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**SECURED TRUST INDENTURE**

Made as of May 23, 2019

Between

**CANSORTIUM INC.**  
(the “**Corporation**”)

and

**CANSORTIUM INTERNATIONAL INC., CANSORTIUM HOLDINGS LLC,  
CANSORTIUM FLORIDA, LLC, CANSORTIUM MICHIGAN LLC, CANSORTIUM  
PENNSYLVANIA, LLC**  
(collectively, the “**Initial Guarantors**”)

and

**CAPITAL TRANSFER AGENCY, ULC**  
(the “**Trustee**”)

**PROVIDING FOR THE ISSUE OF  
SENIOR SECURED CONVERTIBLE DEBENTURES**

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## SECURED TRUST INDENTURE

This Indenture is made as of May 23, 2019, between

**CANSORTIUM INC.**

a corporation existing under the laws of the Province of Ontario  
(the “**Corporation**”)

AND

**CANSORTIUM INTERNATIONAL INC.**

a corporation existing under the laws of the Province of Ontario  
(“**Cansortium International**”)

AND

**CANSORTIUM HOLDINGS LLC**

a limited liability company existing under the laws of the State of Florida  
(“**Cansortium Holdings**”)

AND

**CANSORTIUM FLORIDA, LLC**

a limited liability company existing under the laws of the State of Florida  
(“**Cansortium Florida**”)

AND

**CANSORTIUM MICHIGAN LLC,**

a limited liability company existing under the laws of the State of  
Michigan  
(“**Cansortium Michigan**”)

AND

**CANSORTIUM PENNSYLVANIA, LLC**

a limited liability company existing under the laws of the  
Commonwealth of Pennsylvania  
(“**Cansortium Pennsylvania**” and, together with Cansortium  
International, Cansortium Holdings, Cansortium Florida and  
Cansortium Michigan, the “**Initial Guarantors**”)

AND

**CAPITAL TRANSFER AGENCY, ULC**

a trust company existing under the laws of Canada and registered to  
carry on business in the Province of Ontario  
(the “**Trustee**”)

## RECITALS

The Corporation wishes to create and issue the Debentures in the manner and subject to the terms and conditions of this Indenture;

**FOR VALUE RECEIVED**, the parties agree as follows:

## ARTICLE 1 – INTERPRETATION

### Section 1.1 Definitions

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

- (1) **“1933 Act”** means the United States *Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder;
- (2) **“this Indenture”**, **“this Convertible Debenture Indenture”**, **“hereto”**, **“herein”**, **“hereby”**, **“hereunder”**, **“hereof”** and similar expressions refer to this Indenture and not to any particular Article, Section, subsection, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto;
- (3) **“affiliate”** has the meaning ascribed thereto in the *Securities Act* (Ontario);
- (4) **“Agency Agreement”** means the agency agreement dated May 23, 2019 between the Agents, as agents, and the Corporation in respect of the Offering;
- (5) **“Agents”** means Canaccord Genuity Corp. and Paradigm Capital Inc.;
- (6) **“Applicable Law”** means, in respect of any Person, Property, transaction, event or other matter, as applicable, all laws, rules, statutes, regulations and all official directives, rules, guidelines, orders, policies and other requirements of law of any Governmental Authority (collectively the **“Law”**) relating or applicable to such Person, Property, transaction, event or other matter and shall include any interpretation of the Law or any part of the Law by any Person have jurisdiction over it or charged with its administration or interpretation;
- (7) **“Applicable Securities Legislation”** means applicable securities laws (including rules, regulations, policies and instruments) in each of the applicable provinces and territories of Canada;
- (8) **“Approved Bank”** has the meaning ascribed thereto in Section 12.9;
- (9) **“Auditors of the Corporation”** means an independent firm of chartered professional accountants duly appointed as auditors of the Corporation;
- (10) **“Beneficial Holder”** means any Person who holds a beneficial interest in a Debenture that is represented by a Debenture Certificate or an Uncertificated Debenture registered in the name of such Person’s nominee;
- (11) **“Board of Directors”** means the board of directors of the Corporation or any committee thereof;

(12) **“Business Day”** means any day other than a Saturday, Sunday or any other day that the Trustee in Toronto, Ontario is not generally open for business;

(13) **“Canadian Legend”** means the restrictive legend required pursuant to National Instrument 45-102 – *Resale of Securities* as described in Section 2.11;

(14) **“Capital Lease”** means, with respect to any Person, Debt represented by obligations under a lease that, prior to the adoption of IFRS 16 *Leases* effective January 1, 2019, would have been required to be capitalized for financial reporting purposes under IFRS, and for purposes of this definition, the amount of such obligation at any date shall be the capitalized amount of such obligations on a balance sheet of such Person determined in accordance with IFRS as it was in effect prior to that date;

(15) **“Change of Control”** means (i) any transaction (whether by purchase, merger or otherwise) whereby a Person or Persons acting jointly or in concert directly or indirectly acquires the right to cast, at a general meeting of shareholders of the Corporation, more than 50% of the votes attached to the Common Shares; (ii) the Corporation’s amalgamation, consolidation or merger with or into any other Person, any merger of another Person into the Corporation, unless the holders of voting securities of the Corporation immediately prior to such amalgamation, consolidation or merger hold securities representing 50% or more of the voting control or direction in the Corporation or the successor entity upon completion of the amalgamation, consolidation or merger; or (iii) any conveyance, transfer, sale lease or other disposition of all or substantially all of the Corporation’s and its Subsidiaries’ Property taken as a whole, to another Person;

(16) **“Change of Control Notice”** has the meaning ascribed thereto in Section 2.2(7);

(17) **“Change of Control Purchase Date”** has the meaning ascribed thereto in Section 2.2(7);

(18) **“Change of Control Purchase Option”** has the meaning ascribed thereto in Section 2.2(7);

(19) **“Change of Control Purchase Price”** has the meaning ascribed thereto in Section 2.2(7);

(20) **“Collateral Documents”** means the General Security Agreement, the Pledge Agreements, the Guarantees and any other agreements, instruments and documents, including supplements thereto, delivered from time to time to the Trustee by the Corporation or by any Guarantor for the purpose of creating, perfecting, preserving or protecting any Liens granted to the Trustee over the Property of the Corporation or any of the Pledged Shares as security for the obligations of the Obligor under this Indenture and the other Indenture Documents, and includes, without limitation, the documents and instruments referenced in Schedule H hereto;

(21) **“Common Shares”** means the common shares in the capital of the Corporation, as such common shares are constituted on the date of execution and delivery of this Indenture; provided that in the event of a change or a subdivision, revision, reduction, combination or consolidation thereof, any reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up, or such successive changes, subdivisions, redivisions, reductions, combinations or consolidations, reclassifications, capital reorganizations, consolidations, amalgamations, arrangements, mergers, sales or conveyances or liquidations, dissolutions or windings-up, then, subject to adjustments, if any, having been made in accordance with the provisions of Section 5.5, **“Common Shares”** shall, as the context may require, mean the shares or other securities or property resulting from such change, subdivision, redivision, reduction, combination or consolidation, reclassification, capital reorganization,



consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up;

(22) **“Contingent Liabilities”** means, with respect to a Person, any agreement, undertaking or arrangement by which the Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in a debtor, or otherwise to assure a creditor against loss) the obligation, debt or other liability of any other Person or guarantees the payment of dividends or other distributions upon the shares of any Person. The amount of any Contingent Liability will, subject to any limitation contained therein, be deemed to be the outstanding principal amount (or maximum principal amount, if larger) of the obligation, debt or other liability to which the Contingent Liability is related;

(23) **“Conversion Price”** means the dollar amount for which each Common Share may be issued from time to time upon the conversion of Debentures which are by their terms convertible in accordance with the provisions of Article 5 which is specified in Section 2.2(5);

(24) **“Convertible Note Financing”** means the convertible note private placement financing completed by the Corporation in February 2019 through the issuance of convertible promissory notes in the aggregate principal amount of \$10,000,021.50 at 12% interest per annum with a maturity date of eighteen (18) months;

(25) **“Corporation”** means Consortium Inc.;

(26) **“Counsel”** means a barrister or solicitor or firm of barristers or solicitors retained or employed by the Trustee or retained or employed by the Corporation and reasonably acceptable to the Trustee;

(27) **“CSE”** means the Canadian Securities Exchange;

(28) **“Current Market Price”** means, on any particular date, the VWAP of the Common Shares on the CSE, if the Common Shares are listed on the CSE, for the 20 consecutive trading days ending on the date immediately preceding the particular date. If the Common Shares are not listed on the CSE, reference shall be made for the purpose of the above calculation to the principal securities exchange or market on which the Common Shares are listed or quoted or, if no such prices are available, **“Current Market Price”** shall be the fair value of a Common Share as reasonably determined by the Board of Directors;

(29) **“Date of Conversion”** has the meaning ascribed thereto in Section 5.4(2);

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

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

(32) **“Debentures”** means collectively, the debentures of the Corporation issued and certified hereunder, or deemed to be issued and certified hereunder, designated as “12% Senior Secured Convertible Debentures” and described in Section 2.2, and for the time being outstanding, whether in definitive, uncertificated or interim form;

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

obligations of such Person for the deferred purchase price of Property or services where such purchase price is deferred for six months or longer; (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments; (d) 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); (e) all obligations of such Person as lessee under leases that have been or should be, in accordance with generally accepted accounting principles, recorded as Capital Leases; (f) all reimbursement obligations, contingent or otherwise, of such Person under acceptance, letter of credit and similar facilities; (g) all net obligations of such Person to purchase, redeem, retire, defease or otherwise acquire for value any Equity Interests of such Person, provided that all conditions to such purchase, retirement, defeasance or acquisition have been satisfied; (h) the market value of all hedge arrangements in respect of which the market value is negative from such Person's perspective (that is, the Person is "out of the money") less, in the case of any such hedge arrangements with a lender that permit "netting", the market value of all hedge arrangements with such lender in respect of which the market value is positive (up to a maximum of the market value of the hedge arrangements having a negative market value); (i) all contingent obligations of such Person; (j) all Debt of another Person referred to in clauses (a) through (i) above secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt; (k) all Debt of another Person referred to in clauses (a) through (i) above that is guaranteed by such Person or in respect of which such Person has agreed to indemnify any Person; (l) the amount of all trade payables and other accrued liabilities to the extent the same are past the due date thereof by more than 180 days (except to the extent that such payables and liabilities are being properly contested by such Person with the Person to whom same are owing); (m) the net present value of all remaining payment obligations under Capital Leases; and (n) any other obligations which would under IFRS be recorded on a balance sheet as debt, provided that Operating Leases shall not be considered Debt;

(34) **"Default"** means an Event of Default or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) be an Event of Default;

(35) **"Depository" or "CDS"** means CDS Clearing and Depository Services Inc. and its successors in interest;

(36) **"Environmental Laws"** means: (a) all requirements and provisions under or prescribed by the common law and any and all applicable federal, provincial, regional, local or municipal laws, statutes or by-laws; (b) all applicable rules, regulations, protocols, guidelines, procedures, judgments, concessions, grants, franchises, licences, agreements and any other governmental requirements, promulgated under or pursuant to any law referred to in clause (a) above; (c) all applicable orders, decisions and exemptions rendered by any Governmental Authority; and (d) any other Applicable Laws, relating to the protection of the natural environment (including ambient air, surface water, ground water, land surface or subsurface strata), or human health or wildlife that pertain to the Property of the Corporation, any Guarantor or any Subsidiary;

(37) **"Equity Interests"** means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust, warrants, options or any other equity interests in any Person;

(38) **"Event of Default"** has the meaning ascribed thereto in Section 8.1;

- (39) **“Extraordinary Resolution”** has the meaning ascribed thereto in Section 10.12;
- (40) **“Fully Registered Debentures”** means Debentures registered as to both principal and interest;
- (41) **“General Security Agreement”** means the general security agreement, dated on or about the date hereof, by the Corporation in favour of the Trustee;
- (42) **“Governmental Authority”** means (a) the government of Canada or any other nation, or any political unit or subdivision of either of them (whether federal, provincial, state, municipal, local, or otherwise), and (b) any body, agency, tribunal, arbitrator, court, authority, or other entity that exercises executive, legislative, judicial, taxing, regulatory, or administrative powers or functions of, or pertaining to, government;
- (43) **“Guarantees”** means such guarantee to be provided by each Guarantor of the Corporation’s obligations under this Indenture and the other Indenture Documents, substantially in the form as set out on Schedule G hereto;
- (44) **“Guarantors”** means: (a) as of the closing date of the Offering, the Initial Guarantors; and (b) following the closing date of the Offering, each Material Subsidiary of the Corporation that is required to guarantee the Corporation’s obligations under this Indenture;
- (45) **“IFRS”** means International Financial Reporting Standards issued by the International Accounting Standards Board (including as further described in Section 1.17);
- (46) **“Immaterial Subsidiary”** means, at any date, each direct or indirect Subsidiary of the Corporation that has been designated by the Corporation in writing to the Trustee as an “Immaterial Subsidiary” for purposes of this Indenture (and not re-designated as a Material Subsidiary as provided below); provided that: (a) for purposes of this Indenture, at no time shall: (i) the book value of the total assets of all Immaterial Subsidiaries exceed 10% of the total consolidated assets of the Corporation and its Subsidiaries; or (ii) the gross revenue of all Immaterial Subsidiaries exceed 10% of the total consolidated gross revenue of the Corporation and its Subsidiaries; (b) the Corporation shall not designate any new Immaterial Subsidiary if such designation would not comply with the provisions set forth in clause (a) above; (c) if the total assets or gross revenues of all Subsidiaries designated as “Immaterial Subsidiaries” shall at any time exceed the limits set forth in clause (a) above, then all such Subsidiaries shall be deemed to be Material Subsidiaries unless and until the Corporation shall re-designate one or more Immaterial Subsidiaries as Material Subsidiaries, in each case in a written notice to the Trustee and, as a result thereof, the total assets and gross revenues of all Subsidiaries still designated as “Immaterial Subsidiaries” do not exceed such limits; and (d) no Subsidiary of the Corporation shall be an Immaterial Subsidiary if it holds a license from any Governmental Authority which permits such Subsidiary to produce, distribute sell or market medical or adult-use marijuana; and further provided that the asset and revenue threshold percentages set out in (i) and (ii) above shall be determined on each date the Corporation’s annual or interim financial statements are filed or due to be filed based on the consolidated assets and revenues of the Corporation on the last day covered by such financial statements. As of the date hereof, each of the following Subsidiaries of the Corporation is designated by the Corporation as an Immaterial Subsidiary: (1) Consortium Property Holdings Inc. (Ontario); (2) Consortium Beverage Company Inc. (Ontario); (3) 16171 Slater Road Investors LLC (Delaware); (4) Harvest Park Lot 9 Investors LLC (Delaware); (5) Harvest Park Lot 9 Investors No. 2 LLC (Delaware); (6) Trick Tail Capital LLC (Wyoming); (7) Cavern Capital Holdings LLC (Wyoming); (8) Cloud Nine Capital, LLC (Wyoming); (9) Consortium Health Partners LLC (Pennsylvania); (10) Consortium Oregon LLC (Oregon); (11) Consortium Washington LLC (Washington); (12) Consortium California LLC (California); (13) Consortium Canada Servicing, Inc. (Canada); (14) Consortium Canada

Holdings Inc. (Ontario); (15) Arcadia EcoEnergies Ltd. (New Brunswick); (16) Consortium Brazil DBA Knox Medical Comerico De Medicamentos Ltda (Brazil); (17) Consortium Australia Pty Ltd. (Australia); (18) Consortium Argentina S.A. (Argentina); (19) Consortium Peru S.A.C. (Peru); and (20) Bayona S.A. (Paraguay).

(47) **“Indenture Documents”** means collectively, the Indenture, the Debentures and the Collateral Documents;

(48) **“Initial Guarantors”** means each of Consortium International Inc., Consortium Holdings LLC, Consortium Florida, LLC, Consortium Michigan, LLC and Consortium Pennsylvania, LLC;

(49) **“Interest Payment Date”** means a date specified in Section 2.2(3);

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

(51) **“Lien”** means in respect of any Person, any mortgage, debenture, pledge, hypothec, lien, charge, assignment by way of security, hypothecation or security interest granted or permitted by such Person or arising by operation of law, in respect of any such Person’s Property, or any consignment or Capital Lease of Property by such Person as consignee or lessee or any other security agreement, trust or arrangement having the effect of security for the payment of any debt, liability or obligations;

(52) **“Material Adverse Effect”** means a material adverse effect (or series of adverse effects, none of which is material in and of itself but which, cumulatively, results in a material adverse effect) on (a) the business, Property, assets (including intangible assets), liabilities, capitalization, ownership, financial condition (financial or otherwise), or results of operations of the Corporation and its Subsidiaries (taken as a whole) , (b) the ability of any Obligor to comply with any Indenture Document to which it is a party, (c) the validity or enforceability of any provision of any Indenture Document or (d) the priority or perfection of any Lien granted pursuant to any Collateral Document;

(53) **“Material Subsidiary”** means each direct or indirect Subsidiary of the Corporation that is not an Immaterial Subsidiary; provided that: (a) Consortium Texas, LLC shall be deemed to be an Immaterial Subsidiary for so long as the Equity Interests therein are pledged as security to a person that deals at arm’s length (as that term is used in the Tax Act) with the Corporation and its Subsidiaries which, for the avoidance of doubt, includes the pledge pursuant to the Convertible Note Financing; (b) Knox Servicing, LLC shall be deemed to be an Immaterial Subsidiary for so long as the Equity Interests therein are pledged as security to a Person that deals at arm’s length (as that term is used in the Tax Act) with the Corporation and its Subsidiaries which for the avoidance of doubt includes the pledge pursuant to the Smith Transaction Agreement; (c) Consortium Colombia S.A.S shall be deemed to be an Immaterial Subsidiary for so long as the Vision Claim remains unresolved or Equity Interests therein are beneficially owned or controlled by a Person that deals at arm’s length (as that term is used in the Tax Act) with the Corporation and its Subsidiaries; (d) Arcadia EcoEnergies Ltd. shall be deemed to be an Immaterial Subsidiary for so long as Equity Interests therein are beneficially owned or controlled by a Person that deals at arm’s length (as that term is used in the Tax Act) with the Corporation and its Subsidiaries; and (e) Consortium Australia Pty Ltd. shall be deemed to be an Immaterial Subsidiary for so long as Equity Interests therein are beneficially

owned or controlled by a Person that deals at arm's length (as that term is used in the Tax Act) with the Corporation and its Subsidiaries;

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

(55) **"Maturity Date"** means May 23, 2021;

(56) **"Merger Event"** has the meaning ascribed thereto in Section 5.5(c);

(57) **"NI 62-104"** means National Instrument 62-104 - *Take-Over Bids and Issuer Bids*;

(58) **"Obligors"** means, collectively, the Corporation and each Guarantor;

(59) **"Offering"** means the brokered private placement of 25,144 Units;

(60) **"Officer's Certificate"** means a certificate of the Corporation signed by any one authorized officer or director of the Corporation, in their capacity as an officer or director of the Corporation, and not in their personal capacity;

(61) **"Operating Lease"** means a lease that would, prior to the adoption of IFRS 16 *Leases* effective January 1, 2019, have been considered to be an operating lease in accordance with IFRS as it was in effect prior to that date. For the avoidance of doubt, any change in IFRS or the application or interpretation thereof after January 1, 2019 that requires Operating Leases to be treated similarly as Capital Leases shall not be given effect in the definitions of "Debt" or "Liens";

(62) **"Participant"** means a Person recognized by CDS as a participant in the non-certificated inventory system administered by CDS;

(63) **"Permitted Debt"** means:

- (a) Debt under the Debentures;
- (b) reimbursement obligations, contingent or otherwise, under or in connection with credit card facilities, letters of credit or letters of guarantee in the ordinary course of business in an amount not exceeding \$500,000 and customary indemnity obligations thereof;
- (c) Debt of the Corporation pursuant to Purchase Money Security Interests and Capital Leases, provided that such Debt under this paragraph (c) does not exceed \$5,000,000 in aggregate at any one time;
- (d) intercompany indebtedness owing by one Obligor to another Obligor provided such indebtedness is subordinated to the Debt under the Debentures on terms and conditions satisfactory to the Trustee; and
- (e) Debt and Contingent Liabilities in existence on the date hereof in connection with the Smith Transaction Agreement or the Convertible Note Financing;

(64) **"Permitted Liens"** means with respect to any Person the following:

- (a) Liens for taxes not yet due or for which instalments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under IFRS are maintained;
- (b) 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 Trustee has not 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;
- (c) reservations, limitations, provisos and conditions expressed in any original grants from a Governmental Authority or other grants of real or immovable property, or interests therein, which do not materially affect the use of the affected land for the purpose for which it is used by that Person;
- (d) zoning, land use and building restrictions, by-laws, regulations and ordinances of federal, provincial, state, municipal and other governmental authorities, licences, easements, rights-of-way, servitudes and rights in the nature of easements (including, without limiting the generality of the foregoing, licences, easements, 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;
- (e) title defects, encroachments or irregularities or other matters relating to title which are of a minor nature and which individually or in the aggregate do not materially impair the use of the affected property for the purpose for which it is used by that Person;
- (f) the right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, licence, franchise, grant or permit acquired by that Person or by any statutory provision to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;
- (g) the Lien resulting from the deposit of cash or securities in connection with contracts, tenders or expropriation proceedings, or to secure workmen's compensation, employment insurance, surety or appeal bonds, costs of litigation when required by law, 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;
- (h) 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;
- (i) servicing agreements, development agreements, site plan agreements, and other agreements with governmental authorities pertaining to the use or development of any of the assets of the Person, provided that same do not reduce the value of the assets of the Person or materially interfere with the use of such assets in the operation of the business

of the Person including, without limitation, any obligations to deliver letters of credit and other security as required;

- (j) applicable municipal and other governmental restrictions, including municipal bylaws and regulations, affecting the use of land or the nature of any structures which may be erected thereon, provided that such restrictions do not reduce the value of the assets of the Person or materially interfere with the use of such assets in the operation of the business of the Person;
- (k) 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;
- (l) Liens granted pursuant to the Collateral Documents or any other Indenture Document;
- (m) to the extent permitted by subparagraph (c) of the definition of “Permitted Debt”, Capital Leases and the Liens with respect to Purchase Money Security Interests;
- (n) Liens or any rights of distress that are either (i) requirements of law or (ii) reserved in or exercisable under any lease or sublease to which it is a lessee which secure the payment of rent or compliance with the terms of such lease or sublease, provided that such Liens do not extend to assets other than those at the relevant leased location;
- (o) to the extent permitted by subparagraph (b) of the definition of “Permitted Debt”, Liens on cash collateral securing reimbursement obligations, contingent or otherwise, under or in connection with credit cards, letters of credit or letters of guarantee and customary indemnity obligations in respect thereof;
- (p) Liens in existence on the date hereof granted in a portion of the Equity Interests in Knox Servicing, LLC in connection with the Smith Transaction Agreement; and
- (q) Liens in existence on the date hereof granted in the Equity Interests in Consortium Texas, LLC in connection with the Convertible Note Financing;

(65) **“Person”** includes an individual, corporation, company, partnership, joint venture, association, trust, trustee, unincorporated organization or government or any agency or political subdivision thereof (and for the purposes of the definition of **“Change of Control”**, in addition to the foregoing, **“Person”** shall include any syndicate or group that would be deemed to be a **“Person”** under NI 62-104);

(66) **“Pledge Agreements”** means, collectively, (a) the pledge agreement, dated on or about the date hereof, by Consortium International Inc. in favour of the Trustee pursuant to which Consortium International Inc. grants a Lien in favour of the Trustee over all the Equity Interests in Consortium Holdings LLC; (b) the pledge agreement, dated on or about the date hereof, by Consortium Holdings LLC in favour of the Trustee pursuant to which Consortium Holdings LLC grants a Lien in favour of the Trustee over all the Equity Interests in Consortium Florida, LLC, Consortium Michigan LLC; and Consortium Pennsylvania LLC; and (c) each other pledge agreement required to be delivered by the holder of the Equity Interests in any Material Subsidiary that is required to provide a Guarantee pursuant to this Indenture;

(67) **“Pledged Shares”** means the Equity Interests in the Guarantors that are pledged pursuant to the Pledge Agreements;

- (68) **“Privacy Laws”** has the meaning ascribed thereto in Section 12.19;
- (69) **“Property”** means, with respect to any Person, all of the property and assets, both real and personal, including for greater certainty any Equity Interests in any Person, of such Person, and proceeds thereof;
- (70) **“Purchase Money Security Interest”** means a Lien created or assumed by the Corporation, any Guarantor or any Subsidiary, as applicable, securing Debt incurred to finance the unpaid acquisition price (including any installation costs or costs of construction) of Property (including, for the avoidance of doubt, real property); provided that (a) such Lien is created substantially concurrently with the acquisition of such Property, (b) such Lien does not at any time encumber any Property other than the Property financed by such Debt or the proceeds thereof, (c) the amount of Debt secured thereby is not increased subsequent to such acquisition, (d) the principal amount of the Debt secured by any such Lien at no time exceeds 100% of the original purchase price of such Property at the same time it was acquired; for the purposes of this definition the term “acquisition” shall include a Capital Lease and the term “acquire” shall have a corresponding meaning;
- (71) **“Qualified Institutional Buyer”** means a “qualified institutional buyer” as such term is defined in Rule 144A under the 1933 Act;
- (72) **“Regulation S”** means Regulation S adopted by the SEC under the 1933 Act;
- (73) **“Related Business”** means any business that is the same as or related, ancillary or complementary to any of the businesses of the Corporation, the Guarantors and the Subsidiaries on the date of this Indenture and any reasonable extension or evolution of any of the foregoing;
- (74) **“Restricted Debentures”** means collectively the Restricted Uncertificated Debentures and Restricted Physical Debentures;
- (75) **“Restricted Physical Debenture”** means a definitive Debenture that bears the U.S. Legend;
- (76) **“Restricted Uncertificated Debenture”** means an Uncertificated Debenture that is deemed to bear the U.S. Legend;
- (77) **“Securities”** has the meaning ascribed thereto in Section 2.12;
- (78) **“Smith Transaction Agreement”** means the transaction agreement dated August 13, 2018 between Consortium Florida, LLC and CanEndeavour LLC regarding the acquisition of units of Knox Servicing, LLC held by CanEndeavour LLC in exchange for cash and units of Consortium Holdings LLC, as amended on January 1, 2019 with a promissory note, security agreement, guaranty, dispensary termination agreement and consulting agreement;
- (79) **“Subsidiary”** means, in respect of a Person, any (direct or indirect) subsidiary of such Person;
- (80) **“subsidiary”** has the meaning ascribed thereto in the *Securities Act* (Ontario);
- (81) **“Tax Act”** means the *Income Tax Act* (Canada), as amended;
- (82) **“Time of Expiry”** means the time of expiry of certain rights with respect to the conversion of Debentures under Article 5, being the close of business on the earlier of (i) the Business Day immediately preceding the Maturity Date of the Debentures; or (ii) if subject to repurchase pursuant to a Change of



Control, on the Business Day immediately preceding the Change of Control Purchase Date, subject to the satisfaction of certain conditions, by notice to the holders of Debentures in accordance with Section 2.2(7);

(83) **“trading day”** means, with respect to the CSE or other market for securities, any day on which such exchange or market is open for trading or quotation;

(84) **“Trustee”** means Capital Transfer Agency, ULC, or its successor or successors for the time being as trustee hereunder;

(85) **“Uncertificated Debenture”** means any Debenture which is not issued as part of a Debenture Certificate;

(86) **“Unclaimed Funds Return Date”** has the meaning ascribed thereto in Section 2.2(7)(e);

(87) **“United States”** or **“U.S.”** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

(88) **“Units”** means the units of the Corporation, each comprised of one \$1,000 principal amount Debenture and 292 Warrants;

(89) **“Unrestricted Debentures”** means collectively Unrestricted Physical Debentures and Unrestricted Uncertificated Debentures;

(90) **“Unrestricted Physical Debenture”** means a definitive Debenture that does not bear the U.S. Legend;

(91) **“Unrestricted Uncertificated Debenture”** means a Debenture that is not marked to bear the U.S. Legend;

(92) **“U.S. Debentureholder”** is (a) any U.S. Person that purchased Debentures, (b) any Person that purchased Debentures on behalf of any U.S. Person or any Person in the United States, (c) any purchaser of Debentures that received an offer for the Debentures while in the United States, (d) any Person that was in the United States at the time the purchaser’s buy order was made or the subscription agreement for Debentures was executed or delivered;

(93) **“U.S. Legend”** has the meaning ascribed thereto in Section 2.12;

(94) **“U.S. Person”** means a “U.S. Person” within the meaning of Rule 902(k) of Regulation S under the 1933 Act;

(95) **“U.S. Securities Exchange Act”** means the U.S. Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations promulgated thereunder;

(96) **“Vision Claim”** means the claim made by the Corporation’s former in-market partners in Colombia, being Vision Science and Technology S.A.S., Gustavo Gaviria and Margarete Rose de María Fátima Halaby Uribe (collectively **“Vision”**), against Consortium Canada Holdings Inc.: (i) in respect of the acquisition by the Corporation of real property in Colombia from Vision; and (ii) in respect of the share swap agreement dated August 16, 2018, as amended between the Corporation and Vision.

(97) **“VWAP”** means the per share volume weighted average trading price of the Common Shares for the applicable period (which must be calculated utilizing days in which the Common Shares actually trade) on the CSE (or if the Common Shares are no longer traded on the CSE, on such other exchange as the Common Shares are then traded);

(98) **“Warrants”** mean the Common Share purchase warrants of the Corporation, each entitling the holder thereof to acquire one Common Share at an exercise price of \$2.40 per Common Share at any time prior to March 21, 2021, subject to adjustment in certain events;

(99) **“Withholding Taxes”** has the meaning ascribed to it in Section 6.9; and

(100) **“Written Direction of the Corporation”** or **“written request of the Corporation”** means an instrument in writing signed by any one officer or director of the Corporation.

### **Section 1.2 Meaning of “Outstanding”**

Every Debenture certified and delivered by the Trustee hereunder shall be deemed to be outstanding until it is cancelled, converted or redeemed or delivered to the Trustee for cancellation, conversion or redemption for monies and/or Common Shares, as the case may be, or the payment thereof shall have been set aside under Section 9.2, provided that:

- (a) Debentures which have been partially redeemed, purchased or converted shall be deemed to be outstanding only to the extent of the unredeemed, unpurchased or unconverted part of the principal amount thereof;
- (b) when a new Debenture has been issued in substitution for a Debenture which has been lost, stolen or destroyed, only one of such Debentures shall be counted for the purpose of determining the aggregate principal amount of Debentures outstanding; and
- (c) for the purposes of any provision of this Indenture entitling holders of outstanding Debentures to vote, sign consents, requisitions or other instruments or take any other action under this Indenture, or to constitute a quorum of any meeting of Debentureholders, Debentures owned directly or indirectly, legally or equitably, by the Corporation shall be disregarded except that:
  - (i) for the purpose of determining whether the Trustee shall be protected in relying on any such vote, consent, requisition or other instrument or action, or on the holders of Debentures present or represented at any meeting of Debentureholders, only the Debentures which the Trustee knows are so owned shall be so disregarded;
  - (ii) Debentures so owned which have been pledged in good faith other than to the Corporation shall not be so disregarded if the pledgee shall establish to the satisfaction of the Trustee the pledgee’s right to vote such Debentures, sign consents, requisitions or other instruments or take such other actions in his discretion free from the control of the Corporation or a Subsidiary of the Corporation; and
  - (iii) as at the date hereof, neither the Corporation nor any Subsidiary holds any Debentures.

### **Section 1.3 Interpretation**

In this Indenture:

- (a) words importing the singular number or masculine gender shall include the plural number or the feminine or neuter genders, and vice versa;
- (b) all references to Articles and Schedules refer, unless otherwise specified, to articles of and schedules to this Indenture;
- (c) all references to Sections, subsections or clauses refer, unless otherwise specified, to Sections, subsections or clauses of this Indenture;
- (d) words and terms denoting inclusiveness (such as “include” or “includes” or “including”), whether or not so stated, are not limited by and do not imply limitation of their context or the words or phrases which precede or succeed them;
- (e) reference to any agreement or other instrument in writing means such agreement or other instrument in writing as amended, modified, replaced or supplemented from time to time;
- (f) unless otherwise indicated, reference to a statute shall be deemed to be a reference to such statute as amended, re-enacted or replaced from time to time; and
- (g) unless otherwise indicated, time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated by including the day on which the period commences and excluding the day on which the period ends.

### **Section 1.4 Permitted Liens**

The inclusion of reference to Permitted Liens in this Indenture, the Debentures or any document related thereto is not intended to subordinate and shall not subordinate, and shall not be interpreted as subordinating, any Lien created by any of the Collateral Documents to any Permitted Liens.

### **Section 1.5 Headings, etc.**

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

### **Section 1.6 Time of Essence**

Time shall be of the essence of this Indenture.

### **Section 1.7 Monetary References**

Any reference to “\$” or “US\$” shall mean a reference to the lawful currency of the United States of America. Any reference to “CAD\$” shall mean a reference to the lawful currency of Canada.

**Section 1.8 Invalidity, etc.**

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

**Section 1.9 Language**

Each of the parties hereto hereby acknowledges that it has consented to and requested that this Indenture and all documents relating hereto, including, without limiting the generality of the foregoing, the form of Debenture attached hereto as Schedule A and the form of Qualified Institutional Buyer Letter attached hereto as Schedule F, be drawn up in the English language only.

**Section 1.10 Successors and Assigns**

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

**Section 1.11 Severability**

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

**Section 1.12 Entire Agreement**

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

**Section 1.13 Benefits of Indenture**

Nothing in this Indenture or in the Debentures, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any paying agent, the holders of Debentures and (to the extent provided in Section 8.10) the holders of Common Shares, any benefit or any legal or equitable right, remedy or claim under this Indenture.

**Section 1.14 Applicable Law and Attornment**

This Indenture, any supplemental indenture and the Debentures shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts, with respect to any suit, action or proceedings relating to this Indenture, any supplemental indenture or any Debenture, the Corporation (for and on behalf of itself and any Subsidiary), the Trustee and each holder irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

### **Section 1.15 Currency of Payment**

Unless otherwise indicated in a supplemental indenture, all payments to be made under this Indenture or a supplemental indenture shall be made in United States dollars.

### **Section 1.16 Non-Business Days**

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

### **Section 1.17 Accounting Terms**

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

### **Section 1.18 Calculations**

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

### **Section 1.19 Paramountcy**

If any provision contained in this Indenture or any Debenture conflicts with any provision contained in a Collateral Document, the provision contained herein or in such Debenture shall govern and control.

### **Section 1.20 Schedules**

- (1) The following Schedules are incorporated into and form part of this Indenture:

- Schedule A – Form of Debenture
- Schedule B – Form of Notice of Conversion
- Schedule C – Common Share Legend
- Schedule D – Form of Certificate of Transfer
- Schedule E – Form of Certificate of Exchange
- Schedule F – Form of Qualified Institutional Buyer Letter
- Schedule G – Form of Subsidiary Guarantee
- Schedule H – Collateral Documents

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

## **ARTICLE 2 – THE DEBENTURES**

### **Section 2.1 Limit of Debentures**

The aggregate principal amount of Debentures authorized to be issued under this Indenture is limited to up to US\$28,750,000 (which amount includes the 15% over-allotment option granted to the Agents pursuant to the Agency Agreement), but Debentures may be issued only upon and subject to the conditions and limitations herein set forth. Any portion of the over-allotment option granted to the Agents pursuant to the Agency Agreement that remains unexercised following the 30<sup>th</sup> day after the closing date of the Offering shall expire and any unissued Debentures shall no longer be authorized from and after such date.

### **Section 2.2 Form and Terms of the Debentures**

(1) The Debentures authorized for issue under this Indenture is limited to an aggregate principal amount of up to US\$28,750,000 (which amount includes the 15% over-allotment option granted to the Agents pursuant to the Agency Agreement) and shall collectively be designated as “12% Senior Secured Convertible Debentures”.

(2) The Debentures shall be dated as of the date of closing of the Offering and shall mature on the Maturity Date.

(3) The Debentures shall bear interest from the date of issue at the rate of 12% per annum (based on a year of 360 days composed of twelve 30-day months). Interest will be paid as to (i) 6.0% in cash, accruing daily and due and payable quarterly (the “**Cash Interest**”) and (ii) as to 6% in cash, accruing daily as simple interest and due and payable on the Maturity Date (the “**Deferred Interest**”) provided that such Deferred Interest shall be automatically converted at the Conversion Price on the date of conversion of the applicable Debenture. The Cash Interest will be payable in arrears on June 30, September 30, December 31 and March 31 of each year and on the Maturity Date (each, an “**Interest Payment Date**”). The first such payment shall fall due on June 30, 2019 and the last such payment (representing interest payable from the last Interest Payment Date to, but excluding, the Maturity Date) to fall due on the Maturity Date. Interest shall be payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded monthly. For certainty, the first interest payment will include interest accrued from and including the date of closing of the Offering to, but excluding June 30, 2019, which will be equal to \$6.33 for each \$1,000 principal amount of Debentures. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day. The record date for the payment of interest on the Debentures will be that date which is five Business Days prior to each Interest Payment Date.

(4) The Debentures will be direct secured obligations of the Corporation and will rank *pari passu* with each other Debenture (regardless of their actual date or terms of issue), secured by a first priority Lien over (i) the Property of the Corporation (subject to Permitted Liens) and (ii) the Pledged Shares. The Debentures will rank senior in right of payment to all other Debt of the Corporation.

(5) Upon and subject to the provisions and conditions of Article 5 and Section 3.6, the holder of each Debenture shall have the right at such holder’s option, at any time prior to the close of business on the Time

of Expiry to convert any part, being \$1,000 or an integral multiple thereof, of the principal amount of a Debenture into Common Shares at the Conversion Price in effect on the Date of Conversion.

The Conversion Price in effect on the date hereof for each Common Share to be issued upon the conversion of Debentures shall be equal to US\$2.10 such that 476 Common Shares shall be issued for each \$1,000 principal amount of Debentures so converted. Except as provided below, no adjustment in the number of Common Shares to be issued upon conversion will be made for dividends or distributions on Common Shares issuable upon conversion, the record date for the payment of which precedes the date upon which the holder becomes a holder of Common Shares in accordance with Article 5, or for interest accrued on Debentures surrendered. No fractional Common Shares will be issued, and the number of Common Shares so issuable will be rounded down to the nearest whole number. The Conversion Price applicable to, and the Common Shares, securities or other property receivable on the conversion of, the Debentures is subject to adjustment pursuant to the provisions of Section 5.5. Holders converting their Debentures will receive, in addition to the applicable number of Common Shares, accrued and unpaid interest (less any taxes required to be deducted) in respect of the Debentures surrendered for conversion up to and including, the Date of Conversion from, and including, the most recent Interest Payment Date. The Conversion Price will not be adjusted for accrued interest.

Notwithstanding any other provisions of this Indenture, if a Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding Business Days, the Person or Persons entitled to receive Common Shares in respect of the Debenture so surrendered for conversion shall not become the holder or holders of record of such Common Shares until the Business Day following such Interest Payment Date and, for clarity, any interest payable on such Debentures will be for the account of the holder of record of such Debentures at the close of business on the relevant record date.

(6) The Debentures shall be issued in denominations of \$1,000 and integral multiples of \$1,000. Each Debenture and the certificate of the Trustee endorsed thereon, if applicable, shall be issued in substantially the form set out in Schedule A with such insertions, omissions, substitutions or other variations as shall be required or permitted by this Indenture, and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by the Board of Directors executing such Debenture in accordance with Section 2.5 hereof, as conclusively evidenced by their execution of a Debenture. Each Debenture shall additionally bear such distinguishing letters and numbers as the Trustee shall approve. Notwithstanding the foregoing, a Debenture may be in such other form or forms as may, from time to time, be, approved by a resolution of the Board of Directors, or as specified in an Officer's Certificate. The Debentures may be engraved, lithographed, printed, mimeographed or typewritten or partly in one form and partly in another.

The Debentures shall be issued in the form of one or more (a) Debenture Certificates, which shall bear the Canadian Legend and, if applicable, the U.S. Legend, and (b) as Uncertificated Debentures, which shall bear a restricted CUSIP or other notation in respect of the Canadian Legend and, if applicable, the U.S. Legend.

(7) At least 30 days prior to the consummation of an event which would constitute a Change of Control, the Corporation shall notify the Debentureholders in writing of all of the terms of the proposed transaction. Within 30 days following a Change of Control, and subject to the provisions and conditions of this Section 2.2(7), the Corporation shall be obligated to offer to purchase or convert all or part of the Debentures then outstanding, subject to the exercise of conversion rights of holders in accordance with Section 2.2(5) and Article 5. The terms and conditions of such obligation are set forth below:

- (a) Not less than 30 days following the occurrence of a Change of Control, the Corporation shall deliver to the Trustee, and the Trustee shall promptly deliver to the holders of the Debentures, a notice stating that there has been a Change of Control and specifying the date on which such Change of Control occurred and the circumstances or events giving rise to such Change of Control (a **“Change of Control Notice”**). The Debentureholders shall, in their sole discretion, have the right to require the Corporation to, either: (i) purchase in whole or in part the Debentures (the **“Change of Control Purchase Option”**) at 101% of the principal amount thereof plus accrued and unpaid interest to, and including, the Change of Control Purchase Date (the **“Change of Control Purchase Price”**); or (ii) convert and/or cause any entity resulting from a Change of Control (which shall include any entity acquiring all or substantially all of the Corporation’s and its Subsidiaries’ Property taken as a whole) to convert the Debenture into a replacement debenture of such entity resulting from the Change of Control in the same aggregate principal amount as the aggregate principal amount of the Debentures held by electing the holder, with such adjustments as are required to make the replacement debentures otherwise economically equivalent to the Debentures, but otherwise on the terms of the Debentures (a **“Resulting Issuer Debenture”**). The **“Change of Control Purchase Date”** shall be the date that is 30 Business Days after the date of the Change of Control Notice is delivered to holders of Debentures. At least five Business Days prior to the Change of Control Purchase Date, the Debentureholders shall deliver to the Corporation their written election in respect of their rights under this section.
- (b) The Corporation shall, on or before 11:00 a.m. (Toronto time) on the Business Day immediately prior to the Change of Control Purchase Date, deposit with the Trustee or any paying agent to the order of the Trustee, such sums of money as may be sufficient to pay the Change of Control Purchase Price of the Debentures to be purchased or redeemed by the Corporation on the Change of Control Purchase Date, provided the Corporation may elect to satisfy this requirement by providing the Trustee with a certified cheque or wire transfer for such amounts required under this Section 2.2(7)(b) post-dated to the date of expiry of the Change of Control Purchase Option. The Corporation shall also deposit with the Trustee a sum of money sufficient to pay any reasonable charges or expenses which may be incurred by the Trustee in connection with such purchase. Every such deposit shall be irrevocable. From the sums so deposited, the Trustee shall pay or cause to be paid to the holders of such Debentures, the Change of Control Purchase Price to which they are entitled (less any tax required by law to be deducted in respect of accrued and unpaid interest) on the Corporation’s purchase.
- (c) In the event that one or more of such Debentures being purchased in accordance with this Section 2.2(7) becomes subject to purchase in part only, upon surrender of such Debentures for payment of the Change of Control Purchase Price, the Corporation shall execute and the Trustee shall certify and deliver without charge to the holder thereof or upon the holder’s order, one or more new Debentures (or a Resulting Issuer Debenture if applicable) for the portion of the principal amount of the Debentures not purchased.
- (d) Debentures for which holders have accepted the Change of Control Purchase Option shall become due and payable at the Change of Control Purchase Price on the Change of Control Purchase Date, in the same manner and with the same effect as if it were the date of maturity specified in such Debentures, anything therein or herein to the contrary notwithstanding, and, from and after the Change of Control Purchase Date, if the money necessary to purchase or redeem the Debentures shall have been deposited as provided in this Section



2.2(7) and affidavits or other proofs satisfactory to the Trustee as to the publication and/or mailing of such notices shall have been lodged with it, interest on the Debentures shall cease. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Trustee whose decision shall be final and binding upon all parties in interest.

- (e) In case the holder of any Debenture to be purchased or redeemed in accordance with this Section 2.2(7) shall fail on or before the Change of Control Purchase Date to so surrender such holder's Debenture or shall not within such time accept payment of the monies payable or give such receipt therefor, if any, as the Trustee may require, such monies may be set aside in trust, without interest, either in the deposit department of the Trustee or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the sum so set aside and the Debentureholder shall have no other right except to receive payment of the monies so paid and deposited upon surrender and delivery of such holder's Debenture. In the event that any money required to be deposited hereunder with the Trustee or any depository or paying agent on account of principal, premium, if any, or interest, if any, on Debentures issued hereunder shall remain so deposited for a period of six years from the Change of Control Purchase Date, then such monies shall at the end of such period be paid over or delivered over by the Trustee or such depository or paying agent to the Corporation and the Trustee shall not be responsible to Debentureholders for any amounts owing to them. Notwithstanding the foregoing, the Trustee will pay any remaining funds deposited hereunder on that date which is six years after the Change of Control Purchase Date (the "**Unclaimed Funds Return Date**") to the Corporation and the Trustee shall not be responsible to Debentureholders for any amounts owing to them. If the remaining funds are paid to the Corporation prior to the Unclaimed Funds Return Date, the Corporation shall reimburse the Trustee for any amounts required to be paid by the Trustee to a holder of a Debenture pursuant to the Change of Control Purchase Option after the date of such payment of the remaining funds to the Corporation but prior to the Unclaimed Funds Return Date.
- (f) Subject to the provisions above related to Debentures purchased in part, all Debentures redeemed and paid under this Section 2.2(7) shall forthwith be delivered to the Trustee and cancelled and no Debentures shall be issued in substitution therefor.

- (8) The Corporation shall not have the right to redeem or repay any Debenture prior to the Maturity Date.

### **Section 2.3 Certification and Delivery of Debentures**

(1) The Corporation may from time to time request the Trustee to certify and deliver Debentures by delivering to the Trustee the documents referred to below in this Section 2.3 whereupon the Trustee shall certify such Debentures and cause the same to be delivered in accordance with the Written Direction of the Corporation referred to below or pursuant to such procedures acceptable to the Trustee as may be specified from time to time by a Written Direction of the Corporation. In certifying such Debentures, the Trustee shall be entitled to receive and shall be fully protected in relying upon, unless and until such documents have been superseded or revoked:

- (a) an executed copy of this Indenture;

- (b) a Written Direction of the Corporation requesting certification and delivery of such Debentures and setting forth delivery instructions;
  - (c) an opinion of Counsel, in form and substance satisfactory to the Trustee, acting reasonably, to the effect that all requirements imposed by this Indenture and by law in connection with the proposed issue of Debentures have been complied with, subject to the delivery of certain documents or instruments specified in such opinion; and
  - (d) an Officer's Certificate certifying (a) that the Corporation is not in default under this Indenture, (b) that the terms and conditions for the certification and delivery of the Debentures (including those set forth in Section 12.5), have been complied with subject to the delivery of any documents or instruments specified in such Officer's Certificate (c) its constating documents, authorizing resolutions for this Indenture and the other Indenture Documents passed by the Board of Directors and a certificate of incumbency and (d) that no Event of Default exists or will exist upon such certification and delivery.
- (2) In addition to the documents referred to in Section 2.3(1), the issuance of the Debentures shall be subject to the prior or contemporaneous fulfillment of the following conditions:
- (a) execution by the Corporation and the Guarantors and delivery to the Trustee of the Collateral Documents required to be executed and delivered on the date of this Indenture, in a form and substance satisfactory to the Trustee, acting reasonably, providing for a valid Lien over the Property subject to the Liens created thereby to the Trustee subject only to Permitted Liens;
  - (b) the Trustee shall have received a certificate of status or good standing (or equivalent thereof) for the Corporation and each Guarantor, issued by the appropriate governmental body or agency or the jurisdiction in which the Corporation or such Guarantor is incorporated or formed;
  - (c) the Trustee shall have received evidence of registration of the Liens created or intended to be created by the Collateral Documents or notice thereof in the necessary jurisdictions to ensure the perfection and intended priority (subject to Permitted Liens) of such Liens; and
  - (d) receipt by the Trustee of a legal opinion dated and delivered on the date of the Indenture addressing the due authorization, execution and enforceability of the Indenture and the Collateral Documents executed and delivered on the date of this Indenture and the creation and perfection of the security interests created thereby.

#### **Section 2.4 Non-Certificated Deposit**

- (1) Subject to the provisions hereof, at the Corporation's option, Debentures may be issued and registered in the name of CDS or its nominee and:
- (a) the deposit of which may be confirmed electronically by the Trustee to a particular Participant through CDS; and
  - (b) shall be identified by CUSIP – 13809LAA7 ISIN – CA13809LAA76, without the U.S. Legend.

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

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

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

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

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

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

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

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

(8) The Corporation may terminate the application of this Section 2.4 in its sole discretion in which case all Debentures shall be evidenced by Debenture Certificates registered in the name of a Person other than the Depository.

## **Section 2.5 Execution of Debentures**

All Debentures shall be signed (either manually or by facsimile or other electronic signature) by any one authorized director or officer of the Corporation holding office at the time of signing. A facsimile or electronic signature upon a Debenture shall for all purposes of this Indenture be deemed to be the signature of the person whose signature it purports to be. Notwithstanding that any person whose signature, either manual or in facsimile or electronic form, appears on a Debenture as a director or officer may no longer hold such office at the date of the Debenture or at the date of the certification and delivery thereof, such Debenture shall be valid and binding upon the Corporation and shall entitle the holder to the benefits of this Indenture.

## **Section 2.6 Certification**

(1) No Debenture shall be issued or, if issued, shall be obligatory or shall entitle the holder to the benefits of this Indenture, until it has been manually certified or authenticated by or on behalf of the Trustee substantially in the form set out in this Indenture, in the relevant supplemental indenture, or in some other form approved by the Trustee. Such certification or authentication of any Debenture shall be conclusive evidence that such Debenture is duly issued, is a valid obligation of the Corporation and the holder is entitled to the benefits hereof. Debentures will be authenticated on a Written Direction of the Corporation

(2) The certificate of the Trustee signed on the Debentures, or interim Debentures hereinafter mentioned, and the authentication of Uncertificated Debentures shall not be construed as a representation or warranty by the Trustee as to the validity of this Indenture or of the Debentures or interim Debentures or as to the issuance of the Debentures or interim Debentures and the Trustee shall in no respect be liable or answerable for the use made of the Debentures or interim Debentures or any of them or the proceeds thereof. The certificate of the Trustee on the Debentures or interim Debentures and the authentication of Uncertificated Debentures shall, however, be a representation and warranty by the Trustee that the Debentures or interim Debentures have been duly certified by or on behalf of the Trustee pursuant to the provisions of this Indenture.

(3) The Trustee shall authenticate Uncertificated Debentures (whether upon original issuance, exchange, registration of transfer or otherwise) by completing its Internal Procedures and the Corporation shall, and hereby acknowledges that it shall, thereupon be deemed to have duly and validly issued such Uncertificated Debentures hereunder and that the holder or holders are entitled to the benefits of this Indenture. The register shall be final and conclusive evidence as to all matters relating to Uncertificated Debentures with respect to which this Indenture requires the Trustee to maintain records or accounts. In case of differences between the register at any time and any other time the register at the later time shall be controlling, absent manifest error and such Uncertificated Debentures are binding on the Corporation.

## Section 2.7 Interim Debentures or Certificates

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

## Section 2.8 Mutilation, Loss, Theft or Destruction

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

## Section 2.9 Concerning Interest

(1) All Debentures issued hereunder, whether originally or upon exchange or in substitution for previously issued Debentures which are interest bearing, shall bear interest (i) from and including their issue date, or (ii) from and including the last Interest Payment Date to which interest shall have been paid or made available for payment on the outstanding Debentures, whichever shall be the later, in all cases, to and excluding the next Interest Payment Date.

(2) Interest shall be computed on the basis of a year of 360 days composed of 12 30-day months. With respect to the Debentures, whenever interest is computed on the basis of a year (the “**deemed year**”) which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of

interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

(3) Notwithstanding anything herein to the contrary, in no event will any interest rate or rates referred to herein (together with other fees payable hereunder which are construed by a court of competent jurisdiction to be interest or in the nature of interest) exceed the maximum interest rate permitted by Applicable Law or would result in the receipt by the Trustee or any holder of Debentures of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)). If such maximum interest rate would be exceeded by the terms hereof, the rates of interest payable hereunder will be reduced to the extent necessary so that such rates (together with other fees payable hereunder which are construed by a court of competent jurisdiction to be interest or in the nature of interest) equal the maximum interest rate permitted by Applicable Law, and any overpayment of interest received by the Trustee or any holder of Debentures theretofore will be applied, forthwith after determination of such overpayment, to pay all then outstanding interest, and thereafter to pay outstanding principal, as if the same were a payment of principal and treated accordingly hereunder.

### **Section 2.10 Payments of Amounts Due on Maturity**

Except as may otherwise be provided herein, payments of amounts due upon maturity of the Debentures will be made in the following manner. The Corporation will establish and maintain with the Trustee a Maturity Account for the Debentures. The Maturity Account shall be maintained by and be subject to the control of the Trustee for the purposes of this Indenture. On or before 11:00 a.m. (Toronto time) not less than one Business Day immediately prior to the Maturity Date for Debentures outstanding from time to time under this Indenture, the Corporation will deliver to the Trustee a certified cheque or wire transfer for deposit in the Maturity Account in an amount sufficient to pay the cash amount payable in respect of such Debentures (including the principal amount together with any accrued and unpaid interest thereon). The Trustee, on behalf of the Corporation, will pay to each holder entitled to receive payment the principal amount of and premium (if any) and accrued and unpaid interest on the Debenture, upon surrender of the Debenture at any branch of the Trustee designated for such purpose from time to time by the Corporation and the Trustee. The delivery of such funds to the Trustee for deposit to the Maturity Account will satisfy and discharge the liability of the Corporation for the Debentures to which the delivery of funds relates to the extent of the amount delivered (plus the amount of any tax deducted as aforesaid) and such Debentures will thereafter to that extent not be considered as outstanding under this Indenture and such holder will have no other right in regard thereto other than to receive out of the money so delivered or made available the amount to which it is entitled. Interest shall cease to accrue on the Debentures upon the Maturity Date provided the Trustee has received, by the Maturity Date, from the Corporation all the funds due and payable on the Debentures.

### **Section 2.11 Canadian Legend on the Debentures and Common Shares**

The certificates or other instruments representing the Debentures, and the stock certificates representing any Common Shares issued upon conversion of such Debentures, (if issued prior to the expiration of the applicable hold periods), if any, will bear the following Canadian Legend in accordance with Applicable Securities Legislation:

**“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY OR ANY SECURITY ISSUABLE UPON THE CONVERSION HEREOF BEFORE [INSERT THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE DISTRIBUTION DATE].”**

## Section 2.12 U.S. Legend

(1) The Debentures and Common Shares issuable upon conversion thereof have not been and will not be registered under the 1933 Act or any state securities laws. To the extent that Debentures are offered and sold in the United States to U.S. Debentureholders in reliance on an exemption from the registration requirements under the 1933 Act, such Debentures and all Common Shares issuable on conversion thereof (collectively, the “**Securities**”), shall be “restricted securities” within the meaning assigned to that term in Rule 144(a)(3) under the 1933 Act. Subject to Section 2.12(3), such Securities, as well as all securities issued in exchange for or in substitution of the Securities, shall be issued as a Restricted Physical Debenture and, until such time as the same is no longer required under applicable requirements of the 1933 Act or state securities laws, shall bear the following legend (the “**U.S. Legend**”):

- (a) **“THE SECURITIES REPRESENTED HEREBY [*for Debentures, insert: AND THE SECURITIES ISSUABLE UPON CONVERSION HEREOF*] HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES, FOR THE BENEFIT OF THE CANSORTIUM INC. (THE “CORPORATION”), THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN ACCORDANCE WITH ALL LOCAL LAWS AND REGULATIONS; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 or (II) RULE 144A, THEREUNDER, IF AVAILABLE, AND IN EACH CASE IS COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS; OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF CLAUSE (C) OR (D), THE SELLER FURNISHES TO THE CORPORATION AN OPINION OF COUNSEL, OF RECOGNIZED STANDING, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.”**

provided, that, if the Debentures or Common Shares are being sold in compliance with the requirements of Rule 904 of Regulation S in circumstances where Rule 905 of Regulation S does not apply, and in compliance with Canadian local laws and regulations, the U.S. Legend may be removed by providing an executed declaration to the Corporation substantially as set forth in Schedule F (or as the Corporation may prescribe from time to time), including the certification in item 1 thereto, together with any other evidence reasonably requested by the Corporation, which evidence may include an opinion of counsel of recognized standing, in form and substance reasonably satisfactory to the Corporation, to the effect that the transfer is being made in compliance with Rule 904 of Regulation S; provided further that if the Debentures or Common Shares are being sold under Rule 144 under the 1933 Act, if available, the U.S. Legend may be removed by delivery to the Corporation of an opinion of counsel, of recognized standing, in form and substance reasonably satisfactory to the Corporation, that the Debentures or Common Shares no longer require the U.S. Legend under applicable requirements of the 1933 Act or applicable

state securities laws. Provided that the Trustee (or the registrar and transfer agent for the Common Shares, as applicable) obtains confirmation from the Corporation that such counsel is satisfactory to it, it shall be entitled to rely on such opinion of counsel without further inquiry.

(2) The parties hereto hereby acknowledge and agree that the Securities may not be reoffered, or resold, pledged or otherwise transferred except in accordance with the requirements of Section 2.15(1)(a).

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

### **Section 2.13 Payment of Interest**

(a) As interest becomes due on each Debenture (except, subject to certain exceptions set forth herein including in Section 2.2(3), on conversion or on redemption, when interest may at the option of the Corporation be paid upon surrender of such Debenture), the Corporation, either directly or through the Trustee or any agent of the Trustee, shall send or forward by prepaid ordinary mail, electronic transfer of funds or such other means as may be agreed to by the Trustee, payment of such interest (less any tax required to be withheld therefrom) to the order of the registered holder of such Debenture appearing on the registers maintained by the Trustee at the close of business on the record date prior to the applicable Interest Payment Date and addressed to the holder at the holder's last address appearing on the register, unless such holder otherwise directs. If payment is made by cheque, such cheque shall be forwarded at least three Business Days prior to each date on which interest becomes due, and if payment is made by other means (such as electronic transfer of funds), the Trustee must receive confirmation of receipt of funds by wire at least three Business Days in advance prior to being able to forward funds or cheques to holders and such payment shall be made in a manner whereby the holder receives credit for such payment on the date such interest on such Debenture becomes due. The mailing of such cheque or the making of such payment by other means shall, to the extent of the sum represented thereby, plus the amount of any tax withheld as aforesaid, satisfy and discharge all liability for interest on such Debenture, unless in the case of payment by cheque, such cheque is not paid at par on presentation. In the event of non-receipt of any cheque for or other payment of interest by the Person to whom it is so sent as aforesaid, the Corporation will issue to such Person a replacement cheque or other payment for a like amount upon being furnished with such evidence of non-receipt as it shall reasonably require and upon being indemnified to its satisfaction. Notwithstanding the foregoing, if the Corporation is prevented by circumstances beyond its control (including, without limitation, any interruption in mail service) from making payment of any interest due on each Debenture in the manner provided above, the Corporation may make payment of such interest or make such interest available for payment in any other manner acceptable to the Trustee with the same effect as though payment had been made in the manner provided above.

(b) All payments of interest on the Uncertificated Debenture shall be made by electronic funds transfer or cheque made payable to the Depository or its nominee on the day interest is payable for subsequent payment to Beneficial Holders of the applicable Uncertificated Debenture, unless the Corporation and the Depository otherwise agree. None of the Corporation, the Trustee or any agent of the Trustee for any Debenture issued as an



Uncertificated Debenture will be liable or responsible to any Person for any aspect of the records related to or payments made on account of beneficial interests in any Uncertificated Debenture or for maintaining, reviewing, or supervising any records relating to such beneficial interests.

### **ARTICLE 3 – REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP**

#### **Section 3.1 Fully Registered Debentures**

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

(2) No transfer of a Fully Registered Debenture shall be valid unless made on the applicable register referred to in Section 3.1(1) by the registered holder or such holder's executors, administrators or other legal representatives or an attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Trustee or other registrar upon surrender of the Debentures together with a duly executed form of transfer acceptable to the Trustee upon compliance with such other reasonable requirements as the Trustee or other registrar may prescribe, or unless the name of the transferee shall have been noted on the Debenture by the Trustee or other registrar.

(3) Notwithstanding any other provisions in this Indenture or the Debentures, transfers and exchanges of Restricted Debentures shall be made in accordance with this Section 3.1(2):

(a) **Transfer and Exchange of Interests in a Restricted Uncertificated Debenture for Interests in an Unrestricted Uncertificated Debenture.** An interest in a Restricted Uncertificated Debenture may be exchanged by any holder thereof for an interest in an Unrestricted Uncertificated Debenture or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Uncertificated Debenture if the Corporation receives the following:

- (i) if the holder of such interest in a Restricted Uncertificated Debenture proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Uncertificated Debenture, a certificate from such holder in the form of Schedule E, including the certifications in item (1)(a) thereof; or
- (ii) if the holder of such beneficial interest in a Restricted Uncertificated Debenture proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Uncertificated Debenture, a certificate from such holder in the form of Schedule D, including the certifications in item (1) or (2) thereof, as applicable;

and, in each such case set forth in this Section 3.1(3)(a)(i) and 3.1(3)(a)(ii) with respect to items (2) of Schedule D, an opinion of counsel of recognised standing, in form and

substance reasonably satisfactory to the Corporation, to the effect that such transfer or exchange is in compliance with the 1933 Act and all applicable state securities laws.

- (b) **Transfer of Restricted Physical Debenture for Restricted Physical Debenture or Restricted Uncertificated Debenture.** A Restricted Physical Debenture may be transferred to a Person who takes delivery thereof in the form of a Restricted Physical Debenture or a Restricted Uncertificated Debenture if (A) the Corporation receives an opinion of counsel of recognised standing, in form and substance reasonably satisfactory to the Corporation, to the effect that such transfer or exchange is in compliance with an available exemption from the registration requirements of the 1933 Act and all applicable state securities laws and (B) in the case of to a Restricted Uncertificated Debenture, in addition to Section 3.1(3)(b)(A), the transferee is a Qualified Institutional Buyer and has provided the Corporation and the Trustee with a Qualified Institutional Buyer Letter in the form attached as Schedule F to the Indenture (or as the Corporation may prescribe from time to time).
- (c) **Transfer and Exchange of Restricted Physical Debentures for Unrestricted Physical Debentures or Unrestricted Uncertificated Debentures.** A Restricted Physical Debenture may be exchanged by the holder thereof for an Unrestricted Physical Debenture or transferred to a Person who takes delivery thereof in the form of an Unrestricted Uncertificated Debenture if the Corporation receives the following:
  - (i) if the holder of such Restricted Physical Debenture proposes to exchange such Debenture for an Unrestricted Physical Debenture, a certificate from such holder in the form of Schedule E, including the certifications in item (1)(b) thereof; or
  - (ii) if the holder of such Restricted Physical Debenture proposes to transfer such Debenture to a Person outside of the United States and will not be a U.S. Debentureholder and who shall take delivery thereof in the form of an Unrestricted Physical Debenture or Unrestricted Uncertificated Debenture, a certificate from such holder in the form of Schedule D, including the certifications in item (1) thereof; or
  - (iii) if the holder of such Restricted Physical Debenture proposes to transfer such Debenture to a Person who will be a U.S. Debentureholder and shall take delivery thereof in the form of an Unrestricted Uncertificated Debenture, a certificate from such holder in the form of Schedule D, including the certifications in item (2) thereof; or
  - (iv) if the holder of such Restricted Physical Debenture proposes to transfer such Debenture to a Person who will be a U.S. Debentureholder and shall take delivery thereof in the form of an Unrestricted Physical Debenture, a certificate from such holder in the form of Schedule D, including the certifications in item (2) thereof;

and, in each such case set forth in this Section 3.1(3)(c)(i), 3.1(3)(c)(iii) and 3.1(3)(c)(iv), an opinion of counsel in form reasonably acceptable to the Corporation to the effect that such transfer or exchange is in compliance with the 1933 Act and all applicable state securities laws.

### **Section 3.2 Transferee Entitled to Registration**

The transferee of a Debenture shall be entitled, after the appropriate form of transfer is lodged with the Trustee or other registrar and upon compliance with all other conditions in that behalf required by this Indenture or by law, to be entered on the applicable register as the owner of such Debenture free from all equities or rights of set-off or counterclaim between the Corporation and the transferor or any previous holder of such Debenture, save in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction. Upon surrender for registration of transfer of Debentures, the Corporation shall issue and thereupon the Trustee shall certify and deliver a new Debenture Certificate or confirm the electronic deposit of Uncertificated Debentures of like tenor in the name of the designated transferee and register such transfer in accordance with Section 3.1. If less than all the Debentures evidenced by the Debenture Certificate(s) or Uncertificated Debentures so surrendered are transferred, the transferor shall be entitled to receive, in the same manner, a new Debenture Certificate or electronically deposited Uncertificated Debentures registered in his name evidencing the Debentures not transferred.

### **Section 3.3 No Notice of Trusts**

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

### **Section 3.4 Registers Open for Inspection**

The registers referred to in Sections 3.1 shall at all reasonable times be open for inspection by the Corporation, the Trustee or any Debentureholder. Every registrar, including the Trustee, shall from time to time when requested so to do by the Corporation, in writing, furnish the Corporation with a list of names and addresses of holders of registered Debentures entered on the registers kept by them and showing the principal amount of the applicable series and serial numbers of the Debentures held by each such holder.

### **Section 3.5 Exchanges of Debentures**

- (1) Subject to Section 3.1 and 3.6, Debentures in any authorized form or denomination, other than Uncertificated Debentures, may be exchanged for Debentures of the same series in any other authorized form or denomination, equal to the same aggregate principal amount as the Debentures so exchanged.
- (2) In respect of exchanges of Debentures permitted by Section 3.5(1), Debentures may be exchanged only at the principal offices of the Trustee in the city of Toronto, Ontario or at such other place or places, if any, as may be specified in the Debentures and at such other place or places as may from time to time be designated by the Corporation with the approval of the Trustee. Any Debentures surrendered for exchange shall be surrendered to the Trustee. The Corporation shall execute and the Trustee shall certify all Debentures necessary to carry out exchanges as aforesaid. All Debentures surrendered for exchange shall be cancelled.
- (3) Debentures issued in exchange for Debentures which at the time of such issue have been selected or called for redemption at a later date shall be deemed to have been selected or called for redemption in the same manner and shall have noted thereon a statement to that effect.

### **Section 3.6 Closing of Registers**

- (1) Neither the Corporation nor the Trustee nor any registrar shall be required to:
  - (a) make transfers or exchanges or convert any Fully Registered Debentures on any Interest Payment Date for such Debentures or during the five preceding Business Days;
  - (b) make transfers or exchanges of, or convert any Debentures on the day of any selection by the Trustee of Debentures to be redeemed or during the ten preceding Business Days; or
  - (c) make exchanges of any Debentures which will have been selected or called for redemption unless upon due presentation thereof for redemption such Debentures shall not be redeemed, as the register for the Debentures shall be closed in respect of such actions on such dates.
- (2) Subject to any restriction herein provided, the Corporation with the approval of the Trustee may at any time close any register of Debentures, other than those kept at the principal offices of the Trustee in Toronto, Ontario, and transfer the registration of any Debentures registered thereon to another register (which may be an existing register) and thereafter such Debentures shall be deemed to be registered on such other register. Notice of such transfer shall be given to the holders of such Debentures.

### **Section 3.7 Charges for Registration, Transfer and Exchange**

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

- (a) for any exchange, registration, transfer or discharge from registration of any Debenture applied for within a period of two months from the date of the first delivery of Debentures;
- (b) for any exchange of any interim or temporary Debenture or interim certificate that has been issued under Section 2.7 for a definitive Debenture; or
- (c) for any exchange of an Uncertificated Debenture as contemplated in Section 3.1.

### **Section 3.8 Ownership of Debentures**

- (1) Unless otherwise required by law, the Person in whose name any registered Debenture is registered shall for all purposes of this Indenture be and be deemed to be the owner thereof and payment of or on account of the principal of and premium, if any, on such Debenture and interest thereon shall be made to such registered holder.
- (2) The registered holder for the time being of any registered Debenture shall be entitled to the principal, premium, if any, and/or interest evidenced by such instruments, respectively, free from all equities or rights of set-off or counterclaim between the Corporation and the original or any intermediate

holder thereof and all Persons may act accordingly and the receipt of any such registered holder for any such principal, premium or interest shall be a good discharge to the Trustee, any registrar and to the Corporation for the same and none shall be bound to inquire into the title of any such registered holder.

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

(4) In the case of the death of one or more joint holders of any Debenture the principal, premium, if any, and interest from time to time payable thereon may be paid to the order of the survivor or survivors of such registered holders upon receipt of documents that may be required by the Trustee and the receipt of any such survivor or survivors therefor shall be a valid discharge to the Trustee and any registrar and to the Corporation.

## **ARTICLE 4 – PURCHASE OF DEBENTURES**

### **Section 4.1 Purchase of Debentures by the Corporation**

(1) The Corporation may, if it is not at the time in default hereunder, at any time and from time to time, purchase Debentures in the market (which shall include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by contract, at any price. All Debentures so purchased may be delivered to the Trustee and shall be cancelled and no Debentures shall be issued in substitution therefor.

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

### **Section 4.2 Deposit of Maturity Monies**

Payment on maturity of Debentures shall be provided for by the Corporation depositing with the Trustee or any paying agent to the order of the Trustee, on or before 11:00 a.m. (Toronto time) not less than one Business Day immediately prior to the Maturity Date such sums of money as may be sufficient to pay all accrued and unpaid interest thereon up to and excluding the Maturity Date. The Corporation shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection therewith. Every such deposit shall be in immediately available funds and shall be irrevocable. From the sums so deposited, the Trustee shall pay or cause to be paid to the holders of such Debentures, upon surrender of such Debentures, the principal and interest to which they are respectively entitled on the Maturity Date.

## **ARTICLE 5 – CONVERSION OF DEBENTURES**

### **Section 5.1 Applicability of Article**

(1) Any Debentures issued hereunder will be convertible into Common Shares or other securities of the Corporation (subject, however, to any applicable restriction of the conversion of Debentures), at such conversion rate or rates, and on such date or dates and in accordance with such other provisions as shall have been determined at the time of issue of such Debentures and shall have been expressed in this Indenture (including Section 2.2(5) and Section 3.6 hereof) and in such Debentures.

(2) Such right of conversion shall extend only to the maximum number of whole Common Shares into which the aggregate principal amount of the Debenture or Debentures surrendered for conversion at any one time by the holder thereof may be converted. Fractional interests in Common Shares shall be adjusted for in the manner provided in Section 5.6.

### **Section 5.2 Notice of Expiry of Conversion Privilege**

Notice of the expiry of the conversion privileges of the Debentures shall be given by or on behalf of the Corporation, not more than 60 days and not less than 30 days prior to the date fixed for the Time of Expiry, in the manner provided in Section 11.2.

### **Section 5.3 Right to Convert**

If the redemption of any Debenture as offered by the Corporation upon a Change of Control is not made or the payment of the purchase price of any Debenture which has been tendered in acceptance of such offer by the Corporation to purchase Debentures for cancellation is not made, in the case of a redemption upon due surrender of such Debenture or in the case of a purchase on the date on which such purchase is required to be made, as the case may be, then, provided the Time of Expiry has not passed, the right to convert such Debentures shall revive and continue as if such Debenture had not tendered in acceptance of the Corporation's offer. For greater certainty, the offer by the Corporation to redeem any Debenture in connection with a Change of Control shall not prevent the conversion thereof during such offer period or prevent the holder thereof from withdrawing any acceptance of such offer.

### **Section 5.4 Manner of Exercise of Right to Convert**

(1) The holder of a Debenture Certificate desiring to convert such Debenture in whole or in part into Common Shares shall surrender such Debenture Certificate to the Trustee at its principal office in the City of Toronto, Ontario together with the conversion notice in the form of Schedule B or any other written notice in a form satisfactory to the Trustee, duly executed by the holder or its executors or administrators or other legal representatives or its or their attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Trustee, exercising its right to convert such Debenture in accordance with the provisions of this Article; provided that with respect to an Uncertificated Debenture, registration and surrender of interests in the Debentures will be made only through the Depository's non-certificated system. Restricted Uncertificated Debentures and Restricted Physical Debentures shall be converted into Common Shares and marked to bear the U.S. Legend, and Unrestricted Uncertificated Debentures shall be converted into Common Shares issued (i) in the event that such Common Shares are issued before September 24, 2019, under restricted share CUSIP – 13809L208 and ISIN – CA13809L2084; and (ii) in the event that such Common Shares are issued on or after September 24, 2019, under unrestricted share CUSIP – 13809L109 and ISIN – CA13809L1094. Upon the Trustee receiving a conversion request for a Restricted Uncertificated Debenture or a Restricted Physical Debenture, including an executed

conversion notice as set out in Schedule B with the box therein being ticked, the Trustee will issue Common Shares without the U.S. Legend (i) in the event that such Common Shares are issued before September 24, 2019, under restricted share CUSIP – 13809L208 and ISIN – CA13809L2084; and (ii) in the event that such Common Shares are issued on or after September 24, 2019, under unrestricted share CUSIP – 13809L109 and ISIN – CA13809L1094. Thereupon such Debentureholder or, subject to compliance with the applicable terms and provisions hereof and payment of all applicable stamp or security transfer taxes or other governmental charges and compliance with all reasonable requirements of the Trustee, his nominee(s) or assignee(s) shall be entitled to be entered in the books of the Corporation as at the Date of Conversion (or such later date as is specified in Section 5.4(2)) as the holder of the number of Common Shares, as applicable, into which such Debenture is convertible in accordance with the provisions of this Article and, as soon as practicable thereafter, the Corporation shall deliver to such Debentureholder or, subject as aforesaid, his nominee(s) or assignee(s), a certificate or certificates for such Common Shares or deposit such Common Shares through the Depository's non-certificated system and make or cause to be made any payment of interest to which such holder is entitled in accordance with Section 5.4(5).

(2) For the purposes of this Article, a Debenture shall be deemed to be surrendered for conversion on the date (herein called the **"Date of Conversion"**) on which it is so surrendered when the register of the Trustee is open and in accordance with the provisions of this Article or, in the case of an Uncertificated Debenture which the Trustee received notice of and all necessary documentation in respect of the exercise of the conversion rights and, in the case of a Debenture so surrendered by mail or other means of transmission, on the date on which it is received by the Trustee at one of its offices specified in Section 5.4(1); provided that if a Debenture is surrendered for conversion on a day on which the register of Common Shares is closed, the Person or Persons entitled to receive Common Shares shall become the holder or holders of record of such Common Shares as at the date on which such registers are next reopened.

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

(4) The holder of any Debenture of which only a part is converted shall, upon the exercise of his right of conversion surrender such Debenture to the Trustee in accordance with Section 5.4(1), and the Trustee shall cancel the same and shall without charge forthwith certify and deliver to the holder a new Debenture or Debentures in an aggregate principal amount equal to the unconverted part of the principal amount of the Debenture so surrendered or, with respect to an Uncertificated Debenture, registration and surrender of interests in the Debentures will be made only through the Depository's non-certificated system.

(5) Except as may be otherwise expressly provided for at the time of issue of such Debentures, as expressed in this Indenture, in such Debentures, in an Officer's Certificate, or in a supplemental indenture authorizing or providing for the issue thereof, the holder of a Debenture surrendered for conversion in accordance with this Section 5.4 shall be entitled (subject to any applicable restriction on the right to receive interest on conversion of Debentures) to receive accrued and unpaid interest in respect thereof, in cash, from the last Interest Payment Date prior to the Date of Conversion up to and including the Date of Conversion and the Common Shares issued upon such conversion shall rank only in respect of distributions or dividends declared in favour of shareholders of record on and after the Date of Conversion or such later date as such holder shall become the holder of record of such Common Shares pursuant to Section 5.4(2), from which applicable date they will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

### Section 5.5 Adjustment of Conversion Price

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

- (a) If and whenever at any time prior to the Time of Expiry the Corporation shall
  - (i) subdivide or redivide the outstanding Common Shares into a greater number of shares,
  - (ii) reduce, combine or consolidate the outstanding Common Shares into a smaller number of shares, or
  - (iii) issue Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a dividend or distribution (other than the issue of Common Shares to holders of Common Shares who have elected to receive dividends or distributions in the form of Common Shares in lieu of cash dividends or cash distributions paid in the ordinary course on the Common Shares),

the applicable Conversion Price in effect on the effective date of such subdivision, re-division, reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a dividend or distribution, as the case may be, shall in the case of any of the events referred to in (i) and (iii) above be decreased in proportion to the number of outstanding Common Shares resulting from such subdivision, re-division or dividend, or shall, in the case of any of the events referred to in (ii) above, be increased in proportion to the number of outstanding Common Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this Section 5.5(a) shall occur. Any such issue of Common Shares by way of a dividend or distribution shall be deemed to have been made on the record date for the dividend or distribution for the purpose of calculating the number of outstanding Common Shares under subsections (b) and (c) of this Section 5.5.

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



warrants are not exercised prior to the expiration thereof, the applicable Conversion Price shall be re-adjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect based upon the number of Common Shares (or securities convertible into Common Shares) actually issued upon the exercise of such options, rights or warrants were included in such fraction, as the case may be.

- (c) If and whenever at any time prior to the Time of Expiry, there is a reclassification of the Common Shares or a capital reorganization of the Corporation other than as described in Section 5.5(a) or a consolidation, amalgamation, arrangement, share exchange, merger of the Corporation with or into any other Person or other entity or acquisition of the Corporation or other combination pursuant to which the Common Shares are converted into or acquired for cash, securities or other property; or a sale or conveyance of the property and assets of the Corporation as an entirety or substantially as an entirety to any other Person (other than a direct or indirect wholly-owned subsidiary of the Corporation) or other entity or a liquidation, dissolution or winding-up of the Corporation (any such event, a “**Merger Event**”), any holder of a Debenture who has not exercised its right of conversion prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, share exchange, acquisition, combination, sale or conveyance or liquidation, dissolution or winding-up, upon the exercise of such right thereafter, shall be entitled to receive and shall accept, in lieu of the number of Common Shares then sought to be acquired by it, such amount of cash or the number of shares or other securities or property of the Corporation or of the Person or other entity resulting from such merger, amalgamation, arrangement, acquisition, combination or consolidation, or to which such sale or conveyance may be made or which holders of Common Shares receive pursuant to such liquidation, dissolution or winding-up, as the case may be, that such holder of a Debenture would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, share exchange, acquisition, combination, sale or conveyance or liquidation, dissolution or winding-up, if, on the record date or the effective date thereof, as the case may be, the holder had been the registered holder of the number of Common Shares sought to be acquired by it and to which it was entitled to acquire upon the exercise of the conversion right, subject to Section 5.5(l). If determined appropriate by the Board of Directors, to give effect to or to evidence the provisions of this Section 5.5(c), the Corporation, its successor, or such purchasing Person or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, share exchange, acquisition, combination, sale or conveyance or liquidation, dissolution or winding-up, enter into an indenture which shall provide, to the extent possible, for the application of the provisions set forth in this Indenture with respect to the rights and interests thereafter of the holder of Debentures to the end that the provisions set forth in this Indenture shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any cash, shares or other securities or property to which a holder of Debentures is entitled on the exercise of its acquisition rights thereafter. Any indenture entered into between the Corporation and the Trustee pursuant to the provisions of this Section 5.5(c) shall be a supplemental indenture entered into pursuant to the provisions of Article 13. Any indenture entered into between the Corporation, any successor to the Corporation or such purchasing Person or other entity and the Trustee shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 5.5(c) and which shall apply to successive reclassifications, capital reorganizations, amalgamations, consolidations,

mergers, share exchanges, acquisitions, combinations, sales or conveyances. For greater certainty, nothing in this Section 5.5(c) shall affect or reduce the requirement for any Person to make an offer to purchase the Debentures following a Change of Control, and notice of any transaction to which this Section 5.5(c) applies shall be given in accordance with Section 5.10.

- (d) If the Corporation shall make a distribution to all or substantially all of the holders of Common Shares of shares in the capital of the Corporation, other than Common Shares, or evidences of indebtedness or other assets of the Corporation, including securities (but excluding (i) any issuance of rights or warrants for which an adjustment was made pursuant to Section 5.5(b) and (ii) any dividend or distribution paid exclusively in cash (the “**Distributed Securities**”), then in each such case (unless the Corporation distributes such Distributed Securities to the holders of Debentures on such dividend or distribution date (as if each holder had converted such Debenture into Common Shares immediately preceding the record date with respect to such distribution)) the applicable Conversion Price in effect immediately preceding the record date fixed for the determination of shareholders entitled to receive such dividend or distribution shall be adjusted so that the same shall equal the price determined by multiplying the applicable Conversion Price in effect immediately preceding such record date by a fraction of which the denominator shall be the Current Market Price per Common Share on such record date and of which the numerator shall be the Current Market Price per Common Share on such record date less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive evidence of such fair market value, subject to approval by the CSE (or such other recognized stock exchange on which the Common Shares are listed for trading) and which shall be evidenced by an Officer’s Certificate delivered to the Trustee) on such record date of the portion of the Distributed Securities so distributed applicable to one Common Share (determined on the basis of the number of Common Shares outstanding at the close of business on such record date). Such adjustment shall be made successively whenever any such distribution is made and shall become effective immediately after the record date for the determination of shareholders entitled to receive such distribution. In the event that such dividend or distribution is not so paid or made, the applicable Conversion Price shall again be adjusted to be the Conversion Price that would then be in effect if such dividend or distribution had not been declared. If the then fair market value (as so determined) of the portion of the Distributed Securities so distributed applicable to one Common Share is equal to or greater than the Current Market Price per Common Share on such record date, in lieu of the foregoing adjustment, adequate provision shall be made so that each holder of a Debenture shall have the right to receive upon conversion the amount of Distributed Securities so distributed that such holder would have received had such holder converted each Debenture on such record date. If the Board of Directors determines the fair market value of any distribution for purposes of this clause (d) of Section 5.5 by reference to the actual or when issued trading market for any securities, it must in doing so consider the prices in such market over the same period used in computing the Current Market Price of the Common Shares.
- (e) If any issuer bid made by the Corporation or any of its Subsidiaries for all or any portion of Common Shares shall expire, then, if the issuer bid shall require the payment to shareholders of consideration per Common Share having a fair market value (determined as provided below) that exceeds the Current Market Price on the last date (the “**Expiration Date**”) tenders could have been made pursuant to such issuer bid (as it may be amended) (the last time at which such tenders could have been made on the Expiration

Date is hereinafter sometimes called the “**Expiration Time**”), the applicable Conversion Price shall be adjusted so that the same shall equal the rate determined by multiplying the applicable Conversion Price in effect immediately preceding the close of business on the Expiration Date by a fraction of which (i) the denominator shall be the sum of (A) the fair market value of the aggregate consideration (the fair market value as determined by the Board of Directors, whose determination shall be conclusive evidence of such fair market value and which shall be evidenced by an Officer’s Certificate delivered to the Trustee) payable to shareholders based on the acceptance (up to any maximum specified in the terms of the issuer bid) of all Common Shares validly tendered and not withdrawn as of the Expiration Time (the Common Shares deemed so accepted, up to any such maximum, being referred to as the “**Purchased Common Shares**”) and (B) the product of the number of Common Shares outstanding (less any Purchased Common Shares and excluding any Common Shares held in the treasury of the Corporation) at the Expiration Time and the Current Market Price on the Expiration Date and (ii) the numerator of which shall be the product of the number of Common Shares outstanding (including Purchased Common Shares but excluding any Common Shares held in the treasury of the Corporation) at the Expiration Time multiplied by the Current Market Price on the Expiration Date, such increase to become effective immediately preceding the opening of business on the day following the Expiration Date. In the event that the Corporation is obligated to purchase Common Shares pursuant to any such issuer bid, but the Corporation is permanently prevented by Applicable Law from effecting any or all such purchases or any or all such purchases are rescinded, the applicable Conversion Price shall again be adjusted to be the Conversion Price which would have been in effect based upon the number of Common Shares actually purchased, if any. If the application of this clause (e) of Section 5.5 to any issuer bid would result in a decrease in the applicable Conversion Price, no adjustment shall be made for such issuer bid under this clause (e).

For purposes of this Section 5.5(e), the term “**issuer bid**” shall mean an issuer bid under Applicable Securities Legislation or a take-over bid under Applicable Securities Legislation by a Subsidiary of the Corporation for the Common Shares and all references to “purchases” of Common Shares in issuer bids (and all similar references) shall mean and include the purchase of Common Shares in issuer bids and all references to “tendered Common Shares” (and all similar references) shall mean and include Common Shares tendered in issuer bids.

- (f) In any case in which this Section 5.5 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the holder of any Debenture converted after such record date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder’s right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the Date of Conversion or such later date as such holder would, but for the provisions of this Section 5.5(f), have become the holder of record of such additional Common Shares pursuant to Section 5.4(2).

- (g) The adjustments provided for in this Section 5.5 are cumulative and shall apply to successive subdivisions, re-divisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section, provided that, notwithstanding any other provision of this Section, no adjustment of the applicable Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the applicable Conversion Price then in effect; provided however, that any adjustments which by reason of this Section 5.5(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.
- (h) For the purpose of calculating the number of Common Shares outstanding, Common Shares owned by or for the benefit of the Corporation shall not be counted.
- (i) In the event of any question arising with respect to the adjustments provided in this Section 5.5, such question shall be conclusively determined by the Board of Directors, and in the event holders of not less than 25% of the principal amount of the Debentures then outstanding notify the Trustee that they do not agree with such determination within 14 days of such determination being communicated to all the holders, such determination shall be made by a firm of nationally recognized chartered accountants appointed by the Corporation and acceptable to the Trustee (who may be the Auditors of the Corporation); such accountants shall have access to all necessary records of the Corporation and such determination shall be binding upon the Corporation, the Trustee, and the Debentureholders. In the absence of notice by holders of not less than 25% of the principal amount of the Debentures then outstanding of their disagreement as aforesaid, the determination of the Board of Directors shall be binding.
- (j) In case the Corporation shall take any action (other than the payment of cash dividends) affecting the Common Shares other than action described in this Section 5.5, which in the opinion of the Board of Directors, would materially affect the rights of Debentureholders, the applicable Conversion Price shall be adjusted in such manner and at such time, by action of the Board of Directors, as the Board of Directors, in their sole discretion may determine to be equitable in the circumstances. Failure of the directors to make such an adjustment shall be conclusive evidence that they have determined that it is equitable to make no adjustment in the circumstances.
- (k) No adjustment in the applicable Conversion Price shall be made in respect of any event described in Sections 5.5(a), Section 5.5(b), Section 5.5(d) or Section 5.5(e) other than the events described in Section 5.5(a)(i) or Section 5.5(a)(ii) if the holders of the Debentures are entitled to participate in such event on the same terms mutatis mutandis as if they had converted their Debentures prior to the effective date or record date, as the case may be, of such event.
- (l) Except as stated above in this Section 5.5, no adjustment will be made in the applicable Conversion Price for any Debentures as a result of the issuance of Common Shares at less than the Current Market Price on the date of issuance or the then applicable Conversion Price.

### **Section 5.6 No Requirement to Issue Fractional Common Shares**

The Corporation shall not be required to issue fractional Common Shares upon the conversion of Debentures pursuant to this Article or to make any payment in lieu thereof. If more than one Debenture shall be surrendered for conversion at one time by the same holder, the number of whole Common Shares issuable upon conversion thereof shall be computed on the basis of the aggregate principal amount of such Debentures to be converted. If any fractional interest in a Common Share would, except for the provisions of this Section, be deliverable upon the conversion of any principal amount of Debentures, the number of Common Shares so issuable shall be rounded down to the nearest whole number.

### **Section 5.7 Corporation to Reserve Common Shares**

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

### **Section 5.8 Cancellation of Converted Debentures**

Subject to the provisions of Section 5.4 as to Debentures converted in part, all Debentures converted in whole or in part under the provisions of this Article or pursuant to Section 2.2 shall be forthwith delivered to and cancelled by the Trustee and no Debenture shall be issued in substitution for those converted.

### **Section 5.9 Certificate as to Adjustment**

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 5.5, deliver an Officer's Certificate to the Trustee specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate and the amount of the adjustment specified therein shall be verified by advice of a firm of nationally recognized chartered accountants appointed by the Corporation and acceptable to the Trustee (who may be the Auditors of the Corporation) and shall be conclusive and binding on all parties in interest. When so approved, the Corporation shall forthwith give notice to the Debentureholders in the manner provided in Section 11.2 specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Conversion Price; provided that, if the Corporation has given notice under Section 5.10 covering all the relevant facts in respect of such event and if the Trustee approves, no such notice need be given under this Section 5.9.

### **Section 5.10 Notice of Special Matters**

(1) The Corporation covenants with the Trustee that so long as any Debenture remains outstanding, it will give notice to the Trustee, and to the Debentureholders in the manner provided in Section 11.2, of its intention to fix a record date for any event referred to in Section 5.5(a), Section 5.5(b), Section 5.5(c) or Section 5.5(d) (other than the subdivision, redivision, reduction, combination or consolidation of its Common Shares) which may give rise to an adjustment in the applicable Conversion Price, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; provided that the Corporation shall only be required to specify in such notice such particulars

of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days in each case prior to such applicable record date.

(2) In addition, the Corporation covenants with the Trustee that so long as any Debenture remains outstanding, it will give notice to the Trustee, and to the Debentureholders in the manner provided in Section 11.2, at least 30 days prior to the (i) effective date of any transaction referred to in Section 5.5(c) stating the consideration into which the Debentures will be convertible after the effective date of such transaction, and (ii) Expiration Date of any transaction referred to in Section 5.5(e) stating the consideration paid per Common Share in such transaction.

### **Section 5.11 Protection of Trustee**

The Trustee:

- (a) shall not at any time be under any duty or responsibility to any Debentureholder to determine whether any facts exist which may require any adjustment in the applicable Conversion Price, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;
- (b) shall not be accountable with respect to the validity or value (or the kind or amount) of any Common Shares or of any shares or other securities or property which may at any time be issued or delivered upon the conversion of any Debenture; and
- (c) shall not be responsible for any failure of the Corporation to make any cash payment or to issue, transfer or deliver Common Shares or share certificates upon the surrender of any Debenture for the purpose of conversion, or to comply with any of the covenants contained in this Article.

### **Section 5.12 Restricted CUSIP or U.S. Legend on Certain Debentures and Common Shares**

Each Common Share issued upon conversion of Debentures represented by the Restricted Debentures shall be represented by a certificate with a U.S. Legend for Common Shares substantially the form of Schedule C attached hereto, and each certificate representing Common Shares issued upon conversion of Debentures bearing the U.S. Legend shall have imprinted or otherwise reproduced thereon such legend or legends in substantially the form of Schedule C attached hereto; provided that the U.S. Legend may be removed or the Common Shares may be transferred as provided in Section 2.12(1).

## **ARTICLE 6 – COVENANTS OF THE OBLIGORS**

The Obligors hereby jointly and severally covenant and agree with the Trustee for the benefit of the Trustee and the Debentureholders, that so long as any Debentures remain outstanding:

### **Section 6.1 To Pay Principal, Premium (if any) and Interest**

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

### **Section 6.2 To Pay Trustee's Remuneration**

The Corporation will pay the Trustee reasonable remuneration for its services as Trustee hereunder and will repay to the Trustee on demand all monies which shall have been paid by the Trustee in connection with the execution of the trusts hereby created, including the reasonable compensation and disbursements of its counsel and all other assistants and advisors not regularly under its employ, and such monies including the Trustee's remuneration, shall be payable out of any funds coming into the possession of the Trustee in priority to payment of any principal of the Debentures or interest or premium thereon. Such remuneration shall continue to be payable until the trusts hereof be finally wound up and whether or not the trusts of this Indenture shall be in the course of administration by or under the direction of a court of competent jurisdiction.

### **Section 6.3 To Give Notice of Default**

The Corporation shall promptly notify the Trustee upon obtaining knowledge of any Event of Default hereunder.

### **Section 6.4 Preservation of Existence, etc.**

Subject to the express provisions hereof, each Obligor will carry on and conduct its respective activities, and cause its respective Material Subsidiaries to carry on and conduct their businesses, in a business-like manner and in accordance with good business practices, Applicable Laws and Applicable Securities Legislation and, subject to the express provisions hereof, each Obligor will do or cause to be done all things reasonably required to preserve and keep in full force and effect its existence and rights and the existence of each Material Subsidiary.

### **Section 6.5 Keeping of Books**

Each Obligor will keep or cause to be kept proper books of record and account in respect of itself and each of its Material Subsidiaries in accordance with generally accepted accounting principles and shall make such books and records available for inspection by the Trustee (or any representative thereof) upon reasonable notice during normal business hours.

### **Section 6.6 Perform Covenants**

Each Obligor will duly and punctually perform and carry out all covenants, agreements and ask for things to be done by it as provided for in this Indenture and each of the Indenture Documents.

### **Section 6.7 Performance of Covenants by Trustee**

If any Obligor shall fail to perform any of its covenants contained in this Indenture or any other Indenture Document, the Trustee may notify the Debentureholders of such failure on the part of such Obligor or may itself perform any of the covenants capable of being performed by it, but shall be under no obligation to do so or to notify the Debentureholders. All sums so expended or advanced by the Trustee shall be repayable as provided in Section 6.2. No such performance, expenditure or advance by the Trustee shall be deemed to relieve any Obligor of any default hereunder.

### **Section 6.8 Maintain Listing**

The Corporation will use reasonable commercial efforts to maintain the listing of the Common Shares on the CSE or such other recognized stock exchange in Canada, and to maintain the Corporation's status as a "reporting issuer" not in default of the requirements of the Applicable Securities Legislation.

### **Section 6.9 No Debt**

No Obligor shall (and each Obligor shall ensure that no Material Subsidiary shall) incur any Debt provided, however, that if no Event of Default shall have occurred and be continuing at the time, the Obligors and any Material Subsidiary may incur Permitted Debt.

### **Section 6.10 No Liens**

No Obligor shall (and each Obligor shall ensure that no Material Subsidiary shall) create, incur, assume or permit any Lien upon any of its Property, except Permitted Liens.

### **Section 6.11 Insurance**

Each Obligor shall maintain, and shall cause each Material Subsidiary to maintain, property and liability insurance to insure their respective businesses and operations against loss or damage with responsible insurers on a basis consistent with insurance obtained by reasonably prudent participants in comparable businesses. On closing of the Offering, the Corporation shall deliver to the Trustee a copy of a certificate of insurance from an insurance broker in respect of each Obligor and each Material Subsidiary, dated as of or near the date of the closing of the Offering, identifying insurers, types of insurance, insurance limits, policy terms, names of insureds, additional insureds or loss payees (including the designation of the Trustee as loss payee and additional insured with respect to all property and liability insurance).

### **Section 6.12 Conduct of Business**

Each Obligor shall (and shall ensure that each Material Subsidiary shall) conduct its business in a manner that would not reasonably be expected to have a Material Adverse Effect or adversely affect its ability to perform any of its respective obligations under the Indenture Documents to which it is a party.

### **Section 6.13 Taxes**

Each Obligor shall (and shall ensure that each Material Subsidiary shall), from time to time, pay or cause to be paid all taxes, lawfully levied, assessed or imposed upon or in respect of its Property or any part thereof or upon its income and profits as and when the same become due and payable and to withhold and remit any amounts required to be withheld by it from payments due to others and remit the same to any Governmental Authority and it will exhibit or cause to be exhibited to the Trustee, when requested, the receipts and vouchers establishing such payment; provided, however, that such Obligor or Material Subsidiary shall have the right to contest in good faith and diligently by legal proceedings any such taxes, and during such contest, may delay or defer payment or discharge thereof if such delay, deferment or discharge is reasonable and provided it has taken appropriate reserves on its book in accordance with IFRS.

### **Section 6.14 Compliance with Laws**

Each Obligor shall (and shall ensure that each Material Subsidiary shall) observe and comply, in all material respects, with all Applicable Laws including Environmental Laws.



### **Section 6.15 Repair**

If any part of any property of any Obligor or any Material Subsidiary is damaged or destroyed, if reconstruction, restoration or repair is required pursuant to the terms of any of the Indenture Documents, and if reconstruction, restoration or repair of the damaged or destroyed property is necessary in order that such damage or destruction does not adversely affect the performance by any Obligor of its respective obligations under the Indenture Documents or the ability of any Obligor to comply with its obligations under any Indenture Document and any supplemental indentures, then such Obligor shall initiate or shall cause the reconstruction, restoration or repair of the damaged or destroyed property as soon as practicable.

### **Section 6.16 Defend Title**

Each Obligor shall (and shall ensure that each Material Subsidiary shall) defend the title of its property and assets against any claims and demands of all Persons other than the Trustee, on behalf of the Trustee and the holders of Debentures, and holders of Permitted Liens.

### **Section 6.17 Access**

Upon reasonable prior notice and during normal business hours (except if a Default has occurred, in which case, no notice shall be required and access shall be permitted at all times) and no more than once in any calendar year (except if a Default has occurred, in which case, there shall be no limit on such access), each Obligor shall (and shall ensure that each Subsidiary shall), grant free and full access to and, subject to Applicable Laws and reasonable health, safety and environmental concerns, permit the Trustee (and its advisors) to visit every site, facility or property of the Obligors and/or any Subsidiaries and to review all books of account, data and records.

### **Section 6.18 Use of Proceeds**

Subject to Section 6.25(g), the Corporation shall use the proceeds resulting from the issue of the Debentures solely for (i) the expansion of the Corporation's US based markets, including Florida, Michigan, Texas, Pennsylvania and Puerto Rico, and (ii) working capital and other general corporate purposes.

### **Section 6.19 No Disposition**

No Obligor shall (and each Obligor shall ensure that no Material Subsidiary shall) dispose of any assets if the book value or the proceeds of disposition of such assets exceeds \$5,000,000 in the aggregate over the life of the Debentures. The net proceeds of any such disposition shall be used only in accordance with Section 6.18.

### **Section 6.20 Additional Covenants**

The Corporation covenants and agrees that it shall promptly notify the Trustee of:

- (a) any material actions, suits or proceedings of which it becomes aware which are pending against or, to the best of its information, knowledge and belief, affecting any Obligor or Subsidiary or any Obligor's or Subsidiary's undertaking, property or assets at law, in equity or before any arbitrator or before or by any Governmental Authority;
- (b) all material correspondence received by any Obligor or any Subsidiary from Health Canada or any other Governmental Authority;

- (c) the occurrence of any event of which it becomes aware which has had or would reasonably be expected to have a Material Adverse Effect;
- (d) any change to the name or registered or chief executive office any Obligor; and
- (e) the occurrence of an Event of Default.

### **Section 6.21 Collateral Documents**

The General Security Agreement will constitute valid and, upon registration in the appropriate registry, perfected first charges on the Property of the Corporation subject to Permitted Liens and the Pledge Agreement will constitute valid and, upon registration in the appropriate registry (and upon possession of the shares pledged to the Trustee pursuant to the Pledge Agreements being provided to the Trustee) perfected first charges on the Pledged Shares.

### **Section 6.22 No Reorganization**

No Obligor shall (and each Obligor shall ensure that no Subsidiary shall) agree to enter into or enter into any scheme or arrangement for any reconstruction or reorganization involving or for any consolidation, amalgamation, merger, arrangement or similar transaction involving any Obligor unless the Obligor has procured that the covenants contained in this Agreement, including without limitation Section 2.2(7) have been and will be complied with and/or are binding on all applicable parties.

### **Section 6.23 Withholding Matters**

All payments made by or on behalf of any Obligor under or with respect to the Debentures (including, without limitation, any penalties, interest and other liabilities related thereto) will be made free and clear of and without withholding, or deduction for, or on account of, any present or future tax, duty, levy, impost, assessment or other governmental charge (including, without limitation, penalties, interest and other liabilities related hereto) imposed or levied by or on behalf of the Government of Canada or the United States or elsewhere, or of any province or territory thereof or by any authority or agency therein or thereof having power to tax (“**Withholding Taxes**”), unless such Obligor is required by law or the interpretation or administration thereof, to withhold or deduct any amounts for, or on account of, Withholding Taxes. If any Obligor is so required to withhold or deduct any amount for, or on account of, Withholding Taxes from any payment made under or with respect to the Debentures, such Obligor shall deduct and withhold such Withholding Taxes from any payment to be made or with respect to the Debentures and, provided that such Obligor forthwith remits such amount to the relevant Governmental Authority, the amount of any such deduction or withholding will be considered an amount paid in satisfaction of the Corporation’s obligations under the Debentures. If any Obligor is required to withhold or deduct any amount for or on account of any Withholding taxes from any payment made under or with respect to the Debentures, such Obligor will pay to each holder as additional interest such additional amounts (“**Additional Amounts**”) as may be necessary so that the net amount received by each holder after such withholding or deduction (and after deducting any taxes on such Additional Amounts) will not be less than the amount the holder would have received if such taxes had not been withheld or deducted.

### **Section 6.24 Subsidiary Guarantors**

- (1) The Corporation shall cause each of the Initial Guarantors to execute and deliver to the Trustee a Guarantee on the date hereof.

(2) The Corporation shall cause each of the following subsidiaries to execute and deliver to the Trustee a Guarantee within 30 days after the date hereof: (i) Spirit Lake Road Nursery LLC; (ii) Consortium Puerto Rico LLC; and (iii) 1931074 Ontario Inc. The Corporation shall cause each Subsidiary that holds the Equity Interests in any such Subsidiary to concurrently: (x) to the extent not previously delivered, execute and deliver to the Trustee a Guarantee; and (y) execute and deliver to the Trustee a Pledge Agreement pledging such Equity Interests to the Trustee as collateral for its obligations under its Guarantee.

(3) From and after the date hereof, the Corporation shall: (a) cause each Material Subsidiary from time to time to execute and deliver to the Trustee a Guarantee within 30 days from the date that it becomes or is deemed to be a Material Subsidiary; and (b) within the same time period, cause each Subsidiary that holds the Equity Interests in any such Material Subsidiary to concurrently: (i) to the extent not previously delivered, execute and deliver to the Trustee a Guarantee; and (ii) execute and deliver to the Trustee a Pledge Agreement pledging such Equity Interests to the Trustee as collateral for its obligations under its Guarantee. For the avoidance of doubt, the foregoing covenants apply to Consortium Colombia S.A.S. following the resolution of the Vision Claim to the extent that no Equity Interests therein are beneficially owned or controlled by a Person that deals at arm's length (as that term is used in the Tax Act) with the Corporation and its Subsidiaries following such resolution.

### **Section 6.25 Additional Negative Covenants**

No Obligor shall (and each Obligor shall ensure that no Material Subsidiary shall):

- (a) purchase, buy back, redeem, retire, repurchase, cancel or otherwise acquire for cash any Equity Interest of such Obligor or Material Subsidiary (including, without limitation options, warrants, conversion or exchange privileges and similar rights in respect of Equity Interests);
- (b) make any change to its constating documents that would reasonably be expected to have a Material Adverse Effect, including changes in their respective names without providing the Trustee with at least 30 days prior written notice;
- (c) transfer or issue, or permit the transfer or issuance of, any Equity Interest to any Person that is not the Corporation or a Material Subsidiary or allow any Material Subsidiary to cease to be a direct or indirect, as applicable, Subsidiary of the Corporation, provided that, to the extent required pursuant to Section 6.24, all such Equity Interests transferred or issued to the Corporation or a Material Subsidiary shall be immediately pledged in accordance with a Pledge Agreement (in form and substance satisfactory to the Trustee) in favour of the Trustee for and on behalf of the holders of the Debentures and forthwith delivered to the Trustee, provided that this subparagraph (c) shall not restrict any issuance or transfer of the Equity Interests of the Corporation;
- (d) create, authorize or issue any class of shares in the capital of the Corporation (other than, for the avoidance of doubt, the Corporation's proportionate voting shares in accordance with the Corporation's stock option plan or the rights set out in the Corporation's articles) that rank in priority to the Common Shares in terms of voting rights, priority on dividends or other distributions or on the right to receive the remaining Property of the Corporation on dissolution or that contain any other right or privilege that does not attach to the Common Shares;

- (e) pay out any shareholder loans or other Debt to non-arm's length parties or enter into any transaction with any non-arm's length parties other than on commercially reasonable and arm's length terms;
- (f) make any payment to, or declare any amounts payable to, its shareholders, affiliates or executives (other than commercially reasonable or existing contractual salaries and bonuses in the ordinary course), including, without limitation, the declaration or payment of dividend to the holders of the Corporation's issued and outstanding Common Shares, provided however that any Subsidiary of the Corporation may make payments to the Corporation;
- (g) advance, transfer, loan to or otherwise pay to any Subsidiary that is not a Guarantor any proceeds of the Offering;
- (h) incur, directly or indirectly, any Contingent Liability other than Permitted Debt;
- (i) enter into or become party or subject to any dissolution, winding up, reorganization, arrangement or similar transaction or proceedings; or
- (j) engage in the conduct of any business other than its business as existing on the date of this Indenture or in any Related Business as conducted on the date of this Indenture.

## **ARTICLE 7 – SECURITY**

### **Section 7.1 Collateral Documents**

- (1) Each Obligor agrees to execute and deliver each of the Collateral Documents to which it is a party, in each case as continuing collateral security for the due, prompt and complete payment, performance and satisfaction by each Obligor of all of their indebtedness, liabilities and obligations (whether present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time due or accruing due, including any ultimate unpaid balance thereof, in any currency, and whether incurred prior to, at the time of or subsequent to the execution of this Indenture) to the Trustee and the holders of Debentures under and in respect of the Indenture Documents.
- (2) Without limiting the generality of the foregoing provision, each Obligor will ensure that:
  - (a) the Debentures are secured by a first priority Lien over (i) all Property of the Corporation, subject to only Permitted Liens and (ii) all the Pledged Shares; and
  - (b) the Trustee will receive (i) where the Equity Interests of any Material Subsidiary are certificated, certificates representing such Equity Interests, duly endorsed in blank for transfer or attached to duly executed stock transfers and powers of attorney; and (ii) where the Equity Interests of any Material Subsidiary are uncertificated, control or other similar agreements, in each case, in order to ensure that the Trustee has control (as defined in the *Securities Transfer Act*, 2006 (Ontario) or similar legislation in any other jurisdiction) in respect of such Equity Interests.
- (3) The Collateral Documents shall be effective as of the date of this Indenture regardless of the date that the Debentures are issued or the date on which any money is advanced to the Corporation pursuant to the Indenture Documents.

## **Section 7.2 Priority of Security**

The Collateral Documents and the Liens created thereunder are for the equal and rateable benefit and security of all holders of Debentures and the Trustee. Each holder of Debentures by his, her or its acceptance of the Debentures hereby (i) designates and appoints the Trustee to hold the Liens created by the Collateral Documents for the benefit of all holders of Debentures; and (ii) authorizes and directs the Trustee to execute and deliver any Collateral Document.

## **Section 7.3 After Acquired Property Further Assurances**

The Corporation and each other Obligor shall forthwith, and from time to time, take such action and execute and deliver to the Trustee, on behalf of the holders of Debentures such agreements, conveyances, deeds and other documents and instruments which are necessary or advisable as a result of any change in Applicable Law after the date hereof or as may be necessary to ensure that any additional interests in the Property of the Corporation or any of the Pledged Shares acquired after the date hereof or in any asset of the Corporation to be subject to a security interest pursuant to the terms hereof are subject to the security interests created hereby and pursuant to the Collateral Documents, in each case for giving the Trustee a valid Lien upon any of the Property and Pledged Shares to secure the payment of all principal, interest and other amounts outstanding under the Indenture and the Debentures and the performance of all obligations of the Obligors to each of the holders of Debentures and the Trustee from time to time, under and in respect of the Indenture and the other Indenture Documents.

## **Section 7.4 Registration**

Each Obligor shall, from time to time, at the expense of the Corporation:

- (a) record, file, enter or register or cause to be recorded, filed, entered or registered, this Indenture and all other Indenture Documents, financing statements and all other instruments without delay, where necessary or advisable to perfect the Liens created by the Collateral Documents;
- (b) renew or cause to be renewed the recordings, filings or registrations made in respect of the Collateral Documents from time to time as and when required to maintain the perfection and intended priority of the Liens granted pursuant to the Collateral Documents; and
- (c) deliver to the Trustee, on demand, certificates or other forms of confirmation acceptable to the Trustee establishing such registration or recording, and renew the same from time to time, if such renewal is necessary in Counsel's opinion to preserve or protect the Liens created pursuant to the Collateral Documents.

If any Obligor fails to perform its obligations under this Section 7.4, the Trustee may, in its sole discretion and without obligation or liability for doing so, perform any such obligation capable of being performed by it at the expense of the Corporation.

## **Section 7.5 Order of Payment**

Nothing contained in this Article 7 or elsewhere in this Indenture or in the Debentures is intended to or shall impair, as between the Corporation, its creditors, and the holders of the Debentures, the obligation of the Corporation, which is absolute and unconditional, to pay to the holders of the Debentures the principal of, premium, if any, and interest on the Debentures, as and when the same shall become due and payable

in accordance with their terms, or affect the relative rights of the holders of the Debentures and creditors of the Corporation, nor shall anything herein or therein prevent the Trustee or the holder of any Debenture from exercising all remedies otherwise permitted by Applicable Law upon default under this Indenture.

### **Section 7.6 Right of Debentureholder to Convert Not Impaired**

No provision in this Indenture shall impair in any way the right of a Debentureholder to convert its Debentures.

### **Section 7.7 Right to Appoint Receiver, etc.**

Without limiting any of the foregoing, if requested by the Trustee, each Obligor hereby consents and agrees to the immediate appointment of a receiver (the “**Receiver**”), upon the occurrence of an Event of Default, in any action commenced by the Trustee, with authority to take possession of, operate (or contract for the operation of) and dispose of all of the property and assets of such Obligor, and further consents and agrees that (i) hearings on the Trustee’s motion for the appointment of the Receiver may be conducted and the order appointing the Receiver may be entered on an expedited basis on shortened notice and (ii) no Obligor will object, support an objection to, or cause any Person to file an objection to such motion for the appointment of the Receiver or the entry of an order appointing the Receiver.

## **ARTICLE 8- DEFAULT**

### **Section 8.1 Events of Default**

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

- (a) failure to pay principal or premium (whether by way of payment of cash or delivery of Common Shares), if any, when due on the Debentures whether at maturity, upon redemption or a Change of Control, by declaration or otherwise;
- (b) failure for 2 Business Days to pay interest on the Debentures when due;
- (c) default in the delivery, when due, of any Common Shares or other consideration, payable on conversion with respect to the Debentures, which default continues for 5 days;
- (d) default in the observance or performance of any covenant or condition of this Indenture or any other Indenture Document other than, in each case, provisions, covenants, agreements or conditions with respect to the payment of principal, interest or other amounts owing in respect of any Debentures, which events constitute Event of Defaults pursuant to Section 8.1(a) or (b) by any Obligor that is a party thereto and the failure to cure (or obtain a waiver for) such default for a period of 15 days after notice in writing has been given by the Trustee or from holders of not less than 25% in aggregate principal amount of the Debentures to the Corporation specifying such default and requiring the Corporation and/or any other Obligor to rectify such default or obtain a waiver for same;
- (e) if a decree or order of a Court having jurisdiction is entered adjudging any Obligor or any Material Subsidiary a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of, the property of any

Obligor or any Material Subsidiary, or appointing a receiver of, or of any substantial part of, the property of any Obligor or any Material Subsidiary or ordering the winding-up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 60 days;

- (f) if any Obligor or any Material Subsidiary institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of, or of any substantial part of, the property of any Obligor or any Material Subsidiary or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;
- (g) if a resolution is passed for the winding-up or liquidation of any Obligor or any Material Subsidiary;
- (h) if any proceedings with respect to any Obligor or any Material Subsidiary are taken with respect to a compromise or arrangement, with respect to creditors;
- (i) if all or a material part of the property of any Obligor or any Material Subsidiary is compulsorily acquired by any government authority or any Obligor or any Material Subsidiary sells or divests itself of all or a material part of its property because it is required to do so by a binding order from a government authority;
- (j) if any Obligor or a Material Subsidiary ceases to hold any permits, licences and approvals required to be held at that time or to comply with any condition to which any such permits, licences and approvals is subject;
- (k) if any Obligor or any Material Subsidiary fails to pay the principal of, or premium or interest on, any of its Debt which is outstanding in an aggregate principal amount exceeding \$500,000 (or the equivalent amount in any other currency) when such amount becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure continues after the applicable grace period, if any, specified in the agreement or instrument relating to the Debt or any other event occurs or condition exists and continues after the applicable grace period, if any, specified in any agreement or instrument relating to any such Debt, if its effect is to accelerate, or cause or permit the acceleration of the Debt; or any such Debt to be declared (or permitted to be declared) to be due and payable prior to its stated maturity;
- (l) failure by any Obligor or any Material Subsidiary to pay final and non-appealable judgments aggregating in excess of \$500,000, which judgments remain unsatisfied or undischarged for any period of 45 days during which a stay of enforcement of such judgments shall not be in effect; or
- (m) if, any one or more of the Collateral Documents, ceases to constitute a valid and perfected first priority charge or secured interest, subject to Permitted Liens, upon all of the Property or Pledged Shares (as the case may be) it purports to charge or encumber in favour of the Trustee for and on behalf of the holders of the Debentures.

then: (i) in each and every such event listed above, the Trustee may, in its discretion, but subject to the provisions of this section, and shall, upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding, subject to the provisions of Section 8.3, by notice in writing to the Corporation declare the principal of and interest and premium, if any, on all Debentures then outstanding and all other monies outstanding hereunder to be due and payable and the same shall thereupon forthwith become immediately due and payable to the Trustee, and (ii) on the occurrence of an Event of Default under Sections 8.1(e), 8.1(f) or 8.1(g), the principal of and interest and premium, if any, on all Debentures then outstanding hereunder and all other monies outstanding hereunder, shall automatically without any declaration or other act on the part of the Trustee or any Debentureholder become immediately due and payable to the Trustee and, in either case, upon such amounts becoming due and payable in either (i) or (ii) above, the Corporation shall forthwith pay to the Trustee for the benefit of the Debentureholders such principal, accrued and unpaid interest and premium, if any, and interest on amounts in default on such Debenture and all other monies outstanding hereunder, together with subsequent interest at the rate borne by the Debentures on such principal, interest, premium and such other monies from the date of such declaration or event until payment is received by the Trustee, such subsequent interest to be payable at the times and places and in the manner mentioned in and according to the tenor of the Debentures. Such payment when made shall be deemed to have been made in discharge of the Corporation's obligations hereunder and any monies so received by the Trustee shall be applied in the manner provided in Section 8.6.

### **Section 8.2 Notice of Events of Default**

If an Event of Default shall occur and be continuing the Trustee shall, within 30 days after it receives written notice of the occurrence of such Event of Default, give notice of such Event of Default to the Debentureholders in the manner provided in Section 11.2, provided that notwithstanding the foregoing, unless the Trustee shall have been requested to do so by the holders of at least 25% of the principal amount of the Debentures then outstanding, the Trustee shall not be required to give such notice if the Trustee in good faith shall have determined that the withholding of such notice is in the best interests of the Debentureholders and shall have so advised the Corporation in writing.

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

### **Section 8.3 Waiver of Default**

- (1) Upon the happening of any Event of Default hereunder:
  - (a) the holders of the Debentures shall have the power (in addition to the powers exercisable by Extraordinary Resolution as hereinafter provided) by requisition in writing by the holders of more than 50% of the aggregate principal amount of Debentures then outstanding, to instruct the Trustee to waive any Event of Default and to cancel any declaration made by the Trustee pursuant to Section 8.1 and the Trustee shall thereupon waive the Event of Default and cancel such declaration, or either, upon such terms and conditions as shall be prescribed in such requisition; and
  - (b) the Trustee, so long as it has not become bound to declare the principal and interest on the Debentures then outstanding to be due and payable, or to obtain or enforce payment of the same, shall have power to waive any Event of Default if, in the Trustee's opinion, the same shall have been cured or adequate satisfaction made therefor, and in such event to cancel



any such declaration theretofore made by the Trustee in the exercise of its discretion, upon such terms and conditions as the Trustee may deem advisable.

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

#### **Section 8.4 Enforcement by the Trustee**

(1) Subject to the provisions of Section 8.3 and to the provisions of any Extraordinary Resolution that may be passed by the Debentureholders, if the Corporation shall fail to pay to the Trustee, forthwith after the same shall have been declared to be due and payable under Section 8.1, the principal of and interest on all Debentures then outstanding, together with any other amounts due hereunder, the Trustee may in its discretion and shall upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding and upon being funded and indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed in its name as trustee hereunder to obtain or enforce payment of such principal and interest on all the Debentures then outstanding together with any other amounts due hereunder by such proceedings authorized by this Indenture or by law or equity as the Trustee in such request shall have been directed to take, or if such request contains no such direction, or if the Trustee shall act without such request, then by such proceedings authorized by this Indenture or by suit at law or in equity as the Trustee shall deem expedient.

(2) The Trustee shall be entitled and empowered, either in its own name or as trustee of an express trust, or as attorney-in-fact for the holders of the Debentures, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Trustee and of the holders of the Debentures allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to any Obligor or its creditors or relative to or affecting any Obligor's property. The Trustee is hereby irrevocably appointed (and the successive respective holders of the Debentures by taking and holding the same shall be conclusively deemed to have so appointed the Trustee) the true and lawful attorney-in-fact of the respective holders of the Debentures with authority to make and file in the respective names of the holders of the Debentures or on behalf of the holders of the Debentures as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the holders of the Debentures themselves, any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof, and to execute any such other papers and documents and to do and perform any and all such acts and things for and on behalf of such holders of the Debentures, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claims of the Trustee and of the holders of the Debentures against each Obligor or its property allowed in any such proceeding, and to receive payment of or on account of such claims; provided, however, that subject to Section 8.3, nothing contained in this Indenture shall be deemed to give to the Trustee, unless so authorized by Extraordinary Resolution, any right to accept or consent to any plan of reorganization or otherwise by action of any character in such proceeding to waive or change in any way any right of any Debentureholder.

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

(4) All rights of action hereunder may be enforced by the Trustee without the possession of any of the Debentures or the production thereof on the trial or other proceedings relating thereto.

(5) Any such suit or proceeding instituted by the Trustee shall be brought in the name of the Trustee as trustee of an express trust, and any recovery of judgment shall be for the rateable benefit of the holders of the Debentures subject to the provisions of this Indenture. In any proceeding brought by the Trustee (and also any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture, to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Debentures, and it shall not be necessary to make any holders of the Debentures parties to any such proceeding.

(6) If the Trustee has become entitled to enforce the security interests with respect to the Corporation's Property or any Pledged Shares, in addition to any right or remedy arising under the this Indenture or pursuant to Applicable Laws, the Trustee, by itself, its officers, its agents or its attorneys, may, in its discretion, as advised by Counsel, exercise any and all rights granted to the Trustee in any of the Collateral Documents.

### **Section 8.5 No Suits by Debentureholders**

Except as otherwise set out in this Indenture, no holder of any Debenture shall have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal of or interest on the Debentures or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have any Obligor wound up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy hereunder, unless: (a) such holder shall previously have given to the Trustee written notice of the happening of an Event of Default hereunder; and (b) the Debentureholders by Extraordinary Resolution or by written instrument signed by the holders of at least 25% in principal amount of the Debentures then outstanding shall have made a request to the Trustee and the Trustee shall have been afforded reasonable opportunity either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; and (c) the Debentureholders or any of them shall have furnished to the Trustee, when so requested by the Trustee, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; (d) the Trustee shall have failed to act within a reasonable time after such notification, request and offer of indemnity; and (e) no direction inconsistent with such request has been received by the Trustee from holders of a majority in principal amount of the outstanding Debentures, and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Debentures.

### **Section 8.6 Application of Monies by Trustee**

(1) Except as herein otherwise expressly provided, any monies received by the Trustee from any Obligor pursuant to the foregoing provisions of this Article 8, or as a result of legal or other proceedings or from any trustee in bankruptcy or liquidator of any Obligor, shall be applied, together with any other monies in the hands of the Trustee available for such purpose, as follows:

- (a) first, in payment or in reimbursement to the Trustee of the reasonable compensation, costs, charges, expenses, borrowings, advances of the Trustee or other monies furnished or provided by or the instance of the Trustee in or about the execution of its trusts under, or otherwise in relation to, this Indenture and the Indenture Documents, with interest thereon as herein provided;
- (b) second, but subject as hereinafter in this Section 8.6 provided, in payment, rateably and proportionately to the holders of Debentures, of the principal and accrued and unpaid

interest and interest on amounts in default on the Debentures which shall then be outstanding in the priority of principal first and then premium and then accrued and unpaid interest and interest on amounts in default unless otherwise directed by Extraordinary Resolution and in that case in such order or priority as between principal and interest as may be directed by such resolution; and

- (c) third, in payment of the surplus, if any, of such monies to the Corporation or its assigns;

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

(2) The Trustee shall not be bound to apply or make any partial or interim payment of any monies coming into its hands if the amount so received by it, after reserving thereout such amount as the Trustee may think necessary to provide for the payments mentioned in Section 8.6(1), is insufficient to make a distribution of at least 2% of the aggregate principal amount of the outstanding Debentures, but it may retain the money so received by it and invest or deposit the same as provided in Section 12.9 until the money or the investments representing the same, with the income derived therefrom, together with any other monies for the time being under its control shall be sufficient for the said purpose or until it shall consider it advisable to apply the same in the manner hereinbefore set forth. The foregoing shall, however, not apply to a final payment in distribution hereunder.

### **Section 8.7 Notice of Payment by Trustee**

Not less than 15 days' notice shall be given in the manner provided in Section 11.2 by the Trustee to the Debentureholders of any payment to be made under this Article 8. Such notice shall state the time when and place where such payment is to be made and also the liability under this Indenture to which it is to be applied. After the day so fixed, unless payment shall have been duly demanded and have been refused, the Debentureholders will be entitled to interest only on the balance (if any) of the principal monies, and interest due (if any) to them, respectively, on the Debentures, after deduction of the respective amounts payable in respect thereof on the day so fixed.

### **Section 8.8 Trustee May Demand Production of Debentures**

The Trustee shall have the right to demand production of the Debentures in respect of which any payment of principal, interest or premium required by this Article 8 is made and may cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Trustee may, in its discretion, dispense with such production and endorsement, upon such indemnity being given to it and to the Corporation as the Trustee shall deem sufficient.

### **Section 8.9 Remedies Cumulative**

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

## **Section 8.10 Immunity of Directors, Officers and Others**

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

## **ARTICLE 9 – DISCHARGE**

### **Section 9.1 Cancellation and Destruction**

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

### **Section 9.2 Non-Presentation of Debentures**

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

- (a) the Corporation shall be entitled to pay or deliver to the Trustee and direct it to set aside; or
- (b) in respect of monies or Common Shares, as the case may be, in the hands of the Trustee which may or should be applied to the payment of the Debentures, the Corporation shall be entitled to direct the Trustee to set aside; or
- (c) if the redemption was pursuant to notice given by the Trustee, the Trustee may itself set aside;

the monies or Common Shares, as the case may be, in trust to be paid to the holder of such Debenture upon due presentation or surrender thereof in accordance with the provisions of this Indenture; and thereupon the principal of, or the interest payable on, or represented by each Debenture in respect whereof such monies, or Common Shares, as the case may be, have been set aside shall be deemed to have been paid and the holder thereof shall thereafter have no right in respect thereof except that of receiving delivery and payment of the monies, or Common Shares, as the case may be, so set aside by the Trustee upon due presentation and surrender thereof, subject always to the provisions of Section 9.3.

### **Section 9.3 Repayment of Unclaimed Monies or Common Shares**

Subject to Applicable Law, any monies, or Common Shares, if applicable, set aside under Section 9.2 and not claimed by and paid to holders of Debentures as provided in Section 9.2 within six years after the date of such setting aside shall be repaid and delivered to the Corporation upon written request of the Corporation to the Trustee and thereupon the Trustee shall be released from all further liability with respect to such monies or Common Shares, if applicable, and thereafter the holders of the Debentures in respect of which such monies, or Common Shares, if applicable, were so repaid to the Corporation shall have no rights

in respect thereof except to obtain payment and delivery of the monies, or Common Shares, if applicable, from the Corporation subject to any limitation provided by the laws of the Province of Ontario.

#### **Section 9.4 Discharge**

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

### **ARTICLE 10 – MEETINGS OF DEBENTUREHOLDERS**

#### **Section 10.1 Right to Convene Meeting**

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

#### **Section 10.2 Notice of Meetings**

At least 21 days' notice of any meeting shall be given to the Debentureholders in the manner provided in Section 11.2 and a copy of such notice shall be sent by post to the Trustee, unless the meeting has been called by it. Such notice shall state the time when and the place where the meeting is to be held and shall state briefly the general nature of the business to be transacted thereat and it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article. The accidental omission to give notice of a meeting to any holder of Debentures shall not invalidate any resolution passed at any such meeting. A holder may waive notice of a meeting either before or after the meeting.

#### **Section 10.3 Chairman**

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

#### **Section 10.4 Quorum**

Subject to the provisions of Section 10.12, at any meeting of the Debentureholders a quorum shall consist of Debentureholders present in person or by proxy and representing at least 25% in principal amount of the outstanding Debentures. If a quorum of the Debentureholders shall not be present within 30 minutes from the time fixed for holding any meeting, the meeting, if summoned by the Debentureholders or pursuant to a request of the Debentureholders, shall be dissolved, but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day thereafter) at the same time and place to the extent possible and no notice shall be required to be given in respect of such adjourned meeting. At the adjourned meeting, the Debentureholders present in person or by proxy representing 25% of the principal amount of the outstanding Debentures shall form a quorum and may transact the business for which the meeting was originally convened. Any business may be brought before or dealt with at an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless the required quorum is present at the commencement of business.

#### **Section 10.5 Power to Adjourn**

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

#### **Section 10.6 Show of Hands**

Every question submitted to a meeting shall, subject to Section 10.7, be decided in the first place by a majority of the votes given on a show of hands except that votes on Extraordinary Resolutions shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Debentures, if any, held by him.

#### **Section 10.7 Poll**

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

#### **Section 10.8 Voting**

On a show of hands every person who is present and entitled to vote, whether as a Debentureholder or as proxy for one or more Debentureholders or both, shall have one vote. On a poll each Debentureholder present in person or represented by a proxy duly appointed by an instrument in writing shall be entitled to one vote in respect of each \$1,000 principal amount of Debentures of which he shall then be the holder. A proxy need not be a Debentureholder. In the case of joint holders of a Debenture, any one of them present

in person or by proxy at the meeting may vote in the absence of the other or others but in case more than one of them be present in person or by proxy, they shall vote together in respect of the Debentures of which they are joint holders.

### **Section 10.9 Proxies**

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

- (a) the form of the instrument appointing a proxy, which shall be in writing, and the manner in which the same shall be executed and the production of the authority of any person signing on behalf of a Debentureholder;
- (b) the deposit of instruments appointing proxies at such place as the Trustee, the Corporation or the Debentureholder convening the meeting, as the case may be, may, in the notice convening the meeting, direct and the time, if any, before the holding of the meeting or any adjournment thereof by which the same must be deposited; and
- (c) the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed, faxed, or sent by other electronic means before the meeting to the Corporation or to the Trustee at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting.

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

### **Section 10.10 Persons Entitled to Attend Meetings**

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

### **Section 10.11 Powers Exercisable by Extraordinary Resolution**

(1) In addition to the powers conferred upon them by any other provisions of this Indenture or by law, a meeting of the Debentureholders shall have the following powers exercisable from time to time by Extraordinary Resolution (subject in the case of the matters in paragraphs (a)– (d) and (l) to the prior approval of the CSE (or such other recognized stock exchange on which the Common Shares are listed for trading):

- (a) power to authorize the Trustee to grant extensions of time for payment of any principal, premium or interest on the Debentures, whether or not the principal, premium, or interest, the payment of which is extended, is at the time due or overdue;
- (b) power to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Debentureholders or the Trustee (with its consent) against the Corporation, or against its property, whether such rights arise under this Indenture or the Debentures or any other Indenture Document;
- (c) power to assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture, any Debenture or any Indenture Document which shall be agreed to by the Corporation and to authorize the Trustee to concur in and execute any indenture supplemental hereto embodying any modification, change, addition or omission;
- (d) power to sanction any scheme for the reconstruction, reorganization or recapitalization of any Obligor or for the consolidation, amalgamation, arrangement, combination or merger of any Obligor with any other Person or for the sale, leasing, transfer or other disposition of all or substantially all of the undertaking, property and assets of any Obligor or any part thereof;
- (e) power to direct or authorize the Trustee to exercise any power, right, remedy or authority given to it by this Indenture or any other Indenture Document in any manner specified in any such Extraordinary Resolution or to refrain from exercising any such power, right, remedy or authority;
- (f) power to waive, and direct the Trustee to waive, any default hereunder and/or cancel any declaration made by the Trustee pursuant to Section 8.1 either unconditionally or upon any condition specified in such Extraordinary Resolution;
- (g) power to restrain any Debentureholder from taking or instituting any suit, action or proceeding for the purpose of enforcing payment of the principal, premium or interest on the Debentures, or for the execution of any trust or power hereunder;
- (h) power to direct any Debentureholder who, as such, has brought any action, suit or proceeding to stay or discontinue or otherwise deal with the same upon payment, if the taking of such suit, action or proceeding shall have been permitted by Section 8.5, of the costs, charges and expenses reasonably and properly incurred by such Debentureholder in connection therewith;
- (i) power to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any shares or other securities of the Corporation;
- (j) power to appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in the resolution) to exercise, and to direct the Trustee to exercise, on behalf of the Debentureholders, such of the powers of the Debentureholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the resolution appointing the committee. The resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such



committee. Such committee shall consist of such number of persons as shall be prescribed in the resolution appointing it and the members need not be themselves Debentureholders. Every such committee may elect its chairman and may make regulations respecting its quorum, the calling of its meetings and the filling of vacancies occurring in its number and its procedure generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debentureholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

- (k) power to remove the Trustee from office and to appoint a new Trustee or Trustees provided that no such removal shall be effective unless and until a new Trustee or Trustees shall have become bound by this Indenture;
- (l) power to sanction the exchange of the Debentures for or the conversion thereof into shares, bonds, debentures or other securities or obligations of the Corporation or of any other Person formed or to be formed;
- (m) power to authorize the distribution in specie of any shares or securities received pursuant to a transaction authorized under the provisions of Section 10.11(1); and
- (n) power to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Debentureholders or by any committee appointed pursuant to Section 10.11(1)(j).

#### **Section 10.12 Meaning of “Extraordinary Resolution”**

(1) The expression “**Extraordinary Resolution**” when used in this Indenture means, subject as hereinafter in this Article provided, a resolution proposed to be passed as an Extraordinary Resolution at a meeting of Debentureholders (including an adjourned meeting) duly convened for the purpose and held in accordance with the provisions of this Article at which the holders of not less than 25% of the principal amount of the Debentures then outstanding, are present in person or by proxy and passed by the favourable votes of the holders of not less than  $66\frac{2}{3}\%$  of the principal amount of the Debentures, present or represented by proxy at the meeting and voted upon on a poll on such resolution.

(2) If, at any such meeting, the holders of not less than 25% of the principal amount of the Debentures then outstanding are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by or on the requisition of Debentureholders, shall be dissolved but in any other case it shall stand adjourned to such date, being not less than 14 nor more than 60 days later, and to such place and time as may be appointed by the chairman. Not less than 10 days’ notice shall be given of the time and place of such adjourned meeting in the manner provided in Section 11.2. At the adjourned meeting, the holders present in person or by proxy representing not less than 25% of the principal amount of the Debentures then outstanding shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed thereat by the affirmative vote of holders of not less than  $66\frac{2}{3}\%$  of the principal amount of the Debentures, present or represented by proxy at the meeting and voted upon on a poll shall be an Extraordinary Resolution within the meaning of this Indenture.

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

### **Section 10.13 Powers Cumulative**

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

### **Section 10.14 Minutes**

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

### **Section 10.15 Instruments in Writing**

All actions which may be taken and all powers that may be exercised by the Debentureholders at a meeting held as hereinbefore in this Article provided may also be taken and exercised by the holders of 66⅔% of the principal amount of all the outstanding Debentures by an instrument in writing signed in one or more counterparts and the expression “Extraordinary Resolution” when used in this Indenture shall include an instrument so signed.

### **Section 10.16 Binding Effect of Resolutions**

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article at a meeting of Debentureholders shall be binding upon all the Debentureholders, whether present at or absent from such meeting, and every instrument in writing signed by Debentureholders in accordance with Section 10.15 shall be binding upon all the Debentureholders, whether signatories thereto or not, and each and every Debentureholder and the Trustee (subject to the provisions for its indemnity herein contained) shall be bound to give effect accordingly to every such resolution, Extraordinary Resolution and instrument in writing.

### **Section 10.17 Evidence of Rights of Debentureholders**

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

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

## **ARTICLE 11 – NOTICES**

### **Section 11.1 Notice to Corporation**

Any notice to the Corporation under the provisions of this Indenture shall be valid and effective if delivered to the Corporation at: 82 NE, 26th Street, Unit 110, Miami, FL 33137, Attention: Chief Executive Officer, if given by registered letter, postage prepaid, to such offices and so addressed and if mailed, shall be deemed to have been effectively given three days following the mailing thereof, or if given by electronic mail to jose@knoxmedical.com shall be deemed to have been effectively given upon transmission. The Corporation may from time to time notify the Trustee in writing of a change of address which thereafter, until changed by like notice, shall be the address of the Corporation for all purposes of this Indenture.

### **Section 11.2 Notice to Debentureholders**

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

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

(3) Any notice given to Debentureholders by publication shall be deemed to have been given on the day on which publication shall have been effected at least once in each of the newspapers in which publication was required.

(4) All notices with respect to any Debenture may be given to whichever one of the holders thereof (if more than one) is named first in the registers hereinbefore mentioned, and any notice so given shall be sufficient notice to all holders of any Persons interested in such Debenture.

### **Section 11.3 Notice to Trustee**

Any notice to the Trustee under the provisions of this Indenture shall be valid and effective if delivered, receipt confirmed, to the Trustee at its principal office in the City of Toronto, at 390 Bay Street, Suite 920, Toronto, ON M5H 2Y2, Attention: Managing Director and shall be deemed to have been effectively given as of the date of such receipt confirmation, if given by registered letter, postage prepaid, to such office and so addressed and, if mailed, shall be deemed to have been effectively given three days following the mailing thereof, or if given by facsimile transmission to the Trustee at 416.350.5007, Attention: Managing Director shall be deemed to have been effectively given upon transmission.

### **Section 11.4 Mail Service Interruption**

If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Trustee would reasonably be unlikely to reach its destination by the time notice by mail is deemed to have been given pursuant to Section 11.3, such notice shall be valid and effective only if delivered at the appropriate address in accordance with Section 11.3.

## **ARTICLE 12 – CONCERNING THE TRUSTEE**

### **Section 12.1 No Conflict of Interest**

The Trustee represents to the Corporation that, to the best of its knowledge, at the date of execution and delivery by it of this Indenture, there exists no material conflict of interest in the role of the Trustee as a fiduciary hereunder but, if, notwithstanding the provisions of this Section 12.1, such a material conflict of interest exists, or hereafter arises, the validity and enforceability of this Indenture, and the Debentures issued hereunder, shall not be affected in any manner whatsoever by reason only that such material conflict of interest exists or arises but the Trustee shall, within 30 days after ascertaining that it has a material conflict of interest, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Section 12.2.

### **Section 12.2 Replacement of Trustee**

(1) The Trustee may resign its trust and be discharged from all further duties and liabilities hereunder by giving to the Corporation 90 days' notice in writing or such shorter notice as the Corporation may accept as sufficient. In the event of any enactment or change of law or regulation, or interpretation or administration thereof, which in the opinion of the Trustee operates to prevent or restrict any of the parties to this Indenture from fulfilling any respective obligations under this Indenture, the Trustee may resign its trust and be discharged from all further duties and liabilities hereunder by giving the Corporation 30 days' notice in writing or such shorter notice as the Corporation may find acceptable. If at any time a material conflict of interest exists in the Trustee's role as a fiduciary hereunder the Trustee shall, within 30 days after ascertaining that such a material conflict of interest exists, either eliminate such material conflict of interest or resign in the manner and with the effect specified in this Section 12.2. The validity and enforceability of this Indenture and of the Debentures issued hereunder shall not be affected in any manner whatsoever by reason only that such a material conflict of interest exists. In the event of the Trustee resigning or being removed or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new Trustee unless a new Trustee has already been appointed by the Debentureholders. Failing such appointment by the Corporation, the retiring Trustee or any Debentureholder may apply to a Judge of the Ontario Superior Court of Justice, on such notice as such Judge may direct at the Corporation's expense, for the appointment of a new Trustee but any new Trustee so appointed by the Corporation or by the Court shall be subject to removal as aforesaid by the Debentureholders and the appointment of such new Trustee shall be effective only upon such new Trustee becoming bound by this Indenture. Any new Trustee appointed under any provision of this Section 12.2 shall be a Person authorized to carry on the business of a trust company in all of the provinces of Canada. On any new appointment the new Trustee shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Trustee.

(2) Any company into which the Trustee may be merged or, with or to which it may be consolidated, amalgamated or sold, or any company resulting from any merger, consolidation, sale or amalgamation to which the Trustee shall be a party, or any company which shall purchase all or substantially all of the corporate trust book of business of the Trustee, shall be the successor trustee under this Indenture without

the execution of any instrument or any further act. Nevertheless, upon the written request of the successor Trustee or of the Corporation, the Trustee ceasing to act shall execute and deliver an instrument assigning and transferring to such successor Trustee, upon the trusts herein expressed, all the rights, powers and trusts of the Trustee so ceasing to act, and, shall duly assign, transfer and deliver all property and money held by such Trustee to the successor Trustee so appointed in its place. Should any deed, conveyance or instrument in writing from the Corporation be required by any new Trustee for more fully and certainly vesting in and confirming to it such estates, properties, rights, powers and trusts, then any and all such deeds, conveyances and instruments in writing shall on request of said new Trustee, be made, executed, acknowledged and delivered by the Corporation.

### **Section 12.3 Duties of Trustee**

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

### **Section 12.4 Reliance Upon Declarations, Opinions, etc.**

In the exercise of its rights, duties and obligations hereunder the Trustee may, if acting in good faith, rely, as to the truth of the statements and accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports or certificates furnished pursuant to any covenant, condition or requirement of this Indenture or required by the Trustee to be furnished to it in the exercise of its rights and duties hereunder, if the Trustee examines such statutory declarations, opinions, reports or certificates and determines that they comply with Section 12.5, if applicable, and with any other applicable requirements of this Indenture. The Trustee may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. Without restricting the foregoing, the Trustee may rely on an opinion of Counsel satisfactory to the Trustee notwithstanding that it is delivered by a solicitor or firm which acts as solicitors for the Corporation.

### **Section 12.5 Evidence and Authority to Trustee, Opinions, etc.**

(1) The Corporation shall furnish to the Trustee evidence of compliance with the conditions precedent provided for in this Indenture relating to any action or step required or permitted to be taken by the Corporation or the Trustee under this Indenture or any other Indenture Document or as a result of any obligation imposed under this Indenture or under any other Indenture Document, including without limitation, the certification and delivery of Debentures hereunder, the satisfaction and discharge of this Indenture and the taking of any other action to be taken by the Trustee at the request of or on the application of the Corporation, forthwith if and when (a) such evidence is required by any other Section of this Indenture or any other Indenture Document to be furnished to the Trustee in accordance with the terms of this Section 12.5, or (b) the Trustee, in the exercise of its rights and duties under this Indenture, gives the Corporation written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice.

(2) Such evidence shall consist of

- (a) a certificate made by any one officer or director of the Corporation, stating that any such condition precedent has been complied with in accordance with the terms of this Indenture and any other applicable Indenture Document;
- (b) in the case of a condition precedent compliance with which is, by the terms of this Indenture, made subject to review or examination by a solicitor, an opinion of Counsel that such condition precedent has been complied with in accordance with the terms of this Indenture and any other applicable Indenture Document; and
- (c) in the case of any such condition precedent compliance with which is subject to review or examination by auditors or accountants, an opinion or report of the Auditors of the Corporation whom the Trustee for such purposes hereby approves, that such condition precedent has been complied with in accordance with the terms of this Indenture and any other applicable Indenture Document.

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

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

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

## **Section 12.6 Officer's Certificates Evidence**

Except as otherwise specifically provided or prescribed by this Indenture or in any other Indenture Document, whenever in the administration of the provisions of this Indenture the Trustee shall deem it

necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, the Trustee, if acting in good faith, may rely upon an Officer's Certificate.

### **Section 12.7 Experts, Advisers and Agents**

The Trustee may:

- (a) employ or retain and act and rely on the opinion or advice of or information obtained from any solicitor, auditor, valuer, engineer, surveyor, appraiser or other expert, whether obtained by the Trustee or by the Corporation, or otherwise, and shall not be liable for acting, or refusing to act, in good faith on any such opinion or advice and may pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid. The reasonable costs of such services shall be added to and become part of the Trustee's remuneration hereunder; and
- (b) employ such agents and other assistants as it may reasonably require for the proper discharge of its duties hereunder, and may pay reasonable remuneration for all services performed for it (and shall be entitled to receive reasonable remuneration for all services performed by it) in the discharge of the trusts hereof and compensation for all disbursements, costs and expenses made or incurred by it in the discharge of its duties hereunder and in the management of the trusts hereof and any solicitors employed or consulted by the Trustee may, but need not be, solicitors for the Corporation.

### **Section 12.8 Trustee May Deal in Debentures**

Subject to Sections 12.1 and 12.3, the Trustee may, in its personal or other capacity, buy, sell, lend upon and deal in the Debentures and generally contract and enter into financial transactions with the Corporation or otherwise, without being liable to account for any profits made thereby.

### **Section 12.9 Investment of Monies Held by Trustee**

Until released in accordance with this Indenture, monies held by Trustee shall be kept segregated in the records of the Trustee and shall be deposited in one or more interest-bearing trust accounts to be maintained by the Trustee in the name of the Trustee at one or more banks having a Standard and Poors Issuer Credit rating of AA- or above (an "**Approved Bank**"). All amounts held by the Trustee pursuant to this Indenture shall be held by the Trustee pursuant to the term of this Indenture and shall not give rise to a debtor-creditor or other similar relationship. The amounts held by the Trustee pursuant to this Indenture are at the sole risk of Corporation and, without limiting the generality of the foregoing, the Trustee shall have no responsibility or liability for any diminution of the monies which may result from any deposit made with an Approved Bank pursuant to this Section 12.9, including any losses resulting from a default by the Approved Bank or other credit losses (whether or not resulting from such a default) and any credit or other losses on any deposit liquidated or sold prior to maturity. The parties hereto acknowledge and agree that the Trustee will have acted prudently in depositing the monies at any Approved Bank.

### **Section 12.10 Trustee Not Ordinarily Bound**

Except as provided in Section 8.2 and as otherwise specifically provided herein, the Trustee shall not, subject to Section 12.3, be bound to give notice to any Person of the execution hereof, nor to do, observe or perform, or see to the observance or performance by the Corporation of, any of the obligations herein imposed upon the Corporation or the covenants on the part of the Corporation herein contained, nor in any

way to supervise or interfere with the conduct of the Corporation's business, unless the Trustee shall have been required to do so in writing by the holders of not less than 25% of the aggregate principal amount of the Debentures then outstanding or by any Extraordinary Resolution of the Debentureholders passed in accordance with the provisions contained in Article 10, and then only after it shall have been funded and indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages and expenses which it may incur by so doing.

#### **Section 12.11 Trustee Not Required to Give Security**

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

#### **Section 12.12 Trustee Not Bound to Act on Corporation's Request**

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

#### **Section 12.13 Conditions Precedent to Trustee's Obligations to Act Hereunder**

- (1) The obligation of the Trustee to commence or continue any act, action or proceeding for the purpose of enforcing the rights of the Trustee and of the Debentureholders hereunder shall be conditional upon the Debentureholders furnishing when required by notice in writing by the Trustee, sufficient funds to commence or continue such act, action or proceeding and indemnity reasonably satisfactory to the Trustee to protect and hold harmless the Trustee against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof.
- (2) None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified as aforesaid.
- (3) The Trustee may, before commencing or at any time during the continuance of any such act, action or proceeding require the Debentureholders at whose instance it is acting to deposit with the Trustee the Debentures held by them for which Debentures the Trustee shall issue receipts.

#### **Section 12.14 Authority to Carry on Business**

The Trustee represents to the Corporation that at the date of execution and delivery by it of this Indenture it is authorized to carry on the business required of it as Trustee in each of the provinces and territories of Canada but if, notwithstanding the provisions of this Section 12.14, it ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the securities issued hereunder shall not be affected in any manner whatsoever by reason only of such event but the Trustee shall, within 90 days after ceasing to be authorized to carry on the business required of it as Trustee in any of the provinces or territories of Canada, either become so authorized or resign in the manner and with the effect specified in Section 12.2.



### **Section 12.15 Compensation and Indemnity**

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

(2) The Corporation hereby indemnifies and holds the Trustee and its affiliates, their successors and assigns, as well as its and their respective directors, officers, employees and agents, harmless from and against any and all claims, demands, assessments, interest, penalties, actions, suits, proceedings, liabilities, losses, damages, costs and expenses, including, without limiting the foregoing, expert, consultant and counsel fees and disbursements on a solicitor and client basis (collectively, "**Liabilities**"), arising from or in connection with any actions or omissions that the Trustee or they take pursuant to this Indenture, provided that the Corporation need not reimburse any cost or expense or indemnify against any loss or liability incurred by the Trustee through gross negligence or bad faith or breach of the Trustee's duties hereunder. The Corporation also hereby indemnifies and holds the Trustee and its affiliates, their successors and assigns, as well as its and their respective directors, officers, employees and agents, harmless from and against any and all Liabilities arising from or in connection with any actions or omissions that the Trustee or they take pursuant to this Indenture regarding any enactment or change of law or regulation, or interpretation or administration thereof regarding cannabis in the United States. This indemnity shall survive the resignation or removal of the Trustee and the termination or discharge of this Indenture.

(3) Notwithstanding any other provision of this Indenture, the Trustee shall not be liable for any (i) breach by any other party of the Applicable Securities Legislation, (ii) lost profits or (iii) punitive, consequential or special damages of any Person.

(4) The Trustee shall notify the Corporation promptly of any claim for which it may seek indemnity. The Corporation shall defend the claim and the Trustee shall co-operate in the defence. The Trustee may have separate Counsel and the Corporation shall pay the reasonable fees and expenses of such Counsel. The Corporation need not pay for any settlement made without its consent, which consent must not be unreasonably withheld.

### **Section 12.16 Acceptance of Trust**

The Trustee hereby accepts the trusts in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various Persons who shall, from time to time, be Debentureholders, subject to all the terms and conditions herein set forth.

### **Section 12.17 Third Party Interests**

Each party to this Indenture (in this paragraph referred to as a "**representing party**") hereby represents to the Trustee that any account to be opened by, or interest to be held by, the Trustee in connection with this Indenture, for or to the credit of such representing party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such representing party hereby agrees to complete, execute and deliver forthwith to the Trustee

a declaration, in the Trustee's prescribed form or in such other form as may be satisfactory to it, as to the particulars of such third party.

### **Section 12.18 Anti-Money Laundering**

The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment, acting reasonably, determines that such act might cause it to be in noncompliance with any applicable anti-money laundering or anti-terrorist or economic sanctions legislation, regulation or guideline. Further, should the Trustee, in its sole judgment, acting reasonably, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist or economic sanctions legislation, regulation or guideline, then it shall have the right to resign on 10 days' prior written notice sent to the Corporation provided that (i) the Trustee's written notice shall describe the circumstances of such non-compliance; and (ii) if such circumstances are rectified to the Trustee's satisfaction within such 10-day period, then such resignation shall not be effective.

### **Section 12.19 Privacy Laws**

(1) The parties acknowledge that federal and provincial legislation that addresses the protection of individuals' personal information (collectively, the "**Privacy Laws**") applies to obligations and activities under this Indenture. Despite any other provision of this Indenture, neither the Corporation nor the Trustee shall take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws.

(2) The Corporation shall, prior to transferring or causing to be transferred personal information to the Trustee, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws.

(3) The Trustee shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Trustee agrees: (a) to have a designated chief privacy officer; (b) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (c) to use personal information solely for the purposes of providing its services under or ancillary to this Indenture and not to use it for any other purpose except with the consent of or direction from the Corporation or the individual involved; (d) not to sell or otherwise improperly disclose personal information to any third party; and (e) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

## **ARTICLE 13 – SUPPLEMENTAL INDENTURES**

### **Section 13.1 Supplemental Indentures**

From time to time the Trustee and, when authorized by a resolution of the Board of Directors of Corporation, the Corporation, may, and they shall when required by this Indenture, execute, acknowledge and deliver by their proper officers deeds or indentures supplemental hereto which thereafter shall form part hereof, for any one or more of the following purposes:

- (a) adding to the covenants of the Obligors herein contained for the protection of the Debentureholders or providing for events of default, in addition to those herein specified;

- (b) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder, including the making of any modifications in the form of the Debentures which do not affect the substance thereof and which in the opinion of the Trustee relying on an opinion of Counsel will not be prejudicial to the interests of the Debentureholders;
- (c) correcting or rectifying any ambiguities, defective provisions, errors or omissions herein, provided that in the opinion of the Trustee, in reliance upon the opinion of its Counsel, the rights of the Trustee and the Debentureholders are in no way prejudiced thereby;
- (d) evidencing the succession, or successive successions, of others to any Obligor and the covenants of and obligations assumed by any such successor in accordance with the provisions of this Indenture;
- (e) giving effect to any Extraordinary Resolution passed as provided in Article 10; and
- (f) for any other purpose not inconsistent with the terms of this Indenture.

Unless the supplemental indenture requires the consent or concurrence of Debentureholders by Extraordinary Resolution, the consent or concurrence of Debentureholders shall not be required in connection with the execution, acknowledgement or delivery of a supplemental indenture.

#### **ARTICLE 14 – EXECUTION AND FORMAL DATE**

##### **Section 14.1 Execution**

This Indenture may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

##### **Section 14.2 Formal Date**

For the purpose of convenience this Indenture may be referred to as bearing the formal date of May 23, 2019 irrespective of the actual date of execution hereof.

**[Balance of Page Left Blank]**

The parties have executed this Agreement.

**CANSORTIUM INC.**

By: (signed) *Jose Hidalgo*

Name: Jose Hidalgo

Title: Authorized Signing Officer

**CANSORTIUM INTERNATIONAL INC.**

By: (signed) *Jeffrey Reath*

Name: Jeffrey Reath

Title: Authorized Signing Officer

**CANSORTIUM HOLDINGS LLC**

By: (signed) *Jose Hidalgo*

Name: Jose Hidalgo

Title: Authorized Signing Officer

**CANSORTIUM FLORIDA, LLC**

By: (signed) *Jose Hidalgo*

Name: Jose Hidalgo

Title: Authorized Signing Officer

**CANSORTIUM MICHIGAN LLC**

By: (signed) *Jose Hidalgo*

Name: Jose Hidalgo

Title: Authorized Signing Officer

**CANSORTIUM PENNSYLVANIA, LLC**

By: (signed) *Jose Hidalgo*

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Name: Jose Hidalgo

Title: Authorized Signing Officer

**CAPITAL TRANSFER AGENCY, ULC**

By: (signed) *Sarah Morrison*

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Name: Sarah Morrison

Title: Managing Director

**Schedule A – Form of Debenture**

***[DEBENTURES LEGEND]***

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

**UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY OR ANY SECURITY ISSUABLE UPON THE CONVERSION HEREOF MUST NOT TRADE THE SECURITY BEFORE SEPTEMBER 24, 2019.**

***[U.S. LEGEND – TO BE INCLUDED ON ALL DEBENTURES ISSUED TO U.S. DEBENTUREHOLDERS PURSUANT TO SECTION 2.13(1)(a) OF THE INDENTURE]***

**THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON CONVERSION HEREOF] HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES, FOR THE BENEFIT OF CANSORTIUM INC. (THE “CORPORATION”), THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH ALL LOCAL LAWS AND REGULATIONS; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 or (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS; OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF CLAUSE (C) OR (D), THE SELLER FURNISHES TO THE CORPORATION AN OPINION OF COUNSEL, OF RECOGNIZED STANDING, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.**

**CUSIP 13809LAA7**

No. ●

US\$●

**CANSORTIUM INC.****(A corporation incorporated under the laws of the Province of Ontario)****12% SECURED CONVERTIBLE DEBENTURE****DUE MAY 23, 2021**

**CANSORTIUM INC.** (the “**Corporation**”) for value received hereby acknowledges itself indebted and, subject to the provisions of the Debenture Indenture (the “**Indenture**”) dated as of May 23, 2019 between the Corporation and **CAPITAL TRANSFER AGENCY, ULC** (the “**Trustee**”), promises to pay to \_\_\_\_\_, the registered holder hereof on May 23, 2021 or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture (any such date, the “**Maturity Date**”) the principal sum of ● Dollars (US\$●) in lawful money of the United States on presentation and surrender of this Debenture at the main branch of the Trustee in Toronto, Ontario in accordance with the terms of the Indenture. The Debentures shall bear interest from the date of issue at the rate of 12% per annum (based on a year of 360 days composed of twelve 30-day months). Interest will be paid as to (i) 6.0% in cash, accruing daily and due and payable quarterly (the “**Cash Interest**”) and (ii) as to 6% in cash, accruing daily as simple interest and due and payable on the Maturity Date (the “**Deferred Interest**”) provided that such Deferred Interest shall be automatically converted at the Conversion Price on the date of conversion of the applicable Debenture. The Cash Interest will be payable in arrears on June 30, September 30, December 31 and March 31 of each year and on the Maturity Date (each, an “**Interest Payment Date**”). The first such payment shall fall due on June 30, 2019 and the last such payment (representing interest payable from the last Interest Payment Date to, but excluding, the Maturity Date) to fall due on the Maturity Date. Interest shall be payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded monthly. For certainty, the first interest payment will include interest accrued from and including the date of closing of the Offering to, but excluding June 30, 2019, which will be equal to US\$6.33 for each US\$1,000 principal amount of Debentures. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day. The record date for the payment of interest on the Debentures will be that date which is five Business Days prior to each Interest Payment Date.

The Corporation shall not have the right to redeem or repay any Debenture prior to the Maturity Date.

This Debenture is one of the 12% Senior Secured Convertible Debentures of the Corporation issued under the provisions of the Indenture. The Debentures authorized for issue immediately are limited to an aggregate principal amount of US\$28,750,000, in connection with the private placement of Units (amount includes the 15% over-allotment option granted to the Agents pursuant to the Agency Agreement). Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Debentures are or are to be issued and held and the rights and remedies of the holders of the Debentures and of the Corporation and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Debenture by acceptance hereof assents.

The Debentures are issuable only in denominations of US\$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations.



Any part, being US\$1,000 or an integral multiple thereof, of the principal of this Debenture, provided that the principal amount of this Debenture is in a denomination in excess of US\$1,000, is convertible, at the option of the holder hereof, upon surrender of this Debenture at the principal office of the Trustee in Toronto, Ontario, at any time prior to the close of business on the Business Day preceding the Maturity Date or, if this Debenture is called for redemption on or prior to such date, then, to the extent so called for redemption, up to but not after the close of business on the last Business Day (as defined in the Indenture) immediately preceding the date specified for redemption of this Debenture or, if called for repurchase pursuant to a Change of Control (as defined in the Indenture) on the Business Day immediately prior to the payment date, into common shares of the Corporation (the “**Common Shares**”) (without adjustment for interest accrued hereon or for dividends or distributions on Common Shares issuable upon conversion) at a conversion price of US\$2.10 (the “**Conversion Price**”) per Common Share, being a rate of approximately 476 Common Shares for each US\$1,000 principal amount of Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. No Debentures may be converted during the five Business Days preceding each Interest Payment Date, as the registers of the Trustee will be closed during such periods. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Common Shares will be issued on any conversion, and any Common Shares so issuable will be rounded down to the nearest whole number. Holders converting their Debentures will receive accrued and unpaid interest thereon. If a Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding Business Days, the Person or Persons entitled to receive Common Shares in respect of the Debentures so surrendered for conversion shall not become the holder or holders of record of such Common Shares until the Business Day following such Interest Payment Date and, for clarity, any interest payable on such Debentures will be for the account of the holder of record of such Debentures at the close of business on the relevant record date.

Upon the occurrence of a Change of Control, the holders of the Debentures shall, in their sole discretion, have the right to require the Corporation to, either: (i) purchase the Debentures (the “**Change of Control Purchase Option**”) at 101% of the principal amount thereof plus unpaid interest to (but excluding) the date the Debentures are so repurchased; or (ii) convert the Debentures at the Conversion Price.

The indebtedness evidenced by this Debenture, and by all other Debentures now or hereafter certified and delivered under the Indenture, is a direct secured obligation of the Corporation.

These Debentures and the Common Shares issuable upon conversion hereof have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or the securities laws of any state of the United States. The Debentures and Common Shares may only be offered and sold pursuant to an exemption from the registration requirements of the U.S. Securities Act or pursuant to an available exemption from such registration requirements.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding, which resolutions or instruments may have the effect of amending the terms of this Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Common Shares and officers, directors and employees of the Obligor in respect of any obligation or claim arising out of the Indenture or this Debenture.

This Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Trustee in the City of Toronto, Ontario and in such other place or places and/or by such other registrars (if any) as the Corporation with the approval

of the Trustee may designate. No transfer of this Debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee or other registrar, and upon compliance with such reasonable requirements as the Trustee and/or other registrar may prescribe and upon surrender of this Debenture for cancellation. Thereupon a new Debenture or Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Debenture shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture.

Capitalized words or expressions used in this Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture. In the event of any inconsistency between the terms of this Debenture and the Indenture, the terms of the Indenture shall govern.

**IN WITNESS WHEREOF CANSORTIUM INC.** has caused this Debenture to be signed by its authorized representatives as of \_\_\_\_\_, 20\_\_\_\_.

**CANSORTIUM INC.**

By: \_\_\_\_\_

Name:

Title:

**TRUSTEE'S CERTIFICATE**

This Debenture is one of the 12% Secured Convertible Debentures due May 23, 2021 referred to in the Indenture within mentioned.

Dated: \_\_\_\_\_, 20\_\_\_\_\_.

**CAPITAL TRANSFER AGENCY, ULC**

By: \_\_\_\_\_  
Authorized Signatory

## FORM OF TRANSFER

**FOR VALUE RECEIVED**, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_, whose address and social insurance number, if applicable, are set forth below, this Debenture (or US\$ \_\_\_\_\_ principal amount hereof<sup>\*</sup>) of **CANSORTIUM INC.** (the “**Corporation**”) standing in the name(s) of the undersigned in the register maintained by the Corporation with respect to such Debenture and does hereby irrevocably authorize and direct the Trustee to transfer such Debenture in such register, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Address of Transferee: \_\_\_\_\_  
(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable: \_\_\_\_\_

\*If less than the full principal amount of the within Debenture is to be transferred, indicate in the space provided the principal amount (which must be US\$1,000 or an integral multiple thereof, unless you hold a Debenture in a non-integral multiple of US \$1,000 by reason of your having exercised your right to exchange pursuant to your election to pursue the Change of Control Purchase Option, in which case such Debenture is transferable only in its entirety) to be transferred.

1. In the case of a Restricted Uncertificated Debenture or a Restricted Physical Debenture, the undersigned hereby represents, warrants and certifies that (one (only) of the following must be checked):
  - ☐ (A) the transfer is being made to the Corporation;
  - ☐ (B) the transfer is being made outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act in circumstances where Rule 905 of Regulation S does not apply, and in compliance with any applicable local securities laws and regulations, and the holder has provided herewith a certificate in the form of Schedule D to the Indenture, including the certifications in item 1 thereof,
  - ☐ (C) the transfer is being made pursuant to the exemption from the registration requirements of the U.S. Securities Exchange Act provided by Rule 144 or Rule 144A under the U.S. Securities Act and in accordance with applicable state securities laws, or
  - ☐ (D) the transfer is being made in another transaction that does not require registration under the U.S. Securities Exchange Act or any applicable state securities laws.
2. In the case of a transfer in accordance with (C) or (D) above, the Trustee and the Corporation shall first have received an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation and the Trustee, to such effect.
3. The registered holder of this Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Debenture.

DATED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

SPACE FOR GUARANTEES OF )

SIGNATURES (BELOW) )

. )

) \_\_\_\_\_  
Signature of Transferor

)

)

\_\_\_\_\_  
Guarantor's Signature/Stamp

) \_\_\_\_\_  
Name of Transferor

**REASON FOR TRANSFER – For US Citizens or Residents only (where the individual(s) or corporation receiving the securities is a US citizen or resident). Please select only one (see instructions below).**

☐ Gift

☐ Estate

☐ Private Sale

☐ Other (or no change in ownership)

**Date of Event (Date of gift, death or sale):**

**Value per Debenture on the date of event:**

		/			/				
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\$				.		
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☐ CAD OR ☐ USD

### **CERTAIN REQUIREMENTS RELATING TO TRANSFERS – READ CAREFULLY**

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. All securityholders or a legally authorized representative must sign this form. The signature(s) on this form must be guaranteed in accordance with the transfer agent's then-current guidelines and requirements at the time of transfer. Notarized or witnessed signatures are not acceptable as guaranteed signatures. As at the time of closing, you may choose one of the following methods (although subject to change in accordance with industry practice and standards):

- **Canada and the USA:** A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed", with the correct prefix covering the face value of the certificate.
- **Canada:** A Medallion Signature Guarantee with the correct prefix covering the face value of the certificate.

- **Outside North America:** For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

**OR**

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed by a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED", "MEDALLION GUARANTEED" OR "SIGNATURE & AUTHORITY TO SIGN GUARANTEE", all in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. For corporate holders, corporate signing resolutions, including certificate of incumbency, will also be required to accompany the transfer with a "MEDALLION GUARANTEED" Stamp affixed to the Form of Transfer, with the correct prefix covering the face value of the certificate.

**REASON FOR TRANSFER – FOR US CITIZENS OR RESIDENTS ONLY**

Consistent with U.S. IRS regulations, Capital Transfer Agency, ULC is required to request cost basis information from U.S. securityholders. Please indicate the reason for requesting the transfer as well as the date of event relating to the reason. The event date is not the day in which the transfer is finalized but, rather, the date of the event which led to the transfer request (i.e. date of gift, date of death of the securityholder, or the date the private sale took place).

**Schedule B – Form of Notice of Conversion**

**CONVERSION NOTICE**

To: **CANSORTIUM INC.**

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

The undersigned registered holder of 12% Secured Convertible Debentures irrevocably elects to convert such Debentures (or US\$● principal amount thereof<sup>\*</sup>) in accordance with the terms of the Indenture referred to in such Debentures and tenders herewith the Debentures and directs that the Common Shares of Consortium Inc. issuable upon a conversion be issued and delivered to the Person indicated below. (If Common Shares are to be issued in the name of a Person other than the holder, all requisite transfer taxes must be tendered by the undersigned and a Residency Declaration Form must be completed and delivered in respect of such other Person).

☐ (i) The conversion is being effected pursuant to and in accordance with an available exemption from the registration requirements under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States, (ii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the undersigned in order to maintain compliance with the United States Securities Act of 1933, as amended (the “Securities Act”) and (iii) an opinion of counsel of recognised standing, in form and substance reasonably satisfactory to the Corporation, has been delivered to the Corporation and the Trustee to the foregoing effect.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature of Registered Holder)

\* If less than the full principal amount of the Debentures, indicate in the space provided the principal amount (which must be US\$1,000 or integral multiples thereof).

NOTE: If Common Shares are to be issued in the name of a Person other than the holder, the signature must be guaranteed by a chartered bank, a trust company or by a member of an acceptable Medallion Guarantee Program. The Guarantor must affix a stamp bearing the actual words: “SIGNATURE GUARANTEED”.

(Print name in which Common Shares are to be issued, delivered and registered)

Name: \_\_\_\_\_

Address \_\_\_\_\_

---

(City, Province and Postal Code)

Name of guarantor:

Authorized  
signature:



### **Schedule C – Common Share Legend**

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**U.S. SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES, FOR THE BENEFIT OF CANSORTIUM INC. (THE “**CORPORATION**”), THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN ACCORDANCE WITH ALL LOCAL LAWS AND REGULATIONS; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF CLAUSE (C) OR (D), THE SELLER FURNISHES TO THE CORPORATION AN OPINION OF COUNSEL, OF RECOGNIZED STANDING, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

## Schedule D – Form of Certificate of Transfer

### **CANSORTIUM INC.**

82 NE, 26th Street, Unit 110

Miami, FL 33137 Attention: Jose Hidalgo, Chief Executive Officer

### **CAPITAL TRANSFER AGENCY, ULC**

390 Bay Street, Suite 920

Toronto, Ontario M5H 2Y2

Re: Transfer of Debentures

Reference is hereby made to the Indenture, dated as of May 23, 2019 (the “**Indenture**”), between **CANSORTIUM INC.**, as issuer (the “**Corporation**”), and **CAPITAL TRANSFER AGENCY, ULC**, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

\_\_\_\_\_ (the “**Transferor**”) owns and proposes to transfer the Debentures or interests in such Debentures specified in Annex A hereto, in the principal amount of US\$\_\_\_\_\_ (the “**Transfer**”), to \_\_\_\_\_ (the “**Transferee**”), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that

#### **[CHECK ALL THAT APPLY]**

1. ☐ **Check if Transferee will take delivery of an interest in an Unrestricted Uncertificated Debenture or an Unrestricted Physical Debenture pursuant to Regulation S.** The Transfer is being effected pursuant to and in accordance with Rule 904 of Regulation S under the Securities Act in circumstances where Rule 905 of Regulation S does not apply and, accordingly, the Transferor hereby further certifies that (i) the Transferor is not (a) an “affiliate” of the Corporation (as that term is defined in Rule 405 under the 1933 Act), except solely by virtue of being an officer or director of the Corporation, (b) a “distributor” or (c) an affiliate of a distributor; (ii) the offer was not made, and the Transfer is not being made, to a Person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange or another “designated offshore securities market” and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (iii) neither the Transferor nor any affiliate of the Transferor nor any Person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the Transfer, (iv) the Transfer is *bona fide* and not for the purpose of “washing off” the resale restrictions imposed because the securities are “restricted securities” (as that term is defined in Rule 144(a)(3) under the 1933 Act), (v) the Transferor does not intend to replace such securities with fungible unrestricted securities and (vi) the transaction is not part of a plan or scheme to evade the registration requirements of the U.S. Securities Exchange Act. Terms used in this section have the meaning given to them by Regulation S under the 1933 Act.

2. ☐ **Check and complete if Transferee will take delivery of an interest in an Unrestricted Uncertificated Debenture or an Unrestricted Physical Debenture.** (i) The Transfer is being effected pursuant to and in accordance with an available exemption from the registration

requirements under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States, (ii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the Transferor in order to maintain compliance with the Securities Act and (iii) an opinion of counsel of recognised standing, in form and substance reasonably satisfactory to the Corporation, has been delivered to the Corporation to the foregoing effect and that such transfer is in compliance with the Securities Act and all applicable state securities laws.

In connection with requests for transfers pursuant to item 3, the Transferor must deliver to the Trustee an opinion of counsel of recognized standing in form and substance satisfactory to the Trustee and reasonably satisfactory to the Corporation, to the effect that the legend is no longer required under applicable requirements of the Securities Act or state securities laws.

This certificate and the statements contained herein are made for your benefit and the benefit of the Corporation.

---

[Insert Name of Transferor]

By:

---

Name: ●

Title: ●

Dated: \_\_\_\_\_

## **ANNEX A TO CERTIFICATE OF TRANSFER**

1. The Transferor owns and proposes to transfer the following:

**[CHECK ONE OF (a) OR (b) OR (c) OR (d)]**

- (a) ☐ a Restricted Uncertificated Debenture CUSIP
- (b) ☐ an Unrestricted Uncertificated Debenture CUSIP
- (c) ☐ a Restricted Physical Debenture
- (d) ☐ an Unrestricted Physical Debenture

2. After the Transfer the Transferee will hold:

**[CHECK ONE OF (a) OR (b) OR (c) OR (d)]**

- (a) ☐ a Restricted Uncertificated Debenture CUSIP
- (b) ☐ an Unrestricted Uncertificated Debenture CUSIP
- (c) ☐ a Restricted Physical Debenture
- (d) ☐ an Unrestricted Physical Debenture

in accordance with the terms of the Indenture.

## Schedule E – Form of Certificate of Exchange

### **CANSORTIUM INC.**

82 NE, 26th Street, Unit 110

Miami, FL 33137 Attention: Jose Hidalgo, Chief Executive Officer

### **CAPITAL TRANSFER AGENCY, ULC**

390 Bay Street, Suite 920

Toronto, Ontario M5H 2Y2

Re: Exchange of Debentures

Reference is hereby made to the Indenture, dated as of May 23, 2019 (the “**Indenture**”), between **CANSORTIUM INC.**, as issuer (the “**Corporation**”), and **CAPITAL TRANSFER AGENCY, ULC**, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

\_\_\_\_\_ (the “**Owner**”) owns and proposes to exchange the Debentures or interests in such Debentures specified herein, in the principal amount of US\$ \_\_\_\_\_ (the “**Exchange**”). In connection with the Exchange, the Owner hereby certifies that:

#### **1. Exchange of Restricted Physical Debentures or Restricted Uncertificated Debenture for Unrestricted Physical Debentures or Unrestricted Uncertificated Debenture**

(a) ☐ **Check if Exchange is a Restricted Uncertificated Debenture to an Unrestricted Uncertificated Debenture.** In connection with the Exchange of the Restricted Uncertificated Debenture for an Unrestricted Uncertificated Debenture in an equal principal amount, the Owner hereby certifies (i) the interest is being acquired for the Owner’s own account without transfer and the Owner is a Qualified Institutional Buyer and has provided the Corporation and the Trustee with a Qualified Institutional Buyer Letter in the form attached as Schedule F to the Indenture (or as the Corporation may prescribe from time to time), (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Uncertificated Debentures and pursuant to and in accordance with the Securities Act of 1933, as amended (the “**Securities Act**”), (iii) the Owner has delivered an opinion of counsel of recognised standing, in form and substance reasonably satisfactory to the Corporation, to the effect that the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the Owner in order to maintain compliance with the Securities Act and (iv) the interest in an Unrestricted Uncertificated Debenture is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) ☐ **Check if Exchange is from Restricted Physical Debenture to Unrestricted Physical Debenture.** In connection with the Owner’s Exchange of a Restricted Physical Debenture for an Unrestricted Physical Debenture, the Owner hereby certifies (i) the Unrestricted Physical Debenture is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Physical Debentures and pursuant to and in accordance with the Securities Act, (iii) the Owner the Owner has delivered an opinion of counsel of recognised standing, in form and substance reasonably satisfactory to the Corporation, to the effect that the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the Physical Debenture of the Owner in order to maintain compliance with the Securities Act and (iv)

the Unrestricted Physical Debenture is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

In connection with requests for Exchanges pursuant to item 1(a) or 1(b), the Owner must deliver to the Trustee an opinion of counsel of recognized standing in form and substance satisfactory to the Trustee and reasonably satisfactory to the Corporation, to the effect that the legend is no longer required under applicable requirements of the Securities Act or state securities laws.

This certificate and the statements contained herein are made for your benefit and the benefit of the Corporation.

\_\_\_\_\_  
[Insert Name of Transferor]

By: \_\_\_\_\_  
Name: ●  
Title: ●

Dated: \_\_\_\_\_

## Schedule F – Form of Qualified Institutional Buyer Letter

### CANSORTIUM INC.

82 NE, 26th Street, Unit 110

Miami, FL 33137 Attention: Jose Hidalgo, Chief Executive Officer

Ladies and Gentlemen:

In connection with its ownership or agreement to purchase debentures (the “**Debentures**”) of Consortium Inc. (the “**Corporation**”), the undersigned purchaser acknowledges, represents to, warrants, covenants and agrees with the Corporation, as follows:

1. It is authorized to consummate the purchase of the Debentures.
2. It is a Qualified Institutional Buyer, purchasing the Debentures for its own account or for the account or benefit of one or more Qualified Institutional Buyers with respect to which it exercises sole investment discretion for investment purposes only and not with a view to any resale, distribution or other disposition of the Debentures or the Common Shares in violation of United States federal or U.S. state securities laws.
3. It understands and acknowledges that none of the Debentures or the Common Shares (the “**Securities**”) have been nor will be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or the securities laws of any state of the United States, and are, therefore, “restricted securities” within the meaning of Rule 144 under the U.S. Securities Act that will not be represented by certificates that bear a U.S. restricted legend or identified by a restricted CUSIP number, and that any offer and sale of the Debentures to it will be made in reliance upon an exemption from registration available for offers and sales to Qualified Institutional Buyers.
4. It, alone or with the assistance of its professional advisors, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Debentures or the Common Shares and is able, without impairing its financial condition, to hold the Debentures or the Common Shares for an indefinite period of time and to bear the economic risks, and withstand a complete loss, of such investment.
5. It acknowledges that it has not purchased the Debentures as a result of any “general solicitation” or “general advertising” (as those terms are used in Regulation D under the U.S. Securities Act), including, but not limited to, any advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the Internet or broadcast over radio, television or the Internet, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.
6. It understands and acknowledges that if the Debentures are being acquired pursuant to Section 3.1(3)(b) of the Indenture and in order to induce the Corporation to issue the Restricted Uncertificated Debenture to the undersigned without a U.S. Securities Act restrictive legend, the undersigned represents, warrants and covenants to the Corporation as follows (“**Restricted Security Agreements**”):
  - (A) (i) if in the future it decides to offer, sell, pledge, or otherwise transfer, directly or

indirectly, any of the Securities it will do so only: (x) to the Corporation (though the Corporation is under no obligation to purchase any such Securities) or (y) outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws or regulations; (ii) the Securities cannot be offered, sold, pledged or otherwise transferred, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. Persons; (iii) it will cause any CDS participant holding the Securities on its behalf, and the beneficial purchaser of the Securities, if any, to comply with the Restricted Security Agreements; and (iv) for so long as the Securities constitute “restricted securities”, it will not deposit any of the Securities into the facilities of the Depository Trust Company, or a successor depository within the United States, or arrange for the registration of any the Securities with Cede & Co. or any successor thereto; and

- (B) It acknowledges it has implemented, or shall immediately implement, adequate internal procedures to be able to ensure compliance with the transfer restrictions and, in particular, to ensure that the Debentures and Common Shares shall be properly identified in its records as “restricted securities” that are subject to the Restricted Security Agreements notwithstanding the absence of a U.S. restrictive legend.

7. In consideration for the receipt of unlegended “restricted securities”, it agrees that if it decides to offer, sell, pledge or otherwise transfer any of the Debentures or Common Shares, it will not offer, sell, pledge or otherwise transfer such securities, directly or indirectly, unless the transfer is: (i) to the Corporation, (ii) outside the United States in accordance with the requirements of Rule 904 of Regulation S in circumstances where Rule 905 of Regulation S does not apply and in compliance with applicable local laws and regulations, (iii) in compliance with an exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder, if available, and in accordance with applicable U.S. state securities laws, and, in the case of (iii) above, after it has furnished to the Corporation an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation to such effect.
8. It understands and agrees that there may be material tax consequences to it of an acquisition, holding, exercise or disposition of the Securities. The Corporation gives no opinion and makes no representation with respect to the tax consequences to it under United States, state, local or foreign tax law of its acquisition, holding, exercise or disposition of the Securities and it acknowledges that it is solely responsible for determining the tax consequences to it with respect to its investment, including whether the Corporation will at any given time be deemed a “passive foreign investment company” within the meaning of Section 1297 of the United States Internal Revenue Code of 1986, as amended.
9. It understands and acknowledges that the Corporation is not obligated to file and has no present intention of filing with the U.S. Securities and Exchange Commission (the “SEC”) or with any U.S. state securities commission any registration statement in respect of resales of any of the Debentures or Common Shares in the United States.
10. It is aware that its ability to enforce civil liabilities under the United States federal securities laws may be affected adversely by, among other things: (i) the fact that the Corporation is organized under the laws of Ontario, Canada; (ii) some or all of the directors and officers may be residents of



countries other than the United States; and (iii) all of the assets of the Corporation and such Persons may be located outside the United States.

11. It understands and agrees that the financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, which differ in some respects from United States generally accepted accounting principles, and thus may not be comparable to financial statements of United States companies.
12. It is aware that (i) purchasing, holding and disposing of the Debentures or the Common Shares may have material tax consequences under the laws of Canada and the United States, and (ii) it is solely responsible for determining the tax consequences applicable to its particular circumstances and should consult its own tax advisors concerning investment in the Debentures or the Common Shares.
13. No agency, securities commission, governmental authority, regulatory body, stock exchange or other entity (including, without limitation, the SEC or any U.S. state securities commission) has reviewed, passed on, made any finding or determination as to the merit for investment of, and no such agencies, securities commissions, or governmental authorities have made any recommendation or endorsement with respect to, the Debentures or the Common Shares, and there is no government or other insurance covering the Debentures or the Common Shares.
14. If required by applicable securities legislation, regulatory policy or order or by any securities commission, stock exchange or other regulatory authority, it will execute, deliver and file and otherwise assist the Corporation in filing reports, questionnaires, undertakings and other documents with respect to the issuance of the Debentures or the Common Shares.
15. It understands and acknowledges that it is making the representations, warranties and agreements contained herein with the intent that they may be relied upon by the Corporation in determining its eligibility to purchase the Debentures and the Common Shares.
16. (i) If it is acquiring any Debentures as a fiduciary or agent for one or more investor accounts, it represents that it has full power to make the representations, warranties and agreements contained herein on behalf of each such account and that the representations, warranties and agreements contained herein are true and correct and will be binding upon each such account; or (ii) the undersigned is an officer of the purchaser duly authorized to execute and deliver this letter on behalf of the purchaser.
17. It acknowledges and consents to the fact that the Corporation may be required by applicable securities laws to provide the securities regulators or other authorities pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) with its personal information; and, notwithstanding that it may be purchasing securities as agent on behalf of an undisclosed principal, it agrees to provide, on request, particulars as to the identity of such undisclosed principal as may be required by the Corporation in order to comply with the foregoing.
18. It represents and warrants that (i) the funds representing the purchase price which will be advanced by it will not represent proceeds of crime for the purposes of the *United States Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* (the “PATRIOT Act”), and it acknowledges that the Corporation may in the future

be required by law to disclose its name and other information, on a confidential basis, pursuant to the PATRIOT Act, and (b) no portion of the purchase price to be provided by it (i) has been or will be derived from or related to any activity that is deemed criminal under the laws of the United States of America or any other jurisdiction, or (ii) is being tendered on behalf of a person or entity that has not been identified to or by it; and it shall promptly notify the Corporation if it discovers that any of such representations ceases to be true and provide the Corporation with appropriate information in connection therewith.

19. It agrees that, by accepting the Debentures, it shall be representing and warranting that the foregoing representations and warranties are true and correct as at the closing date of the offering of the Debentures and that they shall survive the purchase by it of the Debentures and shall continue in full force and effect notwithstanding any subsequent disposition by it of the Debentures. It irrevocably authorizes the Corporation to produce this Qualified Institutional Buyer Letter or a copy hereof to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters set forth herein.

The Corporation shall be entitled to rely on delivery of an electronic mail or facsimile copy of this Qualified Institutional Buyer Letter, and acceptance by the Corporation of an electronic mail or facsimile copy of this Qualified Institutional Buyer Letter shall create a legal, valid and binding agreement between the Corporation and the undersigned.

By:

---

Print Name of U.S. Purchaser

By:

---

Name:  
Title:

## Schedule G – Form of Subsidiary Guarantee

### GUARANTEE AND INDEMNITY

Dated May [•], 2019

BETWEEN:

•, a limited liability company existing under the laws of the Florida  
(the “**Guarantor**”)

and

**CAPITAL TRANSFER AGENCY, ULC**, a trust company existing under the  
laws of Canada and registered to carry on business in the Province of Ontario, in  
its capacity as trustee for and on behalf of the Holders (as hereinafter defined)  
(the “**Secured Party**”)

### RECITALS:

A. Consortium Inc., a corporation existing under the laws of the Province of Ontario (the “**Debtor**”), the Secured Party, the Guarantor, Consortium International Inc., a corporation existing under the laws of the Province of Ontario, Consortium Florida, LLC, a Florida limited liability company, Consortium Michigan LLC, a Michigan limited liability company, Consortium Pennsylvania, LLC, a Pennsylvania limited liability company, are parties to an indenture dated May [•], 2019 (as may be amended, supplemented, restated, replaced, or otherwise modified from time to time, the “**Indenture**”) pursuant to which the Debtor has issued certain Debentures dated May [•], 2019 (the “**Debentures**”) to the holders of such Debentures (the “**Holders**”).

B. It is a requirement under the Indenture that the Guarantor provide this guarantee in favour of the Secured Party, as trustee on behalf of the Holders, for the due and punctual payment of all Obligations of the Debtor under the Indenture, the Debentures and each other Indenture Document to which the Debtor is a party.

C. The Guarantor, a wholly-owned direct or indirect subsidiary of the Debtor, considers it in its best interest to provide this guarantee as the Guarantor will derive substantial direct and indirect benefits from the Holders purchasing the Debentures pursuant to the Indenture.

The parties agree as follows:

### ARTICLE 1 INTERPRETATION

#### 1.01 Definitions

Capitalized terms used in this guarantee and not otherwise defined have the meanings given to them in the Indenture. In this guarantee, in addition to the terms defined above or in the Indenture, the following definitions apply:

**“Agreed Currency”** means the currency in which the Debtor must pay each component of the Obligations.

**“Authorized Persons”** means the Debtor, the Guarantor, or any of their respective directors, partners, employees, or agents acting or purporting to act on their behalf.

**“Demand”** means a demand by the Secured Party, made by Notice, upon the Guarantor that it make payment under this guarantee.

**“Governmental Authority”** means

(a) the government of Canada or the United States or any other nation, or any political unit or subdivision of any of them (whether federal, provincial, state, municipal, local, or otherwise), and

(b) any body, agency, tribunal, arbitrator, court, authority, or other entity that exercises executive, legislative, judicial, taxing, regulatory, or administrative powers or functions of, or pertaining to, government.

**“Law”** means

(a) any law (including the common law), statute, by-law, rule, regulation, order, ordinance, treaty, decree, judgment, and

(b) any official directive, protocol, code, guideline, notice, approval, order, policy, or other requirement of any Governmental Authority, having the force of law.

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

**“Obligations”** means all of the Debtor’s present and future liabilities, obligations, and indebtedness (including all principal, interest, fees, expenses and other amounts), whether direct or indirect, contingent or absolute, joint or several, matured or unmatured, in any currency, and whether as principal debtor, guarantor, surety, or otherwise to the Secured Party and the Holders arising under, in connection with, or relating to the Indenture, the Debentures and each other Indenture Document.

**“Postponed Indebtedness”** means all of the Debtor’s present and future liabilities, indebtedness, and obligations to the Guarantor (including interest), direct or indirect, contingent or absolute, joint or several, matured or unmatured, whether arising by agreement, by Law, in equity, or otherwise.

**“Rate of Exchange”** means the rate as the Secured Party may select in its sole discretion, acting reasonably.

**“Taxes”** means all taxes, duties, rates, levies, assessments, reassessments, withholdings, deductions, fees, dues, and other charges, together with all related penalties, interest, and fines,

payable to any governmental authority, but does not include any franchise taxes or any taxes imposed on or measured by the Secured Party's net income, receipts, or capital.

#### **1.02 References to specific terms**

- (a) *Currency.* Any reference to "\$" or "US\$" shall mean a reference to the lawful currency of the United States of America. Any reference to "CAD\$" shall mean a reference to the lawful currency of Canada.
- (b) *"Including."* Where this guarantee uses the word "including," it means "including without limitation," and where it uses the word "includes," it means "includes without limitation."
- (c) *"Knowledge."* Where any representation, warranty, or other statement in this guarantee, or in any other document entered into or delivered under this guarantee, is expressed by a party to be "to its knowledge," or is otherwise expressed to be limited in scope to facts or matters known to the party or of which the party is aware, it means the current, actual knowledge of the directors and officers of that party, without the requirement to make any other inquiry or investigation.
- (d) *Statutes, etc.* Unless otherwise specified, any reference in this guarantee to a statute includes the regulations, rules, and policies made under that statute and any provision or instrument that amends or replaces that statute or those regulations, rules, or policies.

#### **1.03 Headings**

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

#### **1.04 Internal references**

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

#### **1.05 Number and gender**

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

#### **1.06 Calculation of time**

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

### **ARTICLE 2 GUARANTEE AND INDEMNITY**

#### **2.01 Guarantee**

The Guarantor irrevocably and unconditionally guarantees to the Secured Party, as a continuing obligation, the full and punctual payment and performance of the Obligations when due, whether at stated maturity, by acceleration, declaration, demand, or otherwise.

## **2.02 Limit on liability**

The Guarantor's liability under this guarantee is unlimited.

## **2.03 Nature of guarantee**

This is a continuing guarantee for payment when due under a current, running, or revolving account, credit facility, or similar account or facility, and not of collection. This guarantee is irrevocable by the Guarantor, and the Guarantor expressly and unconditionally waives any right to terminate this guarantee.

## **2.04 Indemnity**

- (a) If the Secured Party cannot recover the Obligations under section 2.01 (Guarantee) for any reason, then, in addition to the guarantee provided by the Guarantor in section 2.01 (Guarantee) and as a separate and distinct obligation, the Guarantor shall indemnify the Secured Party against all direct and indirect claims, losses, payments, and expenses that the Secured Party may suffer or incur in connection with the Debtor's failure to satisfy the Obligations.
- (b) Any payment that the Guarantor actually makes to the Secured Party under this Article will reduce the Guarantor's liability under this section by that same amount.

## **2.05 Guarantor as primary obligor**

If the Secured Party cannot recover the Obligations under section 2.01 (Guarantee) or if the Secured Party is not fully indemnified under section 2.04 (Indemnity), in either case for any reason, then the Secured Party may recover those Obligations from the Guarantor as primary obligor as a separate and distinct obligation. In that case, the Secured Party may:

- (a) treat all Obligations as due and payable,
- (b) immediately demand that the Guarantor pay to it the total amount due and owing under this guarantee, and
- (c) apply any amounts so collected to the Obligations or place those amounts to the credit of a special account.

## **2.06 Liability of Guarantor**

The Guarantor shall make payment under this guarantee immediately upon Demand by the Secured Party. The Secured Party may make a Demand at any time following the occurrence of an Event of Default and during its continuance. The Guarantor's liability will bear interest from the date that the Guarantor receives that Demand to the date of payment at the rate set out in section 2.08 (Interest).

## **2.07 Settling of accounts**

In the absence of manifest error, the Guarantor shall accept and will be bound by any account settled or stated in writing by or between the Secured Party and the Debtor as prima facie evidence of the amount or balance that the Debtor must pay the Secured Party.

## **2.08 Interest**

The Guarantor's liability, whether as a guarantor, indemnitor, or primary obligor, bears interest from the date that the Secured Party makes Demand, both before and after Demand, default, or judgment and until

actual payment in full, at the rate of 12% per annum, calculated and payable monthly in arrears on the last day of each successive month. For purposes of the *Interest Act* (Canada), the yearly rate of interest applicable to amounts owing under this guarantee will be calculated on the basis of a 365-day year. Whenever interest is to be calculated on the basis of any period of time that is less than a calendar year, the yearly rate of interest to which the rate determined by that calculation is equivalent is the rate so determined multiplied by the actual number of days in that calendar year and divided by that period of time.

## **2.09 Taxes**

- (a) The Guarantor shall make each payment under this guarantee free and clear of, and without deduction for or on account of, any present or future Taxes imposed by any taxing authority within the jurisdiction in which the Guarantor is domiciled, any jurisdiction from which the Guarantor makes any payment, or any other jurisdiction, or (in each case) any political subdivision or taxing authority of a jurisdiction.
- (b) If Applicable Law requires the Guarantor to make any withholding, the Guarantor shall:
  - (i) make the withholding,
  - (ii) pay the full amount withheld directly to the appropriate taxing authority before penalties attach or interest accrues,
  - (iii) promptly forward to the Secured Party an official receipt or other documentation satisfactory to the Secured Party that evidences the payment to that authority, and
  - (iv) immediately pay to the Secured Party any additional amount that may be necessary to ensure that the net amount that the Secured Party actually receives is equivalent to the full amount that the Secured Party would have received if the Guarantor had not made that withholding.
- (c) If any taxing authority directly assesses any Taxes against the Secured Party in connection with any payment that the Secured Party receives under this guarantee, then the Secured Party may pay those Taxes, in which case the Guarantor shall promptly pay those additional Taxes (including any penalties, interest, expenses, or any Taxes on that additional amount) as is necessary so that, after the payment of those Taxes, the net amount that the Secured Party receives is equal to the amount that the Secured Party would have received had that taxing authority not asserted those Taxes.
- (d) If the Guarantor fails to pay to the appropriate taxing authority any Taxes when due or fails to remit to the Secured Party the required receipts or other evidence of payment, the Guarantor shall indemnify the Secured Party for any Taxes that the Secured Party may have to pay as a result of that failure.

## **2.10 Agreed currency**

- (a) The Guarantor shall make payments under this guarantee on account of the Obligations in the Agreed Currency.
- (b) If the Secured Party receives any payment in another currency, that payment discharges the Guarantor's liability under this guarantee only to the extent of the amount of the Agreed Currency that the Secured Party is able to purchase at Toronto, Ontario with the amount of the other currency that it receives on the Business Day immediately following that receipt

in accordance with normal procedures and after deducting any premium and costs of exchange.

- (c) If the amount of the Agreed Currency that the Secured Party is able to purchase with the amount of the other currency that it received is less than the amount due to it in connection with that Obligation, the Guarantor remains liable to the Secured Party for any deficiency, together with interest in accordance with section 2.08(Interest).

## **2.11 Discharge**

The Secured Party will release and discharge this guarantee by executing and delivering to the Guarantor an express written discharge concurrent with the discharge of the Obligations under the Indenture (save and except any Obligations under the Indenture that survive the termination thereof). This guarantee will not be satisfied or discharged, in whole or in part, by any intermediate payment of all or any part of the Obligations.

## **2.12 Reinstatement**

This guarantee will continue to be effective or will be reinstated, as the case may be, if, at any time, the Secured Party rescinds or otherwise returns, for any reason (including in connection with the insolvency, bankruptcy, or reorganization of the Debtor or the Guarantor or any allegation that the Secured Party received a payment in the nature of a preference), all or any part of any payment of any of the Obligations, all as though that payment had not been made.

## **2.13 Acceleration of maturity**

The Secured Party may accelerate the maturity date of the Obligations as provided in the Indenture for the purposes of this guarantee, notwithstanding any stay existing under any bankruptcy, insolvency, reorganization, or other similar Law of any jurisdiction preventing that acceleration.

## **2.14 Set-off**

The Guarantor shall not assert any set-off or counterclaim that either the Guarantor or the Debtor may have against the Secured Party. The Secured Party may, at any time and from time to time, set-off and apply any counterclaim (including liabilities in respect of any monies that the Guarantor deposited with it, being general or special, time or demand, provisional or final, in whatever currency) that the Secured Party holds and other obligations (in whatever currency) that the Secured Party owes to or for the credit or the account of the Guarantor against any and all of the Guarantor's liabilities now or later existing under this guarantee irrespective of whether or not the Secured Party has made any Demand under this guarantee and although those Guarantor's liabilities may be unliquidated, contingent, or unmatured. The Secured Party's rights under this section are in addition to other rights and remedies (including other rights of set-off, consolidation of accounts, and bankers' lien) that the Secured Party may have.

# **ARTICLE 3**

## **ABSOLUTE LIABILITY; DEALINGS WITH THE DEBTOR AND OTHERS**

### **3.01 Absolute liability**

The Guarantor's liability under this guarantee is absolute and unconditional irrespective of, and is not limited, released, discharged, or otherwise affected by:

- (a) any lack of validity, legality, or enforceability, in whole or in part, of the Indenture Documents or of any other security, right to recourse, or collateral that the Secured Party may hold,



- (b) any impossibility, impracticality, frustration of purpose, illegality, force majeure, or act of government,
- (c) any limitation, postponement, subordination, prohibition, or other restriction on the Secured Party's rights and remedies in connection with the Obligations (including any court order that purports to prohibit or suspend the acceleration of the time for payment of any of the Obligations, the Debtor's payment of any of the Obligations, or the Secured Party's rights and remedies against the Debtor in connection with the Obligations),
- (d) any insolvency, bankruptcy, winding-up, liquidation, dissolution, amalgamation, reorganization, or other similar proceeding affecting the Debtor, the Guarantor, the Secured Party, or any other Person,
- (e) any change in the name, status, function, control, constitution, objects, capital stock, or ownership of the Debtor, the Guarantor, the Secured Party, or any other Person,
- (f) any sale, in whole or in part, of the Debtor's business or assets,
- (g) any death or loss or diminution of status, power, capacity, or ability of the Authorized Persons (regardless of the Secured Party's actual or imputed knowledge regarding any of the foregoing matters), that the Debtor or the Guarantor may not be a legal or suable entity, or any other irregularity, defect, fraud, or informality of the Debtor, the Guarantor, or their respective Authorized Persons in their respective obligations to the Secured Party,
- (h) any right or alleged right of set-off, counterclaim, defence, appropriation, or application or any claim or demand that the Guarantor may at any time have or may allege to have against the Debtor, the Secured Party, or any other Person, whether in connection with this guarantee or any unrelated transactions,
- (i) the Secured Party's failure to marshal any assets,
- (j) the absence, impairment, or loss of any of the Guarantor's right to subrogation, reimbursement, or contribution, or any other right against the Debtor or any other Person or any security or collateral,
- (k) an intermediate payment of all or any part of the Obligations, and
- (l) any other Applicable Law or other circumstance that might otherwise constitute, in whole or in part, a legal or equitable defence available to, or complete or partial legal or equitable discharge of, the Guarantor, the Debtor, or any other Person in connection with any or all of the Obligations or the Guarantor's liability under this guarantee.

The Guarantor waives each of the defences noted above to the fullest extent permitted under applicable Law.

### **3.02 No release**

Without limiting the generality of the preceding sentence and without limiting, releasing, discharging, or otherwise affecting, in whole or in part, the Guarantor's liability under this guarantee, the Secured Party may, from time to time and without giving Notice to or obtaining the consent of the Guarantor:

- (a) discontinue, reduce, increase, or otherwise vary the Debtor's obligations, including the Obligations, in any manner (including variations in interest rates, fees, principal amounts,

positive and negative covenants, the application of payments received by or on behalf of the Debtor, and events of default),

- (b) make any change to the time, manner, or place of payment under, or to any other term of, the Indenture Documents (including supplementing or replacing any of those agreements),
- (c) waive the Debtor's failure to carry out any of its obligations under any of the Indenture Documents,
- (d) grant renewals, extensions of time, indulgences, releases, and discharges to the Debtor or any other Person,
- (e) with respect to security or collateral given by the Debtor or any other Person in connection with the Obligations, (i) take, perfect, or maintain or refrain from taking, perfecting, or maintaining that security or collateral, (ii) subordinate, release, discharge, or compromise any of that security or collateral, and (iii) otherwise deal with that security or collateral in any manner it sees fit (including enforcing that security, regardless of any duty that the Secured Party might have to the Debtor under applicable Law in connection with the enforcement of that security),
- (f) release, substitute, or add any co-signer, endorser, or other guarantor of the Obligations,
- (g) accept compositions, compromises, or arrangements from the Debtor or any other Person,
- (h) fail to notify the Guarantor of (i) acceptance of this guarantee, (ii) partial payment or non-payment of all or any part of the Obligations, or (iii) the sale or other disposition of any property securing the Obligations or any guarantee thereof, or any defect in any notice of sale or other disposition,
- (i) apply all monies that it receives at any time from the Debtor or any other Person or from the proceeds of any security that the Secured Party holds in connection with the Obligations, or change any application of those monies, in whole or in part, from time to time as the Secured Party sees fit, not being bound by the law of imputation and regardless of any direction that the Debtor or any other Person may give regarding application of those monies, and
- (j) otherwise deal or fail to deal with the Debtor and all other Persons and any security that the Secured Party holds in connection with the Obligations at the Secured Party's discretion.

The Guarantor waives each of the above defences to the fullest extent permitted under applicable Law.

### **3.03 Limitation periods**

If any limitation period applies to any claim for payment of the Obligations or remedy for enforcement of the Obligations, then:

- (a) if Applicable Law permits, any limitation period is expressly excluded and entirely waived,
- (b) if Applicable Law prohibits a complete exclusion and waiver of any limitation period, any limitation period is extended to the maximum length permitted by Applicable Law,

- (c) any applicable limitation period begins only after the Secured Party expressly Demands that the Guarantor pay the Obligations,
- (d) any applicable limitation period begins afresh upon the Guarantor making any payment or other acknowledgement of the Obligations, and
- (e) this guarantee is a “business agreement” as defined in the *Limitations Act*, 2002 (Ontario), if that act applies.

### **3.04 Remedies**

- (a) Before a Demand is made under this guarantee, the Secured Party need not (i) exhaust its recourse against the Debtor or any other Person, (ii) realize on any security, collateral, or other guarantees that it may hold at any time in connection with the Obligations, or (iii) take any other action.
- (b) The Guarantor renounces all benefits of discussion and division.

## **ARTICLE 4 ASSIGNMENT, POSTPONEMENT, AND SUBROGATION**

### **4.01 Assignment and postponement of Permitted Indebtedness**

- (a) As continuing security for the payment of the Guarantor’s liability under this guarantee, the Guarantor (i) assigns the Postponed Indebtedness to the Secured Party and (ii) on the occurrence of an Event of Default postpones the Postponed Indebtedness to the payment of the Obligations.
- (b) The Guarantor shall on the occurrence of an Event of Default (i) hold all monies that it receives in payment of any portion of the Postponed Indebtedness in trust for the Secured Party, separate and apart from the Guarantor’s other property, and (ii) immediately upon receipt pay those monies to the Secured Party.
- (c) The Secured Party may (i) apply any monies that it receives under this section (including monies derived from any instrument and any other property) against any Obligations, (ii) hold those monies as continuing security for the Guarantor’s liability, or (iii) release those monies to the Guarantor, all as the Secured Party may see fit and without lessening, limiting, or otherwise affecting the Guarantor’s liability under this guarantee.
- (d) These assignments and postponements are independent of the guarantee set forth in Section 2.01 and remain in full force and effect until, in the case of the assignment, the Guarantor discharges or terminates its liability under this guarantee and, in the case of the postponement, all Obligations are performed and indefeasibly paid in full in cash.

### **4.02 Restrictions on right of subrogation**

- (a) The Guarantor shall not enforce or exercise any right of exoneration, contribution, reimbursement, recourse, indemnification, subrogation, or any similar claim available to it against the Debtor or any other Person or against any related security until:
  - (i) the Guarantor has performed or made indefeasible payment to the Secured Party in cash of all amounts that the Guarantor owes the Secured Party under this guarantee, and

- (ii) all other Obligations are performed and indefeasibly paid in full in cash.
- (b) Until the Secured Party receives that payment and performance, the Guarantor shall hold in trust for the Secured Party (separate and apart from the Guarantor's other property), and shall immediately upon receipt pay to the Secured Party, all monies that the Guarantor receives in connection with these claims. After that payment and performance, the Secured Party shall, at the Guarantor's request and expense, execute and deliver to the Guarantor all appropriate documents (without recourse and without representation and warranty) necessary to evidence the Secured Party's transfer by way of subrogation to the Guarantor, on an "as is, where is" basis, of an interest in the Obligations and any security that the Secured Party holds for that interest as a result of the Guarantor's performance or payment.

#### **4.03 Priority upon insolvency and liquidation**

Upon either (a) the Debtor's liquidation, winding up, or bankruptcy (whether voluntary or compulsory) or (b) the Debtor making a bulk sale of any of its assets within the bulk transfer provisions of any applicable Law, any composition with creditors, or any scheme of arrangement, the Secured Party's claim will rank in priority to that of the Guarantor in connection with the Obligations and the Secured Party will receive in priority to the Guarantor all dividends or other payments in connection with the Obligations until the Secured Party's claim has been paid in full, all without prejudice to the Secured Party's claim against the Guarantor. The Guarantor will remain liable to the Secured Party for any remaining unpaid balance of the Obligations. In the event of the Secured Party's valuation of any securities, that valuation will not, as between the Secured Party and the Guarantor, be considered payment, satisfaction, or reduction in whole or in part of any Obligations.

### **ARTICLE 5 GUARANTOR'S REPRESENTATIONS AND WARRANTIES**

The Guarantor represents and warrants to the Secured Party as follows, acknowledging that the Secured Party is relying on these representations and warranties:

#### **5.01 Existence**

It is a limited liability company organized and existing under the laws of the jurisdiction of its incorporation.

#### **5.02 Power and capacity**

It has the limited liability company power and capacity to carry on business, to own properties and assets, and to execute, deliver, and perform its obligations under this guarantee.

#### **5.03 Authorization**

It has taken all necessary limited liability company action to authorize its execution and delivery of, and the performance of its obligations under, this guarantee.

#### **5.04 Execution and delivery**

It has duly executed and delivered this guarantee.

#### **5.05 Enforceability**

This guarantee constitutes a legal, valid, and binding obligation, enforceable against it in accordance with its terms, subject to:

- (a) bankruptcy, insolvency, reorganization, receivership, moratorium, arrangement, winding-up, and other laws of general application affecting the enforcement of creditors' rights generally, and
- (b) general equitable principles including the principle that the granting of equitable remedies, such as injunctive relief and specific performance, is at the court's discretion.

#### **5.06 No breach**

The execution, delivery, and performance of its obligations under this guarantee (including the payment, observance, or performance of the Obligations) do not and will not:

- (a) breach or result in a default under
  - (i) its articles of organization, operating agreement, or any other members' agreement,
  - (ii) any Applicable Law to which it is subject, or
  - (iii) any agreement to which it is a party or by which it is bound, or
- (b) result in or permit the acceleration of the maturity of any Debt or other obligation of the Guarantor.

#### **5.07 No regulatory approvals required**

It is not required to take any action or obtain approval, authorization, consent, or order of, or make any filing, registration, qualification, or recording with, any Governmental Authority or any other Person in connection with the execution or delivery of, or the performance of its obligations under, this guarantee.

#### **5.08 Bankruptcy, etc.**

No proceedings have been taken or authorized by it or, to its knowledge, by any other Person relating to its bankruptcy, insolvency, liquidation, dissolution, or winding up.

### **ARTICLE 6 ACKNOWLEDGEMENTS**

#### **6.01 Construction of terms**

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

#### **6.02 Payment of costs and expenses**

The Guarantor shall pay all costs and expenses (including legal fees, as applicable) that it and the Secured Party incur in connection with the drafting and negotiation of the transactions contemplated by this guarantee, and the execution and delivery of, and the perfection and enforcement of the Secured Party's interest under, this guarantee, which will be paid immediately upon demand and form part of the Obligations.

## **ARTICLE 7 RIGHTS AND REMEDIES**

### **7.01 Remedies cumulative**

The rights, remedies, and powers provided to the Secured Party under this guarantee are cumulative and in addition to, and are not exclusive of or in substitution for, any rights, remedies, and powers otherwise available to that party.

### **7.02 Guarantee in addition**

This guarantee is in addition to and not in substitution for any other guarantee, security, or agreement now or later held by the Secured Party in connection with the Debtor or the Obligations.

### **7.03 Survival**

The provisions of section 2.09 (Taxes) survive the payment in full of the Obligations and the termination of this guarantee.

### **7.04 Severability**

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

### **7.05 Waiver**

- (a) *Requirements.* No waiver of satisfaction of a condition or non-performance of an obligation under this guarantee is effective unless it is in writing and signed by the party granting the waiver.
- (b) *Scope of waiver.* No waiver by a party will extend to any subsequent non-satisfaction or non-performance of an obligation under this guarantee, whether or not of the same or similar nature to that which was waived.
- (c) *Rights and remedies.* No waiver by a party will affect the exercise of any other rights or remedies by that party under this guarantee. Any failure or delay by a party in exercising any right or remedy will not constitute, or be deemed to constitute, a waiver by that party of that right or remedy. No single or partial exercise by a party of any right or remedy will preclude any other or further exercise by that party of any right or remedy.

## **ARTICLE 8 GENERAL**

### **8.01 Entire agreement**

This guarantee, together with the Indenture Documents:

- (a) constitutes the entire agreement between the Guarantor and the Secured Party; there are no representations, covenants, or other terms other than those set out in those agreements, and
- (b) supersedes any previous discussions, understandings, or agreements,

between the Guarantor and the Secured Party relating to its subject matter.

## **8.02 Further assurances**

The Debtor, upon receipt of Notice by the Secured Party, shall sign (or cause to be signed) all further documents, do (or cause to be done) all further acts, and provide all reasonable assurances as may reasonably be necessary or desirable to give effect to this guarantee and the transactions contemplated by this guarantee.

## **8.03 Amendment**

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

## **8.04 Conflict of terms**

If there is any inconsistency between the terms of this guarantee and those in any schedule to this guarantee or in any document entered into or delivered under this guarantee or under the Indenture, the terms of the agreement that provides the Secured Party greater benefits, rights, or remedies will prevail. The parties shall take all necessary steps to conform the inconsistent terms to the terms of that agreement.

## **8.05 Binding effect**

This guarantee enures to the benefit of and binds the parties and their respective heirs, trustees, executors, administrators, and other legally appointed representatives, successors and permitted assigns.

## **8.06 Debtor's information**

The Secured Party possesses and will possess information relating to the Debtor that is and may be material to this guarantee. The Secured Party has no obligation to disclose to the Guarantor any information that it may now or later possess concerning the Debtor.

## **8.07 Debtor's amalgamation**

If the Debtor amalgamates with any other entity or entities, this guarantee will continue in full force and effect and, for greater certainty:

- (a) the Obligations will include all obligations of (i) each amalgamating entity to the Secured Party existing at the time of the amalgamation and (ii) the amalgamated entity to the Secured Party arising after the amalgamation, and
- (b) all defined terms and other terms of this guarantee will be deemed to have been amended to reflect the amalgamation, to the extent required by the context.

## **8.08 Assignment**

The Secured Party may assign this guarantee and the Obligations on an assignment of the Indenture in accordance with the terms thereof. Without the prior written consent of the Secured Party, the Guarantor may not assign this guarantee.

## **8.09 Notice**

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

address or electronic mail address for a party as that party from time to time designates to the other parties in the same manner:

in the case of the Guarantor, to:

82 NE 26<sup>th</sup> Street  
Suite 110  
Miami FL 33137

Attention: Jose Hidalgo, Chief Executive  
Officer

Email: [jose@knoxmedical.com](mailto:jose@knoxmedical.com)

in the case of the Secured Party, to:

390 Bay Street, Suite 920  
Toronto, Ontario  
M5H 2Y2

Attention: Sarah Morrison, Managing Director

Email: [SMorrison@capitaltransferagency.com](mailto:SMorrison@capitaltransferagency.com)

Any Notice is effective:

- (a) if personally delivered, as described above, on the day of delivery if that day is a Business Day and it was received before 5:00 p.m. local time in the place of receipt and otherwise on the next Business Day,
- (b) if sent by fax, on the day of transmission if that day is a Business Day and the fax transmission was made before 5:00 p.m. local time in the place of receipt and otherwise on the next Business Day,
- (c) if sent by registered mail, on the fourth Business Day following the day on which it is mailed, except that if at any time between the date of mailing and the fourth Business Day thereafter there is a disruption of postal service then Notice intended to be provided must be given by means other than mail, or
- (d) if sent by electronic mail, on the day the sender sends it to the email server of the recipient, as confirmed by the sender's electronic mail system, if that day is a Business Day and it was received before 5:00 p.m. local time in the place of receipt and otherwise on the next Business Day.

#### **8.10 Governing law**

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

#### **8.11 Submission to jurisdiction**

Except as set out in this guarantee, the Guarantor irrevocably attorns to the jurisdiction of the courts of Ontario, which will have non-exclusive jurisdiction over any matter arising out of this guarantee.

#### **8.12 Judgment currency**

- (a) *Conversion.* If, for the purpose of obtaining or enforcing judgment against any party in any court in any jurisdiction, it becomes necessary to convert into a particular currency an amount due under this guarantee or the Indenture, the conversion will be made at the Rate of Exchange prevailing on the Business Day immediately preceding the date on which judgment is given.



- (b) *Payment of additional amounts.* If, as a result of a change in the Rate of Exchange between the date of judgment and the date of actual payment, the conversion results in the Secured Party receiving less than the amount payable to it, the Guarantor shall pay the Secured Party any additional amount as may be necessary to ensure that the amount received is not less than the amount payable by the Guarantor on the date of judgment.
- (c) *Treatment of additional amounts.* Any additional amount due under this section will be due as a separate debt, gives rise to a separate cause of action, and will not be affected by judgment obtained for any other amount due under this guarantee or the Indenture.

### **8.13 Copy of guarantee**

The Guarantor acknowledges receipt of an executed copy of this guarantee.

### **8.14 Conclusive delivery**

Possession by the Secured Party of an executed copy of this guarantee constitutes conclusive evidence that:

- (a) the Guarantor executed and delivered this guarantee to the Secured Party free of all conditions,
- (b) there is no agreement or understanding between the Secured Party and the Guarantor that the Guarantor delivered this guarantee in escrow or the Guarantor did not intend it to be effective until the occurrence of any event or the satisfaction of any condition, and
- (c) the Secured Party has not made any representations, statements, or promises to the Guarantor regarding the Debtor, the Secured Party's intention to obtain any security in connection with the Obligations or guarantees from other persons in connection with the Obligations, the circumstances under which the Secured Party may enforce this guarantee, the manner in which the Secured Party may enforce this guarantee, or any other matter that might conflict with the provisions expressly set out in this guarantee.

### **8.15 Counterparts**

This guarantee may be signed in any number of counterparts, each of which is an original, and all of which taken together constitute one single document.

### **8.16 Effective date**

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

### **8.17 Electronic Documents**

This guarantee may be transmitted by facsimile or other means of electronic communication (including pdf), which signatures thereon shall be binding as if they were original signatures.

***[Signature Page Follows]***

This guarantee has been executed by the Guarantor.

•

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

## **Schedule H – Collateral Documents**

1. General Security Agreement from Consortium Inc.
2. Guarantee and Indemnity from Consortium International Inc., Consortium Holdings LLC, Consortium Florida, LLC, Consortium Michigan LLC and Consortium Pennsylvania, LLC.
3. Pledge and Security Agreement and Irrevocable Proxy from Consortium International Inc. and Consortium Holdings LLC.