SECURITIES AND EXCHANGE COMMISSION

FORM 6-K

Current report of foreign issuer pursuant to Rules 13a-16 and 15d-16 Amendments

Filing Date: **2020-06-08** | Period of Report: **2020-06-08**
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SIC: **2833** Medicinal chemicals & botanical products

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934

For the month of June 2020

Commission File Number 001-39005

SUNDIAL GROWERS INC.
(Registrant' s name)

#200, 919 – 11 Avenue SW
Calgary, AB T2R 1P3
Tel.: (403) 948-5227
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUNDIAL GROWERS INC.

Date: June 8, 2020

By: /s/ Zachary George
Name: Zachary George
Title: Chief Executive Officer

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EXHIBIT

Exhibit	Description of Exhibit
99.1	News Release dated June 8, 2020 – Sundial Announces Successful Amendments with Senior Lenders, US$18 Million Notes Issuance and Close of Bridge Farm Sale
99.2	Material Change Report dated June 8, 2020
99.3	Amended and Restated Credit Agreement dated as of June 5, 2020 among, *inter alios*, Sundial Growers Inc., as borrower, the financial institutions from time to time party thereto, as lenders, and ATB Financial, as administrative agent for the lenders
99.4	Securities Restructuring Agreement dated as of June 5, 2020 by and among Sundial Growers Inc. and SAF Jackson II LP
99.5	Securities Purchase Agreement dated as of June 5, 2020 by and among Sundial Growers Inc. and each of the investors listed on the Schedule of Buyers attached thereto
99.6	Form of Placement Agent Warrant

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Exhibit 99.1

FOR IMMEDIATE RELEASE

Sundial Announces Successful Amendments with Senior Lenders, US$18 Million Convertible Notes Issuance and Close of Bridge Farm Sale

Amends $79.3 million syndicated credit agreement

Converts $73.2 million of term debt and interest into convertible notes

Issues US$18.0 million in subordinated convertible notes

Closes sale of Bridge Farm Group

Cancels all previously issued shares and potential obligations under the original Bridge Farm acquisition agreement

Calgary, AB (June 8, 2020) – Sundial Growers Inc. (Nasdaq: SNDL) ("Sundial" or "the Company") announced today that it has completed four transactions as a part of its broader financial restructuring. Sundial believes these transactions position it for future success with reduced leverage, added flexibility and improved liquidity. All amounts referred to are expressed in Canadian dollars, unless otherwise specified.

"This announcement marks an exciting day for Sundial. Financial flexibility and balance sheet health are critical to our ability to execute on Sundial' s operating strategy," said Zach George, Sundial' s Chief Executive Officer. "With our improved capital structure and streamlined operations, we have reduced our annual cash obligations, including debt service costs, by more than $50 million. Sundial is now in a much better position to take advantage of the expected continuation of the strong consumer demand and increased sales levels we have experienced to date in 2020. This restructuring would not have been possible without the constructive stance and professional approach taken by our lenders. I want to thank our employees and shareholders for their loyalty and support as we navigated through this challenging process."

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Summary of Net Debt (expressed in millions of Canadian dollars):

	Pre-Restructuring	Post-Restructuring
Senior Secured Credit Facility	79.3	79.3
Term Debt Facility	115.0	–
Second Lien Convertible Notes	–	73.2
Subordinated Convertible Notes (1)	–	24.3
Total Debt	**194.3**	**176.8**
Total Cash	**15.2**	**33.2**
Total Net Debt (2)	**179.4**	**143.6**
Total Annual Interest Expense	**14.7**	**3.8**
Total Annual Debt Service	**31.6**	**10.1**

(1) US$18.0 million face value
(2) Total debt less total cash

Senior Secured Credit Facility Amendments for Added Financial Flexibility

Sundial has entered into an agreement with its senior lenders to amend and restate its syndicated senior secured credit agreement. As a result of Sundial meeting all previous terms outlined by its lenders, the Company received a waiver of its Q1 2020 covenants and reduced financial covenants to comprise only a minimum cash balance covenant of $2.5 million until December 31, 2020 or later, and an additional capital raise covenant of US$10 million by December 1, 2020. Principal repayments of $2.1 million per quarter have been rescheduled to commence on September 30, 2020.

$45 Million Debt Reduction and Conversion of Remaining Term Debt for Second Lien Convertible Notes and Warrants

In addition, the Company has extinguished (i) $45 million outstanding under its $115 million term debt facility (the "Term Debt Facility") as part of the consideration in the Bridge Farm disposition and (ii) $70 million, plus $3.2 million in deferred interest, outstanding under its Term Debt Facility in exchange for the issuance of $73.2 million of secured second lien convertible notes that bear no interest, mature on June 5, 2022 and are convertible into common shares at US$1.00 per share, subject to adjustments. The conversion price of the notes is subject to adjustment in the event the Company sells shares of common stock or common stock equivalents for less than US$1.00 per share in the future, subject to customary excluded issuances. The Company also issued 17.5 million warrants with an exercise price of US$1.00 and 17.5 million warrants with an exercise price of US$1.20, in each case expiring on June 5, 2023 and subject to adjustments, to the holder of the second

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lien convertible notes. The holder will initially be restricted from converting its notes into common shares and exercising its warrants. The elimination of the Term Debt Facility will result in $10.9 million in annual interest expense savings.

Issuance of US$18 Million Subordinated Convertible Notes and Warrants

Sundial issued US$18 million in senior unsecured subordinated convertible notes (the "Subordinated Convertible Notes Offering") with accompanying warrants to institutional investors for proceeds, net of original issue discount, placement agent' s fees and other expenses, of US$13.3 million.

The notes mature on June 5, 2022 and will not bear interest except in the case of default. The notes are not secured by any assets of Sundial and are convertible into Sundial common shares at the election of the purchasers at a price of US$1.00 per share, subject to adjustments. The conversion price of the Notes is subject to adjustment in the event the Company sells shares of common stock or common stock equivalents for less than US$1.00 per share in the future, subject to customary excluded issuances. Sundial also issued warrants to purchase 14,457,059 Sundial common shares to the purchasers with an exercise price of US$0.9338 per warrant. The warrants will expire 3.5 years from the date that the underlying shares become freely tradable. The subordinated convertible notes and associated warrants are immediately exercisable. Net proceeds from the Subordinated Convertible Notes Offering will be used for general corporate purposes.

Canaccord Genuity LLC and AltaCorp Capital Inc. acted as placement agents for the Subordinated Convertible Notes Offering and were issued an aggregate of 1,080,000 warrants to purchase Sundial common shares at an exercise price of US$1.00 per warrant. The placement agents will initially be restricted from exercising their warrants.

Sundial has provided customary registration rights with respect to the common shares underlying the second lien convertible notes, the subordinated convertible notes and warrants.

This press release is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any

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public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the Company and that will contain detailed information about the Company and management, as well as the Company' s financial statements. The Company intends to register some or all of the common shares underlying the second lien convertible notes, the subordinated convertible notes and warrants for sale in the United States.

Closing of Bridge Farm Group Sale

Sundial is also pleased to announce it has closed the sale of its U.K. subsidiary, Bridge Farm Group ("Bridge Farm") to a consortium of private investors that includes former management of Bridge Farm (collectively, the "Purchaser") for total consideration of approximately $90 million (the "Bridge Farm Disposition").

As consideration for the Bridge Farm Disposition, the Purchaser will (i) assume $45 million of debt under Sundial' s former $115 million Term Debt Facility, (ii) assume the contingent consideration liabilities related to the remaining earn-out and additional share obligations under the original Bridge Farm acquisition agreement, dated as of July 2, 2019, and (iii) cancel approximately 2,700,000 Sundial common shares currently held by certain individuals affiliated with the Purchaser. Sundial will not receive any cash consideration in connection with the transaction.

About Sundial Growers Inc.

Sundial is a public company with Common Shares traded on Nasdaq under the symbol "SNDL". Sundial is a licensed producer that crafts cannabis using state-of-the-art indoor facilities. Our 'craft-at-scale' modular growing approach, award-winning genetics and experienced master growers set us apart.

Our Canadian operations cultivate small-batch cannabis using an individualized "room" approach, with 470,000 square feet of total space.

Sundial' s brand portfolio includes *Top Leaf*, *Sundial Cannabis*, *Palmetto* and *Grasslands*. Our consumer-packaged goods experience enables us to not just grow quality cannabis, but also to create exceptional consumer and customer experiences.

We are proudly Albertan, headquartered in Calgary, AB, with operations in Olds, AB, and Rocky View County, AB.

Media Contact:

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Sophie Pilon, Corporate Communications Manager
Sundial Growers Inc.
O: 1.587.327.2017
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E: spilon@sundialgrowers.com

Forward-Looking Information Cautionary Statement

This news release includes statements containing certain “forward-looking information” within the meaning of applicable securities law (“forward-looking statements”). Forward-looking statements are frequently characterized by words such as “plan”, “continue”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “may”, “will”, “potential”, “proposed” and other similar words, or statements that certain events or conditions “may” or “will” occur. Forward-looking statements may include, without limitation, Sundial’ s future success with reduced leverage, added financial flexibility and improved liquidity, its ability to improve operations, expectations around it’ s balance sheet and future debt levels including annual cash levels and debt servicing costs and future consumer demand and sales levels. These statements are only predictions. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this news release. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

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Exhibit 99.2

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 – Name and Address of the Company

Sundial Growers Inc. ("**Sundial**" or the "**Corporation**")
#300, 919 – 11th Avenue SW
Calgary, Alberta
T2R 1P3

Item 2 – Date of Material Change

June 5, 2020

Item 3 – News Release

A press release relating to the material changes described herein was disseminated on June 8, 2020 through Cision Newswire and posted on Sundial' s website. The press release was subsequently filed on SEDAR and EDGAR.

The details of the material changes are set out in the press release attached as Schedule "A".

Item 4 – Summary of Material Change

Amendment and Restatement of Credit Agreement

On June 5, 2020, the Corporation entered into an amended and restated credit agreement among, *inter alios*, the Corporation, as borrower, ATB Financial and other persons party thereto from time to time as lenders (collectively, the "**Lenders**"), and ATB Financial, as administrative agent (the "**Agent**") for the Lenders (the "**ARCA**"). Amendments to the Original First Lien Credit Agreement (as defined below) included a waiver of the Corporation' s first quarter 2020 covenants and elimination of financial covenants other than a minimum cash balance covenant of $2.5 million until December 31, 2020 or later and a covenant requiring the Corporation to raise capital raise of US$10 million by December 1, 2020. Additionally, principal repayments of $2.1 million per quarter have been rescheduled to commence on September 30, 2020.

Bridge Farm Closing

On June 5, 2020, the Bridge Farm Disposition (as defined below) closed. As consideration for the Bridge Farm Disposition, Project Giant Bidco Limited (the "**Purchaser**") will (i) assume $45 million of debt under the Corporation' s former term debt facility under the Original SAF Credit Agreement (as defined below), (ii) assume the contingent consideration liabilities related to the remaining earn-out and additional share obligations under the original Project Seed Topco Limited (the "**Target**") acquisition agreement, dated as of July 2, 2019, and (iii) cancel approximately 2,700,000 common shares in the capital of the Corporation ("**Common Shares**") currently held

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by certain individuals affiliated with the Purchaser. The Corporation will not receive any cash consideration in connection with the transaction.

Restructuring and Novation Agreement

On June 5, 2020, the Corporation and SAF Jackson II LP, in its capacity as administrative agent, entered into a restructuring and novation agreement (the "**Restructuring and Novation Agreement**") pursuant to which, *inter alia*, (a) the SGI Partnership assigned and the Corporation assumed a $73,227,465.75 portion of the debt obligation owed by the SGI Partnership to the SAF Lenders pursuant to the Original SAF Credit Agreement; (b) the SGI Partnership assigned and Sundial UK Limited (the "**Seller**") assumed a $45,000,000 portion of the debt obligation owed by the SGI Partnership to the SAF Lenders (as defined below) pursuant to the Original SAF Credit Agreement; and (c) the Seller assigned and the Purchaser assumed such $45,000,000 portion of the debt obligation owed by the SGI Partnership to the SAF Lenders pursuant to the Original SAF Credit Agreement.

Securities Restructuring Agreement

On June 5, 2020, in connection with the Restructuring and Novation Agreement, the Corporation and SAF Jackson II LP entered into a securities restructuring agreement (the "**Securities Restructuring Agreement**") providing for the issuance, by the Corporation, of a senior second lien convertible note of the Corporation, in the aggregate principal amount of $73,227,465.75 (the "**SAF Note**"), which SAF Note is convertible into Common Shares (subject to strict limitations) issuable pursuant to the terms of the SAF Note at an initial conversion price of US$1.00 per Common Share (the "**SAF Note Issuance**"), and Common Share purchase warrants to acquire up to 17,500,000 Common Shares at an exercise price of US$1.00 per warrant and Common Share purchase warrants to acquire up to 17,500,000 Common Shares at an exercise price of US$1.20 per warrant (together, the "**SAF Warrants**") (the "**SAF Warrants Issuance**" and together with the SAF Note Issuance, the "**SAF Transaction**"). The SAF Note and the SAF Warrants firmly do not permit the holder to have beneficial ownership of Common Shares in excess of 9.99% (taking into account any other current holdings) of the outstanding Common Shares at any time. The holder will initially be restricted from converting the SAF Note and exercising the SAF Warrants.

Private Placement of Subordinated Convertible Notes and Warrants

On June 5, 2020, and concurrent with entering into the ARCA and the Securities Restructuring Agreement, the Corporation entered into a securities purchase agreement (the "**Securities Purchase Agreement**") with certain private investors providing for the sale of a new series of unsecured subordinated convertible notes in the aggregate principal amount of US$18,000,000 (the "**New Investor Notes**"), convertible into Common Shares at an initial conversion price of US$1.00, and Common Share purchase warrants to acquire up to 14,457,059 Common Shares at an exercise price of US$0.9338 per Common Share (the "**New Investor Warrants**"). Proceeds from the sale of the New Investor Notes, net of original issue discount, placement agents' fees and other expenses, amount to approximately US$13.3 million.

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Canaccord Genuity LLC ("**Canaccord**") and AltaCorp Capital Inc. ("**AltaCorp**") acted as placement agents for the offering of the New Investor Notes and were each issued common share purchase warrants to acquire up to 540,000 Common Shares at an exercise price of US$1.00 per Common Share (the "**Placement Agent Warrants**"). Each Placement Agent Warrant also provides for certain registration rights. Each of Canaccord and AltaCorp will initially be restricted from exercising its Placement Agent Warrant.

Item 5 - Full Description of Material Change

Item 5.1 - Full Description of Material Change

Amendment and Restatement of Credit Agreement

The Corporation entered into a credit agreement dated August 29, 2019 among, *inter alia*, the Corporation, as borrower, the Lenders, as lender, and the Agent, as administrative agent for the Lenders (the "**Original First Lien Credit Agreement**").

On June 5, 2020, the Corporation, the Lenders and the Agent agreed to amend and restate the Original First Credit Agreement on the terms and conditions set forth in the ARCA. Amendments to the Original First Lien Credit Agreement included a waiver of the Corporation' s first quarter 2020 covenants and elimination of financial covenants other than a minimum cash balance covenant of $2.5 million until December 31, 2020 or later and a covenant requiring the Corporation to raise capital raise of US$10 million by December 1, 2020. Additionally, principal repayments of $2.1 million per quarter have been rescheduled to commence on September 30, 2020.

Bridge Farm Closing

On May 15, 2020, the Corporation, as guarantor, and the Seller, a wholly owned subsidiary of the Corporation, entered into a share purchase agreement (the "**SPA**") with, *inter alios*, the Purchaser, a company incorporated under the laws of England and Wales, to sell all of the issued and outstanding shares (the "**Target Shares**") of the Target, which comprises the Corporation' s business known as Bridge Farm (the "**Bridge Farm Disposition**"). The SPA also contemplated the sale to the Purchaser of loan notes issued to the Seller by Project Seed Bidco Limited, a wholly owned subsidiary of the Target.

Restructuring and Novation Agreement

SGI Partnership (the "**Original Borrower**"), SAF Jackson II LP (the "**Creditor**") and the other lenders from time to time party to the credit agreement as lenders (the "**SAF Lenders**"), and the Creditor, as administrative agent, were party to a credit agreement dated June 27, 2019, as supplemented by a waiver and consent dated August 29, 2019 (as supplemented, the "**Original SAF Credit Agreement**").

On June 5, 2020, the Corporation and the Creditor, in its capacity as administrative agent, and the SAF Lenders, among others, entered into the Restructuring and Novation Agreement pursuant to which, *inter alia*, (a) the Original Borrower assigned all of Original Borrower' s right, title and interest in and to, and all benefits of Original Borrower under, the Original SAF Credit Agreement

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to the Corporation to the extent of $73,227,465.75 of the accommodations outstanding, together with deferred and accrued interest, on the date of such assignment (collectively, the "**Parent Obligations Outstanding**") and the Corporation assumed and agreed to perform and discharge all obligations and liabilities of Original Borrower under the Original SAF Credit Agreement as if it were the original borrower and party to the Original Credit Agreement to the extent of the Parent Obligations Outstanding; (b) the Original Borrower assigned all of Original Borrower' s right, title and interest in and to, and all benefit of Original Borrower under, the Original SAF Credit Agreement to the Seller to the extent of $45,000,000 of the accommodations outstanding on the date of such assignment (the "**Sundial UK Obligations Outstanding**") and the Seller assumed, and agreed to perform and discharge all the obligations and liabilities of Original Borrower under the Original SAF Credit Agreement as if it were the original borrower and party to the Original Credit Agreement to the extent of the Sundial UK Obligations Outstanding (the "**First Assignment and Assumption**"); and (c) immediately following the First Assignment and Assumption, the Seller assigned all of the Seller' s right, title and interest in and to, and all benefits of the Seller under, the Original Credit Agreement to the Pursuant to the extent of the Sundial UK Obligations Outstanding and the Purchaser assumed, and agreed to perform and discharge all the obligations and liabilities of the Seller under the Original Credit Agreement as if it were the original borrower and party to the Original Credit Agreement to the extent of the Sundial UK Obligations Outstanding.

Securities Restructuring Agreement

In connection with the Restructuring and Novation Agreement, the Corporation entered into the Securities Restructuring Agreement with the Creditor pursuant to which the Corporation and the Creditor amended and restated the Parent Obligations Outstanding by issuing the SAF Note and the SAF Warrants. The SAF Note and the SAF Warrants firmly do not permit the Creditor to have beneficial ownership of Common Shares in excess of 9.99% (taking into account any other current holdings) of the outstanding Common Shares at any time. The Creditor will initially be restricted from converting the SAF Note and exercising the SAF Warrants.

In connection with the SAF Transaction as set out above and as contemplated in the Securities Restructuring Agreement, the Corporation entered into a registration rights agreement to provide the Creditor and its permitted assigns certain rights to require the Corporation to register the Common Shares underlying the SAF Note and the SAF Warrants under the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "**U.S. Securities Act**"), and applicable state securities laws and certain distribution rights under Canadian securities laws.

Private Placement of Subordinated Convertible Notes and Warrants

On June 5, 2020, and concurrent with entering into the ARCA and the Securities Restructuring Agreement, the Corporation entered into the Securities Purchase Agreement providing for the sale of an aggregate principal amount of US$18,000,000 of New Investor Notes, convertible into Common Shares at an initial conversion price of US$1.00, and the New Investor Warrants to acquire up to 14,457,059 Common Shares at an exercise price of US$0.9338 per Common Share. The New Investor Notes mature on June 5, 2022 and will not bear interest except in case of default.

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The New Investor Warrants expire 42 months from the date that the underlying Common Shares become freely tradeable. Cash payments, if any, required under the New Investor Notes or New Investor Warrants will be subordinated in certain circumstances to payments under the ARCA and SAF Notes.

In connection with such sale, the Corporation also entered into a registration rights agreement to provide the holders of the New Investor Notes and the New Investor Warrants certain rights to require the Corporation to register the Common Shares underlying the New Investor Notes and the New Investor Warrants under the U.S. Securities Act.

Proceeds from the sale of the New Investor Notes, net of original issue discount, placement agents' fees and other expenses, amount to approximately US$13.3 million, which will be used for general corporate purposes.

Canaccord and AltaCorp acted as placement agents for the offering of the New Investor Notes and were each issued Placement Agent Warrants to acquire up to 540,000 Common Shares at an exercise price of US$1.00 per Common Share. Each Placement Agent Warrant also provides for certain registration rights. Each of Canaccord and AltaCorp will initially be restricted from exercising its Placement Agent Warrant.

Item 5.2 – Disclosure for Restructuring Transactions

Not applicable.

Item 6 – Reliance on Subsection 7.1(2) of National Instrument 51-102

Not Applicable.

Item 7 – Omitted Information

Not Applicable.

Item 8 – Executive Officer

For further information, contact Sophie Pilon, Corporate Communications Manager at O: 1.587.327.2017, C: 1.403.815.7340, E: spilon@sundialgrowers.com.

Item 9 – Date of Report

June 8 2020

Cautionary Note Regarding Forward-Looking Information

This material change report contains statements which constitute "forward-looking information" within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs and current expectations of Sundial with respect to future business activities.

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All statements in this material change report, other than statements of historical facts, including, but are not limited to, statements regarding the consummation of the Restructuring and Novation Agreement, the Securities Restructuring Agreement, the Securities Purchase Agreement, the Original Credit Agreement and the ARCA, are forward-looking statements.

Forward-looking statements or information relate to future events and future performance and include statements regarding the expectations and beliefs of management. Often, but not always, forward-looking statements and forward-looking information can be identified by the use of words such as "plans", "expects", "potential", "is expected", "anticipated", "is targeted", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements or information include, but are not limited to, statements or information with respect to known or unknown risks, uncertainties and other factors which may cause the actual industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information.

Investors are cautioned that forward-looking information is not based on historical facts but instead reflect Sundial's management's expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although Sundial believes that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of the Corporation.

Forward-looking statements or information are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements or information, including, without limitation, risks and uncertainties relating to: failure to complete the Restructuring and Novation Agreement, the Securities Restructuring Agreement, and the Securities Purchase Agreement; the state of financial markets, regulatory approval; requirements for additional capital; interest rates; the global economy; the speculative nature of production activities; periodic interruptions to production, labor disputes; supply problems; uncertainty of production and cost estimates; changes in project parameters as plans continue to be refined; volatility of the market price of the Corporation's common shares; insurance; competition; currency fluctuations; loss of key employees; other risks of the cannabis industry as well as those factors discussed in the section entitled "Risk Factors" in the Corporation's Annual Report on Form 20-F dated March 30, 2020. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements or information. The Corporation disclaims any intent or obligation to update forward-looking statements or information except as required by law, and you are referred to the full discussion of the Corporation's business contained in the Corporation's reports filed with the securities regulatory authorities in Canada and the United States. Although the Corporation has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that could cause results not to be as anticipated, estimated or intended.

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Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although Sundial has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended.

The Corporation provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Corporation does not assume the obligation to revise or update these forward-looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws.

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Schedule "A"

Press Release

(attached)

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Exhibit 99.3

Execution Version

CDN. $74,000,000
SENIOR SECURED NON-REVOLVING TERM CREDIT FACILITY

and

CDN. $5,329,900
SENIOR SECURED REVOLVING OPERATING FACILITY

AMENDED AND RESTATED CREDIT AGREEMENT

among

SUNDIAL GROWERS INC.
(as Borrower)

and

THE FINANCIAL INSTITUTIONS FROM TIME TO TIME PARTY HERETO
(as Lenders)

- and -

ATB FINANCIAL
(as Administrative Agent for the Lenders)

- with -

ATB FINANCIAL and BANK OF MONTREAL
(as Co-Lead Arrangers and Joint Bookrunners)

- and -

BANK OF MONTREAL
(as Syndication Agent)

June 5, 2020

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THIS AMENDED AND RESTATED CREDIT AGREEMENT is dated June 5, 2020.

AMONG:

SUNDIAL GROWERS INC., as Borrower

AND:

ATB FINANCIAL, BANK OF MONTREAL AND THE OTHER FINANCIAL INSTITUTIONS NAMED IN ASSIGNMENT AND ASSUMPTIONS FROM TIME TO TIME, in their capacities as Lenders

AND:

ATB FINANCIAL, in its capacity as Administrative Agent

WHEREAS the Borrower, as borrower, ATB Financial and the Bank of Montreal, as lenders, and the Administrative Agent, as administrative agent, are party to the credit agreement dated August 29, 2019 (as amended and supplemented prior to the date hereof, the "**Original Credit Agreement**");

AND WHEREAS the parties hereto have agreed to amend and restate the Original Credit Agreement on the terms and conditions hereinafter set forth;

AND WHEREAS the Borrower has requested and the Lenders have agreed to provide, or continue to provide, certain secured credit facilities on the terms and conditions set forth herein, and ATB has agreed to act as Administrative Agent for the Lenders under such credit facilities;

NOW THEREFORE, in consideration of the premises, the covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals and the Schedules hereto and in all notices pursuant to this Agreement, unless something in the subject matter or context is inconsistent therewith, the following words and phrases shall have the following meanings:

"**Acceleration Notice**" has the meaning ascribed to it in Section 10.2(b);

"**Accommodations**" means:

(a) the advance of Prime Loans by the Syndicated Lenders and the acceptance and purchase of Bankers' Acceptances, or if applicable, the advance of BA Equivalent Advances, by the Syndicated Lenders (the "**Syndicated Accommodations**"); and

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(b) the advance of Prime Loans by the Operating Lender and the issuing of Letters of Credit by the Operating Lender (the "**Operating Accommodations**");

"**Accounts**" means the accounts and records established by the Administrative Agent and the Operating Lender pursuant to Section 4.6 to record the Borrower' s liability to each of the Lenders in respect of the Borrowings and other amounts outstanding by the Borrower to each of the Lenders and the Administrative Agent hereunder;

"**Accounts Receivable**" means any right of a Person to payment for services rendered or goods sold in the ordinary course of business classified as an account receivable in accordance with GAAP;

"**Acquisition**" means, with respect to any Person, any purchase or other acquisition, regardless of how accomplished or effected (including any such purchase or other acquisition effected by way of amalgamation, merger, arrangement, business combination or other form of corporate reorganization or by way of purchase, lease or other acquisition arrangements), of: (a) such number of the issued and outstanding securities of, or such portion of an Equity Interest in, such other Person that such other Person becomes a Subsidiary of the purchaser or of any of its Affiliates, (b) all or substantially all of the Property of any other Person, or (c) any division, business or operation of any other Person or of all or substantially all of the Property of any division, business or operation of any other Person;

"**Adjustment Time**" means the time of occurrence of the last event necessary (being either the delivery of a Demand for Payment or the occurrence of a Termination Event) to ensure that all amounts secured by the Security are thereafter due and payable and such time shall conclusively be:

(a) in the case where such last event is the delivery of a Demand for Payment, the time of delivery of an Acceleration Notice or the last day of the relevant time period set out in Section 10.3; and

(b) in the case where such last event is the occurrence of a Termination Event, the time of occurrence of such Termination Event determined pursuant to the provisions of the applicable Credit Document giving rise to such Termination Event;

"**Administrative Agent**" means ATB and any successor administrative agent appointed pursuant to Section 12.6;

"**Administrative Agent Parties**" has the meaning ascribed to it in Section 14.7(d)(ii);

"**Administrative Agent' s Account for Payments**" means the following account maintained by the Administrative Agent to which payments and transfers are to be effected as follows:

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or such other places or accounts as may be agreed upon by the Administrative Agent and the Borrower from time to time and notified in writing to the Lenders;

"**Administrative Agent' s Branch of Account**" means the office of the Administrative Agent located at the address set forth opposite the Administrative Agent' s name on the signature pages to this Agreement or such other office or branch of the Administrative Agent in Canada as the Administrative Agent may from time to time advise the Borrower and the Lenders in writing;

"**Administrative Questionnaire**" means an Administrative Questionnaire in a form supplied by the Administrative Agent;

"**Affected Financial Institution**" means (a) any EEA Financial Institution or (b) any UK Financial Institution;

"**Affected Lender**" has the meaning ascribed to it in Section 11.3(b);

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

"**Agreement**" means this amended and restated credit agreement, all Schedules attached hereto and any future amendments, amendments and restatements, replacements or supplements hereto or thereto;

"**AML Legislation**" has the meaning ascribed to it in Section 14.11(a);

"**Annualized Basis**" means, with respect to any financial calculation hereunder:

(a) for the Fiscal Quarter ending on the Covenant Monitoring Date, calculated by multiplying the amount derived from such financial calculation for such Fiscal Quarter by four (4);

(b) for the first Fiscal Quarter ending after the Covenant Monitoring Date, calculated by multiplying the amount derived from such financial calculation for the first two Fiscal Quarters by two (2);

(c) for the second Fiscal Quarter ending after the Covenant Monitoring Date, calculated by multiplying the amount derived from such financial calculation for such first three Fiscal Quarters by 4/3; and

(d) thereafter, calculated on a trailing four (4) Fiscal Quarter basis;

"**Applicable Law**" means, in relation to any Person, Property, transaction or event, all applicable provisions (or mandatory applicable provisions, if so specified) of federal, provincial, state or local laws, statutes, rules, regulations, official directives and orders of all Governmental Authorities and Governmental Actions in actions or proceedings in which the Person in question is a party or by which it is bound or having application to the Person, Property, transaction or event;

"**Applicable Lenders**" means (a) in the case of the Syndicated Facility and in respect of a Borrowing Notice, Conversion Notice or Rollover Notice given under the Syndicated Facility, all of the Syndicated Lenders, and (b) in the case of the Operating Facility and in respect of a Borrowing Notice, Conversion Notice or Rollover Notice given under the Operating Facility, only the Operating Lender;

"**Applicable Margin**" means a margin, expressed as a rate per annum, payable to: (i) in the case of the Syndicated Facility, the Administrative Agent on behalf of all of the Lenders, and (ii) in the case of the

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Operating Facility, the Operating Lender, in each case with respect to Borrowings, as set forth in the table below for the applicable Senior Funded Debt to EBITDA Ratio:

Level	Senior Funded Debt to EBITDA Ratio	Prime Loans (bps)	Bankers' Acceptances and Letters of Credit (bps)	Standby Fees (bps)(*)
I	≤1.25 to 1:00	*[Redacted]*	*[Redacted]*	*[Redacted]*
II	>1.25 to 1 and ≤ 1.75 to 1:00	*[Redacted]*	*[Redacted]*	*[Redacted]*
III	>1.75 to 1 and ≤ 2.25 to 1:00	*[Redacted]*	*[Redacted]*	*[Redacted]*
IV	>2.25 to 1 and ≤ 2.75 to 1:00	*[Redacted]*	*[Redacted]*	*[Redacted]*
	>2.75 to 1:00	*[Redacted]*	*[Redacted]*	*[Redacted]*

(*) Standby Fees are applicable to the Operating Facility only

provided that:

(a) upon the delivery of the Compliance Certificate delivered in respect of the Covenant Monitoring Date and thereafter, changes in the Applicable Margin shall be effective and adjusted in accordance with Section 5.9;

(b) as at the Effective Date:

(i) the Applicable Margin (other than with respect to the Fortis LC) shall be set at Level V and shall remain at such Level until the Compliance Certificate is delivered in respect of the Covenant Monitoring Date at which point the Applicable Margin shall be redetermined in accordance with Section 5.9; and

(ii) the Applicable Margin for the Fortis LC shall be 175 bps per annum and shall remain as such until the Compliance Certificate is delivered in respect of the Covenant Monitoring Date at which point such Applicable Margin shall be redetermined in accordance with Section 5.9;

(c) for the purposes of calculating the Applicable Margins for Prime Loans and Bankers' Acceptances, the per annum rate is expressed on the basis of a 365-day year, as applicable; and

(d) upon the occurrence and during the continuance of any Event of Default, each of the above Applicable Margins (other than for the Standby Fee Rate) will increase by 200 bps;

"**Applicable Percentage**" means, at any time prior to the Adjustment Time with respect to each Lender and each Facility and the Facilities, as applicable, the proportion that such Lender' s aggregate Commitment in respect of such Facility or the Facilities bears to the amount of the total Commitments of all Lenders in respect of such Facility or to the Total Commitment, as applicable, at such time and, if such total Commitment in respect of any such Facility is cancelled or terminated, "Applicable Percentage" shall mean the Applicable Percentage of such Lender in effect immediately prior to such cancellation or termination; provided that when such term is used in reference to or in relation to:

(a) the Operating Facility, the Applicable Percentage for the Operating Lender shall be one hundred percent (100%) and for all other Lenders shall be zero percent (0%); and

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(b) the Syndicated Lenders, the Applicable Percentage for a Syndicated Lender shall be the proportion that the Syndicated Facility Commitment of such Syndicated Lender bears to the Total Syndicated Facility Commitment at such time.

After the Adjustment Time, the Applicable Percentage of each Lender shall be calculated based on its Applicable Percentage of the Total Commitment, without any distinction as to which Facility may be relevant to such Lender;

"**Applicable Percentage of the Total Commitment**" means in respect of each Lender, the proportion that such Lender' s Commitment bears to the Total Commitment;

"**Appraisal**" means an appraisal performed by a qualified independent appraiser satisfactory to the Administrative Agent and the Borrower;

"**Approved Financial Model**" means the most recent consolidated financial forecast delivered by the Borrower to the Administrative Agent pursuant to Section 8.1(a)(iii), 9.1(w)(ii) or 9.1(y), as the case may be, which, for certainty, may, subject to Section 9.1(v), be reviewed by the Financial Advisor and approved by the Lenders, in their sole discretion.

"**Approved Fund**" means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities that is administered or managed by:

(a) a Lender;

(b) an Affiliate of a Lender; or

(c) an entity or an Affiliate of an entity that administers or manages a Lender;

"**Assignment and Assumption**" means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 13.1), and accepted by the Administrative Agent, substantially in the form of Schedule "E" or any other form approved by the Administrative Agent;

"**ATB**" means ATB Financial and its successors and permitted assigns;

"**BA Acceptance Fee**" means, with respect to Bankers' Acceptances, the fee, expressed as a rate per annum, payable to each Lender or retained by each Lender, in each case with respect to Bankers' Acceptances to be accepted and purchased by such Lender as set forth in the table in the definition of Applicable Margin for Bankers' Acceptances;

"**BA Equivalent Advance**" means an advance made in Canadian Dollars by a Non-Acceptance Lender as part of an Accommodation by way of Bankers' Acceptances;

"**BA Purchasing Lender**" means each Applicable Lender that purchases a Bankers' Acceptance accepted by such Applicable Lender;

"**Bail-In Action**" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution;

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"**Bail-In Legislation**" means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their Affiliates (other than through liquidation, administration or other insolvency proceedings);

"**Bankers' Acceptances**" means bankers' acceptances denominated in Cdn. Dollars which are issued by the Borrower pursuant to Sections 3.5, 3.11 or 3.12 and accepted and if applicable, purchased by the Applicable Lender pursuant to Section 3.6;

"**Bilateral Financial Services Agreements**" means, as applicable, each present and future agreement between a Creditcard Lender and a Loan Party with respect to Creditcard Facilities, and each present and future agreement between a Cash Management Lender and a Loan Party with respect to Cash Management Services;

"**Borrower**" means Sundial Growers Inc., a corporation subsisting under the laws of Alberta, and its successors and permitted assigns;

"**Borrower Cash Collateral Account**" means an account with the Administrative Agent, or such other financial institution as designated by the Administrative Agent, from which the Borrower does not have any withdrawal rights or privileges until repayment of the Borrowings in full, termination of the Total Commitment and termination of this Agreement, except to apply the amount represented thereby to the Borrowings or a portion thereof, which account and all funds credited thereto and interest earned thereon (which interest shall be at the prevailing rate of the Administrative Agent or such other financial institution, as the case may be, for demand deposits of comparable amounts) shall be the subject of a Security Interest in favour of the Administrative Agent on behalf of the Lenders;

"**Borrowing Notice**" means a notice to effect an Accommodation delivered under Section 3.5 and substantially in the form of Schedule "B" with all applicable blanks completed;

"**Borrowings**" means, at any time:

(a) the principal amount outstanding by way of Prime Loans made by the Syndicated Lenders together with the face amount of Bankers' Acceptances outstanding (and, if applicable, any related BA Equivalent Advances) issued and purchased by the Syndicated Lenders (collectively, the "**Syndicated Borrowings**"); and

(b) the principal amount outstanding by way of Prime Loans made by the Operating Lender together with the undrawn amount of all outstanding Letters of Credit issued by the Operating Lender (collectively, the "**Operating Borrowings**");

and "**Borrowing**", "**Syndicated Borrowing**" and "**Operating Borrowing**" means any one of such Borrowings, as applicable;

"**bps**" means 1/100th of one percent;

"**Branch of Account**" means, with respect to each Lender, the branch or office of such Lender (being, in the case of the Operating Lender, the Operating Lender' s Branch of Account) located at the address set forth

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under such Lender' s name on Schedule "A" or in its Assignment and Assumption, or such other branch or office in Canada as such Lender may from time to time advise the Borrower and the Administrative Agent in writing; provided that, for purposes of delivering any notice required to be delivered by the Administrative Agent to a Lender pursuant to Section 12.13 and for purposes of effecting any payments to a Lender in connection with this Agreement, a Lender may specify in writing to the Administrative Agent any other branch or office of such Lender in Canada and such branch or office shall thereafter be the Branch of Account of such Lender for such purpose;

"**Bridge Farm Guarantee**" means the guarantee of seller' s obligations granted by the Borrower pursuant to the Bridge Farm PSA;

"**Bridge Farm PSA**" means the sale and purchase agreement dated May 15, 2020 among Project Giant Bidco Limited, as buyer, David Ball, as buyer' s guarantor, Sundial UK Limited, as seller, and the Borrower, as seller' s guarantor, pursuant to which all of the issued share capital of Project Seed Topco Limited will be sold to Project Giant Bidco Limited;

"**Budgeted Capital Expenditures**" means the budgeted amount of capital expenditures shown in the Approved Financial Model, provided such capital expenditures relate to additions to Property of the Loan Parties and do not relate to expenditures to be made with the proceeds of insurance or compensation for lost or damaged Property;

"**Business**" means the business of cultivating, producing, processing, packaging, transportation and marketing of Cannabis for distribution and sale, and including, as the case may be, the importation or exportation of such Cannabis products and all other Cannabis-Related Activities related to the foregoing;

"**Business Day**" means a day, excluding Saturday and Sunday, on which banking institutions are open for the transaction of commercial business in Calgary, Alberta, and Toronto, Ontario;

"**Canadian Dollars**", "**Cdn. Dollars**" and the symbols "**Cdn. $**" and "**$**" each mean lawful money of Canada;

"**Cannabis**" means:

(a) any plant or seed, whether live or dead, from any species or subspecies of genus *Cannabis*, including *Cannabis sativa*, *Cannabis indica* and *Cannabis ruderalis*, Marijuana and Industrial Hemp and any part, whether live or dead, of the plant or seed thereof, including any stalk, branch, root, leaf, flower, or trichome;

(b) any material obtained, extracted, isolated, or purified from the plant or seed or the parts contemplated by paragraph (a) of this definition, including any oil, cannabinoid, terpene, genetic material or any combination thereof;

(c) any organism engineered to biosynthetically produce the material contemplated by paragraph (b) of this definition, including any micro-organism engineered for such purpose;

(d) any biologically or chemically synthesized version of the material contemplated by paragraph (b) of this definition or any analog thereof, including any product made by any organism contemplated by paragraph (c) of this definition;

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(e) any other meaning ascribed to the term "cannabis" under Applicable Law in any Qualified Jurisdiction, including the Cannabis Act and the *Controlled Drugs and Substances Act* (Canada); and

(f) any other meaning ascribed to the term "cannabis" under the *Controlled Substances Act* (United States);

"**Cannabis-Related Activities**" means any activities, or offer to undertake such activities relating to or in connection with the possession, importation, exportation, cultivation, processing, production, packaging, labelling, purchase, distribution, transportation, sale (including the import and export), promotion or advertising of Cannabis or Cannabis-related products;

"**Cannabis Act**" means the *Cannabis Act* (Canada), S.C. 2018, c. 16;

"**Cannabis Laws**" means all Applicable Laws and Governmental Actions with respect to Cannabis-Related Activities or in any way affecting or impacting the operation of Cannabis, including, without limitation, the Cannabis Act and the Cannabis Regulations;

"**Cannabis Regulations**" means the *Cannabis Regulations* (Canada), SOR/2018-144, and all other regulations from time to time promulgated thereunder or under any other statute in any Qualified Jurisdiction;

"**Cash Management Lender**" means a Lender or an Affiliate of a Lender which has provided Cash Management Services to a Loan Party;

"**Cash Management Obligations**" means all indebtedness, liabilities and obligations of any Loan Party to a Cash Management Lender under any Cash Management Services;

"**Cash Management Services**" means cash or treasury management services (including controlled disbursement, automated clearinghouse transactions, return items, daylight overdrafts, interstate depository network services, wire payments, account netting and pooling services and the operation of centralized banking arrangements (whether notional or physical)) or any similar services which the Borrower and/or any Loan Party maintains with a Lender;

"**CDOR Rate**" means on any day:

(a) with respect to Bankers' Acceptances having a Standard Term which are required to be accepted and, if applicable, purchased on any day, the arithmetic average of the percentage discount rates for Canadian Dollar bankers' acceptances in comparable amounts having an identical issue and maturity date which are quoted on the "Reuters' Screen CDOR CAD-BA Page" (as defined in the International Swaps and Derivatives Association, Inc. definitions, as modified and amended from time to time) (or if such screen shall not be available any successor or similar service selected by the Administrative Agent) as at approximately 8:00 a.m. (Calgary time) on such day, or if such day is not a Business Day, then on the immediately preceding Business Day (as adjusted by the Administrative Agent in good faith after 8:00 a.m. (Calgary time) or as soon thereafter as practicable to reflect any error in a posted rate of interest or in the posted average annual rate of interest); and

(b) with respect to Bankers' Acceptances which do not have a Standard Term or if the rate referred to in paragraph (a) of this definition does not appear on such "Reuters Screen CDOR CAD - BA Page" (or a successor service as referred to in paragraph (a) of this definition), the arithmetic average of

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the percentage discount rate quoted by each Schedule I Reference Lender (determined by the Administrative Agent as of 8:00 a.m. (Calgary time) on such day), which would be applicable in respect of an issue of bankers' acceptances in a comparable amount and with identical maturity dates to the Bankers' Acceptances proposed to be issued by the Borrower on such day or if such day is not a Business Day, then on the immediately preceding Business Day. If any Lender does not furnish a timely quotation, the Administrative Agent shall determine the relevant discount rate on the basis of the quotation or quotations furnished by the remaining Lenders.

Each determination of the CDOR Rate shall be conclusive and binding, absent manifest error, and be computed using any reasonable averaging and attribution method, provided that, if in either case, the rate determined above shall ever be less than zero, such rate shall be deemed to be zero for purposes of this Agreement;

"**Change in Law**" means the occurrence, after the date of this Agreement, of any of the following:

(a) the adoption or taking effect of any Applicable Law or treaty;

(b) any change in any Applicable Law or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority; or

(c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, to the extent applicable to the Lenders, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the Office of the Superintendent of Financial Institutions of Canada or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued;

"**Change of Control**" means any circumstances arising after the Effective Date in which a Person (or group of Persons), acting jointly or in concert (within the meaning of the *Securities Act* (Alberta)), acquires:

(a) Voting Shares of the Borrower which, together with all other Voting Shares of the Borrower held by such Person or Persons, constitute in the aggregate more than 30% of all outstanding Voting Shares of the Borrower; or

(b) the right to elect a majority of the directors of the Borrower;

"**Collateral**" is a collective reference to all Property of the Loan Parties and the proceeds and products thereof, subjected or intended to be subjected from time to time to any Security Interest under any of the Security;

"**Collateral Mortgage**" has the meaning ascribed thereto in Section 6.1(b);

"**Commitment**" means each Lender' s Syndicated Facility Commitment or Operating Facility Commitment, as the case may be or, if the context so requires, the aggregate thereof;

"**Commodity Swap**" means an agreement entered into between a Person and a counterparty on a case by case basis, the purpose and effect of which is to mitigate or eliminate such Person' s exposure to fluctuations in commodity prices, whether physically or financially settled;

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"**Communications**" has the meaning ascribed to it in Section 14.7(d)(ii);

"**Compliance Certificate**" means a compliance certificate substantially in the form attached hereto as Schedule "D" executed by a senior officer of the Borrower;

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

"**Conversion**" means a conversion of a Borrowing (other than a Letter of Credit) or part thereof from one basis of Borrowing to another (other than a Letter of Credit) pursuant to Section 3.11;

"**Conversion Date**" means each Business Day that the Borrower has notified the Administrative Agent as the date on which the conversion of a Borrowing or a portion thereof is to be made pursuant to a request from the Borrower under Section 3.11;

"**Conversion Notice**" means a notice to effect a Conversion delivered under Section 3.11 and substantially in the form of Schedule "C" with all applicable blanks completed;

"**Convertible Debentures**" means any convertible subordinated debentures issued, created, incurred or assumed by the Borrower which have all of the following characteristics:

(a) an initial final maturity or due date in respect of repayment of principal extending beyond the Maturity Date;

(b) no scheduled or mandatory payment or repurchase of principal thereunder (other than acceleration following an event of default in regard thereto or payment which can be satisfied by the delivery of common shares in the capital stock of the Borrower as contemplated in paragraph (f) of this definition) prior to the Maturity Date;

(c) upon and during the continuance of a Default, an Event of Default or acceleration of the time for repayment of any Lender Outstandings which has not been rescinded: (i)all amounts payable in respect of principal, premium (if any) or interest under such debentures are subordinate and junior in right of payment to all such Lender Outstandings; and (ii)no enforcement steps or enforcement proceedings may be commenced in respect of such debentures;

(d) upon distribution of the assets of the Borrower on any dissolution, winding up, total liquidation or reorganization of the Borrower (whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of such Person, or otherwise), all Lender Outstandings shall first be paid in full, or provisions made for such payment, before any payment is made on account on principal, premium (if any) or interest payable in regard to such debentures;

(e) the occurrence of a Default, an Event of Default or the acceleration of the time for repayment of any of the Lender Outstandings or enforcement of the rights and remedies of the Secured Parties shall not in and of themselves:

(i) cause a default or event of default (with the passage of time or otherwise) under such debentures or the indenture or instrument governing the same; or

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(ii) cause or permit the obligations under such debentures to be due and payable prior to the stated maturity thereof; and

(f) except during an "event of default" under and as defined in such debentures and the indenture or agreement governing same, payments of interest or principal due and payable under such debentures can be satisfied, at the option of the Borrower, by delivering common shares in the capital stock of the Borrower in accordance with the indenture or agreement governing such debentures (whether such common shares are received by the holders of such debentures as payment or as sold by a trustee or representative under such indenture or agreement to provide cash for payment to holders of such debentures);

"**Covenant Monitoring Date**" means, (a) March 31, 2021, if the aggregate unconverted principal amount of the HB Convertible Notes is U.S.$5,000,000 or greater on December 31, 2020, or (b) December 31, 2020, if the aggregate unconverted principal amount of the HB Convertible Notes is less than U.S.$5,000,000 on December 31, 2020;

"**Credit Documents**" mean, collectively, this Agreement, all Swaps with a Swap Lender documented under the applicable ISDA Master Agreements and all Transactions documented thereunder, all agreements between a Creditcard Lender and a Loan Party with respect to Creditcard Facilities, and all agreements between a Cash Management Lender and a Loan Party with respect to Cash Management Services, and "**Credit Document**" means any of them;

"**Creditcard Facilities**" means any corporate credit card facilities for commercial purposes (including "commercial credit cards" and "purchasing cards");

"**Creditcard Lender**" means a Lender or an Affiliate of a Lender which has provided Creditcard Facilities to a Loan Party;

"**Creditcard Obligations**" means all indebtedness, liabilities and obligations of any Loan Party to a Creditcard Lender arising under any Creditcard Facilities;

"**Currency Swap**" means a contract entered into between a Person and a counterparty on a case by case basis in connection with forward rate, currency swap or currency exchange and other similar currency related transactions, the purpose and effect of which is to mitigate or eliminate such Person' s exposure to fluctuations in exchange rates;

"**Debt**" means, as at any particular time and as determined on a consolidated basis in respect of the Borrower in accordance with GAAP, all obligations, indebtedness and liabilities (without duplication):

(a) for borrowed money, including by way of overdraft or other extensions of credit, and any Permitted Subordinated Debt;

(b) arising pursuant to bankers' acceptance facilities, note purchase facilities and commercial paper programs, or the stated amount of letters of credit, letters of guarantee and surety bonds supporting obligations which would otherwise constitute Debt within the meaning of this definition or indemnities issued in connection therewith;

(c) evidenced by bonds, debentures, notes or other similar instruments (whether or not with respect to the borrowing of money and whether or not payable by, or convertible into, equity);

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(d) arising under Guarantees, indemnities, assurances, legally binding comfort letters or other contingent obligations relating to the indebtedness or other obligations of any other Person which would otherwise constitute Debt within the meaning of this definition;

(e) incurred for the purpose of or having the effect of providing Financial Assistance relating to obligations of any other Person which would otherwise constitute Debt within the meaning of this definition;

(f) secured by a Permitted Encumbrance on any Property of the Loan Parties, whether or not assumed by them;

(g) arising under or in connection with an absolute or limited recourse sale or factoring of accounts receivable or other asset securitization program (with the amount of Debt thereunder deemed to be equal to the net proceeds received by such Person thereunder);

(h) for or in respect of Financial Leases;

(i) for or in respect of the deferred purchase or acquisition price of Property or services (including obligations secured by Purchase Money Security Interests and obligations in respect of a Sale/Leaseback);

(j) for or in respect of the purchase price of any Property the purchase price in respect of which has been prepaid by the purchaser; and

(k) for or in respect of redemption obligations with respect to any shares issued by the Borrower or a Subsidiary (excluding shares that may be redeemed in whole or in part in specie) which are not held by the Borrower or its Subsidiaries and which are by their terms or pursuant to any contract, agreement or arrangement:

(i) redeemable, retractable, payable or required to be purchased or otherwise retired or extinguished, or convertible into Debt in any case, prior to the Maturity Date: (A)at a fixed or determinable date, (B)at the option of any holder thereof, or (C)upon the occurrence of a condition not solely within the control and discretion of the Borrower or such Subsidiary; or

(ii) convertible into any other shares described in (i) above;

"**Debtor Relief Laws**" means the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada), the *Business Corporations Act* (Alberta), the *Canada Business Corporations Act* and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization or similar debtor relief laws of Canada or other applicable jurisdictions from time to time in effect;

"**Default**" shall mean the occurrence of any of the events specified in Section 10.1, whether or not any requirement for notice or lapse of time or other condition precedent has been satisfied;

"**Defaulting Lender**" means, subject to Section 14.2(c), any Lender that:

(a) has failed to (i)fund all or any portion of any Accommodation required to be made by it hereunder within two Business Days of the date such Accommodation was required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure

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is the result of such Lender' s determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii)pay to the Administrative Agent or any Lender any other amount required to be paid by it hereunder within two Business Days of the date when due;

(b) has notified the Borrower, the Administrative Agent or any Lender (verbally or in writing) that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender' s obligation to fund an Accommodation hereunder and states that such position is based on such Lender' s determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied);

(c) has failed, within three Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower);

(d) that has otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within three Business Days of the date when due, unless the subject of a good faith dispute;

(e) has, or its Lender Parent has, (i)become the subject of a proceeding under any Debtor Relief Law, (ii)had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or Property; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interest in that Lender or Lender Parent by a Governmental Authority so long as such Equity Interest does not result in or provide such Lender or Lender Parent with immunity from the jurisdiction of courts within Canada or from the enforcement of judgments or writs of attachment on its Property or permit such Lender or Lender Parent (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender or Lender Parent, or (iii)become the subject of a Bail-In Action; or

(f) that is generally in default of its obligations under other existing credit or loan documentation under which it has commitments to extend credit.

Any determination by the Administrative Agent that a Lender is a Defaulting Lender under clauses (a) through (f) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 14.2(c)) upon delivery of written notice from the Administrative Agent of such determination to the Borrower and each Lender;

"**Demand for Payment**" means delivery of an Acceleration Notice or a Swap Demand for Payment;

"**Didsbury Property**" means, collectively, the 6,000 square foot bay and the 1,850 square foot bay leased by the Borrower and located at 1415 Highway 582, Didsbury, Alberta, as more particularly described in Schedule "N";

"**Discount Proceeds**" means, in respect of any Bankers' Acceptance required to be purchased by a Lender hereunder, an amount (rounded to the nearest whole cent with one-half of one cent being rounded up) determined as of the applicable Drawdown Date, Conversion Date or Rollover Date which is equal to:

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Face Amount x Price

where "**Face Amount**" is the face amount of such bankers' acceptance and "**Price**" is equal to:

$$\frac{1}{1 + (\text{Rate} \times \frac{\text{Term}}{365})}$$

where the "**Rate**" is the applicable Discount Rate expressed as a decimal on the day of purchase; the "**Term**" is the term of such Bankers' Acceptance expressed as a number of days; and the Price as so determined is rounded up or down to the fifth decimal place with .000005 being rounded up;

"**Discount Rate**" means:

(a) with respect to an issue of Bankers' Acceptances having the same maturity date accepted by a Lender that is a bank under Schedule I of the *Bank Act* (Canada), the CDOR Rate; and

(b) with respect to an issue of Bankers' Acceptances having the same maturity date accepted by a Lender that is not a bank under Schedule I to the *Bank Act* (Canada), the CDOR Rate plus 10 bps;

"**Disposition**" means any sale, assignment, transfer, conveyance, lease or other disposition of all or any portion of any Property of any Loan Party, including, for greater certainty, pursuant to a Sale/Leaseback, in a single transaction or a series of related transactions and the word "**Dispose**" shall have a correlative meaning;

"**Distribution**" by a Person means:

(a) any declaration, payment or setting aside for payment of any dividend, return of capital or other distribution or payment on or in respect of any of the Equity Interests of such Person;

(b) any redemption, retraction, purchase, retirement or other acquisition, in whole or in part, of any of the Equity Interests of such Person;

(c) the payment of any principal, interest, fees, redemption amounts or other amounts on or in respect of any loans, advances or other indebtedness owing at any time by such Person to a holder of Equity Interests of such Person or an Affiliate of such holder;

(d) any loan, advance, payment of management or consulting fees or reimbursement of costs which is made by the Person to or in favour of a holder of Equity Interests of such Person or an Affiliate of such holder except where any such payment is made to any such holder in such holder' s capacity as an officer, director or employee of such Person in the ordinary course of business; or

(e) the transfer by the Person of any Property for consideration of less than its or their fair market value or on non-arms' length terms and conditions to a holder of Equity Interests of such Person or an Affiliate of such holder;

whether any of the foregoing is made, paid or satisfied in or for cash, property or both;

"**Drawdown**" means the advance of a Borrowing other than as a result of a Conversion, Rollover or a drawing under a Letter of Credit;

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"**Drawdown Date**" means each Business Day on which Borrowings are to be made pursuant to a request from the Borrower under Section 3.5;

"**EBITDA**" means, for any fiscal period ending at a particular time and as determined in accordance with GAAP on a consolidated basis in respect of the Borrower, the sum of:

(a) all Net Income for such period;

(b) all Interest Expense to the extent deducted in determining such Net Income;

(c) all amounts deducted in the calculation of such Net Income in respect of the provision for income taxes;

(d) all amounts deducted in the calculation of such Net Income in respect of non-cash items, including depreciation and amortization, future taxes, non-cash losses or write-downs resulting from foreign currency obligations (in accordance with GAAP) or from the Mark-to-Market of outstanding Swaps (in accordance with GAAP), stock-based compensation and the write down or impairment of Property;

(e) all non-recurring extraordinary losses (other than in the ordinary course of business) acceptable to the Lenders (acting reasonably), to the extent deducted in the calculation of such Net Income;

(f) any other unusual or non-recurring cash charges, expenses or losses designated by the Borrower with the prior written consent of the Lenders (in their sole discretion), in each case, to the extent deducted in the calculation of such Net Income; and

(g) all losses attributable to minority Equity Interests in any Person or Distributions received in cash in respect of any minority Equity Interest in any Person, in each case, to the extent deducted in the calculation of such Net Income;

less (on a consolidated basis in respect of the Borrower), to the extent included in the calculation of such Net Income:

(h) earnings attributable to extraordinary and non-recurring earnings and gains (other than in the ordinary course of business) acceptable to the Lenders (acting reasonably);

(i) earnings attributable to minority Equity Interests (unless and to the extent actually distributed to the Borrower or a Subsidiary of the Borrower); and

(j) any other non-cash items increasing such Net Income for such period including non-cash gains or write-ups resulting from foreign currency obligations (in accordance with GAAP) or from the Mark-to-Market of outstanding Swaps (in accordance with GAAP);

provided that, for the purposes of this definition:

(i) EBITDA as at the end of any particular Fiscal Quarter shall be calculated on an Annualized Basis; and

(ii) to the extent acceptable by the Administrative Agent and the Lenders:

(A) if any Material Acquisition of Collateral is made by a Loan Party (whether by amalgamation, asset or share acquisition or otherwise) at any time during the

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relevant period of calculation, such Material Acquisition shall be deemed to have been made on and as of the first day of such calculation period; and

(B) if any Material Disposition of Collateral is made by a Loan Party (whether by asset or share disposition or otherwise) at any time during the relevant period of calculation, or the Collateral ceases to be owned by a Loan Party, such Material Disposition shall be deemed to have been made on and as of the first day of such calculation period;

"**EEA Financial Institution**" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a Lender Parent of an institution described in clause (a) of this definition, or (c) any institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its Lender Parent;

"**EEA Member Country**" means any of the member states of the European Union, Iceland, Liechtenstein and Norway;

"**EEA Resolution Authority**" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution;

"**Effective Date**" means the date on which all of the conditions precedent under Section 8.1 have been satisfied;

"**Eligible Assignee**" means any Person that meets the requirements to be an assignee under Section 13.1(b)(iii), 13.1(b)(v) and 13.1(b)(vi) (subject to such consents, if any, as may be required under Section 13.1(b)(iii));

"**Environmental Certificate**" means a certificate substantially in the form of Schedule "H" hereto;

"**Environmental Laws**" means all Applicable Laws and Governmental Actions regarding the environment or pursuant to which Environmental Liabilities could arise or have arisen, including all Applicable Laws and Governmental Actions relating to the Release or threatened Release of any contaminant or the generation, use, storage or transportation of any contaminant;

"**Environmental Liabilities**" means any and all liabilities for any Release, any environmental damage, any contamination or any other environmental problem caused or alleged to have been caused to any Person, Property or the environment as a result of any Release or the condition of any Property, whether or not caused by a breach of Applicable Laws, including all liabilities arising from or related to any surface, underground, air, groundwater, or surface water contamination; the abandonment or plugging of any well; restorations and reclamations; the removal of or failure to remove any foundations, structures or equipment; the cleaning up or reclamation of storage sites; any Release; violation of pollution standards; and personal injury (including sickness, disease or death) and property damage arising from the foregoing;

"**Equity Interest**" means:

(a) in the case of any corporation, all capital stock and any securities exchangeable for or convertible into capital stock;

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(b) in the case of an association or business entity, any and all shares, interests, participation rights or other equivalents of corporate stock (however designated) in or to such association or entity;

(c) in the case of a partnership, limited liability company or unlimited liability company, partnership or membership interests (whether general or limited), as applicable; and

(d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distribution of Property of, the issuing Person,

and including, in all of the foregoing cases described in clauses (a), (b), (c) or (d), any warrants, rights or other options to purchase or otherwise acquire any of the interests described in any of the foregoing cases;

"**Equivalent Amount**" in one currency (the "**First Currency**") of an amount in another currency (the "**Other Currency**") means, as of the date of determination, the amount of the First Currency which would be required to purchase such amount of the Other Currency at the spot rate of exchange for such conversion as quoted by the Bank of Canada at 4:30 p.m. (Toronto time) on the Business Day that such conversion is to be made or, if such conversion is to be made before 4:30 p.m. on such Business Day, 4:30 p.m. on the immediately preceding Business Day or, if such date of determination is not a Business Day, on the Business Day immediately preceding such date of determination, and, in either case, if no such rate is quoted, at such other rate as may have been agreed to by the Borrower and the Administrative Agent;

"**Escrow Funds**" has the meaning ascribed thereto in Section 10.4;

"**EU Bail-In Legislation Schedule**" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time;

"**Event of Default**" means any of the events or circumstances specified in Section 10.1;

"**Excluded Taxes**" means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder:

(a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it, by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located or which otherwise has jurisdiction over such Lender;

(b) any branch profits taxes or any similar tax imposed by any jurisdiction in which the Borrower is located; and

(c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 11.3(b)), any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party hereto (or designates a new lending office) or is attributable to such Foreign Lender' s failure or inability (other than as a result of a Change in Law) to comply with Section 11.2(e), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 11.2(a);

"**Existing Liens**" means, collectively, the liens registered against the real property of the Borrower in favour of (a) Carbonex Contractors Ltd. registered on March 13, 2020 as instrument no. 201 052 351 in the amount

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of $365,583.87, (b) Canem Systems Ltd. on March 20, 2020 as instrument no. 201 057 099 in the amount of $253,251.32 and (c) World Class Contracting Ltd. registered on April 9, 2020 as instrument no. 201 069 687 in the amount of $386,253.94;

"**Existing Letters of Credit**" means all letters of credit issued pursuant to the Original Credit Agreement and which are outstanding on the date hereof and, for certainty, including the Fortis LC.

"**Facilities**" means, collectively, the Syndicated Facility and the Operating Facility and "**Facility**" means either of them;

"**Financial Advisor**" means Ernst & Young Inc. and its successors;

"**Financial Advisor Engagement Letter**" means the engagement letter dated February 5, 2020 between the Financial Advisor and the Administrative Agent (on behalf of the Lenders), as acknowledged and agreed to by the Borrower;

"**Financial Assistance**" means, with respect to any Person and without duplication, any loan, Guarantee, indemnity, assurance, acceptance, extension of credit, loan purchase, share purchase, equity or capital contribution, equity or capital investment or other form of direct or indirect financial assistance or support by such Person of any other Person or in respect of any obligation of such other Person (contingent or otherwise). The amount of any Financial Assistance is the amount of any loan, investment or other direct or indirect financial assistance or support, without duplication, given, unless the Financial Assistance is limited to a determinable amount, in which case the amount of the Financial Assistance is the determinable amount;

"**Financial Lease**" means any lease of Property, or any similar arrangement which would, in accordance with GAAP, be required to be classified and accounted for as a capital lease on a balance sheet of a lessee, where the lessee is the Borrower or a Subsidiary of the Borrower, but for certainty does not include an Operating Lease or a premises lease, in each case entered into in the ordinary course of business (and, for certainty, no Sale/Leaseback shall be considered to be entered into in the ordinary course of business);

"**Fiscal Quarter**" means the three month period commencing on the first day of each Fiscal Year and each successive three month period thereafter during such Fiscal Year;

"**Fiscal Year**" means the Borrower' s fiscal year commencing on January 1 of each year and ending on December 31 of such year;

"**Fixed Charge Coverage Ratio**" means, as at the Covenant Monitoring Date and as at the end of each Fiscal Quarter thereafter, the ratio of (i) EBITDA as at such Fiscal Quarter, less Unfunded Capital Expenditures, cash taxes and preferred cash payments and tax distribution amounts paid during such period (each calculated on an Annualized Basis), to (ii) Fixed Charges as at such Fiscal Quarter, but excluding therefrom the aggregate amount of any Borrowings permanently prepaid by the Borrower during such period on a dollar-for-dollar basis;

"**Fixed Charges**" means, for any fiscal period ending at a particular time, Interest Expense, together with the aggregate amount of all:

(a) scheduled principal payments in respect of any Senior Funded Debt (including any Senior Funded Debt arising under this Agreement, any Bilateral Financial Services Agreement or a Permitted Swap); and

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(b) lease payments in respect of real or personal property leases;

provided that, for the purposes of this definition, Fixed Charges as at the end of any particular Fiscal Quarter shall be calculated on an Annualized Basis;

"**Foreign Lender**" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes. For purposes of this definition, Canada and each province and territory thereof shall be deemed to constitute a single jurisdiction;

"**Fortis LC**" means the Letter of Credit in the initial amount of $5,329,900, issued by the Operating Lender to FortisAlberta Inc. for the benefit of the Borrower;

"**GAAP**" means generally accepted accounting principles which are in effect from time to time in Canada, and which effective January 1, 2011 encompass International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee as issued by the International Accounting Standards Board;

"**Governmental Action**" means an authorization, consent, approval, waiver, order, decree, licence, exemption, permit, registration, filing, qualification or declaration of or with any Governmental Authority (other than routine reporting requirements) or the giving of notice to any Governmental Authority or any other action in respect of a Governmental Authority;

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

"**Guarantee**" means any undertaking, whether direct or indirect, contingent or otherwise, to assume, guarantee, endorse, contingently agree to purchase or to provide funds for the payment of, or otherwise become liable in respect of, any indebtedness or liability of any Person, or indemnifying any Person against loss in any manner, whether direct or indirect; provided that the amount of each Guarantee shall be deemed to be the amount of the indebtedness or liability guaranteed, indemnified or assured thereby, unless the Guarantee is limited to a specified amount or to realization on specified Property, in which case the amount of such Guarantee shall be deemed to be the lesser of such specified amount or the fair market value of such specified Property, as the case may be, or the amount of such indebtedness or liability;

"**HB**" means Hudson Bay Master Fund Ltd., a company organized under the laws of the Cayman Islands;

"**HB Convertible Notes**" means, collectively, the senior unsecured subordinated convertible notes to be issued by the Borrower in the aggregate principal amount not exceeding U.S.$18,000,000 (with the gross cash proceeds received therefrom not being less than U.S.$15,000,000) pursuant to the HB Securities Purchase Agreement, which at all times must be subject to the HB Intercreditor Agreement;

"**HB Documents**" means, collectively, the HB Convertible Notes, the HB Intercreditor Agreement, the HB Securities Purchase Agreement, the HB Warrants, the HB Registration Rights Agreement and all other agreements, instruments and other documents governing or relating thereto as permitted hereunder and under the HB Intercreditor Agreement; and "**HB Document**" means any of them;

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"**HB Holders**" means, collectively, HB and the other investors party to, or that are holders of, an HB Convertible Note or an HB Warrant;

"**HB Indebtedness**" means, collectively (but without duplication), the aggregate amount of Debt (direct or indirect) arising under the terms of the HB Convertible Notes, subject at all times to the terms of the HB Intercreditor Agreement;

"**HB Intercreditor Agreement**" means the first lien intercreditor side letter agreement dated effective as of June 5, 2020 among the Agent, the HB Holders and the Borrower;

"**HB Registration Rights Agreement**" means the registration rights agreement dated June 5, 2020 among the Borrower and each of the HB Holders;

"**HB Securities Purchase Agreement**" means the securities purchase agreement between the Borrower and the HB Holders dated as of the issuance date with respect to the offer and sale of the HB Convertible Notes and HB Warrants;

"**HB Warrants**" means the warrants to purchase common shares to be issued by the Borrower pursuant to the HB Securities Purchase Agreement;

"**Health Canada Licence**" means, collectively, any licence issued by Health Canada to any of the Loan Parties in respect of the Business, including without limitation: (a) licence no. LIC-K8399K3QIB-2018-7 dated effective February 14, 2020 granted to the Borrower to process and cultivate Cannabis at 6102 48th Avenue, Olds, Alberta, T4H 1V1, as the same may be amended, supplemented or otherwise modified from time to time; and (b) licence no. LIC-4QZ85KDBPT-2018-4 dated effective October 24, 2019 granted to the Borrower to cultivate, process and sell (for medical purposes) Cannabis;

"**Indemnified Taxes**" means Taxes other than Excluded Taxes;

"**Indemnitee**" has the meaning ascribed thereto in Section 14.3(c);

"**Indoor Modular Grow Rooms**" means the Borrower' s proprietary custom-built cannabis cultivation modules;

"**Industrial Hemp**" has the meaning ascribed to such term or the term "hemp" under: (a) the Applicable Law of any Qualified Jurisdiction, including the *Industrial Hemp Regulations* (Canada) issued under the Cannabis Act, or (ii) the *Agricultural Marketing Act* of 1946 (United States);

"**Information**" has the meaning ascribed thereto in Section 13.4;

"**Insurance Consultant**" means INTECH Risk Management Inc. or such other independent consultant satisfactory to the Administrative Agent, in its sole discretion;

"**Intellectual Property**" means all patents, trademarks, tradenames, copyrights, technology, software and other Property customarily considered to be intellectual property;

"**Intercreditor Agreements**" means, collectively, the SAF Intercreditor Agreement and the HB Intercreditor Agreement;

"**Interest Expense**" means for any fiscal period ending at a particular time, without duplication, interest expense of the Borrower determined on a consolidated basis in accordance with GAAP in respect of Senior

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Funded Debt, as the same would be set forth or reflected in a consolidated statement of operations of the Borrower and, in any event, shall include:

(a) all interest accrued or payable in respect of such period, including capitalized interest and imputed interest with respect to lease obligations included as Debt;

(b) all fees (including standby and commitment fees, acceptance fees in respect of bankers' acceptