

LOAN AGREEMENT

Dated as of April 30, 2015

among

KNIGHT THERAPEUTICS INC.

as Lender

– and –

PROFOUND MEDICAL INC.

as Borrower

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LOAN AGREEMENT

THIS LOAN AGREEMENT is made with effect as of the 30th day of April, 2015, by and among **PROFOUND MEDICAL INC.**, a corporation formed under the laws of the Province of Ontario (together with its successors and permitted assigns, the “**Borrower**”) and **KNIGHT THERAPEUTICS INC.** (together with its successors and permitted assigns, the “**Lender**”), a corporation formed under the laws of Canada;

RECITALS:

WHEREAS the Borrower desires that the Lender extend the Loan to the Borrower for the purpose of financing expenses related thereto or related to this Agreement, the other Loan Documents and the Qualifying Transaction and for working capital for the Business, and the Lender has agreed to lend on the terms and conditions set forth herein;

AND WHEREAS the parties wish to provide for the terms and conditions upon which the Loan shall be made;

NOW THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1 - DEFINITIONS

1.1 General Definitions.

In this Agreement the following terms shall have the following meanings:

“**Acquisition**” means, with respect to any Person, any purchase or other acquisition by such Person, regardless of how accomplished or effected (including any such purchase or other acquisition effected by way of amalgamation, merger, arrangement, business combination or other form of corporate reorganization or by way of purchase, lease or other acquisition arrangements), of (i) any other Person (including any purchase or acquisition of such number of the issued and outstanding securities of, or such portion of an Equity Interest in, such other Person so that such other Person becomes 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 (ii) 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.

“**Action Request**” means any request from any Governmental Authority under any Environmental Law whereby such body or agency requests that the Person requested takes action or steps or does acts or things in respect of any Property in its charge, management or control to remediate a matter which is not or is alleged not to be in compliance with all Environmental Laws, except where such non-compliance would not reasonably be expected to have a Material Adverse Effect.

“**Affiliate**” means: (i) any Person which, directly or indirectly, controls, is controlled by or is under common control with any other Person; (ii) any Person which beneficially owns or holds, directly or indirectly, fifty percent (50%) or more of any class of voting stock or Equity

Interest (including partnership interests) of any other Person; or (iii) any Person, fifty percent (50%) or more of any class of the voting stock (or if such Person is not a corporation, fifty percent (50%) or more of the Equity Interest, including partnership interests) of which is beneficially owned or held, directly or indirectly, by any other Person. For the purposes of this definition, control of any Person (including the terms “**controlled by**” and “**under common control with**”) means the possession, directly or indirectly, of the power to elect or appoint a majority of the board of directors of, or persons performing similar functions in respect of, such Person, whether through the ownership of voting securities, by contract, or otherwise.

“**Agreement**” means this agreement and all schedules attached hereto; the expressions “**hereof**”, “**herein**”, “**hereto**”, “**hereunder**”, “**hereby**” and similar expressions refer to this Agreement, as amended, restated or supplemented from time to time, as a whole and not to any particular Article, Section, Schedule, or other portion hereof or thereof.

“**Amalco**” means Profound Medical Inc., the corporation resulting from the Amalgamation.

“**Amalgamation**” has the meaning set forth in the Offering Memorandum.

“**Annual Business Plan**” means the annual business plan of the Borrower, prepared on a Consolidated basis, with detailed financial projections and budgets on a quarter to quarter basis for the following one (1) Fiscal Year, in each case consisting of a balance sheet, statement of loss and comprehensive loss, statements of changes in shareholders’ deficiency, statement of cash flows, proposed Capital Expenditures and a list of assumptions upon which such projections are based.

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

“**Arm’s Length**” has the meaning specified in the definition of “**Non-Arm’s Length**”.

“**Associate**” with respect to Lender means an “**associate**” as defined in the *Business Corporations Act* (Ontario).

“**Audited Financial Statements**” means the audited Consolidated statement of financial position of the Parent for the Fiscal Year ended December 31, including, without limitation, balance sheet, statement of income and retained earnings and statements of cash flows for such Fiscal Year prepared in accordance with IFRS.

“**Auditor**” means the Borrower’s auditor and includes its successor which needs be an auditor of recognized national standing from time to time.

“**Board**” means the board of directors of Parent.

“**Bonus Criteria**” means (i) any bonus or comparable cash payment must be approved in advance by the Lender if the aggregate amount of such bonuses or comparable cash payments exceed such Obligor’s revenue on a trailing twelve month basis, (ii) cash bonuses shall not exceed thirty percent (30%) of base salary for any Person that is not a member of sales management if at the time of the granting of such bonus or comparable cash payment the Borrower is not generating positive EBITDA, and (iii) at all times, any bonus or comparable cash payment to a member of sales management shall be reasonable and based on revenue performance and approved by the compensation committee of the Board.

“**Borrower**” has the meaning given to such term in the preamble.

“**Business**” means the business in which the Borrower is currently engaged and as set forth in the Offering Memorandum.

“**Business Day**” means a day (other than Saturday or Sunday) on which banks are generally open for business in Toronto, Ontario and Montréal, Québec.

“**Canadian Pension Plan**” means any “pension plan” or “plan” that is subject to the funding requirements of the *Pension Benefits Act* (Ontario) or applicable pension benefits legislation in any other Canadian jurisdiction and is applicable to employees of the Obligors resident in Canada.

“**Capital Expenditures**” means, for any period, any expenditure made by any Person for the purchase, lease, acquisition, licence, erection, development, improvement, construction, repair or replacement of capital assets, and any expenditure related to a Capital Lease or any other expenditure required to be capitalized, all as determined in accordance with IFRS.

“**Capital Lease**” means, with respect to any Person, any lease of (or other agreement conveying the right to use) any real or personal property by such Person that, in conformity with IFRS, is or should be accounted for as a capital lease on the balance sheet of that Person.

“**Cash Balance Statement**” shall have the meaning ascribed to it in Section 9.1(x)(iii).

“**Certification of Revenue**” means a certificate of the Auditor certifying the Borrower’s Revenues for the previous Measurement Period.

“**Change of Control**” means, the acquisition by any Person or group of Persons who act together in concert for such purpose of (i) shares or other voting Equity Interests of the Borrower (or following the Amalgamation, Amalco) or the Parent to which are attached more than fifty percent (50%) of the votes that may be cast to elect directors or other Persons charged with the direction of the management of the Borrower (or following the Amalgamation, Amalco) or the Parent, as the case may be, and which, if exercised, are sufficient to elect a majority of such directors or other management Persons, or (ii) any other right to appoint a majority of such directors or other management Persons or with respect to any Person who from time to time has previously met the foregoing test the further acquisition by such Person or group of Persons who act together in concert for such purpose of any further units or other voting Equity Interests of the Borrower (or following the Amalgamation, Amalco) or the Parent.

“**Closing Date**” means April 30, 2015.

“**Collateral**” means all of the undertaking and Property, present and future, real, immovable, personal and movable, of an Obligor, now or hereafter pledged, hypothecated, granted or assigned to the Lender to secure, either directly or indirectly, repayment on account of payment of any of the Obligations.

“**Compliance Certificate**” means the certificate required pursuant to Section 8.2, substantially in the form annexed as Schedule 8.2 and signed by the President, Chief Financial Officer or other senior officer of the Parent.

“**Consolidated**” means, when used to modify a financial term, test, statement, or report of a Person, the application or preparation of such term, test, statement or report (as applicable) based upon the consolidation, in accordance with IFRS, of the financial condition or operating results of such Person.

“**Consolidated Net Income**” means, for any period, the Consolidated net income after tax of the Parent for such period.

“**Contingent Obligation**” means, as to any Person, any obligation, whether secured or unsecured, of such 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 (the “**primary obligor**”) in any manner, whether directly or indirectly, including any obligation of such Person as an account party in respect of a letter of credit or letter of guarantee issued to assure payment by the primary obligor of any such primary obligation and any obligations of such Person, whether or not contingent, (i) to purchase any such primary obligation or any Property constituting direct or indirect security therefor, (ii) to advance or supply funds for the purchase or payment of any such primary obligation or to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase Property, Equity Interests or services primarily for the purpose of assuring the obligee under any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (iv) otherwise to assure or hold harmless the obligee under such primary obligation against loss in respect of such primary obligation; provided, however, that the term “**Contingent Obligation**” shall not include endorsements of instruments for deposit or collection in the ordinary course of business.

“**Control Agreement**” means a control agreement, in form and substance satisfactory to the Lender, executed and delivered by an Obligor, the Lender and the applicable securities intermediary with respect to a Securities Account or a deposit-taking institution with respect to a Deposit Account.

“**Controlled Group**” means, in respect of an Obligor operating in the United States, all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with such Obligor or any of its Subsidiaries, are treated as a single employer under Section 414(b) or (c) of the Revenue Code.

“**Debt**” means, with respect to any Person, without duplication, the aggregate of the following amounts, at the date of determination: (i) all indebtedness of such Person for borrowed

money; (ii) all obligations of such Person for the deferred purchase price of Property or services which constitute indebtedness (excluding for certainty, current amounts payable of up to \$500,000 at any given time incurred in the ordinary course of business); (iii) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments; (iv) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to Property acquired by such Person (whether or not the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such Property); (v) all obligations of such Person as lessee under leases that have been or should be, in accordance with IFRS, recorded as Capital Leases; (vi) all reimbursement obligations, contingent or otherwise, of such Person under acceptance, letter of credit and similar facilities; (vii) all obligations of such Person to purchase, redeem, retire, defease or otherwise acquire for value any partnership or shareholder or other equity interests of such Person (for greater certainty, not including obligations with respect to unexercised options and rights of first refusal and where conditions precedent to the purchase, redemption, retirement, defeasance or other acquisition of such obligations have not occurred); (viii) all Contingent Obligations of such Person in respect of Debt of another Person; and (ix) any other obligation arising under arrangements or agreements that, in substance, provide financing to such Person.

“**Default**” means any event or condition which, with the giving of notice, the lapse of time or both, would constitute an Event of Default.

“**Deposit Account**” means a demand, savings, passbook, or similar account maintained with a bank or other deposit taking institution.

“**Depreciation Expense**” means, for any period with respect to any Person, depreciation, amortization, depletion and other like reductions to income of such Person for such period not involving any outlay of cash, determined, without duplication and determined on a consolidated basis, in accordance with IFRS.

“**Disposition**” means any sale, assignment, transfer, conveyance, lease or other disposition of any asset of an Obligor in a single transaction or a series of related transactions and the word “**Dispose**” shall have a correlative meaning.

“**Distribution**” means, with respect to any Person, any payment, directly or indirectly, by such Person: (i) of any dividends on any shares of its capital, other than dividends payable in shares; (ii) 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 Equity Interests; (iii) of any other distribution in respect of any Equity Interests; or (iv) of any management, consulting or similar fee or compensation or any bonus payment or comparable payment, or by way of gift or other gratuity, to any Affiliate of such Person or to any director, officer or member of the management of such Person or an Affiliate of such Person or to any Person not dealing at Arm’s Length with such first Person.

“**EBITDA**” means, for any period, Consolidated Net Income for the Parent earned during such period, plus, to the extent deducted in calculating Consolidated Net Income (without duplication):

- (i) Interest Expense for such period;
- (ii) Income Tax Expense for such period;
- (iii) Depreciation Expense for such period; and
- (iv) extraordinary, unusual or non-recurring items for such period which have been approved in writing by the Lender

decreased by the sum (without duplication) of:

- (v) extraordinary, unusual or non-recurring items for such period; and
- (vi) dividend and interest income earned or received for such period.

“**Environmental Laws**” means all Applicable Laws relating to Materials of Environmental Concern, pollution or protection of health, safety or the environment (including ambient air, surface water, ground water, land surface or subsurface strata), including without limitation, laws and regulations relating to emissions, discharges, releases or threatened releases of Materials of Environmental Concern, or otherwise relating to the manufacturing, processing, distribution, use, treatment, storage, disposal or transport of Materials of Environmental Concern.

“**Equipment**” means all machinery, apparatus, equipment, fittings, furniture, fixtures, motor vehicles and other tangible personal or movable Property (other than Inventory) of every kind and description used in a Person’s operations or owned by such Person or in which such Person has an interest, whether now owned or hereafter acquired by such Person and wherever located, and all parts, accessories and tools and all increases and accessories thereto and substitutions and replacements therefor.

“**Equity Interests**” means (i) in the case of any corporation or company, all shares or capital stock and any securities exchangeable for or convertible into shares or capital stock, (ii) in the case of an association or business entity, any and all shares, interests, participation rights or other equivalents of corporate stock (however designated) in or to such association or entity, (iii) in the case of a partnership, limited liability company or unlimited liability company, partnership or membership interests (whether general or limited), as applicable, and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distribution of assets of, the issuing Person, and including, in all of the foregoing cases described in clauses (i), (ii), (iii) or (iv), any warrants, rights or other options to purchase or otherwise acquire any of the interests described in any of the foregoing cases.

“**Equivalent**” means, with respect to any two currencies, the amount obtained in one currency when an amount in the other currency is translated into the first currency in accordance with Section 1.4 hereof.

“**Event of Default**” shall have the meaning ascribed to it in Article 11 hereof.

“**Excluded Taxes**” means any of the following taxes imposed on or with respect to the Lender or required to be withheld or deducted from a payment to the Lender: (a) taxes imposed on or measured by net income (however denominated), franchise taxes and branch profits taxes, in each case imposed as a result of the Lender being organized under the laws of, or having its principal office in, the jurisdiction imposing such taxes (including any political division thereof), (b) taxes imposed as a result of a present or former connection between the Lender and the jurisdiction imposing such tax (other than connections arising from the Lender having executed, delivered, become a party to, performed its obligations under, received payments or, received or perfected a security interest under, or enforced any Loan Document), and (c) any U.S. federal withholding taxes imposed under FATCA.

“**FATCA**” means Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the U.S. Internal Revenue Code of 1986.

“**Financial Assistance**” means, without duplication and with respect to 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, without limitation, letters of guarantee, letters of credit, legally binding comfort letters or indemnities issued in connection therewith, 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 thereof and obligations to make advances or otherwise provide financial assistance to any other entity and for greater certainty “**Financial Assistance**” shall include any guarantee of any third party lease obligations.

“**Financial Statements**” means the statements of financial position of the Parent, including without limitation, the balance sheet, statement of income and retained earnings and statement of cash flows of the Parent, the Cash Balance Statement, all prepared in accordance with IFRS and consistent with the approach used by the Parent in its Audited Financial Statements.

“**Fiscal Quarter**” means any of the quarterly accounting periods of the Borrower ending on March 31, June 30, September 30, and December 31 of each year.

“**Fiscal Year**” means any period of twelve consecutive months ending on December 31 of any calendar year.

“**Funding Date**” means the date that the Loan is disbursed from the Lender to the Borrower following the satisfaction or waiver of the conditions set forth in Section 10.1. For certainty, the Loan shall not be disbursed prior to the completion of the Qualifying Transaction but the Lender shall disburse the Loan following completion of the Qualifying Transaction, without need for further notice or request from the Borrower subject only to the satisfaction or the Lender’s waiver of the conditions precedent set forth in Section 10.1.

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

“IFRS” means, at any time, the International Financial Reporting Standards, promulgated by the International Accounting Standards Board, as amended, supplemented or replaced from time to time.

“Income Tax Expense” means, with respect to the Parent, for any period, the aggregate, without duplication and on a consolidated basis, of all current Taxes on the income of the Obligor for such period, determined in accordance with IFRS.

“Intellectual Property” means the intellectual property in patents, patent applications, trade-marks, trade-mark applications, trade names, service marks, copyrights, copyright registrations and trade secrets including, without limitation, customer lists and information and business opportunities, industrial designs, proprietary software, technology, recipes and formulae and other similar intellectual property rights.

“Interest Expense” of the Parent means, for any period, without duplication and on a consolidated basis, the aggregate amount of interest and other financing charges paid or payable by the Obligor, on account of such period with respect to Debt including interest, amortization of 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 and other fees and charges payable with respect to letters of credit, letters of guarantee and bankers’ acceptance financing, standby fees and the interest component of Capital Leases, all as determined in accordance with IFRS.

“Interest Payment Date” means March 31, June 30, September 30 and December 31 in each year.

“Inventory” means, with respect to any Person, all inventory of such Person, whether now owned or hereafter acquired including, but not limited to, all goods intended for sale or lease by such Person, or for display or demonstration; all work in process; all raw materials and other materials and supplies of every nature and description used or which might be used in connection with the manufacture, printing, packing, shipping, advertising, selling, leasing or furnishing of such goods or otherwise used or consumed in such Person’s business.

“Lender Distribution Agreement” means the proposed distribution, license and supply agreement between the Borrower and the Lender pursuant to which the Lender shall have the exclusive Canadian distribution rights to the Product (as such term is defined therein).

“Lender’s Equity” means the issuance to the Lender immediately prior to the Qualifying Transaction, for no additional consideration, of such number of common shares of the Borrower that will result in the Lender receiving such number of common shares of the Borrower that will represent no less than 4.00% of the common shares of the Parent on a fully diluted basis by

virtue of and upon (and after giving effect to) the Qualifying Transaction, which shares will not be subject to any trading restrictions, other than as required under Applicable Law and which, for greater certainty, shall be in addition to any common shares of the Borrower issuable upon the conversion of the subscription receipts for which the Lender subscribes directly pursuant to the Offering.

