“**Australian Dollars**”, “**AUD**” and “**AU\$**” mean the lawful money of Australia.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

“Australian Bank Bill Rate Advance” means an Advance made by the Lender to the Borrower in Australian Dollars and for which interest is to be calculated by reference to the Australian Bank Bill Rate.

“Australian Bank Bill Rate Period” means the period selected by the Borrower for an Australian Bank Bill Rate Advance or the period applicable to the Australian Bank Bill Rate Advance under the terms of this Agreement that, in either case, will be one (1), two (2), three (3) or six (6) months commencing on the Drawdown Date, Rollover Date, or Conversion Date of that Advance, provided that:

- (a) if any Australian Bank Bill Rate Period would end on a day that is not a Business Day, the Australian Bank Bill Rate Period will be extended to the next Business Day unless the result would be to carry that Australian Bank Bill Rate Period into the next calendar month, in which case that Australian Bank Bill Rate Period will end on the preceding Business Day,
- (b) no Australian Bank Bill Rate Period will extend beyond the Revolving Term Facility Maturity Date,
- (c) any Australian Bank Bill Rate Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding number in the calendar month at the end of that Australian Bank Bill Rate Period) will end on the last Business Day of a calendar month,
- (d) the Borrower shall select each Australian Bank Bill Rate Period so as not to require a payment or prepayment of any Australian Bank Bill Rate Advance during the applicable Australian Bank Bill Rate Period, and
- (e) the Borrower shall select each Australian Bank Bill Rate Period so that there will be no more than 10 separate Australian Bank Bill Rate Advances outstanding at any one time.

“Australian Corporations Act” means the *Corporations Act 2001* (Cth) of the Commonwealth of Australia.

“Australian PPSA” means the *Personal Property Securities Act 2009* (Cth) of the Commonwealth of Australia and any regulations in force at any time under the *Personal Property Securities Act 2009* (Cth), including the *Personal Property Securities Regulations 2010* (Cth).

“Australian PPSR” means the register established under Section 147 of the Australian PPSA.

“BA Acceptance Fee” means the amount calculated by multiplying the face amount of a Bankers' Acceptance by the BA Fee Rate and then multiplying the result by a fraction,

- (a) the numerator of which is the number of days to elapse from and including the date of acceptance of that Bankers' Acceptance by the Lender up to but excluding the maturity date of that Bankers' Acceptance, and
- (b) the denominator of which is the number of days in the applicable calendar year.

“BA Discount Proceeds” means, relating to a particular Bankers' Acceptance, the following amount:

$$\frac{F}{1 + \frac{D \times T}{365}}$$

where

- (a) "F" means its face amount,
- (b) "D" means its applicable BA Discount Rate, and
- (c) "T" means the number of days to its maturity,

with the amount so determined being rounded up or down to the fifth decimal place and 0.000005 being rounded up.

"BA Discount Rate" means for any Bankers' Acceptances to be accepted by the Lender on any Drawdown Date, Rollover Date, or Conversion Date, as the case may be, CDOR on that Drawdown Date, Rollover Date, or Conversion Date, as the case may be.

"BA Fee Rate" means, for a Bankers' Acceptance, the applicable percentage rate per annum expressed in basis points indicated below the reference to "BA Fee Rate" in the relevant pricing grid provided for in the definition of "Applicable Margin" relevant to the applicable Debt to EBITDA Ratio level and period for which a determination is being made.

"Bankers' Acceptance" means a depository bill, as defined in the *Depository Bills and Notes Act* (Canada), in Canadian Dollars that is in the form of a draft signed on the Borrower's behalf and accepted by the Lender.

"Bankruptcy and Insolvency Laws" means the *Companies' Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), the United States Bankruptcy Code; the *Winding-Up and Restructuring Act* (Canada); the Australian Corporations Act or any other bankruptcy, reorganization, moratorium, insolvency, or analogous laws or similar laws affecting creditors' rights generally applicable bankruptcy, insolvency, moratorium, reorganization, suspension of payments, winding up, dissolution, administration or other analogous proceeding or law in Canada, Australia or the United States (as applicable), or any province or territory thereof or any other applicable jurisdictions, in effect from time to time.

"Barrie Property" means the premises municipally known as 151 John St, Barrie, ON L4N 2L1 owned by MPL Prop Co. and legally described as PT LT 25 CON 6 VESPRA AS IN RO756824; VESPRA , being all of Pin No. 58766-0109 (LT).

"Barrie Mortgage" has the meaning given to such term in Section 11.01(h).

"basis points" or **"bps"** means 1/100th of 1%.

"Benefit Plan" means any employee benefit plan (other than a Pension Plan) established, contributed to or maintained by or on behalf of the Borrower, any Subsidiary of the Borrower or any other Obligor for the benefit of their respective employees, including any medical, health, hospitalization, disability, bonus, deferred compensation, share purchase, supplemental pension or retirement plan, insurance, or other employee

benefit or welfare plan, agreement, or arrangement applicable to or for the benefit of the employees of the Borrower, any Subsidiary of the Borrower or any other Obligor.

“**BNS Bank Account**” has the meaning given to that term in Section 10.60(a).

“**BNS Service Agreement**” has the meaning given to that term in Section 10.60(b)

“**Borrower**” has the meaning given to that term in the preamble of this Agreement.

“**Borrower Accounts**” means the deposit accounts of the Borrower maintained with the Lender denominated in Canadian Dollars as confirmed by the Borrower to the Lender from time to time.

“**Borrower’s Counsel**” means the law firm of Aird & Berlis LLP.



“**Borrowing Base Certificate**” means the certificate to be delivered under Section 10.34 (Borrowing Base Certificate) in substantially the form attached as Exhibit 1 (Form of Borrowing Base Certificate) and signed by a Senior Officer of each of the Borrower and the Parent.

“**Business**” means

- (a) the business as it is currently carried on by the Obligors, namely the production of purified pharmaceutical-like Cannabis oil and concentrates and related advanced derivatives products, and
- (b) all activities related or ancillary to the foregoing.

“**Business Day**” means a day on which the commercial banks located in Toronto, Ontario are open for business, other than a Saturday, a Sunday, or any other day that is a statutory holiday or on which commercial banks are authorized or required by law to be closed in Toronto, Ontario, and (b) in respect of an Australian Bank Bill Rate Advance, any other day (other than Saturday or Sunday) on which banks are generally open for business in Sydney and Melbourne, Australia.

Unless otherwise expressly provided for in this Agreement, if any payment or calculation is to be made under, or any other action is to be taken in accordance with, this Agreement on or as of a day that is not a Business Day, that payment or calculation is to be made, and that other action is to be taken, as applicable, on or as of the next day that is a Business Day unless the next day is in the next calendar month, in which case the payment, calculation, or action will be deemed to have been made or taken on or as of the preceding Business Day.

“**Canadian Dollars**”, “**CAD**” and “**CDN\$**” mean the lawful money of Canada.

“**Canadian Prime Rate Advance**” means an Advance made by the Lender to the Borrower in Canadian Dollars and for which interest is to be calculated by reference to the Canadian Prime Rate.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

“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 or the *Controlled Drugs and Substances Act* (Canada).

“Cannabis Act” means An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts, S.C. 2018, c. 16, as amended or replaced from time to time.

“Cannabis Laws” means Applicable Laws with respect to Cannabis-Related Activities (other than Laws of general application), including without limitation the Cannabis Act, the Cannabis Regulations, the *Narcotic Drugs Act 1967* (Cth), the *Narcotic Drugs Amendment Act 2016* (Cth) and the *Therapeutic Goods Act 1989* (Cth).

“Cannabis Regulations” means Cannabis Regulations under the Cannabis Act, regulations pursuant to the *Narcotic Drugs Act 1967 (Cth)*, the *Narcotic Drugs Amendment Act 2016 (Cth)* and the *Therapeutic Goods Act 1989 (Cth)* and any other statute with respect to Cannabis-Related Activities, each as amended from time to time.

“Cannabis-Related Activities” subject to the Cannabis Side Letter, means any activities, including advertising or promotional activities, relating to or in connection with the importation, exportation, cultivation, production, purchase, distribution or sale of Cannabis or Cannabis-related products, whether such activities are for medical, scientific, recreational or any other purpose.

“Cannabis Side Letter” means the side letter agreement dated May 14, 2019 between the Lender and the Borrower.

“Capital Expenditures” means, for any period, the aggregate of all expenditures

- (a) made by any Person, on a consolidated basis, for the purchase, acquisition, licence, erection, development, improvement, construction, repair, or replacement of fixed or capital assets, software or additions to equipment (including replacements), and
- (b) related to a Capital Lease or an operating lease for which that Person has provided a residual value guarantee to the lessor,

and as determined in accordance with, or as required to be capitalized under, GAAP.

“Capital Lease” means any lease that should be treated as a capital lease under GAAP.

“Cash Equivalents” means

- (a) securities issued or fully guaranteed or insured by and backed by the full faith and credit of the Government of Canada, the Government of a province of Canada, the Government of the United States, the Government of a state of the United States, or an agency or instrumentality thereof having maturities of not more than six months from the date of acquisition,
- (b) certificates of deposit, time deposits, repurchase agreements, reverse repurchase agreements, or bankers' acceptances, having in each case a maturity of not more than six months, issued by any commercial bank organized under the laws of Canada or the laws of the United States and having combined capital and surplus of not less than one billion Canadian Dollars and a short term debt rating of at least “A-1” by S&P Global Inc., “P-1” by Moody's Investors Services Inc., or “R-1” by DBRS Limited,
- (c) repurchase obligations with a term of not more than 90 days for underlying securities of the types described in (a) and entered into with any bank meeting the qualifications specified in (b),
- (d) commercial paper of an issuer rated at least “A-1” by S&P Global Inc., “P-1” by Moody's Investors Services Inc. or “R-1” by DBRS Limited and in each case having a maturity of not more than three months, or
- (e) investments in money market funds substantially all of whose assets are comprised of securities of the types described in (a) through (d) above.

“CDOR” means for any day, and relative to Bankers’ Acceptances having any specified term and face amount, the discount rate per annum, calculated on the basis of a year of 365 days (or 366 days in the case of a leap year) equal to the rate per annum for Canadian Dollar bankers’ acceptances having the specified term and face amount (or a term and face amount as close as possible in comparison to the specified term and face amount of the Bankers’ Acceptance) that appear on the display referred to as the “CDOR Page” (or any substitute therefor) of Thomson Reuters at or about 10:00 a.m. Eastern Time on the first day of that term, or if that rate does not appear on such “CDOR Page” then, then the rate per annum on such date shall be calculated as the rate for the term referred to above applicable to Canadian Dollar bankers’ acceptances quoted by the Lender as of 10:00 a.m. Eastern Time on such date or, if such date is not a Business Day, then on the immediately preceding Business Day and if at any time the rate determined as above would be less than zero, the Canadian Prime Rate shall be deemed to be equal to zero.

“Change of Control” means the occurrence of any of the following events:

- (a) any Person or group of Persons in concert or under common Control, other than the Co-Founders owns, directly or indirectly, legally and beneficially, any more than 25% of the outstanding Equity Interests of, or otherwise Control, the Parent or any other Obligor,
- (b) the Parent fails to own, directly or indirectly, legally and beneficially, all of the outstanding Equity Interests of, or otherwise fails to Control, the Borrower or any direct Subsidiary acquired or incorporated by the Borrower after the Closing Date (as may be permitted under the terms of this Agreement) free and clear of all Encumbrances (other than Permitted Encumbrances), and
- (c) the Borrower fails to own directly or indirectly, legally and beneficially, all of the outstanding capital stock of, or otherwise fails to Control, any other Obligor owned by it as of the Closing Date or any Subsidiary acquired or incorporated by it after the Closing Date (as may be permitted under the terms of this Agreement) free and clear of all Encumbrances (other than Permitted Encumbrances).

“Closing Date” means October 10, 2019 or such other date as the parties may agree upon in writing.

“Co-Founders” means Pat McCutcheon and Keith Strachan.

“Compliance Certificate” means the certificate to be delivered under Section 10.33 (Compliance Certificate) in substantially the form attached as Exhibit 2 (Form of Compliance Certificate) and signed by a Senior Officer of each of the Borrower and the Parent.

“Consolidated Assets” means, in respect of the Consolidated Group, all amounts that would, in conformity with GAAP, be classified on a consolidated balance sheet of the Parent as assets.

“Consolidated Debt” means, at any time, all Debt of the Consolidated Group, calculated on a consolidated basis.

“Consolidated EBITDA” means, at any time, the Consolidated Net Income of the Consolidated Group for that period, plus (without duplication) the sum of the following amounts:

- (a) Total Interest Expense,
- (b) Income Tax Expense,
- (c) Depreciation Expense,
- (d) losses from extraordinary, unusual, or non-recurring items (including transaction costs and without limitation, those transaction costs contemplated by Section 17.15 of this Agreement and the transaction costs incurred by the Borrower in respect of or relating to this Agreement) as approved by the Lender, in its sole discretion, in advance of the delivery of each Compliance Certificate, and
- (e) any other non-cash losses which were required to be accrued for a future period (including any stock-based compensation).

“Consolidated Group” means the Parent, the Borrower, MPL Aus, MPL PropCo and all other Subsidiaries of the Parent, whether direct or indirect and whether now owned or subsequently acquired or incorporated.

“Consolidated Net Income” means the Net Income (or loss) of the Consolidated Group for such period, determined on a consolidated basis in accordance with GAAP.

“Consolidated Net Worth” at any date, means the difference between: (a) the Consolidated Assets on such date; and (b) the Consolidated Debt on such date.

“Consolidated Total Capitalization” means, as at any time, the sum of Consolidated Debt plus Consolidated Net Worth.

“Contingent Obligation” means, in respect of any Person, any obligation, whether secured or unsecured, of that Person guaranteeing or indemnifying (or in effect guaranteeing or indemnifying) any indebtedness, leases, dividends, letters of credit, or other monetary obligations (the **“primary obligations”**) of any other Person (a **“primary obligor”**) by that Person in any manner, whether directly or indirectly (including any obligation of that Person as an account party relating to a letter of credit or letter of guarantee issued to assure payment by a primary obligor of any primary obligation and any other obligations of that Person), whether contingent or not.

“Control” means the direct or indirect power to direct the management and policies, business, or affairs of a Person whether through the ownership of voting Equity Interests, by contract, or otherwise and for a corporation, has the meaning given to that term in the *Business Corporations Act* (Ontario), and the terms “Controlled”, “Controlling” and “under common Control with” have comparable meanings and, with respect to MPL Aus, shall include 'control' as that term is defined in s50AA of the *Australian Corporations Act*.

“Conversion” means a conversion of an Advance under Section 2.10 (Drawdowns, Conversions, and Rollovers).

“Conversion Date” means the Business Day specified by the Borrower on which to convert one type of Advance into another type of Advance.

“Credit Documents” means this Agreement, the Security, the Qualifying Hedge Arrangements, all Letters of Credit, all Letter of Credit Agreements, the Cannabis Side Letter, all BNS Service Agreements, all documentation in respect of BNS Bank Accounts

and all other documents, certificates, and instruments executed or delivered or to be executed or delivered by an Obligor to the Lender in accordance with this Agreement or the Credit Documents, as may be amended, supplemented, restated, amended and restated, replaced, or otherwise modified from time to time, and “**Credit Document**” means any one of them.

“**Credit Facilities**” means the Non-Revolving Term Facility, the Revolving Term Facility and the Non-Revolving Delayed Draw Term Facility, and “**Credit Facility**” means any one of them.

“**Debt**” means, for any Person at any time,

- (a) all items (including the Credit Facilities) that would then be classified as liabilities on that Person’s consolidated balance sheet or in the notes to the balance sheet, and
- (b) without duplication, any item that is then to that Person
 - (i) an obligation or indebtedness in respect of borrowed money, for the deferred purchase price of Property or services, or that is evidenced by a note, bond, debenture, or any other similar instrument,
 - (ii) other than for purposes of the financial covenant calculations contemplated in Section 10.26 through Section 10.30, the Aggregate Early Termination Amount,
 - (iii) a transfer with recourse or with an obligation to repurchase, to the extent of that Person’s liability,
 - (iv) an obligation secured by any Encumbrance on any of that Person’s Property to the extent attributable to that Person’s respective interest in that Property, even though it has not assumed or become liable for its payment,
 - (v) a Capital Lease obligation,
 - (vi) an obligation arising in connection with an acceptance facility or letter of credit or letter of guarantee,
 - (vii) a Contingent Obligation if the primary obligation guaranteed is not otherwise classified as a liability on that Person’s consolidated balance sheet,
 - (viii) the aggregate amount at which any shares in that Person’s capital that are redeemable or retractable at the option of the holder of those shares (except where the holder is that Person) may be redeemed or retracted, or
 - (ix) any other obligation arising under arrangements or agreements that, in substance, provide financing;

provided, however, that there will not be included for the purpose of this definition any item that is on account of

- (x) issued share capital or surplus, subject to paragraph (viii) above,

- (xi) Reserves for deferred income taxes or general contingencies,
- (xii) minority interests in Subsidiaries, or
- (xiii) trade accounts payable and accrued liabilities (including deferred revenues and income taxes payable) incurred in the ordinary course of business, unless any of the trade accounts payable or accrued liabilities under this paragraph remain unpaid more than 90 days after the date on which they were incurred.

“Debt to Capitalization Ratio” means, in respect of the Consolidated Group, on a consolidated basis, at any time, the amount determined in accordance with the formula D/C where:

- (a) “D” is Consolidated Debt, and
- (b) “C” is Consolidated Total Capitalization.

“Debt to EBITDA Ratio” means, in respect of the Consolidated Group, on a consolidated basis, at any time, the amount determined in accordance with the formula D/EBITDA where

- (a) “D” is Consolidated Debt, and
- (b) “EBITDA” is Consolidated EBITDA.

“Depreciation Expense” means, for any Person and for any period, depreciation, amortization, depletion, and other similar reductions to the income of that Person for that period, which does not involve an outlay of cash, as determined in accordance with GAAP.

“Disposition” means any sale, assignment, transfer, conveyance, lease, licence, or other disposition of any nature or kind of any Property or of any right, title or interest in or to any Property, including any issuance or sale of Equity Interests or any incurrence of Debt, and the term **“Dispose”** has a comparable meaning.

“Distribution” means, for any Person, any payment, directly or indirectly, by that Person

- (a) of any dividends on any equity units or shares of its capital,
- (b) on account of, or for the purpose of setting apart any property for a sinking or other analogous fund for, the purchase, redemption, retirement, or other acquisition of any shares of its capital or any warrants, options, or rights to acquire any such shares,
- (c) of any other distribution in respect of any shares of its capital,
- (d) of any principal of or interest or premium on, or of any amount in respect of a sinking or analogous fund or defeasance fund for, Subordinated Debt or other indebtedness or liability of that Person ranking, at Law or by contract, in right of payment subordinate to any liability of that Person under the Credit Documents or otherwise, or
- (e) of any management, consulting, or similar fee or any bonus or comparable payment, or by way of gift or other gratuity, to any Affiliate of that Person or to

any director or officer of that Person or Affiliate of that Person, or to any Person not dealing at Arm's Length with that Person or Affiliate, director or officer.

"Draft" means a draft in the form or forms prescribed by the Lender for bankers' acceptances denominated in Canadian Dollars that the Lender has executed but not yet accepted.

"Drawdown" means

- (a) a Canadian Prime Rate Advance,
- (b) an Australian Bank Bill Rate Advance,
- (c) the issue of a Bankers' Acceptance, or
- (d) the issue of a Letter of Credit.

"Drawdown Date" means the Business Day on which a Drawdown is made by the Borrower under the terms of this Agreement.

"Early Termination Amount" means, for any Hedge Arrangement, on any day on which the Early Termination Amount is calculated, an amount, whether positive or negative, if any, that the Borrower could owe relating to that Hedge Arrangement, by making an estimate of the mid-market calculations as determined by Section 6(e)(ii)(2) of the ISDA Master Agreement, as if the ISDA Master Agreement (and that Hedge Arrangement) were being terminated as a result of a "Termination Event" (as defined in the ISDA Master Agreement) with two "Affected Parties" (as defined in the ISDA Master Agreement) on that day of calculation.

"Eligible Accounts Receivable" means, at any time, any Account Receivable of the Borrower that meets and at all times continues to meet all of the standards of eligibility from time to time established and revised by the Lender at its reasonable discretion. Without limiting the Lender's discretion to establish other or further standards of eligibility, Eligible Accounts Receivable will not include any Account Receivable for which any of the following statements is not accurate and complete (and by including any such account in any computation of the Borrowing Base, the Borrower will be deemed to represent and warrant to the Lender that all of the following statements are accurate and complete):

- (a) it is a valid and legally enforceable obligation of the Account Debtor,
- (b) it is genuine as appearing on its face or as represented in the Borrower's books and records,
- (c) it is free from valid claims regarding rescission, cancellation, or avoidance, whether by operation of Law or otherwise and is net of all then-applicable holdbacks,
- (d) without limiting the generality of paragraph (c) above, if subject to any offset, counterclaim, or other defence on the part of the Account Debtor or any claim on the part of the Account Debtor denying liability, in whole or in part, it is reduced by the amount of that offset, counterclaim, other defence, or claim,
- (e) no invoice evidencing it is unpaid 90 days after the date of it being rendered (or if the account is not paid by reference to an invoice in the ordinary course of

business but instead by reference to the terms of the agreement(s) creating the account, that account is not unpaid beyond 45 days after the due date for that account),

- (f) it is owed by an Account Debtor located in Canada or Australia,
- (g) it is denominated in Canadian Dollars or Australian Dollars,
- (h) it is subject to a first priority Encumbrance (subject to Permitted Encumbrances listed in subsections (a) and (b) of the definition thereof which have not become enforceable and are not in priority to the Security) in favour of the Lender and has been perfected under the Law of the jurisdiction in which the owner is located in accordance with the applicable Security (including registration of any Australian law governed Security on the Australian PPSR),
- (i) other than Encumbrances described in paragraph (h) above, it is, and at all times will be, free and clear of all Encumbrances other than Priority Payables (to the extent deducted in calculating the Borrowing Base),
- (j) it does not arise from a sale or lease to or rendering of services to an Affiliate, Associate, employee, agent, shareholder, director, or other representative of any Obligor or, in each case, to their respective Affiliates or Associates,
- (k) all consents, licences, approvals, authorizations of, or registrations or declarations with any Governmental Authority required to be obtained, made, or given in connection with the execution, delivery, and performance of that account by each Account Debtor obligated under that Account Receivable and the Encumbrance in that account created by the Security has been duly obtained, made, or given and is in full force and effect,
- (l) in the case of the sale of goods, (i) the goods have been sold to an Account Debtor on a true sale basis on open account, or subject to contract, and not on consignment, on approval, or on a "sale or return" basis or subject to any other repurchase or return agreement, (ii) no material part of the goods has been returned, rejected, lost, or damaged, and (iii) the account is not evidenced by any instrument or chattel paper,
- (m) without limiting the generality of paragraph (j) above, the Account Debtor of the Account Receivable is not a Governmental Authority except if either the Account Receivable is assignable without consent or all necessary consents to its assignment have been obtained, and
- (n) the Account Debtor obligated on the Account Receivable has not suspended business, become insolvent, admitted its inability to pay its debts as they come due, made a general assignment for the benefit of its creditors, or consented to or applied for the appointment of a receiver, trustee, custodian, or liquidator for itself or any material part of its Property and no petition has been filed by or against the Account Debtor under any Bankruptcy and Insolvency Laws which is outstanding as at the date of this Agreement.

Any Eligible Account Receivable that subsequently fails to meet any of the requirements in paragraphs (f) through (n) above and any other standards of eligibility for Eligible Accounts Receivable established by the Lender, or that is otherwise unacceptable to the

Lender using reasonable credit judgment, will immediately cease to be an Eligible Account Receivable.

“Encumbrance” means

- (a) any security interest, mortgage, debenture, pledge, hypothec, lien, charge, encumbrance, assignment by way of security, hypothecation, pledge, conditional sale agreement, sale/lease back transaction, deposit arrangement, title retention, capital lease, or discount, factoring or securitization arrangement on recourse terms granted or permitted by a Person or arising by operation of Law, in respect of any of that Person’s Property, or any consignment or Capital Lease of Property by that Person as consignee or lessee or any other security agreement, trust or arrangement having the effect of security for the payment of any debt, liability, or obligation (including any "security interest" as defined in Sections 12(1) or (2) of the Australian PPSA), and “Encumbrances,” “Encumbrancer,” “Encumber,” and “Encumbered” have comparable meanings.
- (b) any statutory deemed trust or lien,
- (c) any preference, priority, adverse claim, levy, execution, seizure, attachment, garnishment, or other encumbrance that binds property,
- (d) any right of set-off intended to secure the payment or performance of an obligation, and
- (e) any agreement to grant any of the rights or interests described in any of the preceding clauses.

“Environmental Claim” means any Governmental Order, action, suit, demand, demand letter, claim, notice of violation or non-compliance, notice of liability or potential liability, investigation, proceeding, lien, fine, penalty, consent order or consent agreement by or from any Person alleging liability of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on, or resulting from: (a) the presence, release of, or exposure to, any Hazardous Substance; or (b) any actual or alleged non-compliance with any Environmental Law or term or condition of any permit, letter, clearance, consent, waiver, closure, exemption, decision or other action required under or issued, granted, given, authorized by or made pursuant to Environmental Law.

“Environmental Law” means any Applicable Law, and any Governmental Order or binding agreement with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, occupational health or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, release, reporting, licensing, permitting or management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Substance. Without limiting the foregoing, the term “Environmental Law” includes the following (including their respective regulations and any comparable provincial or territorial legislation): *Canadian Environmental Protection Act, 1999*

(Canada); *Environmental Protection Act* (Ontario); *Occupational Health and Safety Act* (Ontario); *Ontario Water Resources Act* (Ontario); and the *Pesticides Act* (Ontario).

“Equity” means, for any Person at any time, the aggregate amount of

- (a) the stated capital of all of the outstanding shares or other ownership interest of that Person,
- (b) that Person’s accumulated retained earnings,
- (c) the amount, without duplication, of any contributed surplus all as set forth in the financial statements for that Person as at the end of its most recently completed fiscal quarter, and
- (d) the amount of any loans from shareholders of that Person that have been fully subordinated and postponed to the Obligations on terms satisfactory to the Lender.

“Equity Interests” means any and all shares, interests, participations or other equivalents (however designated) of shares in a corporation, any and all equivalent ownership (or profit) interests in a Person (including partnership, limited partnership, membership or trust interests therein), securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person, and any and all warrants, rights or options to purchase any of the foregoing, whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

“Equivalent Amount” means, on any date, the equivalent amount in Canadian Dollars, or Australian Dollars, after giving effect to a conversion of a specified amount of Canadian Dollars to Australian Dollars or Australian Dollars to Canadian Dollars, as the case may be, at the daily exchange rate quoted by the Lender on such date in the absence of such rates on that date, using the Lender’s customary practice for commercial loans being administered by it or at such other rate as may have been agreed in writing between the Lender and the Borrower.

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“**Existing GAAP**” has the meaning given to that term in Section 1.02(a) (Accounting Principles).

“**Existing Lender**” means Firm Capital Mortgage Fund Inc.

“**Financial Assistance**” means, without duplication and for any Person, all loans granted by that Person and guarantees or Contingent Obligations incurred by that Person for the purpose of, or having the effect of, providing financial assistance to another Person or Persons (including letters of guarantee, letters of credit, legally binding comfort letters or indemnities issued in connection with them, endorsements of bills of exchange (other than for collection or deposit in the ordinary course of business), obligations to purchase assets regardless of the delivery or non-delivery of those assets, and obligations to make advances or otherwise provide financial assistance to any other entity) and also includes any guarantee of any third party lease obligations.

“**Financial Covenants**” means those financial covenants contained in Section 10.26 (Debt to EBITDA Ratio) through to Section 10.30 (Fixed Charge Coverage Ratio).

“**Fiscal Quarter**” means each quarterly accounting period of the Borrower ending on March 31, June 30, September 30, and December 31 in each Fiscal Year.

“Fiscal Year” means the Parent and the Borrower’s fiscal year ending on December 31 in each calendar year.

“Fixed Charge Coverage Ratio” means, in respect of the Consolidated Group, on a consolidated basis, the ratio of: (a) Consolidated EBITDA for such period minus (i) Unfunded Capital Expenditures, (ii) Permitted Distributions, and (iii) tax expenses paid in cash for such period, including but not limited to any Income Tax Expense, to (b) the sum of (i) Consolidated Interest Expense, plus (ii) scheduled amortization payments on all indebtedness in respect of borrowed money for such period.

“Four Quarter Period” means, as at the last day of any particular Fiscal Quarter, the period of four consecutive Fiscal Quarters that is then ending.

“GAAP” means the International Financial Reporting Standards in effect and generally accepted and applied in Canada from time, applied on a consistent basis.

“Governmental Authority” means

- (a) the government of Canada or Australia, or any other nation, whether federal, provincial, state, municipal, local, or other government or public department,
- (b) any central bank, court, tribunal, arbitral body, regulatory body (including any stock exchange), commission (including any securities commission), board, bureau, agency, authority, or Person exercising executive, legislative, judicial, taxing, regulatory, or administrative powers or functions of, or pertaining to, any of the foregoing (including a Minister of the Crown, the Superintendent of Financial Institutions, or semi-governmental authority or any other comparable authority or agency (including any self-regulatory organization established under statute), and,
- (c) any subdivision of any of the foregoing.

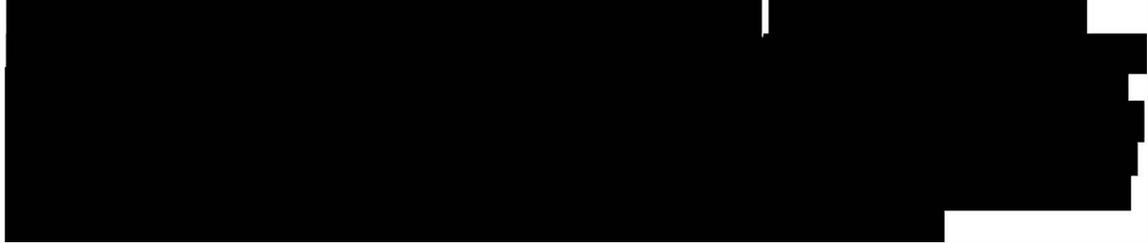
“Governmental Order” means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

“Guarantors” means, collectively, the Parent, MPL Aus, MPL PropCo, and any other Person who, on the Closing Date or at any time after the Closing Date is required to become a Guarantor under Section 10.59 (No new Subsidiaries) or under Section 10.65 (Inactive Subsidiaries), and **“Guarantor”** means any one of them. For greater certainty, each of the Inactive Subsidiaries are not “Guarantors” hereunder as of the date hereof.

“Hazardous Substance” means any substance, product, waste, pollutant, material, chemical, contaminant, dangerous good, ozone-depleting substance, or other material (including any constituent of any of them) that is or becomes listed, regulated, or addressed under the Requirements of Environmental Law, (including without limitation contaminants, pollutants, asbestos, lead, urea formaldehyde foam insulation, polychlorinated by-phenyls, hydrocarbon products or chlorinated solvent compounds, any materials containing same or derivatives thereof, explosives, radioactive substances, petroleum and associated products, underground storage tanks, dangerous or toxic substances or materials, controlled products, and hazardous wastes).

“Health Canada Licences” means, any licence issued by Health Canada to any of the Obligors in respect of their respective Cannabis-Related Activities.

“Hedge Arrangement” means any arrangement or transaction between one Person and any other Person that is a rate swap transaction, basis swap, forward rate transaction, commodity swap, interest rate option, forward foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, or any other similar transaction (including any option related to the foregoing) designed to protect or mitigate against risks in interest, currency exchange, or commodity price fluctuations. For the avoidance of doubt, the entry into a ISDA Master Agreement and the schedules thereto shall not in and of themselves constitute a Hedge Arrangement, but each trade documented pursuant to a confirmation entered into thereunder shall.



“Income Tax Expense” means, for any Person and for any period, the aggregate of all Taxes on the income of that Person for that period, whether current or deferred, as determined in accordance with GAAP.

“Indebtedness Currency” has the meaning given to that term in Section 17.18 (Judgment Currency).

“Information” means the financial, operational, and other information and data provided, and to be provided, to the Lender by the Obligors or any one of them under this Agreement.

“Intellectual Property” means each Obligor’s, in whatever format, whether registered or unregistered or foreign or domestic:

- (a) business and trade names, corporate names, brand names, logos, franchises and slogans,
- (b) inventions, patents, patent rights, patent applications (including all reissues, divisions, continuations, continuations-in-part, and extensions of any patent or patent application), inventions upon which patent applications have not yet been filed, unregistered industrial designs, applications for registration of individual designs, and registered designs.
- (c) registered copyrights, copyright works, all registered and unregistered service marks, trade-marks (including the goodwill attaching to those trade-marks), registrations, and applications for trade-marks and copyrights,
- (d) rights and interests in and to processes, data, trade secrets, designs, know-how, processes, product formulae and information, manufacturing, engineering, and other drawings and manuals, technology, algorithms, blue prints, research and development reports, technical information, technical assistance, engineering data, design and engineering specifications, and similar materials recording or evidencing expertise or information,
- (e) domain names and uniform resource locators (URLs),

- (f) any other owned intellectual and industrial property rights throughout the world not otherwise listed in paragraphs (b) through (e) above,
- (g) licences of the intellectual property listed in paragraphs (b) through (f) above, except for Shrink-Wrap Software,
- (h) all future income and proceeds from any of the intellectual property listed in paragraphs (b) through (f) above and the licences listed in paragraph (h) above, and
- (i) all rights to damages and profits by reason of the infringement of any of the intellectual property listed in paragraphs (b) through (h) above.

“Intercompany Debt” means all Debt owed by any Obligor to another Obligor.

“Interest Payment Date” means:

- (a) for each Canadian Prime Rate Advance, the first Business Day of each calendar month,
- (b) as to any Australian Bank Bill Rate Advance having an Australian Bank Bill Rate Period of three months or shorter, the last day of such Interest Period,
- (c) as to any Australian Bank Bill Rate Advance having an Australian Bank Bill Rate Period longer than three months, the respective dates that fall every three months after the beginning of such Interest Period and on the last day of such Interest Period, and
- (d) as to any Advance (other than an Advance that is a Canadian Prime Rate Advance or an Australian Bank Bill Rate Advance), the date of any repayment or prepayment made in respect thereof.

“Interest Period” means relating to any

- (a) Canadian Prime Rate Advance, the period commencing on the applicable Drawdown Date or Conversion Date, as the case may be, and terminating on the date selected by the Borrower for the Conversion of that Advance into another type of Advance or for the repayment of that Advance,
- (b) Bankers’ Acceptance, the period selected by the Borrower and being of 30, 60, 90, or 180 days’ duration commencing on the Drawdown Date, Rollover Date, or Conversion Date of that Advance, and
- (c) Letter of Credit, the period commencing on the date of issuance of that Letter of Credit and terminating on the last day on which that Letter of Credit is outstanding,

provided that,

- (d) in any case, the last day of each Interest Period is also the first day of the next Interest Period,
- (e) if any Interest Period would end on a day that is not a Business Day, the Interest Period will be extended to the next Business Day unless the result would be to carry that Interest Period into the next calendar month, in which case the

Borrower will be deemed to have selected an Interest Period that will end on the preceding Business Day, and

- (f) the last Interest Period under this Agreement expires on or before the later of the Revolving Term Facility Maturity Date and the Non- Revolving Term Facility Maturity Date.

“Investment” in any Person means any direct or indirect acquisition

- (a) of any shares of capital stock or other equity securities of that Person, or
- (b) by purchase or otherwise, of all or substantially all of the business, assets, or stock or other evidence of beneficial ownership of that Person,

and the amount of any Investment will be its original cost, plus the cost of all additions to that Investment, minus the amount of any portion of that Investment repaid to that Person in cash as a return of capital, but without any other adjustments for increases or decreases in value, or write-ups, write-downs, or write-offs relating to that Investment. In determining the amount of any Investment involving a transfer of any Property other than cash, that Property will be valued at its fair market value at the time of its transfer. For greater certainty, an Acquisition is not treated as an Investment.

“ISDA Master Agreement” means the 2002 ISDA Master Agreement in the form published by the International Swaps and Derivatives Association, Inc. and related schedule in the form agreed upon between the Borrower and the Lender.

“ITA” means the *Income Tax Act* (Canada).

“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 an Obligor and one or more other Persons (other than an Obligor) for the purpose of carrying on specific business or developing one or more specific projects together.

“Joint Venture Agreement” means any articles, by-laws, partnership agreement, joint venture agreement, syndication agreement, shareholders agreement, co-tenancy agreement, declaration of trust or other similar agreement or instrument to which an Obligor is a party, pursuant to which a Joint Venture is formed and/or governed.

“Judgment Conversion Date” has the meaning given to that term in Section 17.18 (Judgment Currency).

“Judgment Currency” has the meaning given to that term in Section 17.18 (Judgment Currency).

“Law” means any law (including common law), statute, by-law, rule, regulation, order, ordinance, protocol, code, guideline, treaty, policy, notice, direction, decree, judgment, award, proclamation, policy, declaration or any other requirement, in each case of any Governmental Authority, whether or not having the force of law (including, without limitation, the Cannabis Laws).

“Lender” has the meaning given to that term in the preamble of this Agreement.

“Lender’s Counsel” means the firm of Cassels Brock & Blackwell LLP.

“Lender’s Payment Branch” means the Lender’s Global Operations office located 4715 Tahoe Boulevard, 2nd Floor, Mississauga, Ontario, Canada L4W 0B4, or any other office or branch that the Lender may designate from time to time by Notice to the Borrower.

“Letter of Credit” means a standby letter of credit that the Lender issues under the Revolving Term Facility at the request, and for the account, of the Borrower under this Agreement.

“Letter of Credit Agreement” means, relating to a Letter of Credit, the Lender’s usual documentation relating to the issuance and administration of letters of credit (including the forms of application and reimbursement agreement whether a single or in several documents, taken together, that the Lender may employ in the ordinary course of business for its own account) with any modifications that the Lender and the Borrower may agree on.

“Letter of Credit Disbursement” means a payment made by the Lender pursuant to a Letter of Credit.

“Letter of Credit Exposure” means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time, plus (b) the aggregate amount of all Letter of Credit Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time.

“Letter of Credit Fee” means the fee calculated by:

- (a) multiplying the maximum face amount of the Letter of Credit by the Letter of Credit Fee Rate, and then
- (b) multiplying the result by a fraction,
 - (i) the numerator of which is the number of days in the term of the relevant Letter of Credit, and
 - (ii) the denominator of which is 365 days (or 366 days in the case of a leap year).

[REDACTED]

[REDACTED]

“Material Adverse Effect” means any such matter, event or circumstance that, individually or in the aggregate could, in the opinion of the Lender, acting reasonably, be expected to have

- (a) a material adverse effect on the business (including the Business), operations, properties, assets, Material Licences (including any Health Canada Licence(s)), condition (financial or otherwise), or prospects of any Obligor,
- (b) a material adverse effect on the validity or enforceability of this Agreement or any Credit Document or the perfection or priority of any Encumbrance granted by the Borrower, any Guarantor or any other Person pursuant to the Security or any other Credit Document,

- (c) an adverse effect on the right, entitlement, or ability of any Obligor to pay or perform any of its Obligations under any Credit Document that could reasonably be considered material having regard to the Obligors collectively, or
- (d) an adverse effect on the Lender's right, entitlement, or ability to enforce any of the Obligations of any Obligor that could reasonably be considered material having regard to the Obligors collectively, or any one of them, or to exercise or enforce any of its rights, entitlements, benefits, or remedies under any Credit Document.

"Material Contract" means any agreement, arrangement, or understanding, whether written or oral, that

- (a) materially affects the business, operations, assets, or prospects, financial or otherwise, of an Obligor (including the Business),
- (b) involves or may involve annual expenditures or annual receipts by that Obligor of an amount greater than [REDACTED] or the Australian Dollar Equivalent Amount and that has a term of more than one year or has a lesser term with rights of renewal that, if renewed, would result in a term of more than one year, or
- (c) is designated from time to time by the Lender at its discretion as a Material Contract, provided that the Lender provides Notice of that designation to the Borrower (and, for greater certainty, the contracts listed in Schedule B (Material Contracts and Material Licences) are deemed to be so designated).

"Material Licence" means all licences and authorizations necessary or advisable for the conduct of Cannabis-Related Activities by any Obligor (including, without, limitation each of the Health Canada Licences and MPL Aus's cannabis manufacturing licence from the Australian Office of Drug Control under the *Narcotics Drugs Act 1967* (Cth)) and any other licence, franchise, permit, or approval issued by any Governmental Authority to an Obligor that is, at any time on or after the date of this Agreement,

- (a) in the reasonable opinion of the Lender, necessary or material to the business and operations of an Obligor (including the Business or the breach, default, or revocation of which would result in a Material Adverse Effect), or
- (b) designated from time to time by the Lender in its reasonable discretion as a Material Licence, provided that the Lender provides Notice of that designation to the Borrower (and, for greater certainty, the licences listed in Schedule B (Material Contracts and Material Licences) are deemed to be so designated).

"Medical Cannabis Jurisdiction" means any country in which it is legal in all political subdivisions therein (including for greater certainty on a federal, state and municipal basis) to undertake Medical Cannabis-Related Activities.

"Medical Cannabis-Related Activities" means any activities, including advertising or promotional activities, relating to or in connection with the importation, exportation, cultivation, production, purchase, distribution or sale of Cannabis or Cannabis-related products solely for medical purposes.

"MPL Aus" means MediPharm Labs Australia Pty. Ltd., an Australian corporation.

“MPL PropCo” has the meaning given to that term in the preamble of this Agreement.

“Net Income” means, for any period and for any Person, the net revenue of that Person, on a consolidated basis, for that period, less all expenses and other charges not otherwise deducted in computing that net revenue for that period, all as determined in accordance with GAAP.

“Net Cash Proceeds” means, any Net Proceeds in form of cash or Cash Equivalents.

“Net Proceeds” means, relating to any Disposition, the aggregate fair market value of proceeds of that Disposition (whether the proceeds are in the form of cash or other Property or part cash and part other Property) net of reasonable, bona fide, direct transaction costs incurred in connection with that Disposition (including legal fees, investment banking fees, accountants’ fees, underwriting discounts, commissions and other customary fees and expenses incurred in connection therewith).

“Non-Arm’s Length” has the meaning given to that term for the purposes of the ITA, and **“Arm’s Length”** has the opposite meaning.

“Non-Medical Cannabis-Related Activities” means Cannabis-Related Activities other than Medical Cannabis-Related Activities.

“Non-Medical Cannabis Jurisdiction” means any country in which it is legal in all political subdivisions therein (including for greater certainty on a federal, state and municipal basis) to undertake Non-Medical Cannabis-Related Activities.

“Non-Revolving Delayed Draw Term Facility” has the meaning given to that term in Section 2.03.

“Non-Revolving Delayed Draw Term Facility Maturity Date” means the date that is three (3) years from the Closing Date.

“Non-Revolving Term Facility” has the meaning given to that term in Section 2.01 (Non-Revolving Term Facility).

“Non-Revolving Term Facility Maturity Date” means the date that is three years from the Closing Date.

“Notice” means any notice, request, direction, or other document that a party can or must make or give under this Agreement.

“Notice of Request for Advance” means a notice substantially in the form of the notice attached as Exhibit 3 (Form of Notice of Request for Advance) to be given to the Lender by the Borrower in connection with a Drawdown, Conversion, or Rollover under Section 2.10 (Drawdowns, Conversions, and Rollovers).

“Obligations” means, relating to an Obligor, all of that Obligor’s present and future indebtedness, liabilities, and obligations of any kind, nature, or description (including all principal, interest, fees, expenses and other amounts) whether direct or indirect, joint or several or joint and several, absolute or contingent, matured or unmatured, in any currency, and whether as principal debtor, guarantor, surety, or otherwise (including any interest that accrues or would accrue but for the commencement of any case, proceeding, or other action, whether voluntary or involuntary, relating to bankruptcy, insolvency, or reorganization, whether or not allowed or allowable as a claim in any such

case, proceeding, or other action) to the Lender arising under, in connection with, or related to this Agreement and the Credit Documents (including, without limitation, (a) an Obligor's obligations under the Security, (b) an Obligor's obligations under any guarantee given by an Obligor to the Lender in connection with the obligations of any other party, (c) an Obligor's obligations under any Service Agreement, (d) any bill of exchange issued, accepted, or endorsed by an Obligor of which the Lender is the holder, (e) all obligations of other amalgamating corporations following the amalgamation of an Obligor, and (e) all of the Obligor's liability arising after the Obligor's bankruptcy or insolvency).

"Obligors" means, collectively, the Borrower and the Guarantors, together with their respective successors and assigns, and **"Obligor"** means any one of them.

"Organizational Documents" means, for any Person, that Person's articles or other charter documents, by-laws, unanimous shareholder agreement, partnership agreement, joint venture agreement, operating agreement, declaration of trust, or trust agreement, as applicable, and any and all other similar agreements, documents, and instruments relating to that Person.

"Parent" has the meaning given to that term in the preamble of this Agreement.

"Parent Compensation Committee" means a committee of the board of directors of the Parent with a mandate that includes compensation for executive officers and managers of the Parent.

"Pending Event of Default" means an event that, but for the requirement for the giving of notice, lapse of time, or both, or but for the satisfaction of any other condition after that event, would constitute an Event of Default.

"Pension Plan" means a **"pension plan"** or **"plan"** (including any retirement or supplemental benefits plans, arrangements or agreements) and including:

- (a) any defined benefit or defined contribution pension plans and any group registered retirement savings plans, employee benefit plans and any other similar employee benefit plans, arrangements or agreements, whether oral or written, formal or informal, funded or unfunded, that are, in each case, sponsored, contributed to, or maintained by the Borrower, any Subsidiary of the Borrower or any other Obligor providing for retirement income for the benefit of such party's employees, former employees', dependents or beneficiaries of either of them, whether or not insured; and
- (b) any foreign pension or employee benefit plan or similar arrangement that applies to an Obligor's employees outside Canada.

"Pension and Benefit Laws" means the *Pension Benefits Act* (Ontario), and any other law, rule, regulation, guideline, directive, order or notice of any Governmental Authority having jurisdiction over or affecting any Pension Plan or Benefit Plan.

"Permitted Capital Expenditures" means:

- (a) Capital Expenditures of the Consolidated Group funded through Advances made under the Non-Revolving Delayed Draw Term Facility,

■ [REDACTED]

■ [REDACTED]

“Permitted Debt” means

- (a) Debt under this Agreement,
- (b) Debt relating to any Purchase Money Security Interest granted by the Borrower in an aggregate amount not to exceed at any time [REDACTED] or the Australian Dollar Equivalent Amount per calendar year,
- (c) Debt under Qualifying Hedge Arrangements,
- (d) the Permitted Intercompany Debt, and
- (e) Debt consented to in writing by the Lender from time to time.

“Permitted Distributions” means

- (a) all cash amounts and dividends paid by an Obligor to another Obligor,
- (b) management fees and bonuses and routine employee salaries and bonuses, all paid in the ordinary course of business, in accordance with the reasonable determination of the Parent’s Compensation Committee, and in line with industry standards as applicable from time to time,
- (c) routine employee benefits,
- (d) reasonable director fees consistent with comparable industry levels,
- (e) fees, determined on an Arm’s Length basis, for services provided by one Obligor to another Obligor in the ordinary course of business where those services would otherwise have been performed by a third party, and
- (f) Distributions consented to in writing by the Lender from time to time.

“Permitted Encumbrances” means, for any Person,

- (a) liens for taxes, rates, assessments, or other governmental charges or levies not yet due, or for which instalments have been paid based on reasonable estimates pending final assessments, or, if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person,
- (b) undetermined or inchoate liens, rights of distress, and charges incidental to current operations that have not at such time been filed or exercised and for which the Lender has not been given notice, or that relate to obligations not due or payable, or, if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person,
- (c) reservations, limitations, provisos, and conditions expressed in any original grants from the Crown or other grants of real or immovable property, or interests

therein, that do not materially affect the use of the affected land for the purpose for which it is used by that Person,

- (d) licences, easements, rights-of-way, and rights in the nature of easements (including licences, easements, rights-of-way, and rights in the nature of easements for railways, sidewalks, public ways, sewers, drains, gas, steam and water mains, electric light and power, telephone and telegraph conduits, poles, wires, and cables) that do not materially impair the use of the affected land for the purpose for which it is used by that Person,
- (e) title defects, irregularities, or other matters relating to title that are of a minor nature and that, in the aggregate, do not materially impair the use of the affected Property for the purpose for which it is used by that Person,
- (f) the right reserved to, or vested in, any Governmental Authority under the terms of any lease, licence, franchise, grant, or permit acquired by that Person, or under any statutory provision, to terminate any such lease, licence, franchise, grant, or permit, or to require annual or other payments as a condition to the continuance of that right,
- (g) Encumbrances resulting from
 - (i) the Security,
 - (ii) Purchase Money Security Interests that secure Permitted Debt,
 - (iii) the Encumbrances described in Schedule C (Encumbrances),
 - (iv) the deposit of cash or securities in connection with contracts, tenders, or expropriation proceedings or to secure workmen's compensation, unemployment insurance, surety, or appeal bonds,
 - (v) liens and claims incidental to current construction, mechanics', warehousemen's, carriers', and other similar liens,
 - (vi) public, statutory, and other like obligations incurred in the ordinary course of business,
 - (vii) the operation of law that arises in the ordinary course of business and not securing Debt and not as a result of any default or omission by that Person,
 - (viii) any netting or set-off arrangement entered into between Obligors in the ordinary course of their banking arrangements for the purpose of netting debit balances of Obligors, but only so long as (A) such arrangement does not permit credit balances of Obligors to be netted or set off against debit balances of any Person who is not an Obligor, and (B) such arrangement does not give rise to other Encumbrance over the Property of Obligors in support of liabilities of any Person which is not an Obligor, and
 - (ix) any payment or close out netting or set-off arrangement pursuant to any Hedge Arrangements or foreign exchange transaction entered into by an

Obligor which constitutes Permitted Debt, excluding any Encumbrance under a credit support arrangement,

- (h) security given to a public utility or any Governmental Authority when required by that utility or Governmental Authority in connection with the operations of that Person in the ordinary course of business, and
- (i) any other Encumbrances as agreed to in writing by the Lender from time to time.

“Permitted Intercompany Debt” means the unsecured Intercompany Debt owed by an Obligor to another Obligor as of the date of this Agreement, as set out in Schedule D (Permitted Intercompany Debt), together with any additional unsecured Intercompany Debt as may be incurred from time to time on and after the Closing Date, provided that in all cases that Debt constitutes Subordinated Debt and has been assigned to the Lender as Security.

“Permitted Investments” means:

- (a) intercompany Investments by any Obligor in the Borrower or any other Person that, prior to such Investment, is an Obligor, and
- (b) Investments consented to by the Lender in its discretion.

“Person” includes any individual, corporation, company, body corporate, partnership, Governmental Authority, Joint Venture, association, trust, unincorporated organization, estate or any other entity.

“Priority Payables” means, at any time, any amount due and payable at that time by an Obligor that is secured by an Encumbrance, or a statutory right or claim in favour of a Governmental Authority that is capable of being garnished by a Governmental Authority or that ranks, or is capable of ranking, prior to or *pari passu* with the Encumbrances created by the Security relating to any Account Receivable (including amounts due and payable for wages, vacation pay, termination and severance pay, employee deductions (including income, withholding, social security, and other employment Taxes), sales tax, excise tax, tax payable under Part IX of the *Excise Tax Act* (Canada) (or any equivalent legislation in any other applicable jurisdiction) (net of HST input credits), workplace safety and insurance, municipal taxes, government royalties, pension fund obligations, overdue rents or taxes, and other statutory or other claims). Without limiting the generality of the foregoing, Priority Payables will be determined by the Lender in its sole discretion using reasonable credit judgment, exercised in good faith.

“Property” means, for any Person, all or any portion of that Person’s undertaking, property, and assets, both real and personal (including any share in the capital of a corporation and any ownership interest in any other Person).

“Purchase Money Security Interest” means an Encumbrance created by the Borrower securing Debt incurred to finance the acquisition of Property, provided that:

- (a) it is created substantially simultaneously with the acquisition of the Property,
- (b) it does not at any time encumber any Property other than the Property financed by that Debt and the proceeds of that Debt,
- (c) the amount of Debt secured by it is not increased after that acquisition, and

- (d) the principal amount of Debt secured by it at no time exceeds 100% of the original purchase price of that Property at the time it was acquired and, for the purposes of this definition, the term “**acquisition**” includes a Capital Lease, and “**acquire**” has a comparable meaning.

“**Qualifying Hedge Arrangements**” means a Hedge Arrangement provided by the Lender that is entered into after the date of this Agreement and is permitted under Section 10.51 (Hedge Arrangements).

“**Rate of Exchange**” means in connection with any amount of Canadian Dollars to be converted into another currency pursuant to this Agreement or any other Credit Document for any reason, or vice-versa, (including, without limitation, converting the Indebtedness Currency into the Judgment Currency) means the Lender’s spot rate of exchange for converting Canadian Dollars into such other currency or vice-versa, as the case may be, quoted by the Lender at approximately noon (Toronto time) on the effective date of such conversion.

“**Related Parties**” with respect to any Person, means such Person’s Affiliates and the directors, officers, employees, partners, agents, trustees, administrators, managers, advisors and representatives of it and its Affiliates.

“**Relevant Jurisdiction**” means, from time to time for any Person, any:

- (a) province or territory of Canada,
- (b) state of Australia,
- (c) province, territory, or state of any other country, or
- (d) political subdivision of any of the foregoing,

in which that Person has Property, a place of business, a chief executive office, or, in the case of an individual, a place of principal residence and includes those provinces, territories, and states set out in Schedule A (Relevant Jurisdictions).

“**Repayment Notice**” means the notice substantially in the form attached as Exhibit 4 (Form of Repayment Notice).

“**Requirements of Environmental Law**” means all Applicable Laws in any jurisdiction in which any Obligor has operations or assets that relate to environmental or occupational health and safety matters relevant to the assets and undertaking of any Obligor and their intended use, including any Law relating to:

- (a) the protection, preservation, or remediation of the natural environment (the air, land, surface water, or groundwater),
- (b) solid, gaseous, or liquid waste generation, handling, treatment, storage, disposal, or transportation,
- (c) consumer, occupational, or public safety and health, and
- (d) hazardous substances or conditions that are prohibited, Controlled, or otherwise regulated (such as contaminants, pollutants, toxic substances, dangerous goods, wastes, hazardous wastes, liquid industrial wastes, hazardous materials, petroleum, and other materials such as urea formaldehyde and polyurethane

foam insulation, asbestos or asbestos-containing materials, polychlorinated biphenyls (PCBs) or PCB-contaminated fluids or equipment, lead-based paint, explosives, radioactive substances, petroleum and associated products, ozone-depleting substances, above-ground and underground storage tanks, or surface impoundments).

“Reserves” means, for purposes of calculating the Borrowing Base, the reserves against Eligible Accounts Receivable or the Borrowing Base that the Lender may, using reasonable credit judgment, establish from time to time. Without limiting the generality of the foregoing, Reserves established to ensure the payment of accrued interest expenses or Permitted Debt will be determined by the Lender in its sole discretion using reasonable credit judgement, exercised in good faith.

“Responsible Person” means (i) an officer or director of any Obligor or (ii) any other Person required to hold a security clearance pursuant to the Cannabis Act, any other Cannabis Laws or the Cannabis Regulations.

“Revolving Term Facility” has the meaning given to that term in Section 2.02 (Revolving Term Facility).

“Revolving Term Facility Maturity Date” means the date that is one year from the Closing Date.

“Revolving Term Facility Sublimit” has the meaning given to that term in Section 2.02 (Revolving Term Facility).

“Rollover” means the extension of an Australian Bank Bill Rate Advance for an additional period or rollover of a maturing Bankers’ Acceptance into a new Bankers’ Acceptance.

“Rollover Date” means the first day of a new Australian Bank Bill Rate Period for an Australian Bank Bill Rate Advance that is being rolled over or date of commencement of a new Interest Period applicable to a Bankers’ Acceptance that is being rolled over.

“STA” means the *Securities Transfer Act*, 2006 (Ontario).

“Sanctioned Person” means any Person that is: (a) designated under, listed on, or owned or controlled by a Person designated under or listed on, or acting on behalf of a Person designated under or listed on, any list of Persons who are subject to Sanctions under Applicable Law that is binding on the Lender or any Obligor; (b) located in, incorporated under the laws of, or owned or controlled (directly or indirectly) by, or acting on behalf of a Person located in or organized under the laws of a country or territory that is the target of country-wide or territory-wide Sanctions; or (c) with whom the Lender would not be permitted to make a loan, continue to make a loan or provide financial accommodation to pursuant to any Sanctions.

“Sanctions” means any Applicable Law governing transactions in controlled goods or technologies or dealings with countries, entities, organizations, or individuals subject to economic sanctions and similar measures, including, without limitation, the Special Economic Measures Act (Canada), the United Nations Act (Canada), the Freezing Assets of Corrupt Foreign Officials Act (Canada), Part II.1 of the Criminal Code (Canada), and the Export and Import Permits Act (Canada), and any regulations thereunder.

“Sanctions Authority” means any of: (a) the government of Canada; (b) the government of Australia; (c) the United Nations; (d) the European Union; (e) the United Kingdom; or (f) the respective departments and agencies of any of the foregoing, including (without limitation) Foreign Affairs, Trade and Development Canada, Public Safety Canada.

“Security” means all security (including any guarantees required pursuant to the terms and conditions of this Agreement) held from time to time by or on behalf of the Lender securing or intended to secure, directly or indirectly, repayment of the Obligations and includes all security described in Article 11 (Security) and any obligation of any person or any other agreement or arrangement having a similar effect, including any "security interest" as defined in Sections 12(1) or (2) of the Australian PPSA.

“Senior Officer” means, for any Person, the chairperson, the chief executive officer, the chief operating officer, the chief financial officer, the president, or any senior vice-president of that Person or any individual holding a similar office.

“Service Agreements” means agreements made by the Borrower and a bank or other financial institution in respect of cash management, payroll, credit card programs or other banking services (and including any indemnity or reimbursement agreements in connection therewith) but shall not include agreements with respect to Hedge Arrangements; and **“Service Agreement”** means any one of them as required by the context.

“Shrink-Wrap Software” means shrink-wrap or off-the-shelf software used by any Obligor that was readily available for use at the time of purchase or licensing and was not customized for an Obligor.

“Standby Fee” means the fee payable by the Borrower to the Lender and calculated at the Standby Fee Rate on the amount by which the daily average of the aggregate of all Advances outstanding under the Credit Facilities during the applicable month is less than the maximum amount available under the Credit Facilities.

“Standby Fee Rate” means the applicable percentage rate per annum expressed in basis points indicated below the heading “Standby Fee Rate” in the relevant pricing grid provided for in the definition of Applicable Margin relevant to the applicable Debt to EBITDA Ratio level and period in respect of which a determination is being made.

“Subordinated Debt” means indebtedness that any Obligor owes to any Person, which indebtedness (including the payment of principal and interest and any security granted in respect of that indebtedness) is fully and absolutely postponed and subordinated to the full and final repayment of the Obligations in accordance with a written agreement in form and substance satisfactory to the Lender at its discretion.

“Subsidiary” means, for a corporation, a subsidiary body corporate as defined in the *Business Corporations Act* (Ontario) and any other Person that is Controlled by that corporation or any Subsidiary of that corporation.

“Swingline Advance” has the meaning assigned to such term in Section 2.04.

“Tax” or **“Taxes”** means

- (a) all taxes, charges, fees, levies, imposts, and other assessments or reassessments (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, franchise, real property and personal property taxes),

- (b) any other taxes, customs duties, fees, assessments, royalties, duties, deductions, compulsory loans, 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), and
- (c) any instalments and any interest, fines, penalties, additions to tax, or other additional amounts, imposed, assessed, reassessed, or collected by any Governmental Authority, whether disputed or not.

“Tax Returns” means all returns, declarations, reports, elections, notices, filings, forms, statements, information, and other documents whether in tangible, electronic, or other form (including any amendments, schedules, attachments, supplements, appendices, and exhibits) made, prepared, filed, or required to be made, prepared, or filed with any Governmental Authority by Applicable Law relating to Taxes.

“Third Party IP Agreements” means all leases (true or finance), Material Licences, and other agreements affecting an Obligor’s rights, title, or interest in any of the Intellectual Property.

“Third Party Bank Account” has the meaning given to that term in Section 10.60(a).

“Third Party Service Agreement” has the meaning given to that term in Section 10.60(b).

“Total Interest Expense” of a Person means, for any period and on a consolidated basis, without duplication, the aggregate amount of interest and other financing charges expensed by that Person on account of that period relating to Debt (including interest, discount, and financing fees, commissions, discounts, the interest or time value of money component of costs related to factoring or securitizing receivables or monetizing inventory, other fees and charges payable relating to letters of credit, letters of guarantee, and bankers’ acceptance financing, standby fees, the interest component of Capital Leases, and net payments under Hedge Arrangements involving interest), all as determined in accordance with GAAP.

“Unfunded Capital Expenditures” means Capital Expenditures other than any Capital Expenditures that are funded by: (a) an Advance made pursuant to the Non-Revolving Delayed Draw Term Facility, or (b) proceeds of any permitted issuance of Equity Interests of an Obligor.

“United States” means mean the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

1.02 References to specific terms

- (a) *Accounting principles.* Unless otherwise specified, where the character or amount of any asset or liability, item of revenue, or expense is required to be determined, or any consolidation or other accounting computation is required to be made, for the purpose of (i) determining any financial terms used in this Agreement; (ii) determining compliance with the financial ratios and financial covenants; or (iii) assessing the financial condition of any Person, in each case,

for this Agreement and any other Credit Document (collectively, the “**Calculations and Determinations**” and each a “**Calculation and Determination**”), such Calculations and Determinations will be determined in accordance with GAAP in effect at the date of such Calculation and Determination (“**Existing GAAP**”), applied on a consistent basis, unless otherwise indicated.

- (b) *Accounting practices.* Upon a change in Existing GAAP, the following provisions shall apply: (i) If such change results in a change in the results of such Calculations and Determinations or the terms related thereto contained in this Agreement or any other Credit Document, the Borrower shall ensure that each delivery of the financial statements required to be delivered thereafter pursuant to the terms of this Agreement, is accompanied by a written reconciliation (in form and substance satisfactory to the Lender) showing the differences in the Calculations and Determinations that would have resulted if such financial statements had been prepared utilizing Existing GAAP unless and until such time as the Lender and the Borrower reach an agreement pursuant to paragraph (b)(b) hereof; and (ii) the Borrower and the Lender shall agree to amend the method of such Calculations and Determinations or other relevant terms of this Agreement and any other Credit Documents in a manner that the Lender requires in order to fairly reflect such changes so that the criteria for evaluating the financial condition of the Borrower or the Consolidated Group and the making of the Calculations and Determinations shall be the same in commercial effect after, as well as before, such changes are made. The parties agree that, unless and until such agreement is reached and the Agreement is so amended, the method and calculation of all Calculations and Determinations will be determined in accordance with Existing GAAP without regard to that change and the applicable financial statements will be prepared in accordance with GAAP then in effect (after giving effect to such change).
- (c) *Currency.* Unless specified otherwise, all dollar amounts expressed in this Agreement refer to Canadian currency.
- (d) *“Including.”* Where this Agreement uses the word “including,” it means “including without limitation,” and where it uses the word “includes,” it means “includes without limitation.”
- (e) *“Knowledge.”* Where any representation, warranty, or other statement in this Agreement, or in any other document delivered under this Agreement, is expressed by a party to be “to its knowledge,” or is otherwise expressed to be limited in scope to facts or matters known to the party or of which the party is aware, it means (i) the current, actual knowledge of directors and officers of that party and (ii) the knowledge that would or should have come to the attention of any of them had they duly investigated the facts related to that statement and made reasonable inquiries of other individuals reasonably likely to have knowledge of facts related to that statement.
- (f) *Statutes, etc.* Unless specified otherwise, any reference in this Agreement to a statute includes the regulations, rules, and policies made under that statute and any provision that amends, supplements, supersedes, or replaces that statute or those regulations, rules, or policies.

- (g) *“Per annum.”* Unless specified otherwise, wherever in this Agreement reference is made to a rate of interest or rate of fees “per annum” or a similar expression is used, interest or fees will be calculated on the basis of a calendar year of 365 days or 366 days, as the case may be, and using the nominal rate method of calculation, and will not be calculated using the effective rate method of calculation or on any other basis that gives effect to the principle of deemed re-investment of interest.
- (h) *“Permitted Encumbrances.”* The inclusion of any reference to “Permitted Encumbrances” in any Credit Document is not intended to subordinate, and will not subordinate, any Encumbrance created by any of the Security to any Permitted Encumbrance.

1.03 Headings

The headings used in this Agreement and its division into articles, Sections, schedules, exhibits, appendices, and other subdivisions do not affect its interpretation.

1.04 Internal references

References in this Agreement to articles, Sections, schedules, exhibits, appendices, and other subdivisions are to those parts of this Agreement.

1.05 Number and gender

Unless the context requires otherwise, words importing the singular number include the plural and vice versa; words importing gender include all genders.

1.06 Calculation of time

In this Agreement, a period of days begins on the first day after the event that began the period and ends at 5:00 p.m. Eastern Time on the last day of the period. If any period of time is to expire, or any action or event is to occur, on a day that is not a Business Day, the period expires, or the action or event is considered to occur, at 5:00 p.m. Eastern Time on the next Business Day.

1.07 Construction of terms

The parties have each participated in settling the terms of this Agreement. Any rule of legal interpretation to the effect that any ambiguity is to be resolved against the drafting party will not apply in interpreting this Agreement.

1.08 Schedules

The following are the schedules to this Agreement:

Schedule A	-	Relevant Jurisdictions
Schedule B	-	Material Contracts and Material Licences
Schedule C	-	Encumbrances
Schedule D	-	Permitted Intercompany Debt
Schedule E	-	Debt
Schedule F	-	Real Property
Schedule G	-	Insurance
Schedule H	-	Corporate Structure
Schedule I	-	Intellectual Property

Schedule J	-	Pension Plans
Schedule K	-	Bank Accounts & Service A

1.09 Exhibits

The following are the exhibits to this Agreement:

Exhibit 1	-	Form of Borrowing Base Certificate
Exhibit 2	-	Form of Compliance Certificate
Exhibit 3	-	Form of Notice of Request for Advance
Exhibit 4	-	Form of Repayment Notice

ARTICLE 2 THE CREDIT FACILITIES

2.01 Non-Revolving Term Facility

Subject to the terms and during the term of this Agreement, the Lender establishes in favour of the Borrower a non-revolving term facility (the “**Non-Revolving Term Facility**”) and agrees to lend to the Borrower on the Closing Date in a single Advance a maximum principal amount of up to CDN\$5,700,000.

2.02 Revolving Term Facility

Subject to the terms and during the term of this Agreement, the Lender establishes in favour of the Borrower a revolving term facility (the “**Revolving Term Facility**”) in a maximum principal amount not to exceed the lesser of:

- (a) CDN\$25,000,000 or the Australian Dollar Equivalent Amount, and
- (b) the Borrowing Base,

(the “**Revolving Term Facility Sublimit**”)

to be available at any time and from time to time from after the Closing Date to the Revolving Term Facility Maturity Date. The Borrowing Base may be reduced by the amount of any Priority Payables or Reserves imposed by the Lender.

2.03 Non-Revolving Delayed Draw Term Facility

Subject to the terms and during the term of this Agreement, the Lender establishes in favour of the Borrower a non-revolving delayed draw term facility (the “**Non-Revolving Delayed Draw Term Facility**”) and agrees to lend to the Borrower from time to time after the Closing Date to the Non-Revolving Delayed Draw Term Facility Maturity Date in amounts of not less than CDN\$1,000,000 and in no more than eight (8) Advances, in an aggregate amount (for all such Advances) not to exceed in a maximum principal amount of up to CDN\$8,000,000.

2.04 Swingline Advances

- (a) Subject to the following provisions of this Section 2.04, overdrafts on the Borrower Accounts maintained with the Lender that are denominated in Canadian Dollars shall be deemed to be outstanding as an extension of credit to the Borrower from the Lender under the Revolving Term Facility (each, a

“**Swingline Advance**”) as Canadian Prime Rate Loans. For certainty, notwithstanding Section 2.10, no Request for Advance need be delivered by the Borrower in respect of Swingline Loans.

- (b) Except as otherwise specifically provided herein, all references to Canadian Prime Rate Loans shall include Swingline Advances made in Canadian Dollars.
- (c) The aggregate principal amount of the Swingline Advances shall not exceed CDN\$10,000,000.
- (d) The Borrower may make repayments of Swingline Advances (together with accrued interest thereon) by deposit to the Borrower Accounts from time to time without penalty.
- (e) Notwithstanding anything to the contrary herein contained or contrary to Applicable Law, (a) if an Event of Default occurs and is continuing or (b) if the Lender so requires, and there are then outstanding any Swingline Advances, then the Borrower shall be deemed to have requested, and hereby requests, an extension of credit by way of Drawdown of a Canadian Prime Rate Advance from the Revolving Term Facility in amount sufficient to repay the Swingline Advances and accrued and unpaid interest in respect thereof. Such Canadian Prime Rate Advances shall be deemed to be comprised of principal and accrued and unpaid interest in the same proportions as the corresponding Swingline Advances.

2.05 Purpose of Credit Facilities

The Borrower shall use Advances under the Credit Facilities only for the following purposes:

- (a) For Advances under the Non-Revolving Term Facility to repay and fully and finally satisfy all obligations of the Obligor to the Existing Lender.
- (b) For Advances under the Revolving Term Facility, for its working capital requirements in the ordinary course of its business.
- (c) For Advances under the Non-Revolving Delayed Draw Term Facility, for Capital Expenditures of the Borrower in the ordinary course of its business.

2.06 Manner of borrowing (Non-Revolving Term Facility)

Subject to the terms of this Agreement, the Borrower may make a single Drawdown under the Non-Revolving Term Facility in Canadian Dollars by way of Canadian Prime Rate Advance on the Closing Date.

2.07 Manner of borrowing (Revolving Term Facility)

Subject to the terms of this Agreement, the Borrower may

- (a) make Drawdowns, Conversions, and Rollovers as applicable under the Revolving Term Facility in Canadian Dollars of Canadian Prime Rate Advances, Bankers' Acceptances, or Letters of Credit and in Australian Dollars of Australian Bank Bill Rate Advances, and
- (b) determine which types of Advances it will draw down under the Revolving Term Facility and in which combinations or proportions; provided that, the aggregate

face value of all Letters of Credit outstanding at any one time may not exceed the Letter of Credit Sublimit.

2.08 Manner of borrowing (Non-Revolving Delayed Draw Term Facility)

Subject to the terms of this Agreement, the Borrower may

- (a) make Drawdowns, Conversions, and Rollovers as applicable under the Non-Revolving Delayed Draw Term Facility in Canadian Dollars of Canadian Prime Rate Advances, Bankers' Acceptances, or Letters of Credit and in Australian Dollars of Australian Bank Bill Rate Advances, and
- (b) determine which types of Advances it will draw down under the Non-Revolving Delayed Draw Term Facility and in which combinations or proportions.

2.09 Nature of the Credit Facilities

- (a) The Non-Revolving Term Facility is a non-revolving facility. Accordingly, the Borrower may not reborrow under the Non-Revolving Term Facility. Any amounts repaid under the Non-Revolving Term Facility will automatically and permanently reduce the limit of the Non-Revolving Term Facility by the amount of such repayment.
- (b) Subject to the terms of this Agreement, the Borrower may increase or decrease Advances under the Revolving Term Facility by making Drawdowns, repayments, and further Drawdowns, in all cases not exceeding the Revolving Term Facility Sublimit.
- (c) The Non-Revolving Delayed Draw Term Facility is a non-revolving facility. Accordingly, the Borrower may not reborrow under the Non-Revolving Delayed Draw Term Facility. Any amounts repaid under the Non-Revolving Delayed Draw Term Facility will automatically and permanently reduce the limit of the Non-Revolving Delayed Draw Term Facility by the amount of such repayment.

2.10 Drawdowns, Conversions, and Rollovers

- (a) Subject to the terms of this Agreement, the Borrower may
 - (i) make Drawdowns by giving the Lender a Notice of Request for Advance requesting a Drawdown,
 - (ii) convert the whole or any part of any type of Advance into any other type of Advance by giving the Lender a Notice of Request for Advance requesting a Conversion, and
 - (iii) Rollover any Bankers' Acceptance or Australian Bank Bill Rate Advance on the last day of the applicable Interest Period or Australian Bank Bill Rate Period, respectively, by giving the Lender a Notice of Request for Advance requesting a Rollover.
- (b) The Borrower shall give the Lender a Notice of Request for Advance for a Drawdown, Conversion, or Rollover, as the case may be, two (2) Business Days before the proposed Drawdown Date, Conversion Date, or Rollover Date, as the case may be, except that the Borrower shall give the Lender a Notice of Request for Advance three Business Days before the date of any proposed Drawdown by

way of (i) Bankers' Acceptances or Rollovers of Bankers' Acceptances or Conversion into Bankers' Acceptances, or (ii) Australian Bank Bill Rate Advance or Rollover of an Australian Bank Bill Rate Advance or conversion into an Australian Bank Bill Rate Advance.

- (c) Upon receipt of a Notice of Request for Advance for any proposed Advance by way of Letter of Credit, the Lender shall notify the Borrower if it requires additional time to sufficiently review the proposed form of Letter of Credit, in which case the Lender, if the Borrower is otherwise entitled to an Advance by way of Letter of Credit, shall issue the Letter of Credit as soon as the Lender is satisfied at its discretion with the form of the Letter of Credit to be issued.
- (d) The Borrower shall deliver each Notice of Request for Advance in respect of a Drawdown, Rollover, or Conversion, as the case may be, to the Lender on a Business Day on or before 11:00 a.m. Eastern Time.

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

- (f) The Borrower may, by irrevocable Notice to the Lender, select the Australian Bank Bill Rate Period to apply to any particular Australian Bank Bill Rate Advance. The Borrower shall from time to time select and give notice to the Lender of the Australian Bank Bill Rate Period for an Australian Bank Bill Rate Advance, which will commence upon the making of an Australian Bank Bill Rate Advance or at the expiry of any outstanding Australian Bank Bill Rate Period applicable to an Australian Bank Bill Rate Advance that is being rolled over. If the Borrower fails to select and give the Lender that Notice, the Lender will be deemed to have made an Australian Bank Bill Rate Advance of one (1) month.

2.11 Irrevocability of Notices of Request for Advance

Each Notice of Request for Advance is irrevocable and will oblige the Borrower to take the action contemplated on the date specified.

2.12 Australian Bank Bill Rate Unavailable

If the Lender determines in good faith, which determination will be final, conclusive and binding upon the Borrower, that:

- (a) there does not exist at the applicable time a normal market in which deposits are not being offered to Persons in Australia with respect to the Australian Bank Bill Rate and adequate and reasonable means do not exist for determining the Australian Bank Bill Rate;
- (b) it is not possible to calculate the Australian Bank Bill Rate; or

[REDACTED]

■ [REDACTED]

(xiv) [REDACTED]

3.02 Conditions precedent to subsequent Advances

The Lender's obligation to make any Advance after the first Advance is subject to, and conditional upon, all of the following conditions precedent being satisfied by the Borrower in form and substance satisfactory to the Lender at its discretion:

- (a) the Lender's receipt of timely Notice of Request for Advance as required under Section 2.10 (Drawdowns, Conversions, and Rollovers),

- [REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

- (c) the Lender's receipt of a Compliance Certificate,
- (d) the non-existence of any continuing Event of Default or Pending Event of Default on the Drawdown Date (including any Event of Default or Pending Event of Default that would result from making the Advance), and the Lender's receipt of a certificate of a Senior Officer of each of the Borrower and the Parent certifying that non-existence,
- (e) the non-occurrence of any Material Adverse Effect, and receipt by the Lender of a certificate from a Senior Officer of each of the Borrower and the Parent certifying that non-occurrence, and
- (f) the fulfillment of all other terms of this Agreement upon which the Borrower may obtain an Advance.

3.03 Waiver

The conditions set forth in Section 3.01 (Conditions precedent to the first Advance) and Section 3.02 (Conditions precedent to subsequent Advances) are inserted for the Lender's sole benefit and may be waived by the Lender, in whole or in part (with or without terms or conditions) in

respect of any Drawdown without prejudicing the Lender's right at any time to assert those conditions in respect of any subsequent Drawdown.

ARTICLE 4 EVIDENCE OF DRAWDOWNS

4.01 Account of record

- (a) The Lender shall open and maintain books of account evidencing all Advances and all other amounts that the Borrower owes to the Lender under this Agreement.
- (b) The Lender shall enter in those books details of all amounts that the Borrower from time to time owes, pays, or repays. This information will constitute conclusive evidence of the Borrower's Obligations to the Lender under this Agreement relating to all Advances and all other amounts that the Borrower owes to the Lender under this Agreement.
- (c) After a request by the Borrower, the Lender shall promptly advise the Borrower of any entries made in the Lender's books of account.

ARTICLE 5 PAYMENTS OF INTEREST AND FEES

5.01 Interest on Advances

- (a) The Borrower shall pay interest
 - (i) in Canadian Dollars on each Canadian Prime Rate Advance during each applicable Interest Period at a rate per annum equal to the sum of the Canadian Prime Rate in effect from time to time during that Interest Period, plus the Applicable Margin, and
 - (ii) in Australian Dollars on each Australian Bank Bill Rate Advance at a rate of interest per annum equal to the sum of the Australian Bank Bill Rate for the applicable Australian Bank Bill Rate Period applicable to such Australian Bank Bill Rate Advance, plus the Applicable Margin.
- (b) Each determination by the Lender of the Canadian Prime Rate, the Australian Bank Bill Rate and any Applicable Margin applicable from time to time during an Interest Period will, in the absence of manifest error, be binding upon the Borrower.
- (c) The Borrower shall pay interest
 - (i) on Canadian Prime Rate Advances in arrears on each Interest Payment Date, and
 - (ii) on Australian Bank Bill Rate Advances in arrears on the last day of the applicable Australian Bank Bill Rate Period on each Interest Payment Date commencing on the first of such dates to occur after the Closing Date.
- (d) All interest will accrue daily for the actual number of days elapsed for the period from and including the Drawdown Date or the preceding Conversion Date or

Interest Payment Date, as the case may be, for the Advance, to and including the day preceding that Interest Payment Date or the end of the Australian Bank Bill Rate Period, as the case may be, and will be calculated on the principal amount of the Advance outstanding during that period.

- (e) Interest calculated with reference to the Canadian Prime Rate will be calculated monthly and on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be. Interest calculated with reference to the Australian Bank Bill Rate will be calculated on the basis of the number of days in the applicable Australian Bank Bill Rate Period and a year of 360 days.
- (f) Changes in the Canadian Prime Rate and any associated Applicable Margin will cause an immediate adjustment of the interest rate applicable to an Advance without the need for any notice to the Borrower.

5.02 General interest rules

- (a) The Borrower shall make all interest payments under this Agreement without allowance or deduction for deemed re-investment or otherwise, both before and after maturity and before and after default or judgment, if any, until payment.
- (b) For the purposes of the *Interest Act* (Canada) and disclosure under that act:
 - (i) whenever interest to be paid under this Agreement is to be calculated on the basis of a year of 365 or 366 days or any other period of time that is less than a calendar year, the yearly rate of interest to which the rate determined under that calculation is equivalent is the rate so determined multiplied by the actual number of days in the calendar year in which it is to be ascertained and divided by either 365 or 366 or such other period of time, as the case may be, and
 - (ii) the Borrower and each other Obligor confirms that it fully understands and is able to calculate the rate of interest applicable to each of the Credit Facilities based on the methodology for calculating per annum rates provided for in this Agreement. The Lender agrees that, if requested in writing by the Borrower, it shall calculate the nominal and effective per annum rate of interest on any Advance outstanding at any time and provide such information to the Borrower promptly following such request; *provided that* any error in any such calculation, or any failure to provide such information on request, shall not relieve the Borrower or any other Obligor of any of its obligations under this Agreement or any other Credit Document, nor result in any liability to the Lender. Each Obligor hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to the Credit Documents, that the interest payable under the Credit Documents and the calculation thereof has not been adequately disclosed to the Obligors, whether pursuant to Section 4 of the *Interest Act* (Canada) or any other applicable law or legal principle.
- (c) In calculating interest or fees payable under this Agreement for any period, unless otherwise specifically stated, the first day of a period will be included and the last day of a period will be excluded.

5.03 Maximum interest rate

- (a) If any provision of this Agreement or any other Credit Document would require an Obligor to make any payment of interest or any other payment that by a court of competent jurisdiction construes to be interest in an amount or calculated at a rate which would be prohibited by Law or would result in the Lender's receipt of interest at a criminal rate (as those terms are construed under the Criminal Code (Canada)), then despite that provision, that amount or rate will be deemed to have been adjusted retroactively to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by Law or would not result in a receipt by the Lender of interest at a criminal rate. The adjustment will be made, to the extent necessary, as follows:
 - (i) first, by reducing the amount or rate of interest required to be paid under Section 5.01 (Interest on Advances), and
 - (ii) thereafter by reducing any fees, commissions, premiums, and other amounts that would constitute interest for the purposes of Section 347 of the Criminal Code (Canada).
- (b) If, despite the provisions of paragraph (a) above of this Section and after giving effect to all of the adjustments contemplated in that paragraph, the Lender receives an amount in excess of the maximum permitted by that paragraph, then the excess will be applied by the Lender to the reduction of the principal balance of the outstanding Advances and not to the payment of interest or, if the excessive interest exceeds the principal balance, the Lender shall refund the excess to the Borrower.

5.04 Upfront fee

The Borrower shall pay to the Lender an upfront fee of [REDACTED]
[REDACTED]

5.05 Standby Fees

- (a) The Standby Fee will be determined daily beginning on the date of this Agreement and will be calculated on the basis of a calendar year of 365 or 366 days, as the case may be.
- (b) The Borrower will pay the Standby Fee to the Lender monthly in arrears on the last Business Day of each calendar month (as well as on the Revolving Term Facility Maturity Date and on any date that the Revolving Term Facility is reduced) for the month then ending (or portion thereof) beginning with the first of such dates to occur after the Closing Date.

5.06 Overdue principal and interest

- (a) If all or part of any Canadian Prime Rate Advance is not paid when due and payable (whether at its stated maturity, by acceleration, or otherwise), the overdue amount will bear interest (before and after judgment), payable on demand, at a rate per annum equal to the highest rate of interest applicable under this Agreement calculated from the date of non-payment until it is paid in full.

- (b) Interest will accrue on overdue interest, if any, compounded on each Interest Payment Date.
- (c) Overdue interest relating to an Australian Bank Bill Rate Advance will, upon the expiry of the Australian Bank Bill Rate Period applicable to that Australian Bank Bill Rate Advance, bear interest, payable on demand, at a rate per annum equal to the highest rate of interest applicable under this Agreement calculated from the date of non-payment until it is paid in full.

5.07 Interest on other amounts

If any principal, interest, fee or other amount that any Obligor owes to the Lender under any of the Credit Documents is not paid when due and payable and there is no other provision in any Credit Document specifying the interest payable on that overdue amount, that overdue amount will bear interest (before and after judgment), payable on demand, at a rate per annum equal at all times to [REDACTED] from the date of non-payment until it is paid in full.

5.08 BA Acceptance Fee

The Borrower shall pay the Lender the BA Acceptance Fee as contemplated in Section 6.01 (Bankers' Acceptances).

5.09 Letter of Credit Fee

The Borrower shall pay to the Lender a Letter of Credit Fee as contemplated in Section 6.02 (Letters of Credit).

5.10 Changes to Applicable Margin

- (a) For the purpose of determining when a change to an Applicable Margin takes place, each change in the Debt to EBITDA Ratio level will be deemed to occur as of the Applicable Margin Adjustment Date.
- (b) If the Lender does not receive a Compliance Certificate when due, it may apply the highest Applicable Margin, beginning on the Applicable Margin Adjustment Date and continuing until it receives a Compliance Certificate.
- (c) Upon the occurrence of, and during the continuance of, an Event of Default, the Lender may apply the highest Applicable Margin.
- (d) Any resulting change in an Applicable Margin payable under this Agreement will be calculated and applied prospectively from and after the Applicable Margin Adjustment Date for all Advances outstanding on the Applicable Margin Adjustment Date and all new Advances subject to any Drawdown, Conversion, or Rollover on or after the Applicable Margin Adjustment Date in the following manner:
 - (i) For Canadian Prime Rate Advances, the Applicable Margin payable will be calculated and applied prospectively from and after the Applicable Margin Adjustment Date for all Canadian Prime Rate Advances outstanding on the Applicable Margin Adjustment Date.
 - (ii) For outstanding Bankers' Acceptances or Letters of Credit, the Borrower shall pay to the Lender immediately an amount for each outstanding

Advance equal to the product determined by the formula $(W \times X) \times Y/Z$
where

- (A) W is an amount equal to the Applicable Margin in effect immediately after the change minus the Applicable Margin in effect immediately before the change,
- (B) X is the face amount of the Bankers' Acceptance or Letter of Credit, as the case may be,
- (C) Y is the number of days to maturity or expiration remaining relating to each Advance, and
- (D) Z is 365 or 366, as the case may be.

ARTICLE 6 BANKERS' ACCEPTANCES AND LETTERS OF CREDIT

6.01 Bankers' Acceptances

- (a) To facilitate the procedures contemplated in this Agreement, the Borrower irrevocably appoints the Lender as the Borrower's attorney-in-fact to execute, endorse, and deliver Drafts on the borrower's behalf. Each Bankers' Acceptance that the Lender has executed and delivered on the Borrower's behalf under this Section will be as binding upon the Borrower as if it had been executed and delivered by a duly authorized officer of the Borrower.
- (b) Despite paragraph (a) above, the Borrower shall from time to time, as required by the Lender, provide to the Lender an appropriate number of Drafts drawn by the Borrower upon the Lender that are either payable to a clearing service (of which the Lender is a member) or payable to the Borrower and endorsed in blank by the Borrower (if the Lender is not a member of a clearing service). The dates, the maturity dates, and the principal amounts of all Drafts delivered by the Borrower will be left blank, to be completed by the Lender as required by this Agreement.
- (c) The Lender shall hold all Drafts with the same degree of care as if they were the Lender's own property kept at the place where drafts of bankers' acceptances are ordinarily kept by the Lender.
- (d) The Lender, upon the Borrower's written request, shall promptly advise the Borrower of the number and designation, if any, of the Drafts then held by it.
- (e) The Lender will not be liable for its failure to accept a Draft as required by this Agreement if the cause of the failure is, in whole or in part, due to the Borrower's failure to provide, on a timely basis, appropriate Drafts to the Lender as requested by the Lender.
- (f) Each Bankers' Acceptance will be dated the Drawdown Date on which it is issued and be for a term of 30, 60, 90, or 180 days (or such other periods as may be approved by the Lender's treasury department on a case-by-case basis), provided that the term of a Bankers' Acceptance does not extend beyond the later of the Revolving Term Facility Maturity Date or the Non- Revolving Delayed Draw Term Facility Maturity Date, as applicable to such Bankers' Acceptance.

- (g) The Lender shall complete and accept on the applicable Drawdown Date the Draft or Drafts and shall purchase on the applicable Drawdown Date the Bankers' Acceptance accepted by it for an aggregate price equal to the BA Discount Proceeds of that Bankers' Acceptance.
- (h) The Borrower shall pay to the Lender for each Draft tendered by the Borrower and accepted by the Lender, as a condition of its acceptance or purchase, the BA Acceptance Fee.
- (i) To facilitate payment, the Lender may deduct and retain for its own account the amount of the BA Acceptance Fee from the amount to be advanced to the Borrower under this Agreement for the sale of the related Bankers' Acceptance.
- (j) If the Lender determines that a market for Bankers' Acceptances does not exist at any time or the Lender cannot for other reasons, after reasonable efforts, readily sell Bankers' Acceptances or perform its other obligations under this Agreement with respect to Bankers' Acceptances, the Lender will provide prompt Notice to the Borrower of such determination. From and after delivery of such Notice by the Lender, the Lender shall not be obliged to accept and the Borrower shall not be entitled to issue Bankers' Acceptances hereunder until such time as the Lender determines in good faith that such market does exist and gives notice thereof to the Borrower, and any further Notice of Request for Advance requesting Bankers' Acceptances shall be deemed to be a Notice of Request for Advance requesting a Canadian Prime Rate Advance in the same aggregate principal amount.
- (k) The Lender shall promptly notify the Borrower of the decision to exercise its rights under paragraph (j) above to suspend the Borrower's right to require the Lender to purchase Bankers' Acceptances under this Agreement and of the termination of any such suspension.
- (l) On the maturity date of each Bankers' Acceptance, the Borrower shall pay to the Lender, in Canadian Dollars, an amount equal to the face amount of the applicable Bankers' Acceptance. The Borrower's obligation to make the payment will not be prejudiced by the fact that the holder of the Bankers' Acceptance is the Lender that had accepted those Bankers' Acceptances. The Borrower may not claim any days of grace for the payment at maturity of any Bankers' Acceptance. If the Borrower does not make the payment, from the proceeds of an Advance obtained under this Agreement or otherwise, the amount of the payment will be deemed to be a Canadian Prime Rate Advance to the Borrower from the Lender.
- (m) The signature of any duly authorized officer of the Borrower on a Draft may be mechanically reproduced in facsimile and all Drafts bearing a facsimile signature will be as binding upon the Borrower as if they had been manually signed, even if the Person whose manual or facsimile signature appears on the Draft may no longer hold office at the date of the Draft.

6.02 Letters of Credit

- (a) If the Borrower wishes to request an Advance by way of issuance of a Letter of Credit under the Revolving Term Facility, the Borrower shall, at the time it delivers the Notice of Request for Advance required under Section 2.10

(Drawdowns, Conversions, and Rollovers), execute and deliver to the Lender a Letter of Credit Agreement.

- (b) Each Letter of Credit shall be made available by the Lender under the Revolving Term Facility.
- (c) 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 (i) the aggregate Letter of Credit Exposure shall not exceed the Letter of Credit Sublimit, (ii) the aggregate principal amount outstanding under the Revolving Term Facility shall not exceed the Revolving Term Facility Sublimit.
- (d) The Lender shall issue each Letter of Credit in a form and on such terms as it determines at its discretion.
- (e) No Letter of Credit may be issued for a period in excess of 364 days or beyond the Revolving Term Facility Maturity Date.
- (f) If, at any time, a demand for a Letter of Credit Disbursement is made under any Letter of Credit, then the Lender shall:
 - (i) promptly notify the Borrower of the demand, and
 - (ii) pay the face amount of the Letter of Credit on the date upon which it becomes payable under the Letter of Credit or as soon as possible after that date.
- (g) The Borrower will be deemed to have requested a Canadian Prime Rate Advance of the face amount of the Letter of Credit and the Lender's obligations arising from a Canadian Prime Rate Advance. In each case, payment will be made together with all charges and expenses payable to or incurred by the Lender in connection with the Letters of Credit.
- (h) The Borrower shall indemnify the Lender from and against all liabilities and costs incurred in connection with any Letter of Credit (including any costs incurred in funding any amount that falls due from the Lender under any Letter of Credit) if those liabilities or costs are not satisfied or compensated by the payment of interest on sums due under this Agreement, except where those liabilities or costs result from the Lender's gross negligence or wilful misconduct.
- (i) The Lender may at any time, and is irrevocably authorized by the Borrower to, make any payment under any Letter of Credit for which a request or demand has been made in the required form, without any further reference to the Borrower or any investigation or enquiry. The Lender need not concern itself with the propriety or validity of any claim made or purported to be made under the terms of any Letter of Credit (except as to compliance with the payment conditions of any Letter of Credit) and will be entitled to assume that any Person expressed in a Letter of Credit as being entitled to make demand or receive payments under that Letter of Credit is so entitled. Accordingly, so long as a request or demand has been made in the proper form, the fact that the Lender was or might have been justified in refusing payment, in whole or in part, of the amounts so claimed will not:

- (i) be a defence to any demand made of the Borrower under this Agreement, or
 - (ii) impair the Borrower's Obligations.
- (j) A certificate of the Lender as to the amounts paid by the Lender under this Section or the amount paid out under any Letter of Credit will, in the absence of manifest error, be conclusive evidence of the existence and amount of that payment in any legal action or proceeding arising out of or in connection with that Letter of Credit.
- (k) Upon the issuance of a Letter of Credit, the Borrower shall pay in advance to the Lender, a Letter of Credit Fee.
- (l) In addition to the Letter of Credit Fee, the Borrower shall pay to the Lender, on the issuance of each Letter of Credit, the prevailing fees and charges that the Lender assesses in connection with the issuance, administration, amendment, payment, or cancellation of letters of credit in accordance with its usual practices.
- (m) The full face amount of each Letter of Credit that the Lender issues on the Borrower's behalf will be deemed to be an Advance under the Revolving Term Facility, which Advance will be retired upon the earlier of
 - (i) the return of the Letter of Credit to the Lender for cancellation,
 - (ii) the expiry date of the Letter of Credit, and
 - (iii) the deeming of the amount drawn on the Letter of Credit to be a Canadian Prime Rate Advance under the Revolving Term Facility.
- (n) If any Letter of Credit is outstanding upon the occurrence and during the continuance of an Event of Default or on the Revolving Term Facility Maturity Date, the Borrower shall pay to the Lender an amount equal to the undrawn principal amount of the outstanding Letter of Credit. The Lender shall hold that amount to apply against the indebtedness that the Borrower owes to it for any draw on the outstanding Letter of Credit. If the Lender is not called upon to make full payment on the outstanding Letter of Credit before its expiry date, the Lenders shall return to the Borrower the amount that it was holding under this paragraph, or any part that has not been paid out, so long as no Event of Default then exists.
- (o) The Borrower's Obligations relating to Letters of Credit are unconditional and irrevocable, and will be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:
 - (i) any lack of validity or enforceability of any Credit Document or the Letters of Credit,
 - (ii) any amendment or waiver of or any consent to or actual departure from this Agreement,
 - (iii) the existence of any claim, set-off, defence, or other right that either Obligor may have at any time against any beneficiary or any transferee of a Letter of Credit (or any Persons for which that beneficiary or transferee

may be acting), the Lender or any other Person or entity, whether in connection with this Agreement, the transactions contemplated in this Agreement, or in any other agreements or any unrelated transactions, or

- (iv) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid, or insufficient in any respect or any statement in it being untrue or inaccurate in any respect except for non-compliance with the payment conditions of that Letter of Credit.
- (p) The Borrower assumes all risks of the acts or omissions of the beneficiary of each Letter of Credit. For greater certainty, the Lender will not have any liability, and the Borrower assumes all responsibility, for the following:
- (i) the genuineness of any signature,
 - (ii) the form, validity, genuineness, legal effect, and authority of the Person signing any draft, certification, or other document required by a Letter of Credit,
 - (iii) the failure of any instrument to bear any reference or adequate reference to a Letter of Credit,
 - (iv) the failure of any Person to note the amount of any instrument on the reverse of a Letter of Credit or to surrender a Letter of Credit,
 - (v) the good faith or acts of any Person other than the Lender and its agents and employees,
 - (vi) the existence, form, or sufficiency of, or breach or default under, any agreement or instruments of any nature,
 - (vii) any delay in giving, or failure to give, any notice, demand, or protest, and
 - (viii) any error, omission, or delay in, or non-delivery of, any notice or other communication, however sent,

provided, however, that the Borrower will not be responsible for, and no Person will be relieved of responsibility for, any gross negligence or wilful misconduct of that Person.

- (q) The Lender shall make the determination as to whether the required documents are presented before the expiration of a Letter of Credit and are in proper and sufficient form for compliance with a Letter of Credit at its discretion, which determination will be conclusive and binding upon the Obligors absent manifest error. The Lender may honour, as complying with the terms of a Letter of Credit and this Agreement, any documents otherwise in order and signed or issued by the beneficiary.
- (r) Any action, inaction, or omission on the Lender's part under or in connection with the Letters of Credit or any related instruments or documents, if in good faith and in conformity with Applicable Law or commercial or banking customs as the Lender may reasonably deem to be applicable, will be binding upon the Obligors and will not affect, impair, or prevent the vesting of any of the Lender's rights or

powers under this Agreement or the Borrower's obligation to make full reimbursement of amounts drawn under the Letters of Credit.

ARTICLE 7 REPAYMENTS

7.01 Mandatory repayment of principal (Non-Revolving Term Facility)

- (a) Unless the Obligations relating to the Non-Revolving Term Facility are required to be repaid at an earlier date under the terms of this Agreement, the Borrower shall repay the single Advance made under the Non-Revolving Term Facility in an amount per Fiscal Quarter equal to 2.5% of the aggregate outstanding principal amount of the Non-Revolving Term Facility as of such date, such repayments to be made on the last day of each and every Fiscal Quarter, commencing in the first full Fiscal Quarter ending following the Closing Date.
- (b) The Borrower shall repay all Obligations in connection with the Non-Revolving Term Facility (including the aggregate outstanding principal amount of the Non-Revolving Term Facility, together with all accrued interest, fees, and other amounts then unpaid by it relating thereto), in full on the Non-Revolving Term Facility Maturity Date.
- (c) The Non-Revolving Term Facility will be automatically terminated on the Non-Revolving Term Facility Maturity Date.

7.02 Mandatory repayment of principal (Revolving Term Facility)

Unless the Obligations relating to the Revolving Term Facility are required to be repaid at any earlier date under the terms of this Agreement, the Borrower shall repay all Obligations relating to the Revolving Term Facility (including the aggregate outstanding principal amount of all Advances thereunder together with all accrued interest, fees, and other amounts then unpaid by it relating to those Advances, which include all amounts payable by the Borrower to the Lender under Section 6.01 (Bankers' Acceptances) relating to any Bankers' Acceptances outstanding on the Revolving Term Facility Maturity Date and all amounts payable by the Borrower to the Lender under Section 6.02 (Letters of Credit) relating to any Letters of Credit outstanding on the Revolving Term Facility Maturity Date) in full on the Revolving Term Facility Maturity Date and the Revolving Term Facility will be automatically terminated on the Revolving Term Facility Maturity Date.

7.03 Mandatory repayment of principal (Non-Revolving Delayed Draw Term Facility)

- (a) Unless the Obligations relating to the Non-Revolving Delayed Draw Term Facility are required to be repaid at an earlier date under the terms of this Agreement, the Borrower shall repay all Advances under the Non-Revolving Delayed Draw Term Facility in an amount per Fiscal Quarter equal to 2.5% of all aggregate outstanding Advances made under the Non-Revolving Delayed Draw Term Facility as of such date, such repayments to be made on the last day of each and every Fiscal Quarter, commencing in the first full Fiscal Quarter ending following the first Advance made on the Non-Revolving Delayed Draw Term Facility.
- (b) The Borrower shall repay all Obligations in connection with the Non-Revolving Delayed Draw Term Facility (including the aggregate outstanding principal amount of all Advances, together with all accrued interest, fees, and other

amounts then unpaid by it relating to those Advances, which include all amounts payable by the Borrower to the Lender under Section 12.02 (Payment of Bankers' Acceptances and Letters of Credit) relating to any Bankers' Acceptances outstanding on the Non-Revolver Delayed Draw Term Facility Maturity Date) in full on the Non-Revolver Delayed Draw Term Facility Maturity Date.

- (c) The Non-Revolver Delayed Draw Term Facility will be automatically terminated on the Non-Revolver Delayed Draw Term Facility Maturity Date.

7.04 Voluntary prepayment and reduction (Non-Revolver Term Facility)

- (a) Upon the Lender receiving from the Borrower an irrevocable Repayment Notice not less than three Business Days before the proposed repayment date, the Borrower may from time to time repay or prepay the Advance outstanding under the Non-Revolver Term Facility (which, for certainty, does not include Swingline Advances) without premium, penalty, or bonus, [REDACTED]
- (b) Despite paragraph (a) above, Bankers' Acceptances may not be repaid before their respective maturity dates unless the Borrower deposits cash or Cash Equivalents with the Lender equal to the full face amount at maturity of the applicable Bankers' Acceptance and concurrently delivers to the Lender a cash collateral agreement, supporting resolutions, certificates, and opinions, in form and substance satisfactory to the Lender in its sole discretion.
- (c) Repayments or prepayments by the Borrower of the Advance made under the Non-Revolver Term Facility permanently reduce the committed amount of the Non-Revolver Term Facility by amounts equal to those prepayments or repayments.

7.05 Voluntary reduction (Revolver Term Facility)

- (a) Upon the Lender receiving from the Borrower an irrevocable Repayment Notice not less than three (3) Business Days before the proposed repayment date, the Borrower may from time to time permanently reduce the Revolver Term Facility (which, for certainty, does not include Swingline Advances), in whole or in part, provided that
 - (i) the reduction will be in a minimum amount of CDN\$1,000,000 or the Australian Dollar Equivalent Amount and in whole multiples of CDN\$500,000 or the Australian Dollar Equivalent Amount above that amount, and
 - (ii) no reduction will be made that would reduce the Revolver Term Facility to an amount less than the aggregate amount of Advances under the Revolver Term Facility then outstanding.
- (b) Despite paragraph (a) above,
 - (i) Australian Bank Bill Rate Advances may not be repaid before the end of the applicable Australian Bank Bill Rate Period unless the Borrower

- (A) pays to the Lender, within three (3) Business Days of receiving a Notice thereof from the Lender, an amount equal to all losses and expenses (including any breakage costs resulting from, arising out of, imposed upon, or incurred by the Lender by reason of the liquidation or reemployment of funds acquired or committed to be acquired by the Lender to fund or maintain the Australian Bank Bill Rate Advance or any part thereof on other than the last day of the applicable Australian Bank Bill Rate Period). Notice delivered by the Lender to the Borrower as to the amount of costs, losses, premiums and expenses shall, in the absence of manifest error, be conclusive and binding for all purposes, or
- (B) deposits with the Lender cash or Cash Equivalents in an amount equal to the amount due for that Australian Bank Bill Rate Advance at the end of the applicable Australian Bank Bill Rate Period.
- (c) Bankers' Acceptances and Letters of Credit may not be repaid before their respective maturity or expiry dates unless the Borrower deposits cash or Cash Equivalents with the Lender equal to the full face amount at maturity of the applicable Bankers' Acceptance or Letter of Credit, as applicable, and concurrently delivers to the Lender a cash collateral agreement, supporting resolutions, certificates, and opinions in form and substance satisfactory to the Lender in its sole discretion.

7.06 Voluntary prepayment and reduction (Non-Revolving Delayed Draw Term Facility)

- (a) Upon the Lender receiving from the Borrower an irrevocable Repayment Notice not less than three (3) Business Days before the proposed repayment date, the Borrower may from time to time repay or prepay Advances outstanding under the Non-Revolving Delayed Draw Term Facility (which, for certainty, does not include Swingline Advances) without premium, penalty, or bonus, [REDACTED]
- (b) Despite paragraph (a) above, Bankers' Acceptances may not be repaid before their respective maturity dates unless the Borrower deposits cash or Cash Equivalents with the Lender equal to the full face amount at maturity of the applicable Bankers' Acceptance and concurrently delivers to the Lender a cash collateral agreement, supporting resolutions, certificates, and opinions, in form and substance satisfactory to the Lender in its sole discretion.
- (c) Repayments or prepayments by the Borrower of Advances made under the Non-Revolving Delayed Draw Term Facility permanently reduce the committed amount of the Non-Revolving Delayed Draw Term Facility by amounts equal to those prepayments or repayments.

7.07 Mandatory repayments from proceeds of Debt

If any Obligor or any Subsidiary of an Obligor incurs any Subordinated Debt (which, in each case, will not be incurred unless it also constitutes Permitted Debt), the Borrower shall pay, or shall cause to be paid, to the Lender an amount equal to the entire proceeds of that Debt (net of

reasonable, bona fide, direct transaction costs incurred in connection with incurring that Debt, including reasonable legal fees and disbursements) immediately upon the closing of the transaction under which that Debt is incurred. The Lender shall apply that amount in permanent repayment of outstanding Obligations under the Non-Revolving Term Facility until such Obligations are satisfied in full. Thereafter, the Lender shall apply that amount in permanent repayment of outstanding Obligations under the Non-Revolving Delayed Draw Term Facility, upon which the Non-Revolving Delayed Draw Term Facility will be permanently reduced by the amount of the repayment. For any repayment required under this Section which would affect the repayment of Bankers' Acceptances, Australian Bank Bill Rate Advances or other Advances prior to their maturity and cause breakage or other similar fees to be incurred, the Lender and the Borrower will exercise commercially reasonable efforts to agree on arrangements that would enable the Lender to hold such payments so they may be used to repay such Advances as the same come due.

7.08 Mandatory repayment on Dispositions

Subject to Section 10.37 (Disposition of Property), on the closing date of any permitted Disposition by any Obligor, an amount equal to 100% of the Net Cash Proceeds of that Disposition shall be paid by or on the Borrower's behalf to the Lender and shall be applied by the Lender in permanent repayment of outstanding Obligations under the Non-Revolving Term Facility, unless such Obligor shall use or commit such proceeds to replace the assets sold or otherwise reinvest the proceeds in the Business of the Obligors' within 120 days of the closing date of applicable Disposition. At that time, the Non-Revolving Term Facility will be permanently reduced by the amount of the repayment. Thereafter, the Lender shall apply such amounts in permanent repayment of outstanding Obligations under the Non-Revolving Delayed Draw Term Facility, upon which the Non-Revolving Delayed Draw Term Facility will be permanently reduced by the amount of the repayment. For any repayment required under this Section which would affect the repayment of Bankers' Acceptances, Australian Bank Bill Rate Advances or other Advances prior to their maturity and cause breakage or other similar fees to be incurred, the Lender and the Borrower will exercise commercially reasonable efforts to agree on arrangements that would enable the Lender to hold such payments so they may be used to repay such Advances as the same come due.

7.09 Mandatory repayments from proceeds of insurance

If an Obligor receives any proceeds of insurance then, the Borrower shall pay, or shall cause to be paid, to the Lender an amount equal to the entire net amount of those proceeds that is not applied to the repair or replacement of damaged property within 90 days of receipt of the proceeds. The Lender shall apply that amount in permanent repayment of outstanding Obligations under the Non-Revolving Term Facility. At that time, the amount of the Non-Revolving Term Facility will be permanently reduced by the amount of the repayment. Thereafter, the Lender shall apply such amounts in permanent repayment of outstanding Obligations under the Non-Revolving Delayed Draw Term Facility, upon which the Non-Revolving Delayed Draw Term Facility will be permanently reduced by the amount of the repayment. For any repayment required under this Section which would affect the repayment of Bankers' Acceptances, Australian Bank Bill Rate Advances or other Advances prior to their maturity and cause breakage or other similar fees to be incurred, the Lender and the Borrower will exercise commercially reasonable efforts to agree on arrangements that would enable the Lender to hold such payments so they may be used to repay such Advances as the same come due.

7.10 Mandatory repayments upon Borrowing Base being exceeded

If, on any day and for any reason, the Lender determines that the aggregate of Advances then outstanding under the Revolving Term Facility exceeds the Borrowing Base, the Borrower shall immediately repay the Advances in an amount equal to such excess provided that, if it is determined on any subsequent day that the amount of the deposited amounts exceeds the amount of the excess, the Borrower may withdraw the amount by which the excess has been reduced.

7.11 Currency fluctuations

If, on any day, the Lender determines that, solely as a result of currency fluctuations, the aggregate of

- (a) Advances in Canadian Dollars then outstanding under the Revolving Term Facility, and
- (b) the Equivalent Amount in Canadian Dollars of Advances in Australian Dollars then outstanding under the Revolving Term Facility,

exceeds 103% of the Borrowing Base, the Lender shall notify the Borrower and the Borrower shall, within five days of receipt of that notice,

- (c) repay Advances under the Revolving Term Facility in an amount equal to the excess, or
- (d) deposit with the Lender cash or Cash Equivalents in an amount equal to the excess,

provided that if it is determined on any subsequent day that the amount of the deposited amounts exceeds the amount of the excess, the Borrower may withdraw the amount by which the excess has been reduced.

ARTICLE 8 PLACE OF PAYMENTS AND RIGHTS RE SET-OFF

8.01 Place of payment of principal, interest, and fees

- (a) The Borrower shall, for as long as it has Obligations, maintain at the Lender's Payment Branch an account in Canadian Dollars, from which the Lender may debit any amounts as the Borrower is from time to time required to pay under the Credit Documents, as and when those amounts are due. The Borrower shall ensure that these accounts contain sufficient funds for this purpose. Without limiting the Lender's rights under this Section, unless otherwise specifically agreed between the Borrower and the Lender, the Borrower hereby directs the Lender to debit the accounts maintained under this Section with those amounts as are from time to time required to be paid by the Borrower under Article 5 (Payments of Interest and Fees), Article 6 (Bankers' Acceptances and Letters of Credit), and Article 7 (Repayments) of this Agreement.
- (b) Unless otherwise expressly provided, the Borrower shall make all payments under any Credit Document to the Lender at the Lender's Payment Branch, or at such other location as the Lender may direct, for the Lender's account, not later

than 12:00 noon Eastern Time for value on the date when due, and in immediately available funds without any right of set-off or counterclaim.

8.02 Set-off

- (a) If, on any date, amounts would be due and payable under this Agreement in the same currency by the Borrower to the Lender and by the Lender to the Borrower, then, the Borrower authorizes the Lender at any time and from time to time to the fullest extent permitted by law to set off and apply any deposits (general or special, time or demand, provisional or final, matured or unmatured) that it holds, together with any other Indebtedness at any time owing to or for the Borrower's credit against any and all of the Borrower's Indebtedness to the Lender now or subsequently existing under any Credit Document.
- (b) The Lender shall promptly notify the Borrower after any such set-off, provided that the failure to give notice will not affect the validity of the set-off and application.
- (c) The Lender's rights under this Section are in addition to all other rights and remedies (including other rights of set-off) that the Lender may have.
- (d) The Borrower will at no time be permitted to exercise any right of set off against the Lender.

**ARTICLE 9
REPRESENTATIONS AND WARRANTIES**

Each Obligor jointly and severally makes the following representations and warranties to the Lender on their own behalf and acknowledges and confirms that the Lender is relying upon these representations and warranties (including, for those representations and warranties made as at the Closing Date, for the purpose of satisfying the conditions precedent to obtain the initial Advances under the Credit Facilities).

9.01 Existence and qualification

Each Obligor:

- (a) has been duly incorporated, amalgamated, merged, or continued, as the case may be, and is validly subsisting and existing under the laws of its jurisdiction of formation, amalgamation, merger, continuance, or incorporation as the case may be (or in the case of the Obligor that is not a corporation, has been duly created or established as a partnership or other applicable entity and validly exists under, and is governed by, the laws of the jurisdiction in which it has been created or established), and
- (b) is duly qualified and has all required Material Licences to carry on its business in each jurisdiction in which the nature of its business requires qualification.

9.02 Power and authority

Each Obligor has the corporate power, capacity and authority:

- (a) to enter into, and to exercise its rights and perform its obligations under, each Credit Document to which it is a party and all other instruments and agreements that it delivers under any Credit Document,

- (b) to own its Property and carry on its business as currently conducted and as currently proposed to be conducted by it (including, the Business),
- (c) to incur the Obligations,
- (d) to create the grants of security, mortgages, charges, pledges, transfers, assignments, and other security interests created under the Security to which it is a party.

9.03 Execution, delivery, and performance of the Credit Documents

The execution, delivery, and performance of each of the Credit Documents to which each Obligor is a party, and every other instrument or agreement that it delivers under any Credit Document, has been duly authorized, and each such document has been duly executed and delivered.

9.04 No Breach

None of the execution, delivery or performance of, the consummation of the transactions contemplated in, or compliance with the terms, conditions, and provisions of any of the Credit Documents, any of the agreements or documents delivered in connection the Credit Documents:

- (a) conflicts with or will conflict with, results in or will result in any breach of, or constitutes a default under, or contravention of any Applicable Law, Organizational Document, Material Contract, Material Licence, judgement, order or decree of any Governmental Authority to which an Obligor is subject;
- (b) result in or permit the acceleration of the maturity of any Debt or other obligation of an Obligor; and
- (c) results or will result in the creation or imposition of any Encumbrance upon any of its Property.

9.05 Consents, etc. respecting Credit Documents

Each Obligor has obtained, made, or taken all consents, approvals, authorizations, declarations, registrations, filings, notices, consents, orders, qualifications, recordings and other actions required from any Governmental Authority or any other Person (except for registrations or filings that may be required in respect of the Security) in connection with the execution and delivery by it of each of the Credit Documents to which it is a party and the consummation of the transactions contemplated in the Credit Documents.

9.06 Permits and other authorizations

Each Obligor holds all permits and other authorizations necessary to own, lease and operate its Property and to conducts its business (including, for certainty, the Business) as it is now carried on.

9.07 Enforceable obligations

This Agreement and the other Credit Documents have been duly executed and delivered and constitute legal, valid, and binding obligations of each Obligor (with regard to each agreement or instrument to which it is a party) enforceable in accordance with their respective terms, except as may be limited by Bankruptcy and Insolvency Laws and by general equitable principles.

9.08 Taxes and Tax Returns

- (a) Each Obligor has duly and timely filed, or caused to be duly and timely filed, all material Tax Returns relating to Taxes required to be filed by it with the appropriate Governmental Authority.
- (b) Each Obligor has duly and timely paid all Taxes that are due and payable by it, except for Taxes that are not material in amount or that are being contested diligently and in good faith through appropriate proceedings.
- (c) Each Obligor has made adequate provision in its financial statements or its books and records, as applicable, for the payment of all material Taxes that it owes.
- (d) There is no material inquiry, action, suit, dispute, objection, appeal, investigation, audit, claim, or other proceeding either in progress, pending, or to the knowledge of either the Borrower or the Parent threatened by any Governmental Authority regarding any Taxes or Tax Returns. No Obligor has requested, offered to enter into, entered into any agreement or arrangement, or executed any waiver providing for any extension of time within which an Obligor is required to pay, remit, or collect any Taxes, file any Tax Returns, or under which any Governmental Authority may assess, reassess, or collect Taxes for which an Obligor is or may be liable.

9.09 Securities accounts

None of the Obligors has established or maintains any securities account or have any securities entitlement (as those terms are defined in the STA) and none of them has granted to any Person a security interest in any of their Collateral that has been perfected by control (as that term is defined in the STA).

9.10 Accounts Receivable

The Accounts Receivable of each Obligor are based on actual bona fide sales and deliveries of goods or rendition of services to customers. The goods and services being sold and the Accounts Receivable created are each Obligor's exclusive property and are not subject to any Encumbrance or consignment or similar arrangement except as otherwise reported or reserved against on the applicable Obligor's books and records. Each Obligor's customers have accepted the goods or services and owe and are obliged to pay the full amounts stated in the applicable invoices according to their terms without any dispute, offset, defence, or counterclaim.

9.11 No judgments, etc.

No Obligor is subject to any judgment, order, writ, injunction, decree, or award, or to any restriction, rule, or regulation (other than customary or ordinary course restrictions, rules, and regulations consistent or similar with those imposed on other Persons engaged in similar businesses) that have not been stayed or for which enforcement has not been suspended, which has a Material Adverse Effect on the Obligors, their Property, or the business as currently conducted and as currently proposed to be conducted by it (including, the Business).

9.12 No work orders

There are no outstanding work orders or directives or notices of deficiency capable of resulting in work orders or directives with respect to the Barrie Property that have a Material Adverse

Effect or that are reasonably likely to have a Material Adverse Effect on the ability of an Obligor to perform its obligations under this Agreement or any Credit Document.

9.13 No litigation

There are no actions, suits, or proceedings pending or, to the knowledge of each Obligor, threatened against or affecting any Obligor or the Property of any Obligor.

9.14 Debt and Non-Arm's Length transactions

- (a) The Consolidated Group has no Debt, except:
 - (i) as disclosed in the financial statements referenced in Section 10.32 (Annual reports), and
 - (ii) as set out in Schedule E (Debt).
- (b) No agreement, arrangement, or transactions between any Obligor, on the one hand, and any Associate of, Affiliate of, or other Person not dealing at Arm's Length with the Borrower (other than Obligors), on the other hand, is in existence at the date of this Agreement, except:
 - (i) as set forth in Schedule E (Debt) or,
 - (ii) those which are on terms that would be obtainable in a comparable Arm's Length transaction and having a value of less than CDN\$50,000 or the Australian Dollar Equivalent Amount, if more than one, having an aggregate value of less than CDN\$250,000 or the Australian Dollar Equivalent Amount in any Fiscal Year.

9.15 Ownership

- (a) Each Obligor has good and marketable:
 - (i) fee simple title to, or valid leasehold interests in, all of its real property and all of its real property and the nature of its or any of its Subsidiaries interest therein is disclosed in Schedule F (Real Property), and
 - (ii) title to all of its other material Property, in each case subject to no Encumbrances (other than Permitted Encumbrances).
- (b) Each Obligor enjoys peaceful and undisturbed possession of all its real property and there is no pending or, to the knowledge of any of the Obligors, threatened condemnation or expropriation proceeding relating to its real property. All of its real property and the structures thereon and all of the other tangible assets owned, leased, or used by any Obligor in the conduct of its business (including the Business) are:
 - (i) insured to the extent necessary and in a manner customary in the industry in which the Obligors are engaged,
 - (ii) structurally sound with no known material defects,
 - (iii) in good operating condition and repair, subject to ordinary wear and tear and casualty,

- (iv) not in need of maintenance or repair except for ordinary, routine maintenance and repair, the cost of which would not be material or as a result of casualty,
 - (v) sufficient for the operation of the business of each applicable Obligor as presently conducted, and
 - (vi) in conformity with all Applicable Law and other requirements (including applicable zoning, environmental, motor vehicle safety, occupational safety, and health laws and regulations), except where the failure to comply or conform with any of the foregoing could not reasonably be expected to have a Material Adverse Effect.
- (c) No Person has any agreement or right to acquire an interest in any Property of any Obligor other than in the ordinary course of business.
- (d) Schedule F (Real Property) contains a description of the following:
- (i) all of the real property owned by each Obligor (including municipal addresses, legal description, the name of the Person who owns the real property, and a brief description of the real property and its use),
 - (ii) all of the real property leased by each Obligor (including municipal addresses, legal description, the name of the Person who leases the real property, the name of the landlord, the term and any renewal rights under the applicable lease, and a brief description of the real property and its use), and
 - (iii) all of the real property not owned or leased by an Obligor at which any of its inventory may from time to time be stored or located (including municipal addresses, legal description, the name of the Obligor who keeps inventory at that real property, and the name of the bailee or third party holding that inventory at that real property).
- (e) The Security has or will have the ranking in priority which it is expressed to have in the relevant Credit Documents and it is not subject to any prior ranking or *pari passu* ranking Security other than a Permitted Encumbrance.

9.16 Insurance

Each Obligor maintains insurance that is in full force and effect and that complies with all of the requirements of this Agreement. The details of all existing insurance policies maintained by the Obligors as of the date of this Agreement are outlined as to carrier, policy number, expiration date, type, and amount in Schedule G (Insurance).

9.17 Licensors, suppliers, distributors, and customers

The relationships with each Obligor's material licensors, suppliers, distributors, and customers are satisfactory commercial working relationships. During the 12-month period ended on the Closing Date, no such licensor, supplier, distributor, or customer has modified, cancelled, or otherwise terminated its relationship with any Obligor or decreased its usage or purchase of the services or products of any Obligor, including but not limited to any Cannabis-Related Activities or any Cannabis, as applicable, in a manner that has had, or could reasonably be expected to have, a Material Adverse Effect. No Obligor is aware of any intention of any such licensor,

supplier, distributor, or customer to take any action that could reasonably be expected to have a Material Adverse Effect.

9.18 No employee disputes

There are no claims or applications before any legislative body or administrative tribunal pending or, to the knowledge of the Borrower and the Parent, threatened, relating to any breach of the Obligors' obligations to their respective employees.

9.19 Labour relations

None of the Obligors are engaged in any unfair labour practice. None of the following are pending or, to the knowledge of the Borrower or the Parent, threatened against any of the Obligors, which could reasonably be expected to have a Material Adverse Effect:

- (a) a material unfair labour practice complaint before the Canada Industrial Relations Board or any other applicable provincial labour relations board or other Governmental Authority,
- (b) a grievance or arbitration proceeding arising out of or under collective bargaining agreements,
- (c) a strike, labour dispute, slowdown, or stoppage, or
- (d) union representation questions relating to the employees of any of the Obligors or union organizing activities.

9.20 Compliance with Applicable Law

- (a) None of the Obligors nor any Joint Venture has violated or failed to comply with any Applicable Law applicable to its business (including the Business), except where such violations or failures to comply could not reasonably be expected to have a Material Adverse Effect.
- (b) Without limiting the generality of the foregoing, none of the Obligors nor any Joint Venture has violated or failed to comply with any Cannabis Laws applicable to it, its property or its business. Specifically, but without limitation, no Obligor nor any Joint Venture (i) conducts or at any time has conducted any Cannabis-Related Activities, or (ii) has made or held an Investment in any Person who conducts or at any time has conducted any Cannabis-Related Activities, in each case other than in an Approved Jurisdiction and where such Cannabis-Related Activities in such Approved Jurisdiction would not violate or result in a breach of any applicable Cannabis Laws at the time in question.
- (c) None of the Obligors has any commercial arrangements with Persons engaging in Cannabis-Related Activities that violate Applicable Laws, including for greater certainty, any licensing agreements. None of the Obligors make payments, including royalties, to any Person engaged in Cannabis-Related Activities that violate Applicable Laws. None of the Obligors generate revenue or receive funds from any Person engaged in Cannabis-Related Activities that violate Applicable Laws.
- (d) None of the Obligors has received any notice to the effect that, or has otherwise been advised that, it is not in compliance with any Applicable Law and none of

the Obligors knows of any currently existing circumstances that are likely to result in the violation of any Applicable Law, the non-compliance or violation of which could reasonably be expected to have a Material Adverse Effect.

- (e) Without limiting the generality of the (a), (b) and (c) above, none of the Obligors nor any Joint Venture:
 - (i) own assets or carry on business in any jurisdiction which is not an Approved Jurisdiction;
 - (ii) own assets or carry on any Medical Cannabis-Related Activities in any jurisdiction which is not an Approved Medical Cannabis Jurisdiction; or
 - (iii) carry on any Non-Medical Cannabis-Related Activities in any jurisdiction which is not an Approved Non-Medical Cannabis Jurisdiction.

9.21 No Event of Default or Pending Event of Default

- (a) No Event of Default or Pending Event of Default has occurred and no event has occurred that (with the giving of notice, the lapse of time, or both) would constitute an Event of Default or Pending Event of Default.
- (b) No Obligor is in default under any agreement, guarantee, indenture, or instrument to which it is a party or by which it is bound, the breach of which could reasonably be expected to cause a Material Adverse Effect or affect its ability to perform any of its obligations under any Credit Document to which it is a party.

9.22 Corporate structure

- (a) The outstanding capital stock or other ownership interests, as applicable, of each of the Obligors is validly issued, fully paid, and non-assessable. Other than with respect to the Parent, the outstanding capital stock or other ownership interests, as applicable, of the Obligors and Non-Active Subsidiaries is as set forth in Schedule H (Corporate Structure) and free and clear of all Encumbrances (other than Permitted Encumbrances).
- (b) No Obligor (other than the Parent) has any outstanding securities that are convertible into or exchangeable for its capital stock by any Person. No Obligor (other than the Parent) has any rights that are outstanding to any Person to subscribe for or to purchase, or any options for the purchase of, any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments, or claims of any character relating to, its capital stock.
- (c) The organizational structure of the Consolidated Group is as set out in Schedule H (Corporate Structure), which contains a complete and accurate list of the following:
 - (i) the Obligors and each of their Subsidiaries (including the Non-Active Subsidiaries), Affiliates and Joint Ventures,
 - (ii) each such Person's full and correct name (including any French and English forms of name),
 - (iii) the full address (including postal code or zip code) of each such Person's registered office, chief executive office and all places of business and, if

different, the address at which the books and records of that Person are located, the address at which senior management of that Person are located and conduct their deliberations and make their decisions relating to that Person's business, and the address from which that Person's invoices and accounts are issued, and

- (iv) details of the authorized and issued share capital, partnership interests, membership interests, or other similar interests of each of the Obligors, and the name of the registered and beneficial owner of all of the issued and outstanding securities of each of the Obligors (other than the Parent).

9.23 Relevant Jurisdictions

Schedule A (Relevant Jurisdictions) contains a complete and accurate list of the following:

- (a) the Relevant Jurisdictions for each Obligor (including the location of each Obligor's chief executive office or chief place of business and each location where each Obligor has Property),
- (b) the location of all of the Obligors' books and records, chattel paper, and records of accounts,
- (c) the names and addresses of each warehouseman, filler, processor, and packer at which Inventory of any Obligor is stored, and
- (d) all locations of operation for each Obligor in any Approved Medical Cannabis Jurisdictions and Approved Non-Medical Cannabis Jurisdictions and all locations therein.

9.24 Intellectual Property rights

- (a) Each Obligor owns, or has the legal right to use, all Intellectual Property necessary for each of them to conduct its business as currently conducted (including the Business) except for those that the failure to own or have such legal right to use could not reasonably be expected to have a Material Adverse Effect.
- (b) Each Obligor has made all necessary filings, registrations, and recordations (including all relevant renewals) to protect all of its right, title, and interest in the Intellectual Property; all those filings, registrations, and recordations have been duly and properly made, are in full force and effect, and are not subject to dispute by any Governmental Authority. All Third Party IP Agreements are in good standing.
- (c) Schedule I (Intellectual Property) contains a complete and accurate list of all material Intellectual Property owned by each Obligor or that any Obligor has the right to use.
- (d) Except as provided on Schedule I (Intellectual Property), no claim has been asserted or is pending by any Person challenging or questioning the use, validity, or effectiveness of any of the Intellectual Property, nor does any Obligor know of any such claim.

- (e) Except as provided on Schedule I (Intellectual Property), the Intellectual Property is not subject to any Encumbrance nor has any security agreement or similar instrument been registered against any of the Intellectual Property, including without limitation, with the Canadian Intellectual Property office or a similar registry in any other jurisdiction.
- (f) To the knowledge of the Borrower and the Parent, the use of the Intellectual Property by any Obligor does not infringe on the rights of any Person, except for any claims and infringements that, in the aggregate, could not reasonably be expected to have a Material Adverse Effect.
- (g) No litigation is pending or threatened that contains allegations respecting the validity, enforceability, infringement, or ownership of any of the Intellectual Property (including any right, title, or interest of an Obligor in the Intellectual Property).

9.25 Material Contracts and Material Licences

- (a) Schedule B (Material Contracts and Material Licences), as amended from time to time with the Lender's consent, is a complete and accurate list of all Material Contracts and Material Licences.
- (b) The Borrower has delivered and has caused each Obligor and any Joint Venture to deliver to the Lender a true and complete certified copy of each Material Contract and Material Licence.
- (c) Each Material Contract and Material Licence is in full force and effect, unamended, except as disclosed in Schedule B (Material Contracts and Material Licences).
- (d) No event has occurred and is continuing that would constitute a breach of, or a default under, any Material Contract or Material Licence.
- (e) Each Material Contract to which an Obligor or a Joint Venture is a party is binding upon that Obligor or Joint Venture and, to that Obligor or Joint Venture's knowledge, is a binding agreement of each other Person who is a party to it.
- (f) Each of the Obligors and each Joint Venture has obtained all necessary consents (including consents of landlords) to the granting of a security interest in each Material Contract and Material Licence.
- (g) No Obligor has violated or failed to obtain any Material Licence necessary (i) for the ownership of any of its property or assets or the conduct of its business as currently conducted (including the Business), or (ii) to make or hold any Investment in any Person who conducts Cannabis-Related Activities. All Material Licences:
 - (i) have been duly obtained, taken, given or made;
 - (ii) are valid and in full force and effect, and
 - (iii) are free from conditions or requirements that have not been met or complied with where the failure to so satisfy may allow for the material modification or revocation thereof.

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

9.26 Fiscal Year

The Fiscal Year end of each Obligor is December 31st.

9.27 Financial information

All financial statements that the Obligors have provided to the Lender in connection with this Agreement are true and complete in all material respects. Those financial statements fairly present the financial position of the Obligors, as applicable, as of the dates referred to and have been prepared in accordance with GAAP. All other financial information (including budgets and projections) that the Obligors have provided to the Lender are true and complete in all material respects and based on reasonable assumptions and expectations.

9.28 No Material Adverse Effect

Since the date of the most recent annual consolidated financial statements of the Consolidated Group, there has been no development or event relating to or affecting a member of the Consolidated Group or the Business that has had or could reasonably be expected to have a Material Adverse Effect.

9.29 Environmental Matters

- (a) Except as set out in Schedule G (Real Property), no Obligor is subject to any pending or threatened Environmental Claim with respect to any facilities or properties currently or formerly owned, leased or operated by an Obligor, or the business operated by any Obligor, and, to the knowledge of the Borrower and the Parent, each Obligor is in full compliance with the Requirements of Environmental Law.
- (b) Each Obligor has all approvals, permits, licences, registrations, and other authorizations required by the Requirements of Environmental Law.
- (c) Each Obligor currently operates its business (including, the Business) and its Property (whether owned, leased, or otherwise occupied) in compliance with the Requirements of Environmental Law.

- (d) Each Obligor is actively and diligently using all commercially reasonable efforts to plan, and implement procedures, for future compliance with the Requirements of Environmental Law in a manner consistent with a prudent and responsible operator engaged in a business of a similar nature.
- (e) Except as set out in Schedule G (Real Property), no Hazardous Substances are or have been stored, disposed of, or otherwise used by any Obligor in violation of the Requirements of Environmental Law.
- (f) All aboveground and underground storage tanks now or previously located in, on, or under any real property now or subsequently owned or leased by any Obligor have been or will be operated, maintained, and decommissioned or closed, as applicable, in compliance with the Requirements of Environmental Law.
- (g) Except as set out in Schedule G (Real Property), no real property or groundwater in, on, or under any real property now or previously owned or leased by any Obligor is or has been contaminated by any Hazardous Substance or is named in any list of hazardous waste or contaminated sites.

9.30 Environmental Convictions

With respect to the Barrie Property, MPL Prop Co. nor any of the other Obligors have ever been convicted of an offence or subjected to any judgment, injunction or other proceeding, for material non-compliance with any Environmental Law or been fined or otherwise sentenced or settled such prosecution, judgment, injunction or other proceeding short of conviction.

9.31 Reports on Barrie Property

Copies in the Obligors possession of all analysis and monitoring data for soil, groundwater, surface water and reports pertaining to any environmental assessments/audits (including, without limitation, any inspections, investigations or tests relating to the Barrie Property) have been provided to the Lender to the extent that they disclose any matters that would be reasonably likely to have a Material Adverse Effect.

9.32 Title to Barrie Property

MPL Prop Co. has good and marketable beneficial title to the Barrie Property, which beneficial title shall be subject only to Permitted Encumbrances and no Person has any agreement or right to acquire MPL Prop Co.'s interest in the Barrie Property.

9.33 Disclosure re: Barrie Property

To the best of the Obligors knowledge, after due inquiry, there have been no developments or events relating to the Barrie Property that would, in the aggregate, constitute a Material Adverse Effect and which have not been disclosed to the Lender.

9.34 Absence of Litigation, Notice of Expropriation

There are no actions, suits or proceedings pending or, to the knowledge of it, threatened against or affecting the Obligors, their Property or any of their undertakings and assets, at law, in equity or before any arbitrator or before or by any Governmental Authority having jurisdiction in respect of which a determination adverse to the Obligors or their Property would be reasonably likely to affect materially and adversely the Security, the operation of business carried on at the Barrie Property or the ability of the Obligors to perform any of their obligations under this Agreement,

the Credit Documents and the Obligors are not in default with respect to any law, regulation, order, writ, judgment, injunction or award of any competent government, commission, board, agency, court, arbitrator or instrumentality which is reasonably likely to have such an effect and such Obligor has not received a notice of expropriation relating to the Barrie Property.

9.35 Zoning & Uses re: Barrie Property

- (i) The existing uses of the Barrie Property by the Obligors comply in all material respects with all Applicable Law.
- (ii) The Obligors have not received notice of any proposed rezoning of all or any part of any of the Barrie Property that is reasonably likely to have a Material Adverse Effect.

9.36 Notice of Liens

No Obligor has received notice of any claims for construction liens or legal hypothecs with respect to work or services performed or materials supplied in connection with the Barrie Property other than Permitted Encumbrances.

9.37 Condition of Barrie Property

All buildings and improvements comprising part of the Barrie Property are in good physical condition, and there are no material defects or extraordinary repairs required in connection therewith, except as disclosed in writing to, and approved by, the Lender.

9.38 Benefit Plans and Pension Plans

- (a) Each Obligor has adopted all Pension Plans and Benefit Plans required by Applicable Law and applicable collective bargaining agreements. To the knowledge of the Borrower and the Parent, each of those plans has been maintained and is in compliance with Applicable Law and applicable collective bargaining agreements (including all requirements relating to employee participation, funding, investment of funds, benefits, and transactions with the Obligors and Persons related to them).
- (b) None of the Obligors maintains or is obligated to contribute to any defined benefit Pension Plan. To the knowledge of the Borrower and the Parent after due inquiry, except as disclosed on Schedule J (Pension Plans),
 - (i) no steps have been taken to terminate any Pension Plan (in whole or in part) that could result in any Obligor being required to make an additional contribution to any Pension Plan,
 - (ii) no contribution failure has occurred relating to any Pension Plan sufficient to give rise to a lien or charge under any applicable pension benefits or tax laws of any jurisdiction,
 - (iii) no condition exists and no event or transaction or breach has occurred relating to any Pension Plan that is reasonably likely to result in an Obligor incurring any material liability, fine, or penalty, and
 - (iv) no Obligor has a material contingent liability relating to or under a Benefit Plan.

- (c) Except as disclosed in Schedule J (Pension Plans),
 - (i) each Pension Plan is in compliance in all material respects with all Applicable Law (including applicable pension benefits and tax laws),
 - (ii) all contributions (including employee contributions made by authorized payroll deductions or other withholdings) required to be made to the appropriate funding agency in accordance with all Applicable Law and the terms of each Pension Plan have been made in accordance with all Applicable Law and the terms of each Pension Plan,
 - (iii) all liabilities under each Pension Plan are funded in accordance with the terms of the respective Pension Plans and Applicable Law,
 - (iv) no event has occurred and no conditions exist relating to any Pension Plan that has resulted or could reasonably be expected to result in any Pension Plan having its registration revoked or refused for the purposes of any administration of any relevant pension benefits regulatory authority or being required to pay any taxes or penalties under any applicable pension benefits or tax laws, and
 - (v) there are no pending, threatened, or anticipated claims involving or relating to any of the Pension Plans or Benefit Plans (other than routine claims for benefits).

9.39 Insolvency

None of the Obligors, nor any of their predecessors (where applicable),

- (a) has committed any act of bankruptcy,
- (b) is insolvent or has proposed, or given notice of its intention to propose, a compromise or arrangement with its creditors generally,
- (c) has any petition for a receiving order in bankruptcy filed against it, made a voluntary assignment in bankruptcy, taken any proceeding relating to any compromise or arrangement, taken any proceeding to have itself declared bankrupt or wound-up, taken any proceeding to have a receiver, administrator, compulsory manager or other similar officer appointed to it or for any of its Property, or had any encumbrancer take possession of any of its Property,
- (d) has had any judgment, expropriation, attachment, execution or distress become enforceable or become levied on any of its Property; or
- (e) has had any corporate action, legal proceeding or other procedure or step taken in relation to a suspension of payments, a moratorium of any indebtedness, winding up, dissolution, administration or reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Obligor other than a solvent liquidation.

9.40 Joint Ventures.

All Joint Ventures and Joint Venture Agreements as of the Closing Date are set out in Schedule H (Corporate Structure).

9.41 Sanctions.

- (a) No part of the proceeds of any Drawdown or any Letter of Credit will be used directly or, to the knowledge of the Borrower or any other Obligor, indirectly, to fund any operations in, finance or facilitate any investments, activities, business or transaction with, or make any payments to, a Sanctioned Person or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions in any manner that would result in any violation by any Person (including the Lenders) of (i) any Sanctions; or (ii) any applicable regulations, rules or executive orders issued or administered by any Sanctions Authority.
- (b) None of the Obligors, any of their respective Subsidiaries, or any director, officer, employee, agent or affiliate of the Obligors (i) is or will become a Sanctioned Person; or (ii) knowingly engages or will engage in any dealings or transactions, or is or will be otherwise knowingly associated, with any Sanctioned Person that would result in any violation of (A) any Sanctions, or (B) applicable regulations, rules or executive orders issued or administered by any Sanctions Authority.
- (c) Each of the Obligors and their respective Subsidiaries has implemented and maintains in effect policies and procedures designed to ensure compliance by the Obligors, their respective Subsidiaries, their respective directors, officers, employees and agents with all Sanctions and all applicable regulations, rules or executive orders issued or administered by any Sanctions Authority.

9.42 Anti-terrorist Financing and Anti-money Laundering Laws.

- (a) Each of the Obligors, their Subsidiaries and their respective directors, officers, employees and agents is, and has conducted its business, in compliance with Anti-terrorist Financing and Anti-money Laundering Laws.
- (b) No part of the proceeds of any Drawdown or any Letter of Credit issued under the Credit Facilities, use of proceeds, or other transactions contemplated by this Agreement will violate Anti-terrorist Financing and Anti-money Laundering Laws.
- (c) None of the Obligors, their Subsidiaries or their respective directors, officers, employees or agents, is the subject to any investigation, inquiry or enforcement proceedings by any Governmental Authority regarding any offence or alleged offence under any Anti-terrorist Financing and Anti-money Laundering Laws, and no such investigation, inquiry or proceeding is pending or has been threatened.
- (d) Each of the Obligors and their respective Subsidiaries has implemented and maintains in effect policies and procedures designed to ensure compliance by the Obligors, their respective Subsidiaries, their respective directors, officers, employees and agents with Anti-terrorist Financing and Anti-money Laundering Laws.

9.43 Anti-Corruption Laws.

- (a) Each of the Obligors, their Subsidiaries and their respective directors, officers, employees and agents is, and has conducted its business in compliance with all Anti-Corruption Laws.

- (b) Each Obligor shall not, and shall ensure that its Subsidiaries and its and their respective directors, officers, employees and agents do not, use, directly or indirectly, any part of the proceeds of any Drawdown or any Letter of Credit for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage.
- (c) None of the Obligors, their Subsidiaries or their respective directors, officers, employees or agents, is the subject to any investigation, inquiry or enforcement proceedings by any Governmental Authority regarding any offence or alleged offence under any Anti-Corruption Laws, and no such investigation, inquiry or proceeding is pending or has been threatened.
- (d) Each of the Obligors and their respective Subsidiaries has implemented and maintains in effect policies and procedures designed to ensure compliance by each Obligor, its Subsidiaries, their respective directors, officers, employees and agents with Anti-Corruption Laws.

9.44 Full disclosure

All information provided by or on behalf of the Obligors to the Lender for purposes of or in connection with any Credit Document and any transaction contemplated thereby (including any information provided in the future) is or will be true and accurate in all material respects as of the date on which that information is dated or certified and not incomplete by omitting to state any material fact necessary to make that information not misleading at that time in light of the then-current circumstances. There is no fact now known to any Obligor that has had, or could reasonably be expected to have, a Material Adverse Effect.

9.45 Cannabis Side Letter

The representations, acknowledgments and agreements made by the Borrower in the Cannabis Side Letter continue to be true and correct in all respects as at the date of this Agreement.

9.46 Commercial benefit

The entry into and performance by each Obligor of its obligations under the Credit Documents to which it is expressed to be a party is for its commercial benefit and is in its commercial interests.

9.47 Inactive Subsidiaries

No Inactive Subsidiary (i) carries on any business whatsoever, (ii) maintains any bank account or owns any Property, including but not limited to Accounts Receivable, cash or Cash Equivalents, other than such Property which is held in compliance with Section 10.28 hereof, or (iii) has granted any Encumbrance to any Person and no Person has an Encumbrance against it or any of its Property.

9.48 Repetition of representations and warranties

The representations and warranties set out in this Article will be deemed to be repeated by the Borrower and the Parent as of the date of each request for new Advance by the Borrower, unless on or before that date

- (a) the Borrower has advised the Lender in writing of a variation in the applicable representation or warranty, and
- (b) if that variation, in the Lender's opinion, is material to the Property, liabilities, affairs, business, operations, prospects, or condition (financial or otherwise) of any Obligor considered as a whole or could have, or be reasonably likely to result in, a Material Adverse Effect, the Lender has approved the variation.

ARTICLE 10 COVENANTS

While this Agreement is in effect and until the Obligations have been paid in full and the Credit Facilities have been terminated, and except as otherwise permitted by the Lender's prior written consent, each Obligor shall maintain or perform, or cause each other Obligor to maintain or perform, as applicable, the covenants contained in this Article 10.

POSITIVE COVENANTS

10.01 Timely payment

Each Obligor shall make due and timely payment of the Obligations required to be paid by it under each Credit Document.

10.02 Conduct of business, maintenance of existence, compliance with Applicable Law

Each Obligor and Joint Venture shall:

- (a) engage in business of the same general type as the Business,
- (b) carry on and conduct its business and operations in a proper, efficient, and businesslike manner in accordance with good business practice,
- (c) preserve, renew, and keep in full force and effect its existence,
- (d) take all reasonable action to maintain all rights, privileges, and franchises necessary or desirable in the normal conduct of its business and comply with all Material Contracts, Material Licences, Organizational Documents, and Applicable Laws,
- (e) engage in Medical Cannabis-Related Activities only in Approved Medical Cannabis Jurisdictions, and in accordance with all Applicable Laws therein,
- (f) engage in Non-Medical Cannabis-Related Activities only in Approved Non-Medical Cannabis Jurisdictions, and in accordance with all Applicable Laws therein; and
- (g) ensure that all activities relating to the cultivation, production, processing, distribution or sale of Cannabis and Cannabis-related products occur solely in facilities licenced by Governmental Authorities in Approved Jurisdictions.

10.03 Access to information

- (a) Each Obligor shall promptly provide the Lender with all information that the Lender requests from time to time concerning its financial condition and Property.

- (b) Each Obligor shall permit the Lender's representatives, during normal business hours and from time to time upon reasonable notice, to inspect any of its Property or activities related to the Business, to examine and take extracts from its financial books, accounts, and records (including accounts and records stored in computer data banks and computer software systems), and to discuss its financial condition with its Senior Officers and (in the presence of such of its representatives as it may designate) its auditors.

10.04 Obligations and Taxes

- (a) Each Obligor shall pay or discharge, or cause to be paid or discharged, before they become delinquent, all:
 - (i) Taxes that are due and payable by it (including any Taxes relating to its business (including the Business) or Property on a timely basis and in accordance with Applicable Law,
 - (ii) lawful claims for labour, materials, and supplies,
 - (iii) required payments under any of its Debt, and
 - (iv) other obligations,

provided, however, that no Obligor will be required to pay or discharge, or cause to be paid or discharged, any such amount if its validity or amount is being contested diligently and in good faith by appropriate proceedings and a reserve or provision, as applicable, has been established in its books and records or its financial statements, as applicable, in accordance with GAAP and in an amount satisfactory to the Lender at its discretion.

- (b) Each Obligor shall prepare and file, or cause to be prepared and filed, all Tax Returns that it is required to prepare and file with the appropriate Governmental Authority on a timely basis and in accordance with Applicable Law.

10.05 Use of Credit Facilities

The Borrower shall use the proceeds of the Credit Facilities only as contemplated by Section 2.05 (Purpose of Credit Facilities).

10.06 Insurance

- (a) The Borrower shall maintain, or cause to be maintained, with reputable insurers satisfactory to the Lender at its discretion, comprehensive general liability insurance and insurance coverage against risk of loss or damage to Property of each Obligor up to its full replacement value (including public liability and damage to property of third parties, business interruption insurance, fire and extended peril insurance, and boiler and machinery insurance) in such amounts and otherwise covering such risks as are at all times satisfactory to the Lender at its discretion. The Borrower shall provide to the Lender, on an annual basis, evidence of such coverage.
- (b) The Borrower shall, on an annual basis before the expiry or replacement of any insurance policy, send copies of all renewed or replacement policies to the Lender and shall permit an insurance consultant satisfactory to the Lender at its

discretion to complete a review of, and comment on the adequacy of, such coverage and the Borrower shall remedy any inadequacies that the consultant may raise.

- (c) Without limiting the generality of the foregoing, the Borrower shall maintain or cause to be maintained in good standing all insurance coverages reasonable and prudent for a business analogous to the business of each Obligor (including the Business).
- (d) The Borrower shall instruct the insurers to list the Lender in all insurance policies relating to the Property of each Obligor, as applicable, as first loss payee and additional insured (except public liability insurance), as applicable, and shall furnish the Secured Party with certificates of insurance and certified copies of those policies. All such policies will contain those clauses that the Lender requires at its discretion for its protection.
- (e) If any insurance policies relating to the Property of each Obligor contain a co-insurance clause, the Obligor shall either cause the insurer to waive that co-insurance clause or maintain at all times a sufficient amount of insurance to meet the requirements of that co-insurance clause so as to prevent the Obligor from becoming a co-insurer under the terms of that policy.

10.07 Notice of Event of Default or Pending Event of Default

The Borrower shall promptly notify the Lender of the occurrence of any Event of Default or Pending Event of Default upon becoming aware of the same.

10.08 Notice of Material Adverse Effect

The Borrower shall promptly notify the Lender of any Material Adverse Effect that would apply to it, or any other Obligor, or any event or circumstance that is likely to give rise to a Material Adverse Effect upon becoming aware of the same.

10.09 Notice of litigation

The Borrower shall promptly notify the Lender of the occurrence or threatened occurrence of any litigation, dispute, arbitration, proceeding, or other circumstance the result of which, if determined adversely,

- (a) would be a judgment or award against it or the other Obligors in excess of [REDACTED] or the Australian Dollar Equivalent Amount, or
- (b) would result in a Material Adverse Effect to it or the other Obligors,

and from time to time provide the Lender with all information that the Lender requests concerning any such proceeding.

10.10 Other notices

The Borrower shall give notice to the Lender of each of the occurrence of each the following events promptly upon an officer or director of any Obligor becoming aware of the same:

- (a) any notice of expropriation or material action or proceeding affecting the business of any Obligor (including the Business),

- (b) any violation of any Applicable Law which results or could result in a Material Adverse Effect,
- (c) any entering into, termination of, material change in, amendment of, or default under a Material Contract,
- (d) any damage to or destruction of any Property of any Obligor having a replacement cost in excess of [REDACTED] or the Australian Dollar Equivalent Amount or such other amount that would result in a Material Adverse Effect,
- (e) any Encumbrance registered against any property or assets of an Obligor,
- (f) any material change or proposed material change in the business of an Obligor from that of the Business,
- (g) details of any Permitted Intercompany Debt incurred after the Closing Date,
- (h) the occurrence of any Environmental Claim against or of any non-compliance by any Obligor with any Environmental Law or relevant permit,
- (i) any changes in the identity of any Responsible Persons, together with satisfactory evidence of security clearances for such Responsible Persons under the Cannabis Act, any Cannabis Laws or the Cannabis Regulations; and any rejection notice for new or renewal security clearance applications for each Responsible Person,
- (j) the results of any facility audit by any Governmental Authority to the extent such results are negative; and (ii) any warning document, letter or notice from any Governmental Authority that would have a negative impact on any Material Licence, together with the applicable Obligor's action plan with respect thereto, or
- (k) any renewal of a Material Licence (a copy of which shall also be provided to the Lender),

Each Notice pursuant to this Section shall be accompanied by a statement of a Senior Officer of the Borrower setting forth details of the occurrence referred to therein and stating what action the relevant Obligor proposes to take with respect thereto.

10.11 Environmental Law

Each Obligor shall operate its business in compliance with the Requirements of Environmental Law and operate all Property owned, leased, or otherwise used by it such that no obligation (including a clean-up or remedial obligation) will arise under the Requirements of Environmental Law, provided, however, that if any such claim is made or any such obligation arises, the applicable Obligor shall immediately satisfy or contest such claim or obligation at its own cost.

The Borrower shall promptly notify the Lender of the following:

- (a) the existence of Hazardous Substance located on, above, or below the surface of any real property (including as may be contained in the soil or water constituting that real property) that any Obligor owns, leases, operates, occupies, or controls (except those being stored, used, or otherwise handled in substantial compliance with the Requirements of Environmental Law),

- (b) the occurrence of any reportable release, spill, leak, emission, discharge, leaching, dumping, or disposal of Hazardous Substances that has occurred on or from that real property, or
- (c) At the request of the Lender from time to time, provide to the Lender within 60 days after such request, at the expense of the Borrower, an environmental assessment report for any Obligor's properties described in such request, prepared by an environmental consulting firm acceptable to the Lender, indicating the presence or absence of Hazardous Substances and the estimated cost of any compliance, removal or remedial action in connection with any Hazardous Substances on such properties; without limiting the generality of the foregoing, if the Lender determines at any time that a material risk exists that any such report will not be provided within the time referred to above, the Lender may retain an environmental consulting firm to prepare such report at the expense of the Borrower, and the Borrower and the Parent each hereby grants and agrees to cause any of its Subsidiaries that owns any property described in such request to grant to the Lender, such firm and any agents or representatives thereof, an irrevocable non-exclusive licence, subject to the rights of tenants, to enter onto their respective properties to undertake such an assessment.

10.12 Environmental Audits

The Borrower shall,

- (a) take immediate steps, each satisfactory to the Lender in its sole discretion, to address at its sole cost and expense forthwith upon receipt thereof, any and all recommendations made in each environmental site assessment/audit report prepared by and received from [REDACTED] whether such recommendations have been received before or after the Closing Date); and
- (b) within 30 days the Lender's written request, commission an environmental site assessment/audit report or an update of an existing assessment/audit report, or provide a copy of a commissioned an environmental site assessment/audit report, in respect of [REDACTED]: (i) upon the written request of the Lender if, in its reasonable opinion, there is evidence of non-compliance with Environmental Laws that could reasonably be expected to have a Material Adverse Effect, (ii) if such assessment/audit report has been prepared at the request of or on behalf of any Governmental Authority, or (iii) if an Event of Default relating to compliance with Environmental Laws has occurred. All such assessments/audits reports or updates thereof shall be at the Borrower's expense and risk. An environmental site assessment/audit includes, for purposes of this Section 10.12, without limitation, any inspection, investigation, test, sampling, analysis or monitoring pertaining to air, land or water relating to the Barrie Property.

10.13 Security

Each Obligor shall:

- (a) provide, and cause each of its Subsidiaries to provide, as applicable, to the Lender the Security required from time to time under Article 11 (Security) in accordance with the provisions of that Article, accompanied by supporting

resolutions, certificates, and opinions in form and substance satisfactory to the Lender and Lender's Counsel at their discretion, and

- (b) do, execute, and deliver all such things, documents, security, agreements, and assurances that the Lender may from time to time request to ensure that the Lender holds at all times valid, enforceable, perfected, first priority Encumbrances (subject to Permitted Encumbrances) from the Obligor meeting the requirements of Article 11 (Security).

10.14 Anti-Terrorist Financing and Anti-Money Laundering Laws

- (a) Each Obligor acknowledges that the Lender has certain obligations under Anti-Terrorist Financing and Anti-Money Laundering Laws and that from time to time the Lender (including any prospective assignee of the Lender or participant) may request information in order to comply with all applicable Sanctions, Applicable Laws and internal requirements (including any applicable "know your customer" or "know your client" requirements). Each Obligor shall, upon request, promptly provide the Lender with additional information as may be so requested.
- (b) Each Obligor (other than the Parent) shall also provide the Lender with prompt Notice of any change in its beneficial ownership.
- (c) Each Obligor shall also provide the Lender with prompt Notice of any change in its officers or directors after the date of this Agreement.
- (d) Each Obligor covenants that the proceeds of any Advance under the Credit Facilities will not be needed or invested in order to support domestic or international terrorism and will not be directly or indirectly derived from activities that may contravene Applicable Laws (including Anti-Terrorist Financing and Anti-Money Laundering Laws).

10.15 Economic Sanctions

Each Obligor will, and will cause its respective Subsidiaries to, conduct its business in such a way and adopt and maintain adequate policies, procedures and controls to ensure that the representations and warranties set out in Section 9.41 are true and correct at all times (and not just at, and as of, the times such representations and warranties are made or deemed to be made).

10.16 Maintenance of Property

Each Obligor shall:

- (a) keep all Property useful and necessary in its business in good working order and condition, normal wear and tear excepted, and do and cause to be done all things necessary to preserve and keep in full force all Intellectual Property and related registrations necessary to carry on its business, and
- (b) ensure that its Property is diligently managed, used and operated in compliance with all Applicable Law and as would a prudent owner of comparable property in a proper and efficient manner with a view to preserving and protecting such Property at the same or higher standard as when it became subject to the Security.

10.17 Title

Each Obligor shall warrant and defend its title to its Property and every part thereof against the claims of all persons whomsoever and do, observe and perform all of its obligations and all things necessary or expedient to be done, observed or performed by virtue of any Applicable Law for the purpose of creating, maintaining and keeping maintained the Security as valid and effective security with the priority required hereunder.

10.18 Hedge arrangements

The Borrower shall at the Lender's request review its hedge program with the Lender and provide satisfactory evidence that it has entered into and is maintaining a sound and fiscally responsible hedge program for interest risk management and foreign exchange fluctuations.

10.19 Landlord consents and non-disturbance agreements

Except as waived by the Lender in writing, each Obligor shall:

- (a) obtain a consent agreement from each landlord of any real property that is leased at any time and from time to time to any Obligor, in form and substance satisfactory to the Lender at its discretion,
- (b) obtain a non-disturbance agreement from each mortgagee of any leased real property and an acknowledgement by each such mortgagee of any applicable landlord's consent relating to that leased real property, and
- (c) register notice of each lease relating to leased real property and any applicable landlord's consent and non-disturbance agreement against title to the applicable real or leased property.

10.20 Rights of Inspection

Each Obligor shall permit the Lender, and its agents, consultants, officers and employees, at the Borrower's expense, provided such expenses are reasonably incurred, and upon reasonable prior notice during normal business hours, from time to time to visit and inspect the Barrie Property and any other property leased by the Obligors, provided that, unless an Event of Default has occurred and is continuing, such inspections shall not be conducted more than twice per Fiscal Year.

10.21 Peaceable Entry

From and after the occurrence of an Event of Default and for so long as it is subsisting, the Lender shall, subject to Permitted Encumbrances, be lawfully entitled to peaceably and quietly enter into, have, hold, use, occupy, possess and enjoy the Barrie Property and any other property leased by the Obligors with its appurtenances without suit, hindrance, interruption or denial by an Obligor or any other person whomsoever.

10.22 Material Contracts

Upon request by the Lender acting reasonably, each Obligor shall obtain the consent and/or acknowledgment of each Person (other than another Obligor) that is party to a Material Contract to the assignment of any applicable Obligor's interest in such a Material Contract to the Lender under the Security, in form and substance satisfactory to the Lender in its reasonable discretion.

10.23 Expenses

The Borrower shall promptly pay all reasonable fees and disbursements (including related Taxes) that the Lender incurs or pays in connection with the preparation, negotiation, execution, delivery, maintenance, amendment, and enforcement (including any workouts in connection with or in lieu of any enforcement) of the Credit Documents and in connection with the consummation of the transactions contemplated by the Credit Documents (including all court costs and all reasonable fees and disbursements of lawyers, auditors, consultants, and accountants).

10.24 Pension Plans and Benefit Plans

- (a) Each Obligor shall maintain, administer, fund, and invest all Pension Plans and Benefit Plans relating to its business in compliance with all Applicable Law (including any applicable pension benefits and tax laws).
- (b) No Obligor shall, or shall allow any of its Affiliates to, adopt, maintain, contribute to, or become obligated to contribute to any Pension Plan or multiemployer Pension Plan subject to applicable pension benefits and tax laws, without the Lender's prior written consent.

10.25 Revision or update of Schedules

The Borrower shall, if any of the information or disclosures provided in any of the Schedules attached to this Agreement becomes outdated or incorrect in any material respect, deliver to the Lender as part of the Compliance Certificate required under Section 10.33 (Compliance Certificate) (or more frequently in the Borrower's reasonable judgment or upon the Lender's reasonable request) any revisions or updates to the schedules as may be necessary or appropriate to update or correct any outdated information. Those revisions will be effective from the date accepted in writing by the Lender, which acceptance is not to be unreasonably withheld and provided that no revisions or updates will be deemed to have cured any breach of warranty or misrepresentation occurring before the delivery of that revision or update by reason of the inaccuracy or incompleteness of any relevant schedule.

FINANCIAL COVENANTS

10.26 Debt to EBITDA Ratio

The Borrower and the Parent will not permit the Debt to EBITDA Ratio to be greater than 2.50 : 1.00 at any time. This ratio shall to be tested and calculated quarterly as of the end of each Fiscal Quarter, in respect of the Four Quarter Period then ended.

10.27 Minimum Consolidated EBITDA

The Borrower and the Parent shall ensure that the Consolidated EBITDA will at no time be less than 80% of the projections set out in the most recently delivered Annual Business Plan. This figure shall be tested and calculated quarterly as of the end of each Fiscal Quarter in respect of the Four Quarter Period (trailing twelve-months) then ended.

10.28 Consolidated EBITDA and Consolidated Assets of the Parent

The Obligors shall at all times represent at least 95% of the Consolidated EBITDA and Consolidated Assets of the Parent, on a consolidated basis. This figure shall be tested and

calculated as of the end of each Fiscal Quarter, in respect of the Four Quarter Period then ended.

10.29 Debt to Capitalization Ratio

The Borrower and the Parent will not permit the Debt to Capitalization Ratio to be greater than 0.50 : 1.00 at any time. This ratio shall to be tested and calculated quarterly as of the end of each Fiscal Quarter, in respect of the Four Quarter Period then ended.

10.30 Fixed Charge Coverage Ratio

The Borrower shall ensure that Fixed Charge Coverage Ratio will not be less than 1.20 at any time. This ratio shall to be tested and calculated quarterly as of the end of each Fiscal Quarter, in respect of the Four Quarter Period then ended.

REPORTING REQUIREMENTS

10.31 Quarterly reports

The Borrower or the Parent shall deliver to the Lender as soon as available, and in any event within 45 days of the end of each Fiscal Quarter, in each case, as at the end of such Fiscal Quarter, the interim unaudited financial statements of the Parent prepared on a consolidated basis (including the balance sheet, statement of income and retained earnings, statement of changes in financial position), which shall be prepared in accordance with GAAP.

10.32 Annual reports

The Borrower or the Parent shall deliver to the Lender as soon as available, and in any event within 90 days of the end of each Fiscal Year, the Parent's annual audited financial statements prepared on a consolidated basis (including balance sheet, statement of income and retained earnings, statement of changes in financial position, and a comparison to the budget set forth in the Annual Business Plan), which financial statements (but not the Annual Business Plan), which shall be audited by an internationally recognized accounting firm, prepared in accordance with GAAP, and certified by a Senior Officer of the Parent.

10.33 Compliance Certificate

The Borrower and the Parent shall deliver to the Lender, concurrently with each delivery of the financial statements referred to in Section 10.31 (Quarterly reports) and Section 10.32 (Annual reports), a Compliance Certificate.

10.34 Borrowing Base Certificate

The Borrower shall deliver to the Lender within 30 days of the end of each month a Borrowing Base Certificate setting out the calculation of the Borrowing Base as at the last day of the month just ended.

10.35 Annual Business Plan

The Borrower shall deliver to the Lender as soon as available, and in any event by no later than the last Business Day of its Fiscal Year, a final Annual Business Plan for the immediately following Fiscal Year.

10.36 Other information

The Borrower and the Parent shall promptly provide the Lender with any other information as it may reasonably request respecting the Obligors and each Joint Venture (including but not limited to a supplier and an aged list of accounts receivable and accounts payable for each Obligor).

NEGATIVE COVENANTS

10.37 Disposition of Property

No Obligor shall dispose of, or permit any of its Subsidiaries to dispose of, Property in any Fiscal Year except for the following:

- (a) a Disposition in the ordinary course of business of obsolete Property or of any inventory or other assets that are customarily sold by the Obligor on an on-going basis as part of the normal operation of its business,
- (b) a Disposition of Property between the Obligors where, in each case, the receiving Obligor has granted Security to the Lender over or in respect of that Property, and
- (c) a Disposition of Property on Arm's Length terms and for fair market value if, after giving effect to all such Dispositions in any Fiscal Year, the aggregate Net Proceeds of Disposition realized for those Dispositions would not exceed [REDACTED] or the Australian Dollar Equivalent Amount in the aggregate in that Fiscal Year.

10.38 Operation of business

No Obligor shall operate its business in a manner that would reasonably be expected to result in a Material Adverse Effect.

10.39 Capital Expenditures

No member of the Consolidated Group shall make any Capital Expenditures, or enter into any agreement which would require any Capital Expenditures, other than Permitted Capital Expenditures.

10.40 No consolidation, amalgamation, etc.

No Obligor (other than the Parent) shall authorize or issue any Equity Interests and no Obligor shall consolidate, amalgamate, or merge with any other Person, enter into any corporate reorganization or other transaction intended to effect or otherwise permit a change in its existing corporate or capital structure, liquidate, wind-up, or dissolve itself, or permit any liquidation, winding-up, or dissolution.

10.41 No name change

No Obligor shall change its name without providing the Lender with 30 days' prior Notice.

10.42 No Debt

No Obligor shall create, incur, assume, or permit any Debt to remain outstanding, except Permitted Debt.

10.43 No Investments

No Obligor shall make, directly or indirectly, any Investment, other than Permitted Investments, provided that no Event of Default or Pending Event of Default has occurred and is continuing at the time that Permitted Investment is made or would result from the making of that Permitted Investment.

10.44 No Financial Assistance

No Obligor shall give any Financial Assistance other than guarantees made by the Obligors in favour of the Lender as contemplated under this Agreement.

10.45 No Distributions

No Obligor shall make any Distribution, except, provided that no Event of Default or Pending Event of Default has occurred and is continuing at the time that Permitted Distribution is made or would result from the making of that Permitted Distribution, Permitted Distributions.

10.46 No Encumbrances

No Obligor shall create, incur, assume, or permit to exist any Encumbrance upon any of its Property, except Permitted Encumbrances.

10.47 No Lease

MPL Prop Co. shall not enter into any lease in respect of the Barrie Property other than with another Obligor.

10.48 Acquisitions

No Obligor shall make any Acquisition.

10.49 No change to Fiscal Year end

No Obligor shall make any change to its Fiscal Year.

10.50 No continuance

No Obligor shall continue into any other jurisdiction.

10.51 Hedge Arrangements

No Obligor shall enter into, or permit to be outstanding at any time, a Hedge Arrangement, except that the Borrower may enter into Hedge Arrangements where:

- (a) the Hedge Arrangement is a forward foreign exchange transaction, commodity transaction or interest risk management transaction governed by the ISDA Master Agreement,
- (b) the counterparty under the Hedge Arrangement is the Lender,
- (c) the Hedge Arrangement is designed to protect the Borrower against fluctuations in currency exchange rates, commodity prices or interest rates, and
- (d) the Borrower has entered into the Hedge Arrangement in good faith in the ordinary course of its business for the purpose of carrying on its business and not for speculative purposes.

10.52 Location of assets

- (a) Except in the case of Property being delivered to a customer in the ordinary course of business as part of the performance of its obligations or the provision of its services under a contract entered into with that customer, no Obligor shall:
 - (i) move any Property from a jurisdiction in which the Encumbrance of the Security over that Property is perfected to a jurisdiction where that Encumbrance is not perfected or where, after a temporary period allowing for registration in another jurisdiction, that Encumbrance could become unperfected, or
 - (ii) suffer or permit in any other manner any of its Property not to be subject to that Encumbrance or to be or become located in a jurisdiction in which that Encumbrance is not perfected, unless
 - (A) the Obligor has given 30 days' prior Notice to the Lender, and
 - (B) the applicable Obligor has executed and delivered to the Lender all Security and all financing or registration statements deemed necessary or advisable by, and in form and substance satisfactory to, the Lender or Lender's Counsel at their discretion to ensure that the Security at all times constitutes a perfected, first priority Encumbrance (other than Permitted Encumbrances) over the Property in that jurisdiction, together with any supporting certificates, resolutions, opinions, and other documents as the Lender or Lender's Counsel may deem necessary or desirable at its discretion in connection with the security and registrations.

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

10.53 Not to remove or destroy

No Obligor shall destroy, remove, or permit to be destroyed or removed, any of the buildings, plant, machinery or equipment comprising part of the Barrie Property, except to the extent that such destruction or removal, in the aggregate, could not reasonably be expected to have a Material Adverse Effect, provided that:

- (a) nothing herein shall prevent the removal of any such property from one part of the Barrie Property to another or the temporary removal of any such property for the purposes of repair, maintenance or replacement; and
- (b) an Obligor may remove, dismantle, sell, exchange or otherwise dispose of any plant, machinery or equipment which has become obsolete, worn out, replaced or unserviceable if such plant, machinery or equipment is replaced by plant,

machinery or equipment of at least equal performance or if such plant, machinery or equipment so dealt with is unnecessary for use in the conduct of the Business at the Barrie Property; provided that such removal or other disposal does not impair the successful operation of the Barrie Property.

10.54 Restrictions on business activities

No Obligor or Joint Venture shall, directly or indirectly:

- (a) carry on any business other than the Business,
- (b) engage or participate in any Medical Cannabis-Related Activities, contract or carry on business with a Person, or make or hold an Investment in any Person which engages or participates in any Medical Cannabis-Related Activities, in any jurisdiction other than an Approved Medical Cannabis Jurisdiction,
- (c) engage or participate in any Non-Medical Cannabis-Related Activities, contract or carry on business with a Person, or make or hold an Investment in any Person which engages or participates in any Non-Medical Cannabis-Related Activities, in any jurisdiction other than an Approved Non-Medical Cannabis Jurisdiction,
- (d) own assets or carry on business in any jurisdiction which is not an Approved Jurisdiction,
- (e) enter any commercial arrangements with Persons engaging in Cannabis-Related Activities that violate Applicable Laws, including for greater certainty, any licensing agreements,
- (f) make payments, including royalties, to any Person engaged in Cannabis-Related Activities that violate Applicable Laws,
- (g) generate revenue or receive funds from any Person engaged in Cannabis-Related Activities that violate Applicable Laws, or
- (h) have an Affiliate in any jurisdiction which is not an Approved Jurisdiction.

10.55 No share issuance

No Obligor (other than the Parent) shall issue any securities, except to another Obligor, and then only if the issued securities are concurrently and validly pledged to the Lender under the Security.

10.56 Ownership of Subsidiaries

No Obligor shall sell, transfer, or otherwise dispose of any shares of capital stock of any member of the Consolidated Group or permit any of its Subsidiaries to issue securities or sell or otherwise dispose of any shares of capital stock of any of its other Subsidiaries. For greater certainty this Section shall not apply to the sale of any shares of the Parent except as otherwise explicitly restricted hereunder.

10.57 Amendments to Organizational Documents

No Obligor shall amend any of its Organizational Documents in a manner that would be prejudicial to the Lender's interests under the Credit Documents.

10.58 Amendments to other Material Contracts and Material Licences

No Obligor shall amend, vary, alter, consent to any assignment or transfer of, or waive or surrender any of its rights or entitlements under any of the Material Contracts or Material Licences.

10.59 No new Subsidiaries

No Obligor shall create any Subsidiary after the date of this Agreement unless all of the issued and outstanding shares or units (as applicable) in the capital stock of that new Subsidiary are owned by it or any other Obligor(s), provided that such Obligor(s) shall forthwith, but in any event no later than thirty (30) days after that Person becomes a direct or indirect Subsidiary of such Obligor(s):

- (a) notifies the Lender,
- (b) causes that new Subsidiary to provide a legal, valid, and enforceable guarantee of the Borrower's Obligations in favour of the Lender, thereby becoming a Guarantor and causing that new Subsidiary to act in accordance with all of the Credit Documents as if it was originally a Guarantor under the provisions of this Agreement,
- (c) causes that new Subsidiary to provide legal, valid, and enforceable Security over all of its Property, in form and substance satisfactory to the Lender and Lender's Counsel at their discretion,
- (d) causes such filings, recordings, and registrations to be made as the Lender or Lender's Counsel may require in all Relevant Jurisdictions relating to the Security,
- (e) causes to be delivered to the Lender certificates representing all of the Equity Interests (other than options) of that new Subsidiary, together with undated stock powers in respect of such Equity Interests (other than options) signed in blank and pledged to the Lender under an appropriate pledge agreement in form and substance satisfactory to the Lender and Lender's Counsel at their discretion, and
- (f) causes the new Subsidiary to deliver any other documentation as the Lender may reasonably request in connection with the foregoing (including appropriate financing statements, certified resolutions and other organizational and authorizing documents, and favourable opinions of counsel addressed to the Lender, which shall cover, among other things, the legality, validity, binding effect, and enforceability of the documentation referred to above), all in form and substance satisfactory to the Lender and Lender's Counsel at their discretion.

10.60 Bank accounts and Service Agreements

- (a) No Obligor shall open, maintain, or otherwise have any chequing, savings, or other accounts at any bank or other financial institution or any other account where money is or may be deposited or maintained with any Person (except if such account is subject to a Service Agreement) other than (a) the accounts set out in Schedule K (Bank Accounts & Service A) on the Closing Date with banks or financial institutions other than the Lender (each a "**Third Party Bank Account**"), and (b) the accounts set out in Schedule K (Bank Accounts & Service

A) on the Closing Date with the Lender (which, for certainty, shall include the Borrower Accounts) and any chequing, savings, or other accounts opened after the Closing Date with the Lender (each a “**BNS Bank Account**”). All such chequing, savings, or other accounts (including, for certainty, all Third Party Bank Accounts and BNS Bank Accounts) will be under the Lender’s sole dominion and control in accordance with Section 8.01 (Place of payment of principal, interest, and fees), unless otherwise agreed to in writing by the Lender;

- (b) No Obligor shall open, maintain or otherwise have any Service Agreements or account(s) subject to a Service Agreement with any Person other than with (a) the Lender and as set out in Schedule K (Bank Accounts & Service A) as of the Closing Date or as may be entered into thereafter (each a “**BNS Service Agreement**”), and (b) National Australia Bank and Meridian Credit Union as set out in Schedule K (Bank Accounts & Service A) (each a “**Third Party Service Agreement**”), provided that the assets subject to such Third Party Service Agreements shall not cumulatively exceed [REDACTED] or the Australian Dollar Equivalent Amount; and
- (c) No Obligor shall open, maintain or otherwise have a securities account or have any securities entitlement (as those terms are defined in the STA) without the Lender’s prior written consent, unless such account is held with the Lender or the Lender’s Affiliates and is subject to a control agreement and first priority Encumbrance in favour of the Lender, in form and substance satisfactory to the Lender.

10.61 Non-Arm’s Length transactions

No Obligor shall enter into any transaction or series of transactions, whether or not in the ordinary course of business, with any officer, director, shareholder, Subsidiary, or Affiliate of any member of the Consolidated Group other than: (i) upon terms that would be obtainable in a comparable Arm’s Length transaction and that are approved by the board of directors (or managers, as applicable) of the applicable member of the Consolidated Group and fully disclosed in writing to the Lender if outside the ordinary course of the business of the Consolidated Group; and (ii) those disclosed on Schedule D (Permitted Intercompany Debt) hereto.

10.62 No sale and lease-back

No Obligor shall enter into any arrangement with any Person providing for the leasing by the Obligor, as lessee, of Property that has been or is to be sold or transferred to that Person, or to any other Person to whom funds have been or are to be advanced by that Person on the security of that Property or the lease obligation of any Obligor, except that any Obligor may enter into such an arrangement if:

- (a) the sale and lease-back occurs within 30 days of the original purchase of the Property and the sale price is not less than the purchase price,
- (b) the aggregate amount of the sales prices relating to all such sale and lease-back arrangements shall not exceed [REDACTED] or the Australian Dollar Equivalent Amount in any Fiscal Year, and
- (c) that Obligor is otherwise in compliance with all covenants under this Agreement (including, without limitation, if the lease-back of the Property qualifies as a

Purchase Money Security Interest then such lease-back shall not, once consummated, result in Debt relating to all Purchase Money Security Interests granted by the Borrower in such calendar year to exceed, in the aggregate, [REDACTED] or the Australian Dollar Equivalent Amount).

10.63 Anti-Terrorist Financing and Anti-Money Laundering Laws

- (a) No Obligor is or shall be:
 - (i) a person with whom the Lender is restricted from doing business under Executive Order No. 13224 or any other Anti-Terrorist Financing and Anti-Money Laundering Law,
 - (ii) engaged in any business involved in making or receiving any contribution of funds, goods or services to or for the benefit of such a person, or in any transaction that evades or avoids or has the purpose of evading or avoiding the prohibitions set forth in any Anti-Terrorist Financing and Anti-Money Laundering Law, or
 - (iii) otherwise in violation of any Anti-Terrorist Financing and Anti-Money Laundering Law.
- (b) Each Obligor shall provide to the Lender any certifications or information that the Lender requests to confirm compliance by such Obligor with Anti-Terrorist Financing and Anti-Money Laundering Laws.

10.64 Inactive Subsidiaries

No Inactive Subsidiary shall, and the Obligors shall cause each Inactive Subsidiary not to, (i) carry on any business whatsoever, (ii) maintain any bank account or own any Property, including but not limited to Accounts Receivable, cash or Cash Equivalents, other than such Property which is held in compliance with Section 10.28 hereof, or (iii) grant any Encumbrances to any Person against it or its Property; in each case until and unless an Obligor:

- (a) notifies the Lender,
- (b) causes that Inactive Subsidiary to provide a legal, valid, and enforceable guarantee of the Borrower's Obligations in favour of the Lender, thereby becoming a Guarantor and causing that Inactive Subsidiary to act in accordance with all of the Credit Documents as if it was originally a Guarantor under the provisions of this Agreement,
- (c) causes that new Subsidiary to provide legal, valid, and enforceable Security over all of its Property, in form and substance satisfactory to the Lender and Lender's Counsel at their discretion,
- (d) causes such filings, recordings, and registrations to be made as the Lender or Lender's Counsel may require in all Relevant Jurisdictions relating to the Security,
- (e) causes to be delivered to the Lender certificates representing all of the Equity Interests (other than options) of that Inactive Subsidiary, together with undated stock powers in respect of such Equity Interests (other than options) signed in blank and pledged to the Lender under an appropriate pledge agreement in form

and substance satisfactory to the Lender and Lender's Counsel at their discretion, and

- (f) causes the Inactive Subsidiary to deliver any other documentation as the Lender may reasonably request in connection with the foregoing (including appropriate financing statements, certified resolutions and other organizational and authorizing documents, and favourable opinions of counsel addressed to the Lender, which shall cover, among other things, the legality, validity, binding effect, and enforceability of the documentation referred to above), all in form and substance satisfactory to the Lender and Lender's Counsel at their discretion.

ARTICLE 11 SECURITY

11.01 Form of Security

As general and continuing security for the due payment and performance of the Obligations of the Obligors to the Lender, the Obligors hereby grant the following Security to the Lender, each of which shall be in form and substance satisfactory to the Lender and Lender's Counsel at their discretion:

- (a) a general security agreement from the Borrower in favour of the Lender, constituting a first priority Encumbrance (other than Permitted Encumbrances) on all of the present and future Property of the Borrower,
- (b) a general security agreement from each of the Guarantors in favour of the Lender, as security for its Obligations, constituting a first priority Encumbrance (other than Permitted Encumbrances) on all of the present and future Property of each of the Guarantors,
- (c) a securities pledge agreement from the Parent in favour of the Lender constituting a first priority Encumbrance over all shares in the capital stock of all its present and future Subsidiaries (including but not limited to the Borrower),
- (d) a securities pledge agreement from the Borrower in favour of the Lender constituting a first priority Encumbrance over all shares in the capital stock of all its present and future Subsidiaries (including, but not limited to, MPL PropCo, but excluding the Inactive Subsidiaries),
- (e) 
- (f) an unlimited guarantee from each of the Guarantors, guaranteeing the due payment and performance to the Lender of all of the Borrower's present and future Obligations,
- (g) a postponement of claim from each Obligor with respect to any Intercompany Debt (including, but not limited to, the Promissory Note dated November 21, 2018 issued by MPL Aus in favour of the Borrower),
- (h) unless waived by the Lender, a mortgage or debenture, as applicable, from each Obligor in favour of the Lender creating a first priority Encumbrance on each

owned real property of each, including, without limitation, a debenture, containing a general assignment of rents, granted by MPL Prop Co. and registered on title to the Barrie Property (the “**Barrie Mortgage**”),

- (i) a general and specific assignment to the Lender of the rights, entitlements, and benefits of any Obligor under any Material Contract and Material Licence, duly acknowledged and consented to by each counterparty thereto unless waived by the Lender, acting reasonably;
- (j) assignments by each Obligor to the Lender, with appropriate mortgagee clauses, of all insurance held by each Obligor,
- (k) an environmental warranty and indemnity pertaining to the Barrie Property,
- (l) security agreements granting a security interest in all of the Intellectual Property rights of each Obligor in form suitable for deposit or registration in all Canadian or United States federal intellectual property offices,
- (m) deposit account control agreements (or in the case of accounts held with Australian banks, account bank deeds) with each account bank for any accounts permitted to be held by any Obligor pursuant to Section 10.60 (Bank accounts and Service Agreements), and
- (n) such further security agreements, deeds or other instruments of conveyance, assignment, transfer, mortgage, pledge, or charge as the Lender may reasonably request to effectively secure the undertaking, property, and assets of the Obligors in the manner contemplated by the security referred to in this Section.

11.02 Hedging Arrangements

- (a) The Security will secure all debts, liabilities, and obligations that the Borrower and any other Obligor owes to the Lender under Qualifying Hedge Arrangements on a rateable basis with all Obligations. After the repayment of all Obligations, the Borrower or such other Obligor may provide cash collateral (to replace the then-existing Security) to fully secure all debts, liabilities, and obligations under all Qualifying Hedge Arrangements then existing (on the terms, and together with such security agreements, officer’s certificates, and legal opinions, as the Lender to whom the debts, liabilities, and obligations are owed under a Qualifying Hedge Arrangement may require) in an amount as the Lender may determine at its discretion.
- (b) This Section will survive the repayment of all Obligations and the termination of this Agreement until such time as all Qualifying Hedge Arrangements have expired or have been terminated and there are no further debts, liabilities, and obligations owing under such Qualifying Hedge Arrangements.

11.03 After-acquired Property and further assurances

- (a) The Borrower and the Parent shall from time to time execute and deliver, and shall cause each of the other Obligors from time to time to execute and deliver, all deeds or other instruments of conveyance, assignment, transfer, mortgage, pledge, or charge in connection with all Property acquired by any Obligor after the date of this Agreement and intended to be subject to the Security (including

any insurance on that Property as may be requested by the Lender from time to time).

- (b) The Borrower and the Parent shall take, and cause each of the other Obligor to take, such actions as are necessary or as the Lender may reasonably request from time to time to ensure that each Obligor's Obligations under the Credit Documents are secured by liens in favour of the Lender over all of each Obligor's Property and guaranteed by the Parent and each of the Borrower's Subsidiaries, in each case, as the Lender may determine, including
 - (i) the execution and delivery of guarantees, security agreements, pledge agreements, mortgages, deeds of trust, financing statements, and other documents and the filing or recording of any of the foregoing,
 - (ii) the delivery of certificated securities and other collateral for which perfection is obtained by possession, and
 - (iii) entering into any agreements and taking any actions as are necessary so that the Lender has control (for purposes of the STA or Australian PPSR) of any collateral over which a security interest may be perfected by control.

11.04 Registration

- (a) The Borrower shall, at its expense, cause to be registered, filed, or recorded the Security in all offices in each Relevant Jurisdiction where registration, filing, or recording is necessary or of advantage (on a reasonable basis) to the creation, perfection, and preserving of the Security applicable to it or any other Obligor (including registration of any Australian law governed Credit Documents on the Australian PPSR).
- (b) The Borrower shall renew those registrations, filings, and recordings from time to time as and when required to keep them in full force and effect.
- (c) The Borrower shall, at the time of registration or perfection of any Security, provide to the Lender an opinion of Borrower's Counsel that all such registrations, filings, and recordings have been made and that they perfect the security interests created by such Security, in accordance with the local opinion practice of any applicable jurisdiction.

11.05 Release of Security

When the Borrower has satisfied all of its Obligations under the Credit Documents in full and the Credit Facilities have been terminated, the Lender shall, at the Borrower's expense and request, without any representations, warranties, or recourse, enter into such agreements and other instruments as may be necessary to release, reassign, reconvey, and discharge the Security provided that any asset which is disposed of by the Borrower or any other Obligor in accordance with the terms of this Agreement will be released from the Security by the Lender following a written request by, and at the expense of, the Borrower.

ARTICLE 12 DEFAULT

12.01 Acceleration and termination of rights

- (a) If an Event of Default occurs and is continuing, all Obligations will, at the Lender's option, become immediately due and payable with interest at the rate or rates determined under this Agreement, to the date of their actual payment, without notice, presentment, protest, demand, notice of dishonour, or any other demand or notice (which each Obligor hereby expressly waives).
- (b) In that event, the Security will become immediately enforceable and the Lender may, at its discretion,
 - (i) assume all rights of the Obligors under any Material Contract or Material Licence, as may be permitted from time to time by Applicable Laws,
 - (ii) exercise any right or recourse and proceed by any action, suit, remedy, or proceeding against any Obligor for which it is authorized or permitted by law for the recovery of all the Obligations of the Obligors to the Lender, and
 - (iii) proceed to exercise any and all rights under this Agreement and under the Security,

and no such remedy for the enforcement of the Lender's rights will be exclusive of, or dependent on, any other remedy, but any one or more of those remedies may from time to time be exercised independently or in combination.

12.02 Payment of Bankers' Acceptances and Letters of Credit

- (a) If the Borrower does not pay to the Lender the principal amount of any unmatured Bankers' Acceptance or the face amount of any unexpired Letter of Credit required to be paid under Section 12.01 (Acceleration and termination of rights), the Lender may, at any time without notice to the Borrower, make an Advance to the Borrower equal to the principal amount of all unmatured Bankers' Acceptances and the face amount of all unexpired Letters of Credit.
- (b) The Lender shall hold the proceeds of that Advance in a non-interest bearing cash collateral account for the Borrower's benefit. The Lender shall apply those proceeds in payment of those Bankers' Acceptances as they mature, those Letters of Credit if payment is required thereunder, or otherwise as the Lender may require.
- (c) The Borrower shall execute and deliver as security for that Advance any security as the Lender may deem necessary or advisable at its discretion (including an assignment of credit balance for the cash collateral account).

12.03 Termination of Lender's obligations

The occurrence of an Event of Default will relieve the Lender of all obligations to provide any further Advances while such Event of Default is continuing, provided that the foregoing will not prevent the Lender from disbursing money under this Agreement in reduction of the then-outstanding Bankers' Acceptances and Letters of Credit.

12.04 Lender's realization upon collateral

- (a) The Lender has no obligation to the Obligors or any other Person to realize on any collateral, enforce the Security (in whole or in part), or allow any of the collateral to be sold, dealt with, or otherwise disposed of.
- (b) The Lender will not be responsible or liable to the Obligors or any other Person for any loss or damage occurred upon the realization or enforcement of the collateral, the failure to realize or enforce the collateral (in whole or in part), the failure to allow any of the collateral to be sold, dealt with, or otherwise disposed of, or for any act or omission on the Lender's part or on the part of any director, officer, agent, servant, or adviser in connection with any of the foregoing, except that the Lender may be responsible or liable for any loss or damage arising from the Lender's wilful misconduct or gross negligence.

12.05 Lender's performance of Obligors' Obligations

If an Event of Default has occurred and is continuing and if any Obligor has failed to perform any of its covenants or agreements in any of the Credit Documents, the Lender may, but will not be required to, perform any of those covenants or agreements in any manner that the Lender deems fit without thereby waiving any rights to enforce the Credit Documents. The costs (including reasonable legal fees and disbursements) that the Lender incurs relating to the foregoing will be deemed to be an Obligation secured by the Security.

12.06 Third parties

No Person dealing with the Lender or any agent of the Lender will be concerned to inquire:

- (a) whether the Security has become enforceable,
- (b) whether the powers that the Lender is exercising, or is purporting to exercise, are exercisable,
- (c) whether any Obligations remain outstanding upon the Security, or
- (d) as to the necessity or expediency of the stipulations and conditions subject to which any sale may be made or otherwise as to the propriety or regularity of any sale or other Disposition or any other dealing with the collateral charged by the Security or any part thereof.

12.07 Set-off or compensation

In addition to, and not in limitation of, any rights now or subsequently granted under Applicable Law, if repayment is accelerated under Section 12.01 (Acceleration and termination of rights), the Lender may, at any time without notice to any Obligor or any other Person (which each Obligor hereby expressly waives), set off, compensate, and apply any deposits (general or special, time or demand, provisional or final, matured or unmatured) and any other indebtedness that the Lender owes at any time to or for the credit or account of an Obligor, against and on account of the Obligations, regardless of whether any Obligation is contingent or unmatured.

12.08 Application of payments

Despite any other provision in this Agreement, after the occurrence and during the continuance of an Event of Default, all payments that any Obligor makes under this Agreement, under

Qualifying Hedging Arrangements, from the proceeds of realization of any Security, or as otherwise collected or received by the Lender on account of amounts outstanding relating to the Obligations will be paid over or delivered to make the following payments (as they become due at maturity, by acceleration, or otherwise):

- (a) first, to the payment of any fees owed to the Lender under this Agreement or under any other Credit Document,
- (b) second, to the payment of all of the Lender's fees and expenses (including reasonable legal fees) in connection with enforcing the Lender's rights under the Credit Documents,
- (c) third, to the payment of all Obligations consisting of default interest,
- (d) fourth, to the payment of (i) all Obligations consisting of interest payable to the Lender under this Agreement, (ii) the outstanding principal amount of the Canadian Prime Rate Advances and to the payment or cash collateralization of all outstanding Letters of Credit and Bankers' Acceptances, pro rata, and (iii) all other Obligations, each as determined by the Lender in its discretion, and
- (e) fifth, to the payment of the surplus, if any, to whomever may be lawfully entitled to receive that surplus.

ARTICLE 13 INDEMNIFICATION

13.01 Funding Indemnity

- (a) In addition to any of the Borrower's and the Parent's liability to the Lender under any other provision of this Agreement, the Borrower and the Parent jointly and severally covenant to indemnify the Lender from and against any losses, claims, costs, damages, liabilities or expense (including any expense or cost incurred in the liquidation and re-deployment of funds acquired to fund or maintain any portion of an Advance and reasonable out-of-pocket expenses and legal fees on a solicitor and client basis) incurred by the Lender as a result of any of the following:
 - (i) any Obligor's failure to fulfil any of its Obligations (including any costs incurred by reason of the liquidation in whole or in part of deposits or other funds required by the Lender to fund any Bankers' Acceptance or Letter of Credit as a result of the Borrower's failure to complete a Drawdown or to make any payment, repayment, or prepayment on the date required or specified in any notice given under this Agreement),
 - (ii) subject to any permitted or deemed Rollovers or Conversions, the Borrower's failure to pay to the Lender the full principal or face amount of any Bankers' Acceptance or Letter of Credit on its maturity date,
 - (iii) any Obligor's failure to pay any other amount (including any interest or fee when due under this Agreement or any other Credit Document),
 - (iv) the repayment or prepayment of an Australian Bank Bill Rate Advance on any day other than on the last day of the applicable Australian Bank Bill Rate Period corresponding to such advance,

- (v) the provision of funds for any outstanding Bankers' Acceptance or Letter of Credit before the maturity date of that Bankers' Acceptance or Letter of Credit, or
- (vi) any Obligor's failure to give any notice that it is required to give to the Lender under this Agreement.
- (b) A certificate of the Lender as to the amount of any such loss or expense will be prima facie evidence as to that amount in the absence of manifest error.
- (c) The terms of this Section will survive the termination of this Agreement and the repayment of the Obligations.

13.02 Specific environmental indemnification

- (a) In addition to the Borrower's and the Parent's liability to the Lender under any other provision of this Agreement, the Borrower and the Parent jointly and severally covenant to defend and indemnify the Lender and its directors, officers, employees, and representatives (in this Section 13.02, collectively the "**Indemnified Parties**" and individually an "**Indemnified Party**") at all times from and against any and all losses, damages, and costs (including reasonable legal fees and disbursements) resulting from any legal action commenced or claim made by a third party or administrative order issued by a Governmental Authority against the Lender that is related to or as a result of actions on the part of, or as a consequence of, any Obligor related to environmental matters or a failure to comply with the Requirements of Environmental Law.
- (b) The Borrower will have the sole right, at its expense, to control any such legal action or claim and to settle on the terms approved by the Borrower and the party named in that legal action or claim acting reasonably provided that if, in the Lender's opinion, the Lender's interests are different from those of the Borrower in connection with that legal action or claim, the Lender will have the sole right, at the Borrower's expense, to defend its own interests provided that any settlement of that legal action or claim will be on the terms approved by the Borrower acting reasonably.
- (c) If the Borrower does not defend the legal action or claim, the Lender may do so on its own behalf and on the Borrower's behalf, as the case may be, at the Borrower's expense.
- (d) The terms of this Section will survive the termination of this Agreement and the repayment of the Obligations.

13.03 General Indemnity

- (a) **Indemnification by the Obligors.** In addition to the Borrower's and the Parent's liability to the Lender under any other provision of this Agreement, the Borrower and each other Obligor agrees to indemnify and hold harmless the Lender and each of its Related Parties (in this Section 13.03, collectively the "**Indemnified Parties**" and individually an "**Indemnified Party**") from and against, any and all actions, proceedings, claims, damages, losses, liabilities, assessments of required withholding losses, obligations and related expenses (including the fees, charges and disbursements of any counsel for any Indemnified Party), that are or may be incurred by, or asserted against, any Indemnified Party any Indemnified

Party by any Person (including the Borrower, the Parent or any other Obligor) other than such Indemnified Party and its Related Parties, arising out of, in connection with, or by reason of:

- (i) the execution or delivery of this Agreement or any other Credit Document or any agreement or instrument contemplated in any Credit Document, the performance by the parties thereto of their respective obligations under any Credit Document or the consummation of the transactions contemplated by the Credit Documents;
- (ii) any Advance or the actual or proposed use of the proceeds therefrom; or
- (iii) any actual or prospective claim, investigation, litigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party, and regardless of whether any Indemnified Party is a party thereto;

provided that, such indemnity shall not be available to any Indemnified Party to the extent that such claims, damages, losses, liabilities or related expenses (A) are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnified Party, or (B) result from a claim brought by the Borrower or any other Obligor against any Indemnified Party for breach in bad faith of such Indemnified Party's obligations under any Credit Document, if a court of competent jurisdiction has rendered a final and non-appealable judgment in favour of the Borrower or such Obligor on such claim.

- (b) **Waiver of Consequential Damages.** The Borrower and each other Obligor agrees, to the fullest extent permitted by Applicable Law, not to assert, and hereby waives, any claim against any Indemnified Party, on any theory of liability, for special, indirect, consequential or punitive damages (including, without limitation, any loss of profits or anticipated savings), as opposed to actual or direct damages, resulting from this Agreement or any other Credit Document or arising out of such Indemnified Party's activities in connection herewith or therewith (whether before or after the Closing Date).
- (c) **Payments.** All amounts due under this Section shall be payable promptly after demand is made for payment by the Lender. A certificate of the Lender setting forth the amount or amounts owing under this Section, including reasonable detail of the basis of calculation thereof, and delivered to the Borrower shall be conclusive absent manifest error.
- (d) **General.** The Borrower and each other Obligor agrees that neither it nor any of its Subsidiaries will settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification or contribution could be sought hereunder (whether or not any Indemnified Party is an actual or potential party to such claim, action or proceeding) without the prior written consent of the applicable Indemnified Party, unless such settlement, compromise or consent includes an unconditional release of such Indemnified Party from all liability arising out of such claim, action or proceeding provided that: (i) the Borrower, at its sole expense and upon Notice to the applicable Indemnified Parties, may assume the defence of any

such claim or any legal proceeding resulting therefrom with counsel satisfactory to the applicable Indemnified Parties at their discretion, and (ii) the applicable Indemnified Parties will be entitled to participate in (but not control) the defence of any action, with their own counsel and at their own expense.

- (e) **Notice.**
- (i) Whenever any such claim arises, an Indemnified Party (if not the Lender) shall promptly notify the Lender and the Lender shall, in turn, promptly notify the Borrower of the claim and, when and if known, the facts constituting the basis for the claim and the amount or an estimate of the amount of the claim.
 - (ii) The failure of an Indemnified Party to promptly give notice of a claim will not adversely affect the Indemnified Party's rights to indemnity, unless the failure adversely affects the Borrower's right to assert any reasonable defence to the claim.
- (f) **Survival of Indemnity.** The terms of this Section will survive the termination of this Agreement and the repayment of the Obligations.

**ARTICLE 14
TAXES, EXPENSES AND CHANGE OF CIRCUMSTANCES**

14.01 Change in Applicable Law

- (a) In the event of any change after the date of this Agreement in any Applicable Law or in its interpretation or application by any court or by any Governmental Authority that now or subsequently
- (i) subjects the Lender to any Tax, changes the basis of taxation, or increases any existing Tax on payments of principal, interest, fees, or other amounts payable by any Obligor to the Lender under any Credit Document (except for Taxes on the Lender's overall net income),
 - (ii) imposes, modifies, or deems applicable any reserve, special deposit, or similar requirements against assets held by, or deposits in or for the account of or loans by or any other acquisition of funds by, an office of the Lender, or
 - (iii) imposes on the Lender, or requires there to be maintained by the Lender, any capital adequacy or additional capital requirements relating to any Advances under this Agreement or any other condition relating to any other Credit Document,

with the result of an increase in the cost to or a reduction in the amount of principal, interest, or any other amount received or receivable by, or the effective return of, the Lender under this Agreement relating to making, maintaining, or funding that Advance under the Credit Facilities, the Lender will determine the amount of money that will compensate the Lender for the increase in cost or reduction in income (in this Agreement referred to as "**Additional Compensation**").

- (b) Upon the Lender having determined that it is entitled to Additional Compensation, the Lender shall promptly notify the Borrower. The Lender shall provide to the Borrower a photocopy of the relevant Applicable Law and a certificate of a duly authorized officer of the Lender setting forth the Additional Compensation and the basis of calculation, which will be conclusive evidence of that Additional Compensation in the absence of manifest error.
- (c) The Borrower shall pay, or shall cause the applicable Obligor to pay, the Lender within 10 Business Days of the giving of such notice the Lender's Additional Compensation calculated to the date of that notification.
- (d) The Lender will be entitled to be paid Additional Compensation from time to time if the provisions of this Section are then applicable, even though the Lender has previously been paid Additional Compensation.
- (e) The Lender shall endeavour to limit the incidence of any Additional Compensation (including seeking recovery for the account of the applicable Obligor and by appealing any assessment at the expense of the applicable Obligor upon the Borrower's request) and will not seek Additional Compensation from the applicable Obligor unless that it seeks Additional Compensation from other obligors, if any, that are similarly affected.

14.02 Repayment of Affected Loan

- (a) Notwithstanding any other provision of this Agreement, if the Lender gives the notice provided for in Section 14.01 (Change in Applicable Law) relating to any Advance (an "**Affected Loan**"), the Borrower may, upon 10 Business Days' notice to that effect to the Lender (which notice will be irrevocable), prepay in full without penalty the Affected Loan outstanding, together with accrued and unpaid interest on the principal amount so prepaid up to the date of such prepayment, such Additional Compensation as may be applicable to the date of such payment, and all costs and losses that the Lender incurs by reason of the liquidation of deposits or other funds or for any other reason resulting from the repayment of that Affected Loan or any part thereof other than on the last day of the applicable Interest Period.
- (b) Upon that payment being made, the Lender's obligations to make those Affected Loans to the Borrower under this Agreement will terminate.

14.03 Illegality

- (a) If, after the date of this Agreement, the adoption of or change to any Applicable Law (including any Sanctions Laws) or any change in its interpretation or application by any court or by any Governmental Authority, now or subsequently makes it unlawful or impossible for the Lender to make, fund, or maintain an Advance under the Credit Facilities or to give effect to its obligations relating to an Advance, the Lender may, by Notice to the Borrower, declare its obligations under this Agreement to be terminated.
- (b) At that time, its obligation under this Agreement will be terminated and the Borrower shall prepay, within the time required by such Law (or at the end of such longer period as the Lender at its discretion has agreed), the principal of that Advance, together with accrued interest, any Additional Compensation that

may be applicable to the date of such payment, and all costs and losses that the Lender incurs by reason of the liquidation of deposits or other funds or for any other reason resulting from the repayment of such Advance or any part thereof other than on the last day of the applicable Interest Period.

- (c) If any such change only affects a portion of the Lender's obligations under this Agreement that are, in the opinion of the Lender and the Lender's Counsel at their discretion, severable from the remainder of this Agreement so that the remainder of this Agreement may be continued in full force and effect without otherwise affecting any of the obligations of the Lender or the Obligors under this Agreement, the Lender shall only declare its obligations under that portion so terminated.

14.04 Taxes

- (a) The Obligors shall make all payments that they are required to make to the Lender under the Credit Documents free and clear of, and without reduction or withholding for or on account of, any present or future Taxes unless that deduction or withholding is required by Applicable Law. If any Taxes are required to be deducted or withheld by Applicable Law from any amounts payable under the Credit Documents, the applicable Obligor shall promptly pay an additional amount ("**Additional Amount**") to the Lender as may be necessary so that after making all required Tax deductions or withholdings (including deductions or withholdings applicable to all Taxes on, or arising by reason of, the payment of Additional Amounts), the Lender receives an amount equal to the amount that it would have received had no such deductions or withholdings been required.
- (b) The applicable Obligor shall pay the full amount of all Taxes deducted or withheld under this Section to the relevant Governmental Authority on a timely basis and in accordance with Applicable Law. Each Obligor will be fully liable and responsible for and shall, promptly following receipt of a request from the Lender, pay to the Lender on its behalf or on behalf of the other Obligors, any and all Taxes in the nature of sales, use, goods and services, and harmonized sales Taxes payable under the laws of Canada, any Province of Canada, or any other country or jurisdiction, relating to any and all goods and services made available under the Credit Documents to any Obligor by the Lender.
- (c) Whenever any Taxes are required to be paid by an Obligor to a Governmental Authority under this Section, the applicable Obligor shall send or cause to be sent to the Lender, as promptly as possible thereafter, a certified copy of an original official receipt showing payment of those Taxes. If an Obligor fails to pay any Taxes deducted or withheld as required under this Section when due or if an Obligor fails to remit to the Lender the required documentary evidence of that payment, the Borrower and the Parent shall indemnify the Lender from and against any Taxes or other liabilities that may become payable by the Lender or to which the Lender may be subjected as a result of that failure. A certificate of the Lender as to the amount of any such Taxes, containing reasonable details of the calculation of those Taxes, will be prima facie evidence of the amount of those Taxes absent manifest error.

**ARTICLE 15
ASSIGNMENT AND ADDITIONAL LENDERS**

15.01 Assignment

- (a) No Obligor may assign any rights or obligations relating to this Agreement or any other Credit Document without the Lender's prior written consent.
- (b) The Lender's rights and obligations under this Agreement are assignable and the Lender shall be entitled to assign its rights and obligations or to permit other financial institutions or loan funds established for the purpose of acquiring loans to participate in the Credit Facilities, all in accordance with the provisions of this Section and the other terms of this Agreement. Subject to Section 15.01(c) below, the Borrower and the Parent hereby consent to the disclosure of any Information to any potential Lender or participant provided that the potential Lender or participant agrees in writing to keep the Information confidential.
- (c) The Lender may assign or transfer its rights and obligations under this Agreement to such Persons, at such times, and upon such terms as it may determine without any obligation to obtain consent of the Borrower or the other Obligors, provided that, prior to the occurrence and continuance of an Event of Default: (i) the Lender shall not assign any portion of its rights and obligations under this Agreement to any Person who is a competitor to the Obligors, and (ii) the Lender shall not be entitled to share or disclose any Information provided to the Lender hereunder with such Person who is a competitor of the Obligors for the purpose of evaluating any such proposed assignment.
- (d) The assigning Lender shall obtain from the assignee an undertaking of the assignee, addressed to the parties to this Agreement (as such parties may be constituted at such time), whereby the assignee agrees to be bound by this Agreement and the other Credit Documents in the place and stead of the assignor Lender to the extent of the rights and obligations of the assignor so assigned.
- (e) After the execution and delivery of the undertaking:
 - (i) that assignee will be a party to this Agreement and, to the extent that rights and obligations under this Agreement have been assigned to it, have the Lender's rights and obligations under this Agreement, and
 - (ii) the assigning Lender shall, to the extent that rights and obligations under this Agreement have been assigned by it under such assignment agreement, relinquish its rights and be released from its obligations under this Agreement (except for obligations in respect of which it is then in default) and that assigning Lender will cease to be a party to this Agreement.
- (f) The Lender may pledge its Advances to the Bank of Canada in support of the Lender's borrowings from the Bank of Canada.

15.02 Participations

The Lender may sell participations to one or more banks, financial institutions, or other Persons (provided that, prior to an Event of Default which is continuing, such Person is not a competitor

to the Obligors) in or to all or a portion of its rights and obligations under this Agreement. However, that participant will not as a result become a Lender and:

- (a) the Lender's obligations under this Agreement will remain unchanged and the Lender will remain solely responsible to the other parties to this Agreement for the performance of those obligations,
- (b) the Obligors shall continue to deal solely and directly with the Lender in connection with the Lender's rights and obligations under this Agreement,
- (c) no participant will have any right to approve any amendment or waiver of any provision of this Agreement or any consent to any departure by any Person therefrom, and
- (d) a participation by the Lender of all or any part of its interest under this Agreement or a payment by a participant to the Lender as a result of the participation will not constitute a payment under this Agreement to the Lender or an Advance to the Borrower.

ARTICLE 16 EXCHANGE AND CONFIDENTIALITY OF INFORMATION

16.01 Confidentiality and disclosure of information

- (a) The Lender may provide any prospective or actual assignee or participant under Article 15 (Assignment and Additional Lenders) with any information concerning the financial condition of the Obligors.
- (b) Subject to paragraph (i) below, the Lender acknowledges the confidential nature of the Information and shall use all reasonable efforts to prevent its disclosure, provided, however, that it
 - (i) may disclose all or any part of the Information if, in its opinion, that disclosure is required in connection with any actual or threatened judicial, administrative, or governmental proceeding, and
 - (ii) will incur no liability relating to any disclosure of Information to any, or under the requirements of any, judicial authority, law enforcement agency, or taxation authority (except this paragraph does not permit the disclosure of any information any Section 275(4) of the Australian PPSA unless Section 275(7) of the Australian PPSA applies).

ARTICLE 17 GENERAL PROVISIONS

17.01 Entire agreement

This Agreement together with the other Credit Documents constitutes the entire agreement between the parties relating to its subject matter. This Agreement supersedes all previous agreements and discussions between the parties. There are no representations, covenants, or other terms other than those set forth in this Agreement and the other Credit Documents.

17.02 Further assurances

Each party, upon receipt of Notice by another party, shall sign (or cause to be signed) all further documents, do (or cause to be done) all further acts, and provide all reasonable assurances as may reasonably be necessary or desirable to give effect to the terms of this Agreement.

17.03 Amendment

This Agreement may only be amended by a written document signed by each of the parties.

17.04 Conflict of terms

If there is any inconsistency or conflict between the terms of this Agreement and those in any schedule to this Agreement, any agreement entered into under this Agreement, or under any of the Credit Documents, the terms of this Agreement will prevail and the parties shall take any necessary steps to conform the inconsistent terms to the terms of this Agreement, provided that it shall not be deemed to be an inconsistency if something is addressed in a Credit Document but not addressed herein, it being understood that the purpose of this Agreement and any other Credit Document is to add to, and not detract from, the rights granted to the Lender under this Agreement.

17.05 Binding effect

Each Credit Document enures to the benefit of and binds the parties and their respective successors, and assigns.

17.06 No partnership

Nothing contained in this Agreement will create a partnership, joint venture, principal-and-agent relationship, or any similar relationship between the parties.

17.07 No third party beneficiaries

This Agreement does not confer any rights or remedies upon any Person other than the parties and their respective successors and assigns.

17.08 Notice

To be effective, a Notice must be in writing and delivered (a) personally, either to the individual designated below for that party or to an individual having apparent authority to accept deliveries on behalf of that individual at its address set out below, (b) by registered mail, or (c) by electronic mail, to the address or electronic mail address set out opposite the party's name below or to any other address or electronic mail address for a party as that party from time to time designates to the other parties in the same manner:

in the case of any Obligor, to:

c/o MediPharm Labs Corp.

[REDACTED]

with a copy to:

Aird & Berlis LLP

[REDACTED]

in the case of the Lender, to:

The Bank of Nova Scotia

[REDACTED]

with a copy to:

Cassels Brock & Blackwell LLP

[REDACTED]

Any Notice is effective (i) if personally delivered as described above, on the day of delivery if that day is a Business Day and it was delivered before 5:00 p.m. local time in the place of receipt and otherwise on the next Business Day, (ii) if sent by registered mail, on the fourth Business Day following the day on which it is mailed, except that if at any time between the date of mailing and the fourth Business Day thereafter there is a disruption of postal service then Notice must be given by means other than mail, or (iii) if sent by electronic mail, on the day the sender receives confirmation of receipt by return electronic mail from the recipient if that day is a Business Day and if the sender received confirmation before 5:00 p.m. local time in the place of receipt, and otherwise on the next Business Day.

17.09 Independent legal advice

Each party acknowledges and agrees as follows:

- (a) Review of Agreement. It has had full opportunity to review this Agreement and each other Credit Document and any other document entered thereunder and fully understands the terms of, and the nature and effect of its obligations under, this Agreement and each other Credit Document and any other document entered under any Credit Document.
- (b) Obtained Independent Legal Advice. It has had full opportunity to obtain independent legal advice relating to this Agreement and each other Credit Document and any other document entered under any Credit Document.

- (c) No Pressure or Influence. It is entering into this Agreement and these obligations freely and voluntarily and as its own act without any pressure or influence from or by any Person.

17.10 Remedies cumulative

The rights, remedies, and powers provided in this Agreement or under any other Credit Document to a party are cumulative and in addition to, and are not exclusive of or in substitution for, any rights, remedies, and powers otherwise available to that party.

17.11 Non-merger

The rights, obligations, and representations and warranties under this Agreement and each other Credit Document and any other document entered under any Credit Document will not merge on Closing.

17.12 Survival

All indemnities and other provisions in this Agreement relative to reimbursement to the Lender of amounts sufficient to protect the yield of the Lender with respect to the repayment of the Facilities and Letters of Credit, shall survive the termination of this Agreement and the other Credit Documents and the payment of the Obligations.

17.13 Severability

The invalidity or unenforceability of any particular term of this Agreement will not affect or limit the validity or enforceability of the remaining terms.

17.14 Waiver

No waiver of satisfaction of a condition or non-performance of an obligation under this Agreement or under any other Credit Document is effective unless it is in writing and signed by the party granting the waiver. No waiver under this Section affects the exercise of any other rights or remedies under this Agreement. Any failure or delay in exercising any right or remedy will not constitute, or be deemed to constitute, a waiver of that right or remedy. No single or partial exercise of any right or remedy will preclude any other or further exercise of any right or remedy.

17.15 Payment of costs

The Borrower shall pay, out of the first Advance, all of the Lender's costs in connection with the preparation, execution, and delivery of this Agreement, the other Credit Documents, and the other instruments, certificates, and documents to be delivered under this Agreement or the other Credit Documents (including the fees and out-of-pocket expenses of Lender's Counsel). The Borrower shall also pay all costs in connection with the preparation or review of waivers, consents, and amendments requested by the Borrower, questions of interpretation of this Agreement and the other Credit Documents, in connection with the establishment of the validity and enforceability of this Agreement and the other Credit Documents, and the preservation or enforcement of the Lender's rights under this Agreement and the other Credit Documents (including all reasonable costs sustained by the Lender as a result of any failure by any of the Obligors to perform or observe any of their respective obligations under this Agreement). These costs shall be payable whether or not an Advance or Drawdown is made under this Agreement or a closing has occurred.

17.16 Governing law

The laws of Ontario and the laws of Canada applicable in Ontario, excluding any rule or principle of conflicts of law that may provide otherwise, govern this Agreement.

17.17 Submission to jurisdiction

The parties irrevocably attorn to the jurisdiction of the courts of Ontario, which will have non-exclusive jurisdiction over any matter arising out of this Agreement. The Obligors hereby irrevocably waive, to the fullest extent they may effectively do so, the defence of an inconvenient forum to the maintenance of any action or proceeding.

The parties irrevocably consent to the service of any and all process in any action or proceeding by the delivery of such process to any Obligor at the Borrower's address under Section 17.08 (Notice).

17.18 Judgment Currency

- (a) If, for the purpose of obtaining or enforcing judgment against any party in any court in any jurisdiction, it becomes necessary to convert into a particular currency (the "**Judgment Currency**") an amount due in another currency (the "**Indebtedness Currency**") under this Agreement or any other Credit Document, the conversion will be made at the Rate of Exchange prevailing on the Business Day immediately preceding
 - (i) the date of actual payment of the amount due, in the case of any proceeding in the courts of the Province of Ontario or in the courts of any other jurisdiction that will give effect to the conversion being made on that date, or
 - (ii) the date on which the foreign court determines, in the case of any proceeding in the courts of any other jurisdiction (that date being the "**Judgment Conversion Date**").
- (b) If, as a result of a change in the Rate of Exchange between the Judgment Conversion Date and the date of actual payment, the conversion of the Judgment Currency into Indebtedness Currency dollars results in a payee receiving less than the full amount of Indebtedness Currency dollars payable to the party to which such amounts are owed (the "**Payee**"), the party owing such amounts (the "**Payor**") agrees to pay the Payee any additional amount (and in any event not a lesser amount) as may be necessary to ensure that the amount received is not less than the full amount of Indebtedness Currency dollars payable by the Payor on the date of payment. Any additional amount due under this Section will be due as a separate debt, gives rise to a separate cause of action, and will not be affected by judgment obtained for any other sums due under this Agreement.

17.19 Counterparts

This Agreement may be signed in any number of counterparts, each of which is an original, and all of which taken together constitute one single document. Counterparts may be transmitted by fax or in electronically scanned form. Parties transmitting by fax or electronically shall also deliver the original counterpart to each other party, but failure to do so does not invalidate this Agreement.

17.20 Effective date

This Agreement is effective as of the date shown at the top of the first page, even if any signatures are made after that date.

17.21 Australian PPSA Provisions

- (a) Where the Lender has a security interest (as defined in the Australian PPSA) under any Credit Document, to the extent the relevant law permits:
 - (i) for the purposes of Sections 115(1) and 115(7) of the Australian PPSA:
 - (A) the Lender need not comply with Sections 95, 118, 121(4), 125, 130, 132(3)(d) or 132(4) of the Australian PPSA; and
 - (B) Sections 142 and 143 of the Australian PPSA are excluded;
 - (ii) for the purposes of Section 115(7) of the Australian PPSA, the Lender need not comply with Sections 132 and 137(3);
 - (iii) each party waives its right to receive from the Lender any notice required under the Australian PPSA (including a notice of a verification statement);
 - (iv) if the Lender with the benefit of a security interest exercises a right, power or remedy in connection with it, that exercise is taken not to be an exercise of a right, power or remedy under the Australian PPSA unless the Lender states otherwise at the time of exercise. However, this provision does not apply to a right, power or remedy which can only be exercised under the Australian PPSA; and
 - (v) if the Australian PPSA is amended to permit the Parties to agree not to comply with or to exclude other provisions of the Australian PPSA, the Lender may notify the relevant Obligor that any of these provisions is excluded, or that the Lender needs not comply with any of these provisions.

This does not affect any rights a person has or would have other than by reason of the Australian PPSA and applies despite any other provision in any Credit Document.

- (b) Whenever the Lender reasonably requests an Obligor to do anything:
 - (i) to ensure any Credit Document (or any security interest (as defined in the Australian PPSA) or other Security under any Credit Document) is fully effective, enforceable and perfected with the contemplated priority;
 - (ii) for more satisfactorily assuring or securing to the Lender the property the subject of any such security interest or other Security in a manner consistent with the Credit Documents; or
 - (iii) for aiding the exercise of any power in any Credit Document,
- the Obligor shall do it promptly at its own cost. This may include obtaining consents, signing documents, getting documents completed and signed and supplying information, delivering documents and evidence of title and executed

blank transfers, or otherwise giving possession or control with respect to any property the subject of any security interest or Security.

17.22 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 OR THE TRANSACTIONS CONTEMPLATED HEREBY (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 17.22.

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This Agreement has been executed by the parties.

MEDIPHARM LABS INC.

By: /s/ "Patrick McCutcheon"
Name: Patrick McCutcheon
Title: President

THE BANK OF NOVA SCOTIA

By: [REDACTED]
Name: [REDACTED]
Title: [REDACTED]

By: [REDACTED]
Name: [REDACTED]
Title: [REDACTED]

MEDIPHARM LABS CORP.

By: /s/ "Patrick McCutcheon"
Name: Patrick McCutcheon
Title: Chief Executive Officer

MPL PROPERTY HOLDINGS INC.

By: /s/ "Patrick McCutcheon"
Name: Patrick McCutcheon
Title: Director