“**Lender’s Nominee**” shall have the meaning ascribed to it in Section 9.1(y) hereof.

“**Lien**” means: (i) any interest in Property securing an obligation owed to, or a claim by, a Person, whether such interest is based on the common law, civil law, statute, or contract, and including, without limitation, a security interest, charge, claim, hypothec or lien arising from a mortgage, deed of trust, hypothec, encumbrance, pledge, hypothecation, assignment, deposit arrangement, agreement, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes; and (ii) to the extent not included under clause (i), (A) any rights of repossession or similar rights of unpaid suppliers, (B) any reservation, exception, encroachment, easement, right-of-way, covenant, condition, restriction, lease or other title exception or encumbrance affecting Property, and (C) any other lien, hypothec, charge, privilege, secured claim, title retention, garnishment right, deemed trust, encumbrance or other right affecting Property, choate or inchoate, whether or not crystallized or fixed, whether or not for amounts due or accruing due, arising by any statute or law of any jurisdiction, at law, in equity or by any agreement.

“**Loan**” shall have the meaning ascribed to it in Section 2.1 hereof.

“**Loan Documents**” means (i) this Agreement and the Security Documents, and (ii) all other present and future security, agreements and documents labelled by the parties thereto as a Loan Document, in each case as the same may from time to time be supplemented, amended or restated, and “**Loan Document**” shall mean any one of the Loan Documents.

“**Losses**” shall have the meaning ascribed to it in Section 12.1 hereof.

“**Material Adverse Effect**” shall mean (i) a material adverse effect on the business, prospects, operations, properties, assets or condition (financial or otherwise) of the Obligors on a consolidated basis, (ii) an adverse effect on the legality, validity or enforceability of any of the Loan Documents which could reasonably be considered material having regard to the Loan Documents considered as a whole, including the validity, enforceability, perfection or priority of any Lien created under any of the Security which could reasonably be considered material having regard to the Security considered as a whole, (iii) a material adverse effect on the ability of the Obligors to pay or perform any of its debts, liabilities or obligations under any of the Loan Documents, which could reasonably be considered material having regard to the Obligors as a whole, or (iv) an adverse effect on the right, entitlement or ability of the Lender to enforce its rights or remedies under any of the Loan Documents which could reasonably be considered material having regard to the Loan Documents taken as a whole.

“**Material Contracts**” means, collectively, each written agreement (or multiple agreements with the same Person), arrangement or understanding entered into by Borrower, which if not complied with, or expires, or is terminated, could reasonably be expected to have a Material Adverse Effect.

“Material Licences” means, collectively, each licence, permit or approval issued by any Governmental Authority or any applicable stock exchange or securities commission to Borrower, the breach or default of which, or termination of, could reasonably be expected to result in a Material Adverse Effect.

“Materials of Environmental Concern” means any chemicals, pollutants, contaminants, wastes, toxic substances, petroleum, petroleum products, together with any hazardous, toxic or dangerous substances, materials and wastes, including, without limitation, hydrocarbons (including naturally occurring or man-made petroleum and hydrocarbons), flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, biological substances, polychlorinated biphenyls, pesticides, herbicides and any other kind and/or type of pollutants or contaminants (including, without limitation, materials which include hazardous constituents), sewage, sludge, industrial slag, solvents and/or any other similar substances, materials or wastes and including any other substances, materials or wastes that are or become regulated under any laws relating to the protection of the environment or maintenance of occupational safety (including, without limitation, any that are or become classified as hazardous or toxic under any such laws).

“Maturity Date” shall have the meaning ascribed to it in Section 2.2.

“Measurement Period” means the twelve (12) month period from January 1 to December 31.

“Name Change” means the change of name of the Parent from Mira IV Acquisition Corp. to Profound Medical Corp. following the Qualifying Transaction.

“Net Assets” means, as of any date of determination, the value of all cash, cash equivalents, accounts receivable and inventory, less current liabilities (excluding the current portion of any Debt).

“Net Debt” means, as of any date of determination, (i) Consolidated Debt of the Obligors outstanding on such date minus (ii) the aggregate amount of cash and cash equivalents included in the cash accounts listed on the Consolidated statement of financial position of the Parent as of such date, to the extent the use thereof for application to payment of Debt is not prohibited by law or contract.

“Net Sales” means, with respect to any period, the total amount billed or invoiced on sales of Products during such period in any jurisdiction by the Borrower or any of its Affiliates, their associated parties and any licensees to unaffiliated third parties in bona fide arm’s length transactions, less the following deductions, in each case to the extent reasonable and customarily provided to unaffiliated entities and actually allowed and taken with respect to such sales:

(i) credits, price adjustments or allowances for damaged products, returns or rejections of any Product;

(ii) normal and customary trade, cash and quantity discounts, allowances and credits (other than price discounts granted at the time of invoicing which have already been included in the gross amount invoiced);

(iii) chargeback payments, repayments and rebates (or the equivalent thereof) granted to or imposed by group purchasing organizations, managed health care organizations or federal, state/provincial, local and other governments, including any or all of their regulatory authorities, agencies, review boards or tribunals, or trade customers;

(iv) sales, value-added (to the extent not refundable in accordance with applicable law), and excise taxes, tariffs and duties, and other taxes directly related to the sale (but not including taxes assessed against the income derived from such sale).

(v) stocking allowances; and

(vi) any other payment which reduces gross revenue and is permitted to be deducted in calculating net sales in accordance with IFRS,

the whole of which shall at all times be calculated in accordance with IFRS.

“**Non-Arm’s Length**” and similar phrases have the meaning attributed thereto for the purposes of the *Income Tax Act* (Canada); and “**Arm’s Length**” shall have the opposite meaning.

“**Non-Excluded Taxes**” shall have the meaning ascribed to it in Section 12.2 hereof.

“**Obligations**” means all present and future obligations and indebtedness, of any and every kind and nature, of the Obligors to the Lender arising under this Agreement and the other Loan Documents, whether now or hereafter existing, whether now due or to become due, whether primary, secondary, direct, indirect, absolute, contingent or otherwise (including without limitation, obligations of performance), whether several or joint or joint and several.

“**Obligors**” means, collectively, the Borrower and, from and after the Funding Date, the Parent, and each of the other guarantors of the Borrower’s Obligations from time to time.

“**OFAC**” means The Office of Foreign Assets Control of the US Department of the Treasury.

“**Offering**” has the meaning set forth in the Offering Memorandum.

“**Offering Memorandum**” means the Offering Memorandum dated as of April 24, 2015 relating to the offering of subscription receipts of the Borrower.

“**Organizational Documents**” means, with respect to any applicable Person, such Person’s articles or other charter or constitutional documents, by-laws, shareholder agreement, partnership agreement, joint venture agreement, limited liability company agreement or trust agreement, as applicable, and any and all other similar agreements, documents and instruments relative to such Person.

“**Outside Date**” means June 19, 2015 or as otherwise agreed to by the Borrower and the Lender.

“**Parent**” means (i) prior to the Name Change, Mira IV Acquisition Corp. and (ii) following the Name Change, Profound Medical Corp., a corporation incorporated under the laws of Ontario.

“**Pension Plan**” means (i) a “pension plan” or “plan” which is subject to the funding requirements of applicable pension benefit legislation in any jurisdiction as is applicable to the employees of an Obligor; or (ii) any pension benefit plan or similar agreement applicable to employees of an Obligor (other than a plan sponsored by a Governmental Authority).

“**Perfection Certificate**” means a certificate in the form of Exhibit 1, or any other form approved by the Lender.

“**Permitted Cash Investments**” means an investment in any of the following:

(i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the Government of Canada or the United States or of any province, territory or state thereof, as applicable (or by any agency or instrumentality of any of the foregoing to the extent such obligations are backed by the full faith and credit of the Government of Canada or the United States or of such province, territory or state, as applicable);

(ii) investments in certificates of deposit, bankers’ acceptances and time deposits maturing within 180 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of Canada or the United States or of any Canadian province or territory or federal state in the United States having combined capital and surplus of not less than \$300,000,000 or the Equivalent in any other currency; and

(iii) commercial paper of an issuer rated at least A-1+ or the equivalent thereof by a rating agency satisfactory to the Lender, and in each case maturing within six months from the date of acquisition.

“**Permitted Debt**” means:

(i) Debt under this Agreement;

(ii) Debt in respect of Purchase Money Security Interests and Capital Leases in an outstanding amount not to exceed \$100,000 in aggregate at any time;

(iii) Permitted Subordinated Debt;

(iv) Prior to the Funding Date, Debt in favour of each of Genesys Ventures II L.P. and BDC Capital Inc.;

(v) RBC Visa Debt;

(vi) Prior to the Funding Date, Debt owing by the Borrower to the Parent;

(vii) Debt consented to in writing by the Lender from time to time and subject to the terms imposed by the Lender in connection with such consent;

(viii) Debt incurred in connection with the refinancing of Debt included in parts (i), (ii) and (v) above;

(ix) to the extent included as Debt, accounts payable that arise, and accrued expenses incurred in, the ordinary course of business.

“Permitted Disposition” means (i) the Disposition of Inventory in the ordinary course of business; (ii) the Disposition of used, worn-out or surplus Equipment in the ordinary course of business; (iii) other Dispositions to the extent that no Default or Event of Default exists and the fair market value of the assets Disposed of pursuant to this clause and (iii) does not exceed during any Fiscal Year \$150,000.

“Permitted Distribution” means (i) to the extent considered a Distribution, amounts payable in respect of Permitted Subordinated Debt paid pursuant to the terms of applicable subordination agreement; (ii) to the extent considered a Distribution, options or the issuance of shares granted by an Obligor in the ordinary course to directors, officers and members of management of such Obligor; (iii) directors’ fees paid by the Obligors in an aggregate amount in any Fiscal Year not to exceed \$150,000 so long as there exists no Default or Event of Default and such directors’ fees are customary and reasonable for directors in a similar business to the Business; (iv) bonuses paid to Shameze Rampertab and Steve Plymale in Fiscal Year 2015 in connection with the completion of the Qualifying Transaction and the Offering, provided that (a) such bonuses are determined and paid strictly in accordance with their respective employment agreements (as disclosed to the Lender prior to the date hereof), and (b) they shall not be entitled to any additional bonuses or comparable payments in connection with or as a result of the Qualifying Transaction, the Offering or the Loan or otherwise with respect to the 2015 fiscal year (including sales or performance bonuses), and (v) bonuses paid or other comparable payments made to its officers and members of management by an Obligor, provided that such bonuses and comparable payments meet the Bonus Criteria.

“Permitted Liens” means, with respect to any Person, the following:

(i) liens for Taxes not yet due or for which installments 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 for which reasonable reserves under IFRS are maintained;

(ii) undetermined or inchoate liens, rights of distress and charges incidental to current operations which have not at such time been filed or exercised and of which the Lender has been given notice, or which 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;

(iii) reservations, limitations, provisos and conditions expressed in any original grants from the Crown or other grants of real or immovable property, or interests therein;

(iv) zoning, land use and building restrictions, by-laws, regulations and ordinances of federal, provincial, state, municipal and other Governmental Authorities, licences, easements, servitudes, rights-of-way and rights in the nature of easements (including, without limiting the generality of the foregoing, licences, easements, servitudes, rights-of-way and rights in the nature of easements for railways, sidewalks, public ways, sewers, drains, gas, steam and water mains or electric light and power, or telephone and telegraph conduits, poles, wires and cables) which do not materially impair the use of the affected land for the purpose for which it is used by that Person;

(v) title defects, encroachments or irregularities or other matters relating to title which are of a minor nature and which in the aggregate do not materially impair the use of the affected property for the purpose for which it is used by that Person;

(vi) the right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, licence, contract, franchise, grant or permit acquired by that Person or by any statutory provision to terminate any such lease, licence, contract, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;

(vii) the Lien resulting from the deposit of cash or securities in connection with contracts, tenders or expropriation proceedings, or to secure workers compensation, employment insurance, surety or appeal bonds, costs of litigation when required by law not to exceed \$100,000 in aggregate outstanding at any time, liens and claims incidental to current construction, mechanics', warehousemen's, carriers' and other similar liens, and public, statutory and other like obligations incurred in the ordinary course of business;

(viii) security given to a public utility or any municipality or Governmental Authority when required by such utility or authority in connection with the operations of that Person in the ordinary course of its business provided that such security does not materially impair the use of the affected property for the purpose for which it is used by that Person;

(ix) the Lien created by a judgment of a court of competent jurisdiction, as long as the judgment is being contested diligently and in good faith by appropriate proceedings by that Person and does not result in an Event of Default;

(x) the Security;

(xi) the Lien in favour of the Royal Bank of Canada in respect of the RBC Visa Debt, provided that such Lien shall only secure the RBC Visa Debt for an amount of up to \$72,500 and that the Lender shall have received a limited subordination letter regarding same in form and substance satisfactory to the Lender;

(xii) Purchase Money Security Interests and Capital Leases, provided that such Liens secure Permitted Debt;

(xiii) Prior to the Funding Date, Liens securing the Debt referred to in subsection (iv) of the definition of "Permitted Debt";

(xiv) Prior to the Funding Date upon which a portion of the proceeds of the Loan shall be used to repay the Debt owing by the Borrower to the Parent, Liens securing the Debt referred to in subsection (vi) of the definition of “Permitted Debt”;

(xv) such other Liens as agreed to in writing by the Lender in accordance with this Agreement; and

(xvi) any other Liens securing Debt the principal amount of which (when aggregated with the outstanding principal of any other such Debt secured by Borrower) does not exceed \$100,000 (or its equivalent)).

“Permitted Subordinated Debt” means subordinated unsecured Debt that is subject to a subordination agreement in favour of the Lender on terms and conditions satisfactory to the Lender.

“Person” means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, institution, entity, party or foreign or local government (whether federal, provincial, state, county, city, municipal or otherwise), including, without limitation, any instrumentality, division, agency, body or department thereof.

“Prepayment Fee” shall have the meaning ascribed to it in Section 3.2 hereof.

“Prime Rate” means, at any time, the rate of interest per annum equal to the variable rate of interest per annum, expressed on basis of a year of 365 or 366 days, as the case may be, which the principal office of the Royal Bank of Canada in Toronto, Ontario then quotes, publishes and refers to as its "prime rate" and which is its reference rate posted or quoted of interest for loans in Canadian Dollars made in Canada to commercial borrowers.

“Product” means each product, process or service under development, developed, manufactured, licensed, distributed, marketed or sold by Borrower and any other similar products or services in which Borrower has any proprietary rights or beneficial interests.

“Property” means, with respect to any Person, all or any portion of its undertaking, property or asset, whether real, immovable, personal, movable, or mixed, tangible or intangible, including for greater certainty any Equity Interests of a corporation or ownership interest in any other Person.

“Purchase Money Security Interest” means a Lien created or assumed by an Obligor securing Debt incurred to finance the unpaid acquisition price of personal Property provided that (i) such Lien is created concurrently with or prior to the acquisition of such personal Property, (ii) such Lien does not at any time encumber any Property other than the Property financed or refinanced (to the extent the principal amount is not increased) by such Debt, (iii) the principal amount of Debt secured thereby is not increased subsequent to such acquisition, and (iv) the principal amount of Debt secured by any such Lien at no time exceeds 100% of the original purchase price of such personal Property at the time it was acquired, and for the purposes of this definition the term “acquisition” shall include a Capital Lease and the term “acquire” shall have a corresponding meaning.

“Qualifying Transaction” has the meaning set forth in the Offering Memorandum.

“**RBC Visa Debt**” means Debt of up to \$72,500 owing by the Borrower (and following the Amalgamation, Amalco) to Royal Bank of Canada in connection with credit cards issued by Royal Bank of Canada to the Borrower.

“**Regulatory Authority**” means any Governmental Authority that has responsibility in any country or group of countries over the development, manufacture or commercialization of a Product, including the U.S. Food and Drug Administration, Health Canada and the European Medicines Agency, and any successor agency thereof.

“**Repayment Schedule**” means the Schedule of repayment of principal of the Loan attached hereto as Schedule 3.1(b).

“**Requirements of Law**” means, as to any Person, the Organizational Documents of such Person and any Applicable Law, or determination of a Governmental Authority, in each case, applicable to or binding upon such Person or any of its business or Property or to which such Person or any of its business or Property is subject.

“**Revenue Code**” means the United States Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto, and the regulations and published interpretations thereof.

“**Revenues**” means, for any period, consolidated gross income for such period.

“**Royalty Fees**” has the meaning set forth in Section 4.6(b)(i).

“**Sanctioned Entity**” means (i) a country or a government of a country, (ii) an agency of the government of a country, (iii) an organization directly or indirectly controlled by a country or its government, (iv) a Person resident in, or determined to be resident in, a country, in each case, that is subject to a country sanctions program administered and enforced by OFAC.

“**Sanctioned Person**” means a person named on the list of Specially Designated Nationals maintained by OFAC (including on account of its membership in a Controlled Group).

“**Securities Account**” means any “securities account” as such term is defined in the *Personal Property Security Act* (Ontario).

“**Security**” means the Liens created by the Security Documents.

“**Security Documents**” means the documents set out in Section 6.1.

“**Statement of Net Sales**” has the meaning set forth in Section 9.1(1) below.

“**Subsidiary**” means, with respect to a Person, any corporation of which more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time stock of any other class of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, owned by the Person or by any partnership or other corporate entity of which more than fifty percent (50%) of the outstanding equity interests are at the time, directly or indirectly, owned by the Person.

“**Taxes**” shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any foreign, federal, provincial, state, local or other jurisdiction or any Governmental Authority thereof or political subdivision or taxing authority therein, including any interest, additions to tax or penalties applicable thereto.

“**TSXV**” means the TSX Venture Exchange.

“**TTM EBITDA**” means, at any date, EBITDA for the twelve (12) months immediately preceding such date.

“**Violation Notice**” means any notice received by a Person, from any Governmental Authority under any Environmental Law that such Person or any of its Property is not in compliance with the requirements of any Environmental Law, if such non-compliance would reasonably be expected to have a Material Adverse Effect.

1.2 Schedules and Exhibits.

The following are the Schedules and Exhibits to this Agreement, which are deemed to be a part of this Agreement:

Exhibit 1		Perfection Certificate
Schedule 3.1(b)	–	Repayment Schedule
Schedule 7.1(f)	–	Intellectual Property
Schedule 7.1(g)		Current and Prior Names
Schedule 7.1(h)		Corporate Structure
Schedule 7.1(i)	–	Litigation
Schedule 7.1(j)	–	Material Contracts and Material Licences
Schedule 7.1(o)	–	Taxes
Schedule 7.1(r)	–	Location of Collateral
Schedule 7.1(s)	–	Owned Real Property
Schedule 7.1(t)	–	Leased Real Property
Schedule 7.1(u)		Deposit Accounts and Securities Accounts
Schedule 7.1(w)	–	Labour Matters
Schedule 7.1(x)	–	Pension Plans
Schedule 7.1(gg)	–	Regulatory Matters
Schedule 8.2	–	Officer’s Compliance Certificate

1.3 Accounting Terms and Definitions.

Unless otherwise defined or specified herein, all defined terms in Section 1.1 as used in this Agreement shall have the meanings set out in such paragraph, and all accounting terms used in this Agreement shall be construed in accordance with IFRS, applied on a basis consistent in all material respects with the annual Audited Financial Statements, except as otherwise specifically prescribed herein. All accounting determinations for purposes of determining compliance with the financial covenants contained herein shall be made in accordance with IFRS as in effect on the Closing Date (unless and to the extent otherwise stipulated herein) and applied on a basis consistent in all material respects with the Audited Financial Statements, except as otherwise specifically prescribed herein. Except as otherwise specified herein, the financial statements

required to be delivered hereunder from and after the Closing Date, and all financial records, shall be maintained in accordance with sound accounting practices including, if applicable, IFRS. If IFRS shall change from the basis used in preparing the Audited Financial Statements, the Compliance Certificates required to be delivered pursuant to Section 8.2 demonstrating compliance with the covenants contained herein shall include, at the election of the Borrower or upon the request of the Lender, calculations setting forth the adjustments necessary to demonstrate how the Borrower is in compliance with the financial covenants based upon IFRS as in effect on the Closing Date.

1.4 Currency Conversion.

Whenever in this Agreement there is a need to convert Canadian dollars to U.S. dollars, or vice versa, or any other foreign currency, for the purpose of any valuation, calculation or determination (including the determination of an Equivalent for the purpose of expressing an amount in one currency as an amount in another currency), the rate of exchange to be used shall be the Bank of Canada noon spot rate (or any other rate to which the parties agree) on such day, and if that day is not a Business Day, on the immediately preceding Business Day.

1.5 Supplements, Re-enactments, Etc.

References herein to any document or legislation are, unless otherwise stated, to be construed as references to such document or legislation as amended, restated or supplemented from time to time and references to any enactment include re-enactments, amendments and extensions thereof.

1.6 Headings of Subdivisions.

The headings of subdivisions in this Agreement are for convenience of reference only, and shall not govern the interpretation of any of the provisions of this Agreement.

1.7 Gender and Number.

Words importing the singular include the plural and vice versa and words importing gender include all genders.

1.8 Monetary References.

Any reference in this Agreement to “**Dollars**”, “**dollars**” or the sign “**\$**” shall be deemed to be a reference to lawful money of Canada, unless otherwise expressly stated.

1.9 Actions on Days Other Than Business Days.

Except as otherwise specifically provided herein, where any payment is required to be made or any other action is required to be taken on a particular day and such day is not a Business Day and, as a result, such payment cannot be made or action cannot be taken on such day, then this Agreement shall be deemed to provide that such payment shall be made or such action shall be taken on the first Business Day after such day.

ARTICLE 2 - TERMS OF THE LOAN

2.1 The Loan.

Subject to the terms and conditions of this Agreement and the other Loan Documents, the Lender agrees to loan to Amalco (as Borrower) in lawful money of Canada the principal amount of \$4,000,000 to or for the account of the Borrower (the “**Loan**”) on the Funding Date. The Borrower hereby irrevocably authorizes the Lender to advance the Loan to the Borrower on the Funding Date following the completion of the Qualifying Transaction.

2.2 Maturity Date

The maturity date (the “**Maturity Date**”) shall be the date that is four (4) years following the Closing Date and if such date is not a Business Day, the first Business Day following such date; provided, however, that the Borrower shall have the option to extend the Maturity Date for up to four (4) successive additional twelve (12) month periods until no later than the date that is eight (8) years following the Closing Date, or the next following Business Day, if applicable, if according to the Certification of Revenue the Borrower’s Revenues for the Measurement Period for the fiscal year previous to the year in which the Borrower wishes to extend the Maturity Date and commencing with the Measurement Period ending December 31, 2018 exceed \$40,000,000 (the “**Revenue Threshold**”). If the Revenue Threshold for the previous Measurement Period exceeds the Revenue Threshold and provided that there is then no Default or Event of Default then occurring, the Borrower may send three months’ prior written notice to the Lender indicating that it wishes to extend the Maturity Date for an additional twelve (12) month period and the Maturity Date shall be automatically extended without any further action by the Lender or the Borrower. In the event that the Borrower fails to send such prior written notice of its intention to renew, the Maturity Date shall not be extended.

ARTICLE 3 - PAYMENT

3.1 Payments on Principal.

(a) Notwithstanding anything else set forth in this Agreement , the Borrower shall pay in full to the Lender the outstanding principal amount on the Loan, together with all accrued and unpaid interest thereon and any other accrued and unpaid Obligations (including, in the case of clause (ii) below, any Prepayment Fee), on the earliest to occur of: (i) the Maturity Date; and (ii) the date of the acceleration of the Obligations pursuant to Section 11.2 of this Agreement.

(b) On each Interest Payment Date through to the original Maturity Date, commencing with the Interest Payment Date falling on June 30, 2017 and in addition to the interest payments set forth in Section 4.2, the Borrower shall pay to the Lender on account of principal of the Loan the amount set forth on the Repayment Schedule. In the event that the Maturity Date is extended in accordance with Section 2.2, the Borrower will thereafter pay to the Lender, on each Interest Payment Date starting on such date until the Maturity Date of the Loan as so extended, payments on account of the principal of the Loan equal to one-sixteenth (1/16) of the principal amount of the loan that was outstanding on the original Maturity Date.

(c) All payments to be made by the Borrower to the Lender hereunder shall be made to the Lender by wire transfer in accordance with the wire instructions given by the Lender to the Borrower in writing from time to time.

3.2 Optional Prepayments.

(a) Subject to the terms hereof, the Borrower may prepay the outstanding principal of the Loan (in whole but not in part) at any time following the Funding Date, subject to the concurrent payment to the Lender of a prepayment fee calculated in accordance with Section 3.2(b) (the “**Prepayment Fee**”), together with all accrued and unpaid interest thereon, provided that the Lender receives not less than 10 Business Days’ notice of such prepayment.

(b) The Prepayment Fee shall be equal to the greater of (i) the total unpaid annual interest that would have been payable by the Borrower to the Lender during the year in which the prepayment is made in accordance with Section 3.2(a) and (ii)

- (i) \$600,000, if such prepayment is made during the period beginning on the Funding Date and ending May 21, 2016;
- (ii) \$400,000, if such prepayment is made during the period beginning May 22, 2016 and ending May 21, 2017; and
- (iii) \$200,000, if such prepayment is made during the period beginning May 22, 2017 and ending on the Maturity Date, as extended pursuant to the terms hereof.

The reference to “year” in this Section 3.2(b) means the twelve month period beginning May 22nd and ending May 21st of each year.

(c) Any amounts prepaid or repaid shall not be re-borrowed. All amounts prepaid or repaid shall be applied (i) firstly in reduction of accrued and unpaid interest and all other amounts then outstanding (other than the principal amount of the Loan), and (ii) thereafter, in reduction of the principal amount of the Loan being prepaid or repaid.

3.3 General Matters.

All payments made by the Borrower shall be made without set-off, recoupment or counterclaim. The Loan shall, if requested by the Lender, in the Lender’s sole discretion, be evidenced by one or more promissory notes in form and substance satisfactory to the Lender. However, if such Loan is not so evidenced, the Loan made by the Lender, including rates of interest, fees and other charges, may be evidenced by entries upon the books and records maintained by the Lender which books and records shall constitute conclusive evidence thereof in the absence of manifest error.

ARTICLE 4 - INTEREST, FEES AND CHARGES

4.1 Rate of Interest.

Subject to Section 4.3, the principal amount of the Loan and other outstanding Obligations shall bear interest from the Funding Date to the date paid (a) at a rate equal to 15% for the period from the Funding Date to the initial Maturity Date and (b) for the period beginning the date of any extension of the initial Maturity Date, at a rate equal to the greater of (i) 15% per annum and (ii) the Prime Rate in effect from time to time plus 10%. In each case, the interest rate shall be compounded quarterly on each Interest Payment Date and shall be payable in arrears in accordance with Section 4.2 and calculated in accordance with Section 4.4.

4.2 Payment of Interest.

The Borrower shall pay the Lender all accrued and unpaid interest on the principal amount of the Loan and the outstanding amount of other Obligations quarterly in arrears in cash on each Interest Payment Date. The Lender agrees to defer the payment of any interest due and owing hereunder until the Interest Payment Date falling on June 30, 2017. Such deferred interest and any interest owing on the Maturity Date that is not paid on the Maturity Date, will be added to the principal amount hereunder on each Interest Payment Date and will accrue interest thereon at the interest rate referred to in Section 4.1 above or, if applicable, the default interest rate referred to in Section 4.3 below.

4.3 Default Rate of Interest.

Upon and after the occurrence of an Event of Default under Section 11.1, and during the continuation thereof, the principal amount of the Loan and the other Obligations shall bear interest at a rate per annum equal to the interest rate otherwise payable pursuant to Section 4.1 plus five percent (5%) and such interest shall be calculated daily and compounded quarterly and shall be payable on demand by the Lender.

4.4 Computation of Interest and Fees.

Interest hereunder shall be determined daily and compounded quarterly not in advance, both before and after demand, default and judgment and shall be computed on the basis of a year of three hundred-sixty-five (365) days or three hundred-sixty-six (366) days, as applicable, and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). For the purpose of the *Interest Act* (Canada) only, the yearly rates of interest to which the rates applicable to the Loan are equivalent are the rates so determined, multiplied by the actual number of days in the year divided by three hundred and sixty-five (365) or three hundred and sixty-six (366), as the case may be.

4.5 Maximum Interest.

It is the intent of the parties that the rate of interest and the other charges to the Borrower under this Agreement shall be lawful; therefore, if for any reason the interest or other charges payable under this Agreement are found by a court of competent jurisdiction, in a final determination, to exceed the limit which the Lender may lawfully charge the Borrower, then the obligation to pay interest and other charges shall automatically be reduced with retroactive effect to such limit and,

if any amount in excess of such limit shall have been paid, then such amount shall be refunded to the Borrower.

4.6 Fees

- (a) **Work Fee.** The Borrower will pay to the Lender a work fee equal to \$20,000 (the “**Work Fee**”), which will be payable at the earlier of May 29, 2015 and the Funding Date. For greater certainty, the said fee is payable whether or not the conditions of Section 10.1 are satisfied.
- (b) **Royalty, Equity and Distribution.** As an additional fee owing by the Borrower to the Lender in connection with and subject to the terms and conditions of this Agreement (including, for certainty, Section 5.2), the Borrower shall:
 - (i) following completion of the Qualifying Transaction and until the Maturity Date (as may be extended hereunder and, for certainty, notwithstanding any prepayment of the Loan), be obliged to make a mandatory payment to the Lender on a Fiscal Quarter basis, which payment shall be equal to one-half percent (0.5%) of the Net Sales by the Borrower of Products in any jurisdiction for that Fiscal Quarter (the “**Royalty Fees**”). The payment shall be remitted not later than sixty (60) days following the end of each Fiscal Quarter together with the Statement of Net Sales; and
 - (ii) issue the Lender’s Equity on or before the Funding Date.

For greater certainty, the Borrower’s obligation to pay the Work Fee and the Royalty Fees, and its obligation to issue the Lender’s Equity and enter into the Lender Distribution Agreement shall be subject to Section 5.2 and, for greater certainty, shall survive payment of the Obligations and the termination of this Agreement (other than in the event of an Outside Date Termination Event in accordance with 5.2(a)).

4.7 Lender’s Expenses.

The Borrower shall reimburse the Lender for all reasonable and documented costs and expenses (including without limitation, reasonable consultant’s fees and expenses and reasonable legal fees and expenses in each applicable jurisdiction) incurred by the Lender in connection with:
(a) the documentation and consummation of this transaction (whether or not this transaction is consummated) including, without limitation, security and other public record searches, lien filings, express mail or similar express or messenger delivery, due diligence costs and expenses,
(b) its seeking to collect, protect or enforce any rights in or to the Collateral or incurred by the Lender in seeking to collect any Obligations and to administer and enforce any of its rights under this Agreement and the other Loan Documents. All such costs, expenses and charges incurred on or prior to the Funding Date shall be paid on the Funding Date. Notwithstanding the foregoing or anything contained herein to the contrary, the Obligors shall not be responsible to reimburse the Lender in excess of \$70,000 for all such costs, expenses and charges incurred on or prior to the Funding Date. All such costs, expenses and charges incurred after the Funding Date will constitute Obligations hereunder, shall be payable by the Borrower to the Lender on demand

and, if overdue by 30 days or more, until paid, will bear interest at the default interest rate set forth in Section 4.3 above.

4.8 Illegality.

If any Applicable Law coming into force after the Closing Date, or if any change in any existing Applicable Law or in the interpretation or application thereof by any court or Governmental Authority, now or hereafter makes it unlawful for the Lender to have advanced or acquired interest in the Loan or to give effect to its obligations in respect thereof, the Lender may, by written notice thereof to the Borrower, declare its obligations under this Agreement to be terminated, and the Borrower shall prepay, within the time required by such law, the principal amount of the Loan together with accrued interest thereon and any other amounts owing under this Agreement as may be applicable to the date of such payment (excluding for the avoidance of doubt, any amount of the Prepayment Fee). If any such event shall, in the opinion of the Lender, only affect part of its obligations under this Agreement, the remainder of this Agreement shall be unaffected and the obligations of the Obligors under the Loan Documents shall continue.

4.9 Increased Costs.

(a) Notwithstanding any other provision herein, in the event that the introduction of or any change in any Applicable Law or in the interpretation or application thereof, or compliance by the Lender with any request or directive (whether or not having the force of law) from any Governmental Authority:

- (i) subjects the Lender to any new tax of any kind whatsoever with respect to this Agreement, the other Loan Documents or the Loan, or changes the basis of taxation of payments to the Lender of principal, interest or any other amount payable hereunder (except for Non-Excluded Taxes in respect of which the Lender has received in full the additional amounts described in Section 12.2(iii) and Excluded Taxes); or
- (ii) imposes, modifies, holds applicable any reserve, special deposit, compulsory loan or similar requirement against Property held by, or deposits or other obligations in or for the account of, advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of the Lender,

and the result of any of the foregoing is to materially increase the cost to the Lender of agreeing to make, making, continuing or maintaining or participating in the Loan, or to materially reduce any amount receivable thereunder then, in any such case, the Borrower shall pay the Lender, after demand by the Lender, any additional amounts necessary to compensate the Lender on an after-tax basis for such additional cost or reduced amount receivable with respect to any Loan Document or the Loan made hereunder.

ARTICLE 5 - TERMINATION AND REDUCTION

5.1 Termination.

This Agreement shall be in effect from the date hereof until the indefeasible repayment and performance in full of the Obligations upon the Maturity Date as extended, if applicable (unless the Obligations become due and payable pursuant to Article 11 hereof in which case the Borrower shall immediately pay all of the Obligations, or are prepaid in accordance with Section 3.2). If the due date of the Obligations is accelerated pursuant to Article 11 hereof or if the Borrower prepays the Loan in accordance with Section 3.2 hereof, this Agreement shall terminate on the date that all such Obligations are indefeasibly paid in full. At such time as the Borrower has repaid all of the Obligations and this Agreement has terminated, notwithstanding any continuing obligations of the Borrower in respect of the Royalty Fees (including reporting obligations set forth in Section 9.1(l) and audit rights set forth in Section 8.1(e)) and Sections 12.1 and 12.2 below, the Lender shall, at the Borrower's cost and expense, deliver to the Obligors a termination, discharge and release of all security in form and substance reasonably satisfactory to the Obligors and such other documents and instruments as the Obligors may reasonably request in order to effect or evidence the termination of this Agreement, the Security Documents and all other Loan Documents.

5.2 Outside Date Termination Event.

Notwithstanding anything contained in this Agreement to the contrary:

(a) if the Loan is not advanced by the Lender because the Qualifying Transaction shall not have been completed on or before the Outside Date, this Agreement shall automatically terminate and be of no further force and effect (the "**Outside Date Termination Event**"). In the event of an Outside Date Termination Event, the only obligations of the Obligors to the Lender hereunder shall be to pay to the Lender (i) a maximum amount not to exceed \$70,000 in relation to reasonable and documented Lender expenses pursuant to the terms of Section 4.7, and (ii) the Work Fee. For greater certainty, in the event of an Outside Date Termination Event, the Obligors shall have no obligations to the Lender in connection with the Royalty Fees, the Lender's Equity or the Lender Distribution Agreement as set forth in Section 4.6(b) or the makeup of or composition of the Board or any committee or subcommittee thereunder including as set forth in Section 9.1(x); and

(b) if (i) the Qualifying Transaction is completed but the Loan is not advanced by the Lender due to the non-satisfaction of any of the conditions precedent set forth in Section 10.1 prior to or concurrently with the completion of the Qualifying Transaction (other than conditions precedent waived in writing by the Lender) or (ii) the Qualifying Transaction is not completed and the funds that the Lender invested in the Offering are not promptly returned to the Lender for any reason, the obligations of the Obligors to the Lender shall be to immediately: (i) pay to the Lender a maximum amount not to exceed \$70,000 in relation to reasonable and documented Lender expenses pursuant to Section 4.7, (ii) pay the Work Fee, (iii) pay the Royalty Fees (as well as comply with the reporting and disclosure obligations set forth herein relating thereto) from the date of the Qualifying Transaction until the Maturity Date, (iv) issue the Lender's Equity, (v) execute and deliver the Lender Distribution Agreement and (vi) pay the

Lender an amount of \$600,000 on account of additional liquidated damages (and not as a penalty).

For greater certainty, the Obligor's obligations as set forth in this Section 5.2 shall survive the termination of this Agreement.

5.3 Continuing Obligations.

Nothing in Section 5.1 shall affect any liabilities and obligations of the Obligors or the Lender set out in this Agreement or in any other Loan Document which are stated to survive payment of the Obligations and/or termination of this Agreement or the Loan Documents, as the case may be.

ARTICLE 6 - SECURITY DOCUMENTS AND COLLATERAL

6.1 Security Documents

On or prior to the Funding Date, as continuing collateral security for the payment and satisfaction of all Obligations of the Borrower to the Lender, the Borrower shall deliver or cause to be delivered by the Parent to the Lender the following Security Documents, all of which shall be in form and substance satisfactory to the Lender:

- (a) a general security agreement from the Borrower (which, for certainty, shall be legally binding and enforceable against Amalco following the Amalgamation) in favour of the Lender constituting a first-priority Lien (subject only to Permitted Liens) on all of the present and future Property (including shares owned by the Borrower, if any) of the Borrower;
- (b) a guarantee from the Parent in favour of the Lender guaranteeing the Obligations;
- (c) a general security agreement from the Parent in favour of the Lender constituting a first-priority Lien (subject only to Permitted Liens) on all of the present and future Property (including any shares) of the Parent (including for greater certainty, the shares of Amalco issued to Parent following the Amalgamation);
- (d) the Shares of Amalco, duly endorsed for transfer in blank;
- (e) a certificate of insurance confirming the insurance coverage required by this Agreement, which certificate shall indicate that the Lender is additional insured and loss payee thereunder;
- (f) Subordination agreements with htx.ca - The Health Technology Exchange in favour of the Lender;
- (g) Limitation of interest letter from the Royal Bank of Canada; and
- (h) such other agreements as the Lender may require.

6.2 Further Assurances.

The Obligors shall take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the Lender such agreements, documents and instruments as the Lender shall request, and register, file or record the same (or a notice or financing statement in respect thereof) in all offices where such registration, filing or recording is, in the opinion of the Lender or Lender's counsel, necessary or advisable to constitute, perfect and maintain the Security Documents referred to in Section 6.1 as first-ranking Liens of an Obligor, subject only to the Permitted Liens, in all jurisdictions reasonably required by the Lender, in each case within a reasonable time after the request therefor by the Lender or Lender's counsel, and in each case in form and substance satisfactory to the Lender and Lender's counsel, acting reasonably.

6.3 Security Effective Notwithstanding Date of Loan.

The Security shall be effective and the undertakings in this Agreement and the other Loan Documents with respect thereto shall be continuing, whether the monies hereby or thereby secured or any part thereof shall be advanced before or after or at the same time as the creation of any such Security or before or after or upon the date of execution of this Agreement. The Security shall not be affected by any payments on this Agreement or any of the other Loan Documents, but shall constitute continuing security to and in favour of the Lender for the Obligations from time to time.

6.4 No Merger.

The Security shall not merge in any other security. No judgment obtained by or on behalf of the Lender shall in any way affect any of the provisions of this Agreement, the other Loan Documents or the Security. For greater certainty, no judgment obtained by or on behalf of the Lender shall in any way affect the obligation of the Borrower to pay interest or other amounts at the rates, times and in the manner provided in this Agreement.

6.5 Release of Security.

Following due payment and performance in full of all Obligations of the Obligors under this Agreement and the other Loan Documents, the Lender will, at the cost and expense of the Borrower, promptly release and discharge the right and interest of the Lender in the Collateral.

In addition, if any Property of an Obligor is Disposed of as permitted by this Agreement or is otherwise released from the Security at the direction or with the consent of the Lender, at the request, cost and expense of the Borrower (on satisfaction, or on being assured of concurrent satisfaction, of any condition to or obligation imposed with respect to such Disposition), the Lender shall promptly discharge such Property from the Security and deliver and re-assign to the applicable Obligor or its Subsidiaries (without any representation or warranty) any of such Property as is then in the possession of the Lender.

ARTICLE 7 - REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties.

The Obligors, as applicable, hereby make the following representations and warranties as of the date hereof and again upon and after giving effect to the Qualifying Transaction (at which point, for greater certainty, such representations, warranties and covenants shall be made by and on behalf of the Borrower and the Parent):

(a) **Existence and Qualification.** Each of the Obligors (i) has been duly incorporated, amalgamated, formed, merged or continued, as the case may be, and is validly subsisting and in good standing as a corporation, company or partnership, under the laws of its jurisdiction of incorporation, amalgamation, merger, formation or continuance, as the case may be, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business except for non-qualification which has no adverse effect on the Business, and (iii) has all required Material Licences.

(b) **Power and Authority.** Each of the Obligors has the corporate, company or partnership power, capacity and authority, as the case may be, (i) to enter into, and to exercise its rights and perform its obligations under, the Loan Documents to which it is a party and all other instruments and agreements delivered by it pursuant to any of the Loan Documents, and (ii) to own its Property and carry on its business as currently conducted.

(c) **Execution, Delivery, Performance and Enforceability of Documents.** The execution, delivery and performance of each of the Loan Documents to which an Obligor is a party, and every other instrument or agreement delivered by an Obligor pursuant to the Offering and the Qualifying Transaction has been duly authorized by all corporate or limited liability company, as the case may be, actions required, and each of such documents has been duly executed and delivered by it. Each Loan Document to which an Obligor is a party constitutes the legal, valid and binding obligation such Obligor, enforceable against such Obligor in accordance with its respective terms (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity).

(d) **Compliance with Applicable Laws, Organizational Documents and Contractual Obligations.** None of the execution or delivery of, the consummation of the transactions contemplated in, or the compliance with the terms, conditions and provisions of any of, the Loan Documents or any of the agreements or documents delivered in connection with the Offering and the Qualifying Transaction by an Obligor conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under or contravention of, any Requirement of Law in any material respect (other than the TSXV approval, it being understood that TSXV conditional approval will have been obtained by the Funding Date), any Obligor's Organizational Documents or any Material Contract or Material Licence, or results or will result in the creation or imposition of any Liens upon any of its Property except for Permitted Liens.

(e) **Consent Respecting Loan Documents.** Each of the Obligors has obtained, made or taken all consents, approvals, authorizations, declarations, registrations, filings, notices and other actions whatsoever required (except for registrations or filings which

may be required in respect of the Security Documents and for the TSXV approval, it being understood that the TSXV conditional approval will have been obtained by the Funding Date) to enable it to execute and deliver each of the Loan Documents to which it is a party and to consummate the transactions contemplated in the Loan Documents, and to complete and implement the Offering and the Qualifying Transaction and to execute and deliver each of the instruments and agreements delivered by it in connection with the foregoing and to consummate the transactions contemplated in such instruments and agreements except where the failure to do so is immaterial considering the nature of the Offering, the Qualifying Transaction and the Loan Documents.

(f) **Intellectual Property.**

(i) Each of the Obligors possesses, and shall continue to possess, adequate Intellectual Property to continue to conduct its Business as heretofore conducted by it, details of all of which as of the Closing Date are described on Schedule 7.1(f).

(ii) Except as set forth in Schedule 7.1(f), each of the Obligors will be entitled to continue to use, practice and exercise rights in, all of the Intellectual Property.

(g) **Current and Prior Names.** Each of the Obligor's current and prior names, trade-names and division names and those proposed to be used after giving effect to the Qualifying Transaction are described on Schedule 7.1(g).

(h) **Corporate Structure.** The Borrower has no Subsidiaries. The only Subsidiary of the Parent following the Qualifying Transaction shall be the Borrower. The corporate structure of the Obligors as of the date hereof and after giving effect to the Qualifying Transaction is as set forth in Schedule 7.1(h). No Obligor is engaged in any joint venture or partnership with any other Person.

(i) **Litigation.** Except as described in Schedule 7.1(i), to the best of each Obligor's knowledge after due inquiry, there are no actions, suits, counterclaims or proceedings which are pending or threatened against an Obligor which if adversely determined would have a Material Adverse Effect.

(j) **Material Contracts and Licences.** Schedule 7.1(j) (as amended from time to time and updated in accordance with delivery of a Compliance Certificate pursuant to Section 8.2), accurately sets out all Material Contracts and Material Licences. A true and complete certified copy of each Material Contract and Material Licence existing at the Closing Date, has been delivered to the Lender and each Material Contract and Material Licence is in full force and effect. No event has occurred and is continuing which would constitute a material breach of or a default under any such Material Contract or Material Licence. Each Material Contract to which an Obligor is a party is binding upon such Obligor and, to its knowledge, is a binding agreement of each other Person who is a party to the Material Contract. It has obtained, as of the Closing Date, all necessary consents, to the granting of a security interest in accordance with each Material Contract and Material Licence pursuant to the Security Documents, for greater certainty, to the extent required by such agreements.

(k) **No Liens.** No security agreement, financing statement or analogous instrument exists as at the Closing Date with respect to any of the Collateral other than any security agreement, financing statement or analogous instrument evidencing Permitted Liens.

(l) **Title to Collateral.** Each of the Obligors is the lawful owner of all Collateral now purportedly owned or hereafter purportedly acquired by it, free from all Liens, whether voluntarily or involuntarily created and whether or not perfected, other than Permitted Liens.

(m) **Financial Information.** All of the quarterly and annual financial statements of the Borrower or other financial information which have been furnished to the Lender, in connection with this Agreement or the Offering or the Qualifying Transaction are complete in all material respects and such financial statements or other financial information fairly present the results of operations and financial position of the Borrower as of the dates referred to therein and have been prepared in accordance with IFRS. All other financial information (including, without limitation, the Annual Business Plan) provided to the Lender are complete in all material respects and based on reasonable assumptions and expectations.

(n) **Permitted Debt.** As of the Funding Date (giving effect to the making of the Loan), no Obligor will be obligated, whether directly or indirectly, for any Debt other than the Permitted Debt. For the avoidance of doubt, as of the Funding Date, the Debt contemplated in subsection (iv) and subsection (vi) of the definition of “Permitted Debt” will be repaid and discharged or converted into equity of Amalco.

(o) **Taxes.** Except as disclosed in Schedule 7.1(o), each of the Obligors has duly and timely filed all Tax returns required to be filed by it and has paid or made adequate provision for the payment of all Taxes levied on its Property or income which are showing therein as due and payable, including interest and penalties, or has accrued such amounts in its financial statements for the payment of such Taxes except for Taxes which are not material in amount or which are not delinquent or if delinquent are being contested, and there is no material action (except, after the date of this Agreement, as is disclosed to the Lender in writing), suit, proceeding, investigation, audit or claim now pending, or to its knowledge, threatened by any Governmental Authority regarding any Taxes nor has it agreed to waive or extend any statute of limitations with respect to the payment or collection of Taxes. There is no material Tax liability to the Obligors that will arise as a result of the completion of the Qualifying Transaction.

(p) **Full Disclosure.** All information provided or to be provided to the Lender by or on behalf of an Obligor in connection with the Loan and the Offering and the Qualifying Transaction is, such Obligor’s knowledge, true and correct in all material respects and none of the documentation furnished to the Lender by or on behalf of it, to such Obligor’s knowledge, omits or will omit as of such time, a material fact necessary to make the statements contained therein not misleading in any material way, and all expressions of expectation, intention, belief and opinion contained therein were honestly made on reasonable grounds (and any other Person who furnished such material on behalf of it).

(q) **Insolvency.** Each of the Obligors (i) has not committed any act of bankruptcy, (ii) is not insolvent, has not proposed, nor has it given notice of its intention to propose, a compromise or arrangement to its creditors generally, (iii) has not had any petition for

a receiving order in bankruptcy filed against it, has not made a voluntary assignment in bankruptcy, taken any proceeding with respect to any compromise or arrangement, taken any proceeding to have itself declared bankrupt or wound-up, or taken any proceeding to have a receiver appointed of any part of its Property.

(r) **Location of Collateral.** The offices where each Obligor keeps its books, records and accounts (or copies thereof) concerning the Collateral, each Obligor's principal place of business and all of the Obligors other significant places of business and significant locations of Collateral, are as set forth in Schedule 7.1(r).

(s) **Owned Real Property.** A list of the Obligor's owned real property is as set forth in Schedule 7.1(s).

(t) **Leased Real Property.** A list of Obligor's leased real property is as set forth in Schedule 7.1(t).

(u) **Deposit Accounts and Security Accounts.** A list of Obligor's Deposit Accounts and Securities Accounts is set forth in Schedule 7.1(u)

(v) **Environmental Laws.** Each of the Obligors has complied with all Environmental Laws applicable to the construction and operation of its Property and businesses, except where any non-compliance would not reasonably be expected to have a Material Adverse Effect; each Obligor has no material contingent liability with respect to non-compliance with Environmental Laws or the generation, handling, use, storage, or disposal of Materials of Environmental Concern; and, without limiting the generality of the foregoing, except as would not reasonably be expected to have a Material Adverse Effect, each of the Obligors:

(i) has not received any Action Request, Violation Notice, summons, complaint, order or other notice that it is not in compliance with, or that any Governmental Authority is investigating its compliance with, Environmental Laws:

(ii) has no knowledge or reason to believe that operations or any Property of or occupied by such Obligor or in such Obligor's charge, management or control are not in compliance with all applicable Environmental Laws and each of its Properties is free:

(A) from contamination by, and there has not been thereon a release, discharge or emission of, any Materials of Environmental Concern which is prohibited, controlled or regulated under any Environmental Law; and

(B) of underground storage tanks, landfills, land disposals and dumps;

(iii) has not filed any notice, or received notice, under any Applicable Law, including any Environmental Law, indicating past or present treatment, storage or disposal of a Material of Environmental Concern or reporting any spill or release of a Material of Environmental Concern into the environment;

(iv) has no contingent liability of which such Obligor has knowledge or reasonably should have knowledge in connection with any release of any Material of Environmental Concern;

(v) does not generate, transport, treat or dispose of any Material of Environmental Concern in any manner which is not in compliance with all applicable Environmental Laws; and

(vi) has not disposed of any Material of Environmental Concern in or on the ground of such Obligor's real properties or premises leased by such Obligor.

(w) **Labor Matters.** Except as provided on Schedule 7.1(w):

(i) there is no collective bargaining agreement or other labour contract covering employees of the Obligors;

(ii) there is no pending or, to the best of its knowledge, threatened strike, work stoppage, material unfair labour practice claims, or other material labour dispute against or affecting an Obligor or its employees which would reasonably be expected to have a Material Adverse Effect;

(iii) there are no controversies pending or threatened between any Obligor and any of its employees, other than employee grievances arising in the ordinary course of business which would not reasonably be expected to have a Material Adverse Effect; and

(iv) each Obligor is in compliance in all material respects with all Applicable Laws respecting employment and employment terms, conditions and practices, except where the failure to so comply would not reasonably be expected to have a Material Adverse Effect.

(x) **Pension Plans.** Except as disclosed on Schedule 7.1(x), the Obligors do not sponsor or maintain or contribute to a Pension Plan. With respect to any Pension Plan adopted or to which any Obligor may become obliged to contribute, no failure to remit contributions (other than immaterial amounts) has occurred with respect to any such Pension Plan, that is sufficient to give rise to a Lien under any Applicable Laws of any jurisdiction (other than a Permitted Lien), and no condition exists and no event or transaction has occurred with respect to any such Pension Plan which could result in the incurrence by such Obligor of any material liability, fine or penalty. Each Pension Plan is in compliance in all material respects with all Applicable Laws pertaining to pension benefits and Tax laws, (i) 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 Laws and the terms of such Pension Plan have been made in accordance with all Applicable Laws and the terms of such Pension Plan, except for amounts which are immaterial, (ii) all liabilities under such Pension Plan are fully funded, on a going concern and solvency basis, in accordance with the terms of the respective Pension Plans, the requirements of applicable pension benefits laws and of applicable regulatory authorities and the most recent actuarial report filed with respect to the Pension Plan. No event has occurred and no conditions exist with respect to any such Pension Plan that has resulted or could reasonably be expected to result in such Pension Plan having its registration revoked or refused for the purposes of any applicable pension benefits or tax laws or being placed under the 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.

(y) **Computer Software.** Each of the Obligor owns or has licensed for use or otherwise has the right to use or to acquire or licence all of the material software necessary to conduct its businesses. All computer equipment owned or used by an Obligor and necessary for the conduct of business has been properly maintained and is in good working order for the purposes of on-going operation, subject to ordinary wear and tear for computer equipment of comparable age.

(z) **Insurance.** The Borrower has maintained and maintains insurance which is in full force and effect that complies with all of the requirements of this Agreement.

(aa) **OFAC, Etc.** The Borrower has conducted all transactions, negotiations, discussions and dealings in full compliance with anti-bribery and anti-corruption laws and regulations applicable in any jurisdiction in which they are located or conducting business (collectively “**Applicable Anti-Corruption Laws and Regulations**”). The Borrower has not made any offer, payment, promise to pay or authorization of payment of money or anything of value to any government official, or any other person while having reasonable grounds to believe that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to a government official, for the purpose of (i) assisting the parties in obtaining, retaining or directing business; (ii) influencing any act or decision of a government official in his or its official capacity; (iii) inducing a government official to do or omit to do any act in violation of his or its lawful duty, or to use his or its influence with a government or instrumentality thereof to affect or influence any act or decision of such government or department, agency, instrumentality or entity thereof; or (iv) securing any improper advantage;

(bb) **AML.** The operations of the Borrower are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Authority (collectively, the “**Applicable Money Laundering Laws**”) and no action, suit or proceeding by or before any Governmental Authority involving the Borrower with respect to Applicable Money Laundering Laws is, to the knowledge of the Borrower, pending or threatened;

(cc) **No Margin Stock.** No Obligor is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock. None of the proceeds of the Loan shall be used to purchase or carry, or to reduce or retire or refinance any credit incurred to purchase or carry, any margin stock (within the meaning of Regulations U and X of the Board of Governors of the Federal Reserve System of the United States) or to extend credit to others for the purpose of purchasing or carrying any margin stock.

(dd) **Perfection Certificate.** The information set forth in the Perfection Certificate (and each Perfection Certificate delivered in accordance herewith) is true, correct and complete as of the date set forth therein and will be true, correct and complete on the Closing Date.

(ee) **No Material Adverse Effect.** No event has occurred which has had or could reasonably be expected to have a Material Adverse Effect.

(ff) **No Default or Event of Default.** No Default or Event of Default has occurred and is continuing.

(gg) **Regulatory Matters.**

(i) Except as set out in Schedule 7.1(gg), each Product that is subject to the Applicable Laws promulgated by a Regulatory Authority, is manufactured, packaged, labelled, imported, exported, stored, distributed, sold (whether or not for consideration), advertised and marketed in compliance with all such Applicable Laws, (except for immaterial non-compliance) as well as all material terms and conditions imposed in any licences and permits issued in respect of the Products.

(ii) Neither the Borrower nor, to the knowledge of the Borrower, any officer, employee, contractor or agent of the Borrower has ever made an untrue statement of material fact or fraudulent statement to a Regulatory Authority or failed to disclose a material fact required to be disclosed to a Regulatory Authority.

(iii) Except as set out in Schedule 7.1(gg), no Product has been recalled, withdrawn, suspended or discontinued (other than for commercial or business reasons) by Borrower at any time, and Borrower has not received any information or report from any Governmental Authority, indicating that any of the Products, or ingredients therein, are unsafe or unsuitable for its intended use or pose an unacceptable health risk.

(iv) To the knowledge of Borrower after due inquiry, none of the Products or ingredients therein have been the subject of a warning, consumer alert or other cautionary statement issued by any Governmental Authority nor is there any ongoing complaint or investigation by any Governmental Authority relating to the advertising or marketing practices used for any Product. Other than as provided for in Schedule 7.1(gg), Borrower is not aware of any facts that would indicate that any Governmental Authority has or will prohibit or materially restrict the marketing, sale, distribution or use in the United States, Canada or Europe of any Product or the operation or use of any facility currently used to produce, manufacture or distribute the Products.

(hh) None of the foregoing representations and warranties and no document furnished by or on behalf of the Obligors to the Lender in connection with the negotiation of the transactions contemplated by this Agreement contain any untrue statement of a material fact or omit to state any material fact necessary to make any such statement or representation (taken as a whole) not materially misleading at such time in light of the circumstances under which such information or data was furnished.

7.2 Survival of Representations and Warranties.

Each of the Obligors represents, warrants and covenants that all representations, warranties and covenants contained in this Agreement (whether appearing in Article 7 or elsewhere) shall be true, correct and complete at the time of the Borrower's execution of this Agreement, at the time of the Parent's execution and delivery of the Loan Documents to which it is a party and on the Funding Date, shall survive the execution, delivery and acceptance hereof by the parties hereto and the closing of the transactions described herein or related hereto, shall, except for representations and warranties that relate solely to an earlier date, remain true, correct and

complete until the indefeasible repayment and performance in full of all of the Obligations and termination of this Agreement.

ARTICLE 8 - SCHEDULES AND REPORTS

8.1 Financial Information.

The Borrower shall deliver or cause to be delivered to the Lender the following financial information:

(a) no later than sixty (60) days after the end of the Borrower's first three Fiscal Quarters each year, copies of (i) internally prepared Consolidated Financial Statements of the Parent and (ii) a Statement of Net Sales for the prior Fiscal Quarter;

(b) no later than one hundred twenty (120) days after the end of each Fiscal Year of the Borrower, copies of annual Consolidated Audited Financial Statements of the Parent, along with a comparison to the budget set forth in the Annual Business Plan and the previous year;

(c) no later than thirty (30) days prior to the commencement of each Fiscal Year of the Borrower, a draft copy of the Annual Business Plan (in form and substance satisfactory to the Lender) approved by the board of directors of the Parent, and, within twenty (20) days of the delivery of the Consolidated Audited Financial Statements pursuant to subsection 8.1(b) above, a copy of the Annual Business Plan previously delivered, as modified;

(d) no later than twenty-five (25) days after the end of each calendar month, copies of the Cash Balance Statements; and

(e) on or prior to the date that is one hundred twenty (120) days following the end of each Fiscal Year (starting in 2018 with respect to the 2017 Fiscal Year), the Borrower shall provide the Lender with a Certification of Revenue.

The Borrower's reporting obligation in Section 8.1(e) shall survive the termination of this Agreement and for so long as Royalty Fees remain payable hereunder.

8.2 Compliance Certificate.

With each Financial Statement delivered pursuant to Sections 8.1(a), 8.1(b) and 8.1(d), the Borrower shall deliver to the Lender a Compliance Certificate. For greater certainty, the Compliance Certificate with respect to the Cash Balance Statement will be delivered monthly when due under Section 8.1(d).

8.3 Other Matters.

At such times as may be requested by the Lender from time to time hereafter, the Obligors shall deliver to the Lender (i) such additional schedules, certificates, reports and information with respect to the Collateral as the Lender may from time to time reasonably require, including, but not limited to, non-consolidated financial statements of the Borrower; (ii) a collateral assignment of any or all items of property held by an Obligor, from time to time, to the Lender or as the

Lender may direct in order to perfect and further establish the security interests in favour of the Lender in such property in accordance with this Agreement (to the extent not otherwise previously perfected under a Loan Document). All schedules, certificates, reports and assignments and other items delivered by the Obligors to the Lender hereunder shall be executed by an authorized representative of such Obligor, and shall be in such form and contain such information as the Lender shall reasonably request. The Lender, through its officers, employees or agents, shall have the right, upon reasonable notice at any time and from time to time in the Lender's name, in the name of a nominee of the Lender or in Borrower's name, to verify the validity, amount or any other matter relating to any of the Collateral, by mail, telephone, telegraph or otherwise. The Borrower shall reimburse the Lender, on demand, for all reasonable receipted costs, fees and expenses incurred by the Lender in this regard.

ARTICLE 9 - COVENANTS

9.1 Covenants.

Until indefeasible payment and performance in full of all Obligations and termination of this Agreement, unless the prior written consent of the Lender waiving or modifying any covenants hereunder in any specific instance is obtained, each of the Obligors, as applicable, shall:

(a) **Timely Payment.** Make due and timely payment of the Obligations required to be paid by it hereunder.

(b) **Conduct of Business, Maintenance of Existence, Compliance with Laws.** Carry on and conduct its business and operations in a proper, efficient and businesslike manner, in accordance with good business practice except for non-compliance which would not have a Material Adverse Effect; preserve, renew and keep in full force and effect its existence; and take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business and to comply in all material respects with all Material Contracts, Material Licences and Requirements of Law.

(c) **Further Assurances.** Provide the Lender with such other documents, opinions, consents, acknowledgements and agreements as are reasonably necessary to implement this Agreement and the other Loan Documents from time to time.

(d) **Access to Information.** Promptly provide the Lender with all information reasonably requested by the Lender from time to time concerning its financial condition and Property, and during normal business hours and from time to time upon reasonable notice, permit representatives of the Lender to inspect any of its Property and to examine and take extracts from its financial books, accounts and records including but not limited to accounts and records stored in computer data banks and computer software systems, and to discuss its financial affairs, its business or any part of its Property with its senior officers and (in the presence of such of its representatives as it may designate) its Auditor. If a Default or Event of Default is then continuing, the Borrower will pay all reasonable expenses incurred by such representatives in order to visit the Obligor's premises or attend at the Obligor's principal office, as applicable, for such purposes.

(e) **Obligations and Taxes.** Pay or discharge or cause to be paid or discharged, before the same shall become delinquent (i) all Taxes imposed upon it or upon its

income or profits or in respect of its business or Property and file all tax returns in respect thereof; (ii) all lawful claims for labour, materials and supplies; (iii) all required payments under any of its Debt (other than pursuant to the terms of any subordination agreement relating to Permitted Subordinated Debt), and (iv) all other obligations; provided, however that it shall not be required to pay or discharge or to cause to be paid or discharged any such amount so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and, in the case of clause (i) above, an adequate reserve in accordance with IFRS has been established in its books and records.

(f) **Use of Loan.** Use the proceeds of the Loan only to (i) finance the expenses related thereto or related to this Agreement, the other Loan Documents and the Qualifying Transaction, if desired, (ii) repay Debt as contemplated herein, and (iii) finance working capital for the Business.

(g) **Insurance.** Each Obligor shall maintain or cause to be maintained with reputable insurers coverage against risk of loss or damage to its Property (including public liability and damage to property of third parties) and business interruption insurance of such types as is customary for and would be maintained by a corporation with an established reputation engaged in the same or similar business in similar locations and provide to the Lender, as requested (acting reasonably), evidence of such coverage. The Borrower shall, prior to the expiry or replacement of any insurance policy, notify the Lender of the replacement and at the Lender's request send copies of all replacement policies to the Lender. Without limiting the generality of the foregoing, the Borrower will maintain product liability insurance covering at least \$1,000,000 per claim and \$3,000,000 in the aggregate. Without limiting the generality of the foregoing, the Borrower shall maintain in effect all insurance coverage reasonable and prudent for a business similar to the Business conducted in similar locations. The Lender shall be indicated in all insurance policies, as applicable, as first loss payee and additional insured, and all policies shall contain such standard mortgage clauses as the Lender shall reasonably require for the Lender's protection.

(h) **Notice of Default or Event of Default.** Promptly and, in any event within two (2) Business Days, notify the Lender of any Default or Event of Default that would apply to it which it becomes aware along with the action to be taken by such Obligor to remedy any such Default or Event of Default.

(i) **Notice of Material Adverse Effect.** Promptly notify the Lender of any Material Adverse Effect of which it becomes aware.

(j) **Notice of Litigation.** Promptly notify the Lender on becoming aware of the occurrence of any litigation, dispute, arbitration, proceeding or other circumstance the result of which if determined adversely would or could reasonably be expected to result in (a) a judgment or award against it in excess of \$100,000 or (b) a Material Adverse Effect, and from time to time provide the Lender with all reasonable information requested by it concerning the status of any such proceeding.

(k) **Other Notices.** Promptly, upon having knowledge, give notice to the Lender of:

- (i) any notice of expropriation affecting an Obligor;
- (ii) any Action Request or Violation Notice;
- (iii) any violation of any Applicable Law which does or may have a Material Adverse Effect on an Obligor;
- (iv) any material communication with or notice from TSX Venture Exchange or The Toronto Stock Exchange;
- (v) any default under any Debt in a principal amount greater than \$100,000 of an Obligor (other than pursuant to the terms of any subordination agreement relating to Permitted Subordinated Debt);
- (vi) any termination prior to maturity of or default under a Material Contract or any termination, lapse, rescission or default under a Material Licence;
- (vii) any damage to or destruction of any Property, of an Obligor having a replacement cost in excess of \$100,000;
- (viii) the acquisition of any real property by an Obligor;
- (ix) the receipt of insurance proceeds by an Obligor in excess of \$100,000;
- (x) any Lien registered against any Property of an Obligor, other than a Permitted Lien;
- (xi) the occurrence of any event referred to in Section 7.1(x);
- (xii) a Product being recalled, withdrawn, suspended or discontinued or is under consideration of being recalled, withdrawn, suspended or discontinued;
- (xiii) a Product being the subject of a warning, consumer alert or other cautionary statement issued by any Governmental Authority;
- (xiv) any information or report from any Governmental Authority indicating that any of the Products are unsafe or unsuitable for its intended use or pose an unacceptable health risk;
- (xv) any entering into of a Material Contract or Material Licence; and
- (xvi) any material adverse change in, or material adverse amendment to, or termination of a Material Contract or Material Licence.

(l) **Net Sales.** The Borrower shall keep true and accurate records of gross sales of all Products, the items deducted from the gross amount in calculating the Net Sales, the Net Sales and the mandatory royalty payment due in accordance with Section 4.6(b)(i). The Borrower shall deliver to the Lender a written statement (the “**Statement of Net Sales**”) thereof within thirty (30) days following the end of each quarter. The Statement of Net Sales shall outline the calculation of the Net Sales from gross sales of all Products during that quarter and a

computation of the sums due to the Lender and shall be in a format satisfactory to the financial officers of the Lender acting reasonably. The Lender or its designee may inspect and audit books and records relating to Net Sales to verify their accuracy and the calculation of Net Sales for each reported sale of any Product and the Statement of Net Sales generally. Such inspections will be carried out during normal business hours and upon reasonable prior written notice to the Borrower and at the sole cost and expense of the Lender, provided that if any audit shows that Borrower underpaid the Lender by more than five percent (5%), then in addition to paying the amount of underpayment, the Borrower will also reimburse the Lender for the reasonable and documented cost and expense of the related audit. The reporting requirements of the Borrower and the audit rights of the Lender identified shall survive any prepayment of the Obligations and/or the termination of this Agreement and for so long as Royalty Fees remain payable hereunder.

(m) **Environmental Compliance.** Operate its business in compliance with Requirements of Environmental Laws (except where the failure to do so would not have a Material Adverse Effect) 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 any Requirements of Environmental Law; provided, however, that if any such claim is made or any such obligation arises, the applicable Obligor shall promptly satisfy, address or contest such claim or obligation at its own cost and expense. It shall promptly notify the Lender upon: (i) learning of the existence of any Materials of Environmental Concern located on, above or below the surface of any land which it owns, leases, operates, occupies or controls (except those being stored, used or otherwise handled in compliance with Requirements of Environmental Law), or contained in the soil or water constituting such land; and (ii) the occurrence of any reportable release, spill, leak, emission, discharge, leaching, dumping or disposal of Materials of Environmental Concern that has occurred on or from such land, which, in either the case of (i) or (ii), is likely to result in liability under Requirements of Environmental Law in excess of \$100,000.

(n) **Security.** With respect to the Security Documents:

(i) provide to the Lender the Security Documents required from time to time pursuant to Article 6 in accordance with the provisions of such Article, accompanied by supporting resolutions, certificates and opinions in form and substance satisfactory to the Lender; and

(ii) do, execute and deliver all such things, documents, security, agreements and assurances as may from time to time be requested by the Lender to ensure that the Lender holds at all times valid, enforceable, perfected first-priority Liens (subject only to Permitted Liens) on the Collateral from each Obligor meeting the requirements of Article 6.

(o) **Maintenance of Property.** Keep all Property useful and necessary in its business in good working order and condition, normal wear and tear excepted, and maintain all Intellectual Property necessary to carry on its business.

(p) **Landlord Consents.** Other than in respect of premises leased by the Obligors as of the Funding Date, use its commercially reasonable efforts to obtain, in favour of the Lender, a consent agreement from a landlord of premises that are leased at any time and from

time to time by an Obligor, a consent agreement in favour of the Lender acknowledging the security granted by such Obligor in favour of the Lender and otherwise in a form satisfactory to the Landlord.

(q) **Material Contracts.** Ensure that any Material Contract is assigned by way of security in favour of the Lender by an Obligor and to obtain in favour of the Lender, if necessary for a valid assignment of or grant of a security interest in such Material Contract, an acknowledgement of a Person or Governmental Authority to such assignment.

(r) **Employee Benefit.** Maintain all employee benefit and Pension Plans relating to its business in compliance with all Applicable Laws except for immaterial non-compliance.

(s) **Additional Information.** Promptly provide the Lender, after the sending or filing thereof, with copies of all reports, notices, prospectuses and registration statements which an Obligor files with a securities commission or securities regulatory authority in any Province of Canada or any other securities commission.

(t) **Material Contracts and Material Licences.** At the request of the Lender from time to time, provide to the Lender certified copies of all Material Contracts and Material Licences.

(u) **Regulatory Matters.** Ensure that (i) all non-compliance (other than immaterial non-compliance) with regulatory matters as identified in Schedule 7.1(gg) is remedied within a reasonable period of time following the Closing Date, and (ii) all existing and future Products are licensed and/or registered, as applicable, in compliance with Applicable Laws.

(v) **Books and Records.** At all times keep accurate and complete books, records and accounts with respect to all of its business activities, in accordance with sound accounting practices and, where applicable, IFRS consistently applied, and shall keep such books, records and accounts, and any copies thereof, only at the addresses indicated for such purpose on Schedule 7.1(r);

(w) **Financial Covenants.**

(i) Minimum EBITDA. To the extent that the Loan is extended in accordance with Section 2.2, the Parent shall maintain a minimum EBITDA of \$1,000,000 for the twelve (12) months ending on June 30, 2019 and for the twelve (12) month period ending on the last day of each Fiscal Quarter thereafter.

(ii) Net Debt to TTM EBITDA Ratio. To the extent that the Loan is extended in accordance with Section 2.2, for the Fiscal Quarter ending on June 30, 2019 and at all times thereafter, the Parent shall maintain a Net Debt to TTM EBITDA Ratio of no more than 6:1.

- (iii) Cash Balance. The Borrower will maintain at all times a minimum positive cash balance equal to \$750,000 or such lower amount as is agreed to by the Lender acting reasonably (the “**Cash Balance Statement**”).

(x) **Board of Directors**. Following the Funding Date and until the repayment and performance in full of all of the Obligations and the termination of this Agreement the Lender shall be entitled to designate one individual (the “**Lender’s Nominee**”), to be an observer to or, if so determined by Lender, to be nominated and, if elected, to serve as a member of the Board. The Obligors shall support the proposal for the Lender’s Nominee, if serving as a member of the Board, to serve on the Board’s Audit and Compensation Committee or, at Lender’s option, to serve as an observer to such Committees. The Lender acknowledges that any appointment to the Board must be ratified annually by a shareholder vote at Parent’s annual general or special meetings of shareholders and the Obligors shall use commercially reasonable efforts to cause the election of the Lender’s Nominee, including soliciting proxies in favour of the election of the Lender’s Nominee in the event the Parent intends to solicit any such proxies in connection with a meeting of its shareholders. The Parent shall notify the Lender in writing immediately upon determining the date of any meeting of its shareholders at which directors of Parent are to be elected and the Lender shall advise the Parent and the Board of the name of the Lender’s Nominee within 14 Business Days after receiving such notice. The Lender will provide the Board with reasonable notice of the person it proposes to nominate to the Board, and the Board will give due consideration to the view of the independent members of the Board as to whether such person is an appropriate addition to the Board given his or her skill set. The Parent shall not be entitled to veto the Lender’s Nominee unless such Lender’s Nominee has previously been removed by a resolution of its shareholders or such Lender Nominee is a director who retired by rotation and was not re-elected by Parent’s shareholders. If the Lender’s Nominee ceases to hold office as a director of Parent for any reason, the Lender shall be entitled to nominate an individual to replace him or her and Parent shall promptly take all steps as may be necessary to appoint such individual to the Board to replace the Lender’s Nominee who has ceased to hold office. The number of persons acting as directors of the Board shall not exceed seven (7) persons without the Lender’s prior consent. The Lender’s Nominee shall be entitled, if acting as an observer or a director, to the same number of options to purchase common shares in the capital of Parent or Amalco and on the same terms and conditions as would a director of Parent.

9.2 Negative Covenants

So long as this Agreement is in force and except as otherwise permitted by the prior written consent of the Lender, none of the Obligors shall:

(a) **Disposition of Property**. Except for Permitted Dispositions, dispose of, in one transaction or a series of transactions, all or any part of its Property, whether now owned or hereafter acquired.

(b) **No Consolidation, Amalgamation, etc**. Consolidate, amalgamate (other than pursuant to the Amalgamation) or merge with any other Person, export a corporation into a jurisdiction outside of Ontario, 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 unless

prior written approval has been received by the Lender and such documentation as is required by counsel to the Lender is delivered concurrently with such transaction. The Lender hereby acknowledges having approved the Amalgamation in accordance with the terms and conditions set forth in the Offering Memorandum.

(c) **No Change of Name.** Change its name or change its jurisdiction of incorporation or formation in each case without providing the Lender with fifteen (15) days' prior written notice thereof, other than the Name Change and pursuant to the Amalgamation and as otherwise contemplated in and in accordance with the Offering Memorandum.

(d) **No Debt.** Create, incur, assume or permit any Debt to remain outstanding, other than Permitted Debt.

(e) **Operating Leases.** Create, incur, assume or permit obligations outstanding in respect to operating leases (which, for greater certainty, does not include leases of real property) such that the aggregate annual payments due on such leases exceeds \$250,000.

(f) **No Distributions.** Make any Distribution except Permitted Distributions.

(g) **No Lien.** Create, incur, assume or permit to exist any Lien upon any of its Property except a Permitted Lien.

(h) **Acquisitions.** Make any Acquisitions except, provided that no Event of Default has occurred and is continuing (or could reasonably be expected to result from such Acquisition), an Acquisition of any other Person or of all or part of the Property of any other Person or of all or part of any division, business, operation or undertaking of any other Person where the business of such Person is the same or substantially the same as, similar, complementary or related to, the Business or the business of such Obligor and the aggregate consideration payable in respect of such Acquisition (including, without limitation, any deferred consideration) is not more than \$100,000, and further provided that any property acquired pursuant to such Acquisition becomes Collateral subject to the Security (including, without limitation, any shares of any Subsidiary); or

(i) **No Change to Year End.** Make any change to its Fiscal Year.

(j) **Location of Assets in Other Jurisdictions.** Except for any Property in transit in the ordinary course of business, acquire any Property outside of the jurisdictions identified in Schedule 7.1(r) or move any Property from one jurisdiction to another jurisdiction where the movement of such Property would cause the Lien of the Security over such Property to cease to be perfected under Applicable Law, or suffer or permit in any other manner any of its Property to not be subject to the Lien of the Security or to be or become located in a jurisdiction as a result of which the Lien of Security over such Property is not perfected, unless (i) such Obligor has first given ten (10) days' prior written notice thereof to the Lender, and (ii) such Obligor has first executed and delivered to the Lender all Security and all financing or registration statements in form and substance satisfactory to the Lender which the Lender or its counsel, acting reasonably, from time to time deem necessary or advisable to ensure that the Security at all times constitutes a perfected first-priority Lien (subject only to Permitted Liens) over such Property notwithstanding the movement or location of such Property as aforesaid

together with such supporting certificates, resolutions, opinions and other documents as the Lender may deem necessary or desirable in connection with such security and registrations.

(k) **Amendments to Organizational Documents.** Amend any of its Organizational Documents in a manner that could be materially prejudicial to the interests of the Lender under the Loan Documents.

(l) **Amendments to other Documents.** Amend, vary or alter any Material Contract or Material Licence in a manner that would reasonably be expected to have a Material Adverse Effect.

(m) **Non-Arm's Length Transactions.** Except as contemplated by Section 9.2(f), effect any transactions with any Person not dealing at Arm's Length unless such transaction is on market terms and consistent with transactions with Persons at Arm's Length.

(n) **Sale and Leaseback.** Enter into any arrangement with any Person providing for the leasing by an Obligor, as lessee, of Property which has been or is to be sold or transferred by such Obligor to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such Property or the lease obligation of such Obligor.

(o) **Employee Loans.** Make any loans or advances to an employee of an Obligor other than loans in an aggregate amount not to exceed \$100,000 provided that such loans are used to purchase Equity Interests in an Obligor and at the time of the loan no Default or Event of Default exists.

(p) **Deposit Accounts and Securities Accounts.** Each of the Obligors will not have any Permitted Cash Investments, cash or Equity Interests in any single Deposit Account or Securities Account located in any province of Canada (if Canada or such provinces has adopted any law requiring a Control Agreement or similar agreement to perfect a Lien in any Deposit Account or Securities Account or making such method a superior form of perfection) or the United States (other than payroll accounts), where the balance in such Deposit Account or Securities Account is in excess of \$100,000 at any one time unless such Obligor and the applicable securities intermediary or deposit-taking institution have entered into a Control Agreement or similar agreement governing such Deposit Account or Securities Account in order to perfect (and further establish) the security interests in favour of the Lender under the Security Documents in such Permitted Cash Investments, cash or Equity Interests, except that (i) in the case of any Permitted Cash Investments, cash or Equity Interests in any single Deposit Account or Securities Account in existence on the Funding Date, each Obligor, as applicable, will within sixty (60) days of the Funding Date enter into a Control Agreement or similar agreement governing such Deposit Account or Securities Account in order to perfect (and further establish) the security interests in favour of the Lender under the Security Documents in such Permitted Cash Investments, cash or Equity Interests; and (ii) the requirements of this proviso will not apply to any Deposit Account or Securities Account that is required in connection with a Permitted Acquisition until sixty (60) days following the date such acquisition is consummated. The aggregate amount of all Permitted Cash Investments, cash and Equity Interests in all Deposit Accounts and all Securities Accounts owned by each Obligor for which a Control Agreement has not been delivered shall not exceed \$200,000 at any time.

(q) **Subordinated Credit Agreements.** Make any amendments or modifications to the agreements relating to Permitted Subordinated Debt except in accordance with the relevant subordination agreement.

(r) **New Subsidiaries.** Create or acquire any Subsidiary after the date of this Agreement, other than any Subsidiaries acquired as part of an Acquisition permitted under this Agreement, unless: (i) such Subsidiary exists pursuant to the laws of Canada, the United States or Europe or any province, territory or state therein; (ii) all of the issued and outstanding Equity Interests of such Subsidiary is owned by an Obligor and pledged to the Lender as security for the Obligations; (iii) such new Subsidiary provides a legal, valid and enforceable guarantee in favour of the Lender and first-ranking security in form and substance satisfactory to the Lender; and in each case appropriate legal opinions are delivered to the Lender by the Obligor's counsel.

(s) **Capital Expenditures.** Without prior written consent of the Lender, which consent will not be unreasonably withheld, the Borrower may not make any Capital Expenditures which exceed in any Fiscal Year an amount greater than one hundred fifteen percent (115%) of the amount of Capital Expenditures included in the Annual Business Plan for such Fiscal Year.

(t) **Compensation.** Make any material changes to employee or management compensation practices other than changes which are customary and reasonable in a business similar to the Business.

9.3 Entitled to Perform Covenants

If the Obligors fail to perform any covenant contained in this Article 9, or in any other provision hereof or of any of the other Loan Documents, the Lender may perform in any manner deemed fit by it without thereby waiving any rights to enforce this Agreement or the other Loan Documents, any such covenant capable of being performed by it and if any such covenant requires the payment of money, the Lender may make such payments. All sums so expended by the Lender shall be deemed to form part of the Obligations, shall bear interest at the same rate as the Loan and shall be payable by the Borrower on demand.

ARTICLE 10 - CONDITIONS PRECEDENT

10.1 Conditions Precedent to Loan.

The obligations of the Lender to fund the Loan are subject to the satisfaction or waiver on the Funding Date of the following conditions precedent:

(a) this Agreement shall have been executed and delivered by all parties hereto;

(b) the Lender shall have received certified copies of the Organizational Documents of the Obligors, the resolutions authorizing the execution, delivery and performance of the Obligor's respective obligations under the Loan Documents and the transactions contemplated herein, and the incumbency of the officers of the Obligors;

(c) copies of all shareholder agreements and partnership agreements, if any, applicable to each Obligor, certified by such Obligor to be true, shall have been delivered to the Lender's satisfaction;

(d) certificates of status or good standing, as applicable, for all relevant jurisdictions of each Obligor shall have been delivered to the Lender;

(e) The Obligors shall be in compliance in all material respects with all (if any) Material Contracts and Material Licences to the satisfaction of the Lender acting reasonably and copies of all Material Contracts and Material Licences if any, applicable to each Obligor, shall have been delivered to the Lender;

(f) evidence of repayment in full of all Debt that is not Permitted Debt (or Permitted Debt to be repaid or converted to equity on or about the Funding Date) owing by an Obligor to any third party lenders to such Obligor concurrent with the Loan shall have been delivered to the Lender;

(g) evidence that all necessary or required consents or approvals of any Governmental Authority or other Person in connection with the completion of the Offering or the Qualifying Transaction and the delivery of the Loan Documents have been obtained other than the TSXV approval, it being understood that TSXV conditional approval will have been obtained by the Funding Date;

(h) releases, discharges, estoppels, no interest letters and postponements with respect to all Liens which are not Permitted Liens or which are to be discharged on the Funding Date in accordance with the terms hereof, if any, shall have been delivered to the Lender;

(i) payment of all amounts and fees payable to the Lender, including the Work Fee;

(j) duly executed copies of the Security Documents shall have been delivered to the Lender and such financing statements or other registrations of such Security Documents, or notice thereof, shall have been filed, registered, entered or recorded in all offices of public record necessary or desirable in the opinion of the Lender to preserve or protect the charges and security interests created thereby;

(k) the share certificates of Amalco pledged in favour of the Lender pursuant to the Security Documents shall have been delivered to the Lender, duly endorsed in blank;

(l) a letter of opinion of counsel to each of the Borrower and the Parent along with the opinions of local counsel for Borrower, if any, shall have been delivered to the Lender in form and substance satisfactory to the Lender;

(m) the Borrower shall have delivered to the Lender certificates of insurance acceptable to the Lender showing, inter alia, the Lender as a first loss payee as its interest may appear on all insurance policies that insure the assets to be secured by the Security;

(n) no Default or Event of Default has occurred and is continuing on the Funding Date or would result from making the Loan and a senior officer of the Borrower shall have certified the same to the Lender;

(o) all representations and warranties made by the Obligor in the Loan Documents are true and correct in all material respects;

(p) no Material Adverse Effect has occurred;

(q) a source and use of funds statement and an outline of the flow of funds from the Loan shall have been delivered to the Lender evidencing that the Loan will be used solely for the purpose provided for in Section 9.1(f);

(r) Reserved.

(s) the Lender shall have completed all due diligence which it considers necessary or appropriate in its discretion in regard to the Obligor and its Property, books and records, operations, prospects and condition (financial or otherwise), including, without limitation, in regards to past and ongoing compliance with Applicable Laws (including Environmental Laws), union and labour relations and pension matters;

(t) the Lender and the Borrower will have entered into, executed and delivered, the Lender Distribution Agreement;

(u) the Lender shall have received satisfactory evidence of the completion of the Offering in accordance with the Offering Memorandum with subscription proceeds of no less than \$20 million;

(v) the Lender shall have received satisfactory evidence that the Qualifying Transaction (including the Amalgamation) shall have been completed in accordance with the Offering Memorandum;

(w) the Lender shall have received or shall receive, concurrently with the making of the Loan, the Lender's Equity;

(x) the Lender shall have received a true and complete copy of an amending agreement to the contribution agreement dated December 16, 2011 between the Borrower and Her Majesty The Queen in Right of Canada as represented by the Minister responsible for Federal Economic Development Agency for Southern Ontario, in form and substance satisfactory to the Lender;

(y) the Lender shall have received duly completed Perfection Certificates from the Borrower and the Parent; and

(z) the Funding Date occurs by no later than the Outside Date.

As of the Closing Date, the Lender acknowledges and agrees that subsections (t) and (s) above has been satisfied.

ARTICLE 11 – EVENTS OF DEFAULT

11.1 Events of Default.

The occurrence of any one or more of the following events shall constitute an “**Event of Default**” hereunder:

- (a) the failure of the Borrower to pay any principal hereunder when due; or
- (b) the failure of the Borrower or any other Obligor to pay any interest or other Obligations (other than principal hereunder) when due, which failure continues unremedied for three (3) Business Days; or
- (c) the failure of (i) the Borrower or any other Obligor to perform, keep or observe in a material respect any of the financial covenants in Section 9.1(x) of this Agreement, (ii) the Obligors to perform, keep or observe any of the other covenants, conditions, promises, agreements or obligations under this Agreement (other than as described in Sections 11.1(a) and (b) and other than those covenants, conditions, promises, agreements or obligations referred to in (i) above) or in any of the Loan Documents, in each case which failure is not cured within thirty (30) days of receipt of written notice from the Lender of such failure; or
- (d) the making or furnishing by an Obligor or any director or officer thereof to the Lender of any representation, warranty, certificate, schedule, report or other communication of a material nature within or in connection with this Agreement or the Loan Documents, which is untrue or misleading in any material respect when made; provided that, no Event of Default under this Section 11.1(d) will occur if such representation, warranty or other communication was not intentionally untrue or misleading, is capable of being corrected within thirty (30) days of being made and is diligently corrected within such thirty (30) day period; or
- (e) if an Obligor ceases or threatens to cease to carry on business generally or admits its inability or fails to pay its debts generally; or
- (f) if (i) the Debt under any subordinated loan agreement is accelerated by the lender thereunder, or (ii) an Obligor fails to make any payment when such payment is due and payable to any Person in relation to any indebtedness for borrowed money or other indebtedness or liabilities arising in respect of any other Debt which in the aggregate principal amount then outstanding is in excess of \$100,000 and such payment is not made within any applicable cure or grace period; or (ii) an Obligor defaults in the observance or performance of any other agreement or condition in relation to any such indebtedness to any Person which in the aggregate principal amount then outstanding is in excess of \$100,000 or contained in any instrument or agreement evidencing, securing or relating thereto and such default is not waived or cured within any applicable cure or grace period; or
- (g) if an Obligor denies its obligations under any Loan Document or claims any of the Loan Documents to be invalid or withdrawn in whole or in part; or
- (h) any of the Loan Documents or any material provision of any of them becomes unenforceable, unlawful or is changed by virtue of legislation or by a court, statutory board or commission, in each case in a manner that is adverse to the Lender, if the applicable

Obligor does not, within fifteen (15) Business Days of receipt of notice of such Loan Document or material provision becoming unenforceable, unlawful or being changed and being provided with any required new agreement or amendment for execution by the Lender (acting reasonably), replace such Loan Document with a new agreement that is in form and substance satisfactory to the Lender or amend such Loan Document to the satisfaction of the Lender; or

(i) if a decree or order of a court of competent jurisdiction is entered adjudging an Obligor a bankrupt or insolvent or approving a petition seeking the winding-up of an Obligor under the *Companies' Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), or any other bankruptcy, insolvency or analogous laws or issuing sequestration or process of execution against any substantial part of the Property of an Obligor or ordering the winding up or liquidation of its affairs; or

(j) if an Obligor becomes insolvent, makes any assignment in bankruptcy or makes any other similar assignment for the benefit of creditors, makes any proposal under the *Bankruptcy and Insolvency Act* (Canada) or any comparable law, seeks relief under the *Companies' Creditors Arrangement Act* (Canada), the *Winding-Up and Restructuring Act* (Canada) or any other bankruptcy, insolvency or analogous law, is adjudged bankrupt, files a petition or proposal to take advantage of any act of insolvency, consents to or acquiesces in the appointment of a trustee, receiver, receiver and manager, interim receiver, custodian, sequestrator or other Person with similar powers of itself or of all or any substantial portion of its assets, or files a petition or otherwise commences any proceeding seeking any reorganization, arrangement, composition or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors' rights or consents to, or acquiesces in, the filing of such a petition; or

(k) if any proceeding or filing shall be instituted or made against an Obligor seeking to have an order for relief entered against such Obligor as debtor or to adjudicate it bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition under any law relating to bankruptcy, insolvency, reorganization or relief or debtors (including, without limitation, the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), and the *Winding-Up and Restructuring Act* (Canada) or seeking appointment of a receiver, trustee, custodian or other similar official for such Obligor or for any substantial part of its properties or assets unless the same is being contested actively and diligently in good faith by appropriate and timely proceedings and is dismissed, vacated or permanently stayed within thirty (30) days of institution; or

(l) if a Person takes possession by appointment of a receiver, receiver and manager, or otherwise of any material portion of the Property of an Obligor; or

(m) if a final judgment, execution, writ of seizure and sale, sequestration or decree for the payment of money due shall have been obtained or entered against the an Obligor in an amount in excess of \$100,000 and such judgment, execution, writ of seizure and sale, sequestration or decree shall not have been and remain vacated, satisfied, discharged or stayed pending appeal within the applicable appeal period; or

(n) if any of the Security shall cease to be a valid and perfected first-priority security interest subject only to Permitted Liens and the applicable Obligor shall have failed to

remedy such default within fifteen (15) Business Days of the such Obligor becoming aware of such fact; or

(o) if an event of default occurs under any Material Contract or Material Licence of an Obligor and which is committed by an Obligor (other than an event of default specifically dealt with in this Section) and such event of default has or would reasonably be expected to have a Material Adverse Effect and is not remedied within thirty (30) days after such Obligor becomes aware of such event of default; or

(p) if according to the Certification of Revenue the Borrower's Revenues are less than (i) \$1,000,000 for the fiscal year ended December 31, 2017, (ii) \$3,300,000 for the fiscal year ended December 31, 2018, or (iii) \$24,000,000 for the fiscal year ended December 31, 2019; or

(q) if the Obligors fail to maintain Net Assets of at least \$1,000,000 at any time; or

(r) the institution of any steps by an Obligor or any applicable regulatory authority to terminate a Pension Plan (wholly or in part) if, as a result of such termination, an Obligor may be required to make an additional contribution to such Pension Plan, or to incur an additional liability or obligation to such Pension Plan, equal to or in excess of \$100,000 or the equivalent thereof in another currency; or

(s) if a Change of Control occurs; provided that, for certainty, any Change of Control triggered solely by the Amalgamation or the Qualifying Transaction shall not result in a Default or an Event of Default; or

(t) all or any material part of the Property of an Obligor shall be nationalized, expropriated or condemned, seized or otherwise appropriated, or custody or control of such Property of such Obligor shall be assumed by any Governmental Authority or any court of competent jurisdiction at the instance of any Governmental Authority, in each case which has or would reasonably be expected to have a Material Adverse Effect except where contested in good faith by proper proceedings diligently pursued where a stay of enforcement is in effect; or

(u) if the common shares of the Parent cease to be listed for trading on the TSX Venture Exchange or the Toronto Stock Exchange, the Parent ceases to be a reporting issuer in good standing in the Province of Ontario, a cease trade order is issued by a Governmental Authority with respect to the common shares of the Parent which order is in effect for more than twenty Business Days or if the Parent appears on the list of defaulting issuers maintained by the Ontario Securities Commission available for consultation on its website and the Parent remains on such list for more than twenty consecutive Business Days.

11.2 Acceleration and Termination of Rights.

If any Event of Default shall occur and be continuing, all Obligations owing by the Obligors under the Loan Documents shall, at the option of the Lender, become immediately due and payable, all without notice, presentment, protest, demand, notice of dishonour or any other demand or notice whatsoever, all of which are hereby expressly waived by each Obligor; provided, if any Event of Default described in Section 11.1(e), 11.1(i) through 11.1(k) with

respect to the Borrower shall occur, the outstanding principal amount of the Loan and all other Obligations shall automatically be and become immediately due and payable. In such event the Lender may, in its discretion, exercise any right or recourse and/or proceed by any action, suit, remedy or proceeding against an Obligor authorized or permitted by law for the recovery of all the Obligations of the Obligors to the Lender and proceed to exercise any and all rights hereunder and under the Security and no such remedy for the enforcement of the rights of the Lender shall be exclusive of or dependent on any other remedy but any one or more of such remedies may from time to time be exercised independently or in combination.

11.3 Remedies Cumulative and Waivers.

For greater certainty, it is expressly understood and agreed that the rights and remedies of the Lender hereunder or under any other Loan Document or instrument executed pursuant to this Agreement are cumulative and are in addition to and not in substitution for any rights or remedies provided by law or by equity; and any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in this Agreement or any other Loan Document shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Lender may be lawfully entitled for such default or breach. Any waiver by the Lender of the strict observance, performance or compliance with any term, covenant, condition or other matter contained herein and any indulgence granted, either expressly or by course of conduct, by the Lender shall be effective only in the specific instance and for the purpose for which it was given and shall be deemed not to be a waiver of any rights and remedies of the Lender under this Agreement or any other Loan Document as a result of any other default or breach hereunder or thereunder.

11.4 Saving.

The Lender shall not be under any obligation to the Obligors or any other Person to realize any Collateral or enforce the Security or any part thereof or to allow any of the Collateral to be sold, dealt with or otherwise disposed of. The Lender shall not be responsible or liable to the Obligors or any other Person for any loss or damage upon the realization or enforcement of, the failure to realize or enforce the Collateral or any part thereof or the failure to allow any of the Collateral to be sold, dealt with or otherwise disposed of or for any act or omission on their respective parts 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 wilful misconduct or gross negligence of Lender.

11.5 Third Parties.

No Person dealing with the Lender or any agent of the Lender shall be required to inquire whether the Security has become enforceable, or whether the powers which the Lender is purporting to exercise have been exercisable, or whether any Obligations remain outstanding upon the security thereof, or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall 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 such Security or any part thereof.

11.6 Set-Off or Compensation.

In addition to and not in limitation of any rights now or hereafter granted under Applicable Law, if repayment is accelerated pursuant to Section 11.2, the Lender may at any time and from time to time without notice to the Obligors or any other Person, any notice being expressly waived by the Obligors, set-off and compensate and apply any and all deposits, general or special, time or demand, provisional or final, matured or unmatured, and any other indebtedness at any time owing by the Lender, to or for the credit of or the account of the Borrower, against and on account of the Obligations notwithstanding that any of them are contingent or unmatured.

ARTICLE 12 - INDEMNIFICATION, ETC.

12.1 General Indemnity.

Each of the Obligors agrees to defend (with counsel satisfactory to the Lender), protect, indemnify and hold harmless the Lender, and each of its Affiliates, and Subsidiaries, and its respective officers, directors, employees, legal counsel and agents (each an “**Indemnified Party**”) from and against any and all obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature (including, without limitation, the disbursements and the fees (on a solicitor-client basis) of one legal counsel (unless it would be inappropriate for one counsel to represent all Indemnified Parties due to a conflict of interest or otherwise in which case, all legal counsel for each Indemnified Party) in connection with any investigative, administrative or judicial proceedings, whether or not any Indemnified Party shall be designated a party thereto), (collectively, “**Losses**”) which may be imposed on, incurred by, or asserted against, any Indemnified Party (whether direct, indirect or consequential and whether based on any federal, provincial, state or local laws or regulations, including, without limitation, securities, environmental and commercial laws and regulations, under common law or in equity, or based on contract or otherwise) in any manner relating to or arising out of this Agreement or any other Loan Document, or any act, event or transaction related or attendant thereto, the making and/or the management of the Loan or the use or intended use of the proceeds of the Loan; provided, however that the Obligors shall have no obligation hereunder to any Indemnified Party to the extent that such Losses were caused by or resulted from the wilful misconduct or gross negligence of such Indemnified Party. To the extent that the undertaking to indemnify set forth in the preceding sentence may be unenforceable against the an Obligor because it violates any law or public policy, such Obligor shall satisfy such undertaking to the maximum extent permitted by Applicable Law. Any Losses covered by this indemnity shall be paid to each Indemnified Party on demand, and, failing prompt payment, shall, together with interest thereon at the interest rate set forth in Section 4.3 from the date incurred by each Indemnified Party until paid in full, be added to the Obligations and be secured by the Collateral. The provisions of this Section 12.1 shall survive the satisfaction and payment of all Obligations and the termination of this Agreement.

12.2 Taxes.

(a) All payments made by the an Obligor under this Agreement and the Loan Documents shall be made free and clear of, and without deduction or withholding for or on account of, any present or future Taxes, other than Excluded Taxes (all such non-Excluded Taxes being hereinafter called “**Non-Excluded Taxes**”). If an Obligor is required by Applicable Law

to make any deduction or withholding on account of any Non-Excluded Taxes or other amount from any sum paid or expressed to be payable by such Obligor to the Lender under this Agreement or any other Loan Document, then: (i) such Obligor shall notify the Lender of any such requirement or any change in any such requirement as soon as it becomes aware of it; (ii) such Obligor shall pay any such Non-Excluded Taxes or other amount to the relevant Governmental Authority before the date on which penalties attached thereto become due and payable; (iii) the sum payable by such Obligor in respect of which the relevant deduction, withholding or payment is required shall be increased to the extent necessary to ensure that, after the making of that deduction, withholding or payment, the recipient receives on the due date and retains (free from any liability in respect of any such deduction, withholding or payment) a sum equal to that which it would have received and so retained had no such deduction, withholding or payment been required or made; and (iv) as soon as practicable after payment of any Non-Excluded Taxes or other amount which it is required by clause (ii) above to pay, it shall deliver to the Lender all such certified documents and other evidence as to the making of such deduction, withholding or payment as (A) are reasonably satisfactory to the Lender as proof of such deduction, withholding or payment and of the remittance thereof to the relevant taxing or other authority and (B) are reasonably required by the Lender to enable it to claim a tax credit with respect to such deduction, withholding or payment. If an Obligor fails to pay any Non-Excluded Taxes when due to the appropriate taxing authority, such Obligor shall indemnify the Lender for any incremental taxes, interest or penalties that may become payable by the Lender as a result of any such failure.

(b) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the U.S. Internal Revenue Code of 1986, as applicable), such Lender shall deliver to the Obligors at the time or times prescribed by law and at such time or times reasonably requested by an Obligor such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the U.S. Internal Revenue Code of 1986) and such additional documentation reasonably requested by an Obligor as may be necessary for such Obligor to comply with its obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment.

(c) The provisions of this Section 12.2 shall survive the satisfaction and payment of all Obligations and the termination of this Agreement.

ARTICLE 13 - GENERAL PROVISIONS

13.1 Notice.

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by facsimile or other means of electronic communication or by hand delivery as hereinafter provided. Any such notice, if sent by fax or other means of electronic communication, shall be deemed to have been received on the day of sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below. Notices of change of address shall also be governed by this Section 13.1. Notices and other communications shall be addressed as follows:

(a) if to the Obligors:

c/o Profound Medical Inc.
3080 Yonge Street, Suite 4040
Toronto, Ontario M5R 3N1

Fax No.: (647) 847-3739
Email: splymale@profoundmedical.com

with a copy to:

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario M5X 1B8

Attention: Geoff Taber
Fax No.: (416) 862-6666
E-mail: GTaber@osler.com

(b) if to the Lender:

Knight Therapeutics Inc.
376 Victoria Avenue, Suite 220
Westmount, Québec
H3Z 1C3

Attention: Jeffrey Kadanoff
Email: jkadanoff@gud-knight.com

with a copy to:

Davies Ward Phillips & Vineberg LLP
1501. McGill College Avenue
26th Floor
Montréal, Québec
H3A 3N9

Attention: Dan Wolfensohn
Fax No.: (514) 841-6499
Email: dwolfensohn@dwpv.com

13.2 Choice of Governing Law and Construction.

Except as expressly set forth therein, this Agreement and the other Loan Documents (unless expressly stated otherwise in the other Loan Documents) shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein as to interpretation, enforcement, validity, construction, effect, and in all other respects, including, without limitation, the legality

of the interest rate and other charges, but excluding perfection and realization of the security interests and hypothecs in the Collateral, which shall be governed and controlled by the laws of the relevant jurisdiction.

13.3 Attornment.

The Parties hereto irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario for all matters arising out of, or in connection with, this Agreement and the other Loan Documents.

13.4 Press Releases.

Each party hereto agrees that it will promptly provide the other party with drafts of any press releases relating to the subject matter hereof, including the entering into of this Agreement, for review and comment prior to the issuance thereof, such review and comments not to be unreasonably withheld or delayed.

13.5 Modification and Benefit of Agreement.

This Agreement and the other Loan Documents may not be modified, altered or amended except by an agreement in writing signed by the Borrower and the Lender. The Obligors may not sell, assign or transfer this Agreement, or the other Loan Documents or any portion thereof including, without limitation, each Obligor's right, title, interest, remedies, powers or duties thereunder. The sale, assignment, transfer or other disposition by the Lender, at any time and from time to time hereafter, of this Agreement, or the other Loan Documents, or of any portion thereof, or participation therein including, without limitation, the right, title, interest, remedies, powers and/or duties of the Lender thereunder will require the prior written consent of the Borrower (not to be unreasonably withheld or delayed but, for certainty, the parties acknowledge that it would be reasonable for the Borrower to withhold consent if the assignment would result in a significant increase in costs payable or reimbursable by the Borrower) unless an Event of Default is continuing or unless such sale, assignment, transfer or other disposition is to an Affiliate or Associate of the Lender. The Borrower agrees that it shall execute and deliver such documents as the Lender may reasonably request in connection with any such sale, assignment, transfer or other disposition. This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their successors and permitted assigns.

13.6 Power of Attorney.

The Borrower acknowledges and agrees that its appointment of the Lender as its attorney and agent for the purposes specified in this Agreement is an appointment coupled with an interest and shall be irrevocable until all of the Obligations are paid in full and this Agreement is terminated.

13.7 Waivers, Confidentiality, Information Sharing.

(a) In no event shall any party hereto be liable for lost profits or other special or consequential damages.

(b) To the maximum extent permitted by Applicable Law, each Obligor hereby waives all rights to a hearing of any kind prior to the exercise by the Lender of its rights to repossess the Collateral without judicial process or to reply, attach or levy upon such Collateral without prior notice or hearing.

(c) To the maximum extent permitted by Applicable Law, each Obligor hereby waives demand, presentment, protest and notice of nonpayment.

(d) Failure of the Lender, at any time or times hereafter, to require strict performance by the Obligors of any provision of this Agreement or any of the other Loan Documents shall not waive, affect or diminish any right of the Lender thereafter to demand strict compliance and performance therewith. Any suspension or waiver by the Lender of a Default or Event of Default under this Agreement or any default under any of the Loan Documents shall not suspend, waive or affect any other Default or Event of Default under this Agreement or any other default under any of other Loan Documents, whether the same is prior or subsequent thereto and whether of the same or of a different kind or character. No delay on the part of the Lender in the exercise of any right or remedy under this Agreement or any other Loan Documents shall preclude any other or further exercise thereof or the exercise of any right or remedy. None of the undertakings, agreements, warranties, covenants and representations of the Obligors contained in this Agreement or any of the other Loan Documents and no Default or Event of Default under this Agreement or default under any of the other Loan Documents shall be deemed to have been suspended or waived by the Lender unless such suspension or waiver is in writing, signed by duly authorized officer(s) of the Lender and directed to the applicable Obligor specifying such suspension or waiver.

(e) The Lender agrees to maintain the confidentiality of the Information (as defined in Section 13.7(f) below), except that Information may be disclosed to its Affiliates and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential) or as required by Applicable Law.

(f) For purposes of this Section, "Information" means all information received in connection with this Agreement from the Obligors relating to each Obligor or any of its subsidiaries or any of their respective businesses, other than any such information that is available to the Lender on a non-confidential basis prior to such receipt. Any Person required to maintain the confidentiality of Information as provided in Section 13.7(e) will be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

13.8 Timing of Payments.

Any payment received by the Lender after 5:00 p.m. (Montréal time) on a Business Day, or on any day that is not a Business Day, shall be credited to the account of the Borrower on the following Business Day.

13.9 Judgment Currency.

If in the recovery by the Lender of any amount owing hereunder in any currency, judgment can only be obtained in another currency and because of changes in the exchange rate of such currencies between the date of judgment and payment in full of the amount of such judgment, the amount of recovery under the judgment differs from the full amount owing hereunder, the Borrower shall pay any such shortfall to the Lender, and such shortfall can be claimed by the Lender against the Borrower as an alternative or additional cause of action and any surplus received by the Lender will be repaid to the Borrower.

13.10 Severability.

If any provision of this Agreement is held to be prohibited by or invalid under Applicable Law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or remaining provisions of this Agreement.

13.11 Conflicts.

In the event there occurs any conflict or inconsistency between any provision hereof and any provision of the other Loan Documents, the provision hereof, to the extent of any such conflict or inconsistency, shall govern.

13.12 Entire Agreement.

This Agreement and the other Loan Documents embody the entire agreement and understanding between the parties hereto and thereto and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof and may not be contradicted by evidence of prior or contemporaneous agreements of the parties. There are no unwritten oral agreements between the parties related to the subject matter of this Agreement and the other Loan Documents.

13.13 Counterpart Execution/Electronic Delivery.

This Agreement may be executed in counterpart and delivered by fax or other electronic means of delivery.

13.14 English Language.

At the request of the parties, this Agreement and the other Loan Documents have been negotiated in the English language and will be or have been executed in the English language. *Les soussignés ont expressément demandé que ce document et tous les documents annexes soient rédigés en langue anglaise.*

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, each of the following has duly executed this Agreement as of the date set out on the first page hereof.

PROFOUND MEDICAL INC.

Per: “Steven Plymale”

Name: Steven Plymale

Title: Chief Executive Officer

Per: “Shameze Rampertab”

Name: Shameze Rampertab

Title: Chief Financial Officer

IN WITNESS WHEREOF, the Lender has duly executed this Agreement as of the date set out on the first page hereof.

KNIGHT THERAPEUTICS INC.

Per: “Jeffrey Kadanoff”
Name: Jeffrey Kafanoff
Title: Chief Financial Officer

EXHIBIT 1

Perfection Certificate

PERFECTION CERTIFICATE

TO: KNIGHT THERAPEUTICS INC.

Reference is made to the Loan Agreement, dated as of April 30, 2015 (the “**Loan Agreement**”), among Profound Medical Inc. as Borrower and any guarantors of the Borrower’s obligations thereunder from time to time (collectively, the “**Company**”) and Knight Therapeutics Inc. After giving effect to the Amalgamation and the other transactions contemplated Offering Memorandum (as defined in the Loan Agreement), the undersigned entities hereby represent and warrant to Knight Therapeutics Inc. as follows:

1. NAMES OF THE COMPANY

a. The name of the Company as it appears in its current Articles or Certificate of Incorporation is: ■

b. The federal employer identification number of the Company is: ■

c. The Company is formed under the laws of the [State] [Country] of ■

d. The organizational identification number of the Company is: ■

e. The Company transacts business in the following jurisdictions (list jurisdictions other than jurisdiction of formation): ■

f. The Company is duly qualified to transact business as a foreign entity in the following jurisdictions (list jurisdictions other than jurisdiction of formation): ■

g. The following is a list of all other names (including fictitious names, d/b/a’s, trade names or similar names) currently used by the Company or used within the past five years:

<u>Name</u>	<u>Period of Use</u>

h. The following are the names of all entities which have been amalgamated or merged into the Company during the past five years:

<u>Name of Amalgamated Entity</u>	<u>Year of Amalgamation</u>

i. The following are the names and addresses of all entities from whom the Company has acquired any personal property in a transaction not in the ordinary course of business during the past five years, together with the date of such acquisition and the type of personal property acquired (e.g., equipment, inventory, etc.):

<u>Name</u>	<u>Address</u>	<u>Date of Acquisition</u>	<u>Type of Property</u>

2. PARENT/SUBSIDIARIES OF THE COMPANY.

The legal name of each subsidiary and parent of the Company is as follows. (A “parent” is an entity owning more than 50% of the outstanding capital stock of the Company . A “subsidiary” is an entity, 50% or more of the outstanding capital stock of which is owned by the Company.)

<u>Name</u>	<u>Subsidiary/Parent</u>	<u>Fed. Employer ID No.</u>
	Sub <input type="checkbox"/> Parent <input type="checkbox"/>	
	Sub <input type="checkbox"/> Parent <input type="checkbox"/>	
	Sub <input type="checkbox"/> Parent <input type="checkbox"/>	

3. LOCATIONS OF THE COMPANY

a. The chief executive offices of the Company are presently located at the following addresses:

<u>Complete Street and Mailing Address</u>	<u>Company/Subsidiary</u>

b. The books and records of the Company are located at the following additional addresses (if different from the above):

<u>Complete Street and Mailing Address</u>	<u>Company/Subsidiary</u>

c. The following are all the locations where the Company owns, leases, or occupies any real property:

<u>Complete Street and Mailing Address</u>	<u>Company/Subsidiary</u>

d. The following are all of the locations where the Company maintains any inventory, equipment, or other property:

<u>Complete Address</u>	<u>Company/Subsidiary</u>

e. The following are the names and addresses of all warehousemen, bailees, or other third parties who have possession of the Company's inventory or equipment or any of the inventory or equipment of its subsidiaries:

<u>Name</u>	<u>Complete Street and Mailing Address</u>	<u>Company/Subsidiary</u>

4. SPECIAL TYPES OF COLLATERAL

a. The Company owns (or has any ownership interest in) the following kinds of assets. (If the answer is “Yes” to any of the following questions, please attach a schedule describing each such asset owned by the Company and identifying which party owns the asset.)

Copyrights or copyright applications registered with the Canadian Intellectual Property Office or any similar registry in other jurisdictions	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Software registered with any registry office	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Software <u>not</u> registered with any registry office	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Patents and patent applications	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Trademarks or trademark applications (including any service marks, collective marks and certification marks)	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Licenses to use trademarks, patents and copyrights of others	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Licenses, permits (including environmental), authorizations, or certifications issued by federal, state, or local governments issued to the Company with respect to their assets, properties, or businesses	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Stocks, bonds or other securities	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Promissory notes, or other instruments or evidence of indebtedness	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Leases of equipment, security agreements naming such person as secured party or other chattel paper	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Aircraft	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Vessels, Boats or Ships	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Railroad Rolling Stock	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Motor Vehicles	Yes <input type="checkbox"/>	No <input type="checkbox"/>

b. The following is a list of material contracts to which the Company is a party (include any equipment leases) or in which the Company has an interest (including whether such contract has a nonassignability provision which would require the other party's or another person's consent to the granting of a security interest in such contract):

Other Party to Contract	Title/Date of Contract	Nonassignability Clause		
		Asset Sale (Y/N)	Security Interest (Y/N)	Consent Obtained (Y/N)

c. The following are all banks or savings institutions at which the Company maintains deposit accounts:

<u>Bank Name</u>	<u>Account Number</u>	<u>Branch Address</u>	<u>Company/Subsidiary</u>

5. ENCUMBRANCES

The property of the Company is subject to the following liens or encumbrances:

<u>Name of Holder of Lien/Encumbrance</u>	<u>Description of Property Encumbered</u>	<u>Company/Subsidiary</u>

6. REGULATION

The Company is subject to regulation by the following government entity or any department, agency, or instrumentality thereof:

<u>Name of Regulatory Entity</u>	<u>Description of Regulation</u>	<u>Company/Subsidiary</u>

7. LITIGATION

a. The following is a complete list of pending and threatened litigation or claims involving amounts claimed against the Company in an indefinite amount or in excess of \$50,000 in each case:

b. The following are the only claims which the Company has against others (other than claims on accounts receivable), which the Company is asserting or intends to assert, and in which the potential recovery exceeds \$50,000: _____

8. TAXES

The following tax assessments are currently outstanding and unpaid with respect to the Company:

<u>Assessing Authority</u>	<u>Amount and Description</u>

9. INSURANCE BROKER

The following broker handles the property insurance of the Company:

<u>Broker</u>	<u>Contact</u>	<u>Telephone</u>	<u>Fax</u>	<u>Email</u>

10. OFFICERS OF THE COMPANY

The following are the names and titles of the officers of the Company.

<u>Office/Title</u>	<u>Name of Officer</u>	<u>Company/Subsidiary</u>

The Company agrees to advise you of any change or modification to any of the foregoing information or any supplemental information provided on any continuation pages attached hereto, and, until such notice is received by you, you shall be entitled to rely upon such information and presume it is correct. The Company acknowledges that your acceptance of this Perfection Certificate and any continuation pages does not imply any commitment on your part to enter into a loan transaction with the Company, and that any such commitment may only be made by an express written loan commitment, signed by one of your authorized officers.

Date: _____

SCHEDULE 3.1(b)
REPAYMENT SCHEDULE

(see attached)

SCHEDULE 7.1(f)
INTELLECTUAL PROPERTY

Copyright:

N/A

Trademark:

N/A

Patents:

ITEM #	LICENSOR	DESCRIPTION*	REGISTRATION #	APPLICATION #
1.	Rajiv Chopra, Michael Bronskill	Technique and apparatus for ultrasound therapy	US6589174 (issued patent)	WO2002032506 (filed patent application)
2.	Rajiv Chopra, Michael Bronskill, Mathieu Burtnyk	Treatment of diseased tissue using controlled ultrasonic heating	US7771418 (issued patent)	
3.	Rajiv Chopra, Michael Bronskill, Kee Tang	Method and apparatus for obtaining quantitative temperature measurements in prostate and other tissues undergoing thermal therapy treatment	US8801701 (issued patent)	

4.	Rajiv Chopra, Michael Bronskill, Mathieu Burtnyk	System for treatment of diseased tissue using controlled ultrasonic heating		US20110034833 (filed patent application)
5.	Michael J. Bronskill, Rajiv Chopra	Apparatus and Method for Cooling a Tissue Volume During Thermal Therapy Treatment		US20110319748, CA2826761, EP2585012, WO2012005996 (filed patent applications)
6.	Cameron Mahon, Sean Donaldson	Fluid circuits for temperature control in a thermal therapy system		US20110230753, WO2011112251 (filed patent applications)
7.	Cameron Mahon, Nicolas Yak, Rajiv Chopra, Mathew Asselin, Michael Bronskill	Radio frequency power controller for ultrasound therapy system		US20110270366, WO2011112249A1 (filed patent applications)
8.	Rajiv Chopra, Michael Bronskill, Sean Donaldson, Cameron Mahon	Ultrasonic therapy applicator		US20110295161, CA2800238, EP2544767, WO2011112250 (filed patent applications)
9.	Cameron Mahon, Mathieu Burtnyk	System and Method for Control and Monitoring of Conformal Thermal Therapy		US20130158577, CA2849106, EP2760545, WO2013049108 (filed patent applications)
10.	Kee Tang, Ron Kurtz, Mathieu Burtnyk	Treatment Planning and Delivery Using Temperature Uncertainty Maps		US20150038883 (filed patent applications)

SCHEDULE 7.1(g)
CURRENT AND PRIOR NAMES

Borrower:

1. Profound Medical Inc.

Parent:

1. Mira IV Acquisition Inc. (current)
2. Profound Medical Corp. (per planned Name Change)

SCHEDULE 7.1(h)
CORPORATE STRUCTURE

Parent will own 100% of Amalco following after giving effect to the Qualifying Transaction.

SCHEDULE 7.1(i)
LITIGATION

Nil.

SCHEDULE 7.1(j)

MATERIAL CONTRACTS AND MATERIAL LICENCES

1. Amended and restated technology licence agreement dated May 16, 2011 between SunnyBrook Health Sciences Centre and the Borrower.

SCHEDULE 7.1(o)

TAXES

Nil.

SCHEDULE 7.1(r)

LOCATION OF COLLATERAL

1. 3080 Yonge Street, Suite 4040, Toronto, Ontario M5R 3N1

SCHEDULE 7.1(s)
OWNED REAL PROPERTY

Nil.

SCHEDULE 7.1(t)
LEASED REAL PROPERTY

1. 3080 Yonge Street, Suite 4040, Toronto, Ontario M5R 3N1

SCHEDULE 7.1(u)

DEPOSIT ACCOUNTS AND SECURITIES ACCOUNTS

Borrower/Amalco Deposit Accounts:

<u>Bank Name</u>	<u>Account Number</u>	<u>Branch Address</u>

Borrower/Amalco Securities Accounts:

Nil

SCHEDULE 7.1(w)
LABOUR MATTERS

Nil.

SCHEDULE 7.1(x)
PENSION PLANS

Nil.

SCHEDULE 7.1(gg)
REGULATORY MATTERS

Nil.

SCHEDULE 8.2

COMPLIANCE CERTIFICATE

TO: **KNIGHT THERAPEUTICS INC.**
376 Victoria Avenue, Suite 220
Westmount, Québec
H3Z 1C3

Attention: Jeffrey Kadanoff
Fax No. +1 (514) 481-4116

FROM: **PROFOUND MEDICAL INC. (formerly Mira IV Acquisition Corp.) AND
PROFOUND TECHNOLOGIES INC. (formerly Profound Medical Inc.)**

DATE: ■, 201■

1. This Compliance Certificate is delivered to you, as Lender, pursuant to the Loan Agreement made as of April 30, 2015 between the Borrower and the Lender, as amended, supplemented, restated or replaced from time to time (the “**Loan Agreement**”). All defined terms set forth, but not otherwise defined, in this notice shall have the respective meanings set forth in the Loan Agreement, unless the context requires otherwise.
2. I am the duly appointed ■ of the Parent and am providing this Certificate pursuant to the Loan Agreement.
3. I am familiar with the Loan Agreement for purposes of delivering this Certificate.
4. The Parent is in compliance with the Financial Covenants set forth in Section 9.1(x) of the Loan Agreement, namely:
 - (a) **[EBITDA for the six (6) months ending ■ was \$■;]**
 - (b) **[for the Fiscal Quarter ending ■, Net Debt to TTM EBITDA Ratio was ■;]**
 - (c) as at ■, the cash balance was \$■.
5. Attached as Schedule A is a list of additional Material Contracts and Material Licenses entered into since the date of the prior Compliance Certificate.
6. All rent payable to any landlord of leased real premises is up to date and there is no default by any Obligor under any such lease.
7. As of the date hereof, each Obligor is and will be in compliance with all of the terms and conditions of the Loan Agreement to which it is a party and no Default or Event of Default is continuing under the Loan Agreement.

IN WITNESS WHEREOF, I have signed this Certificate.

PROFOUND MEDICAL INC.

Per: _____
Name: ■
Title: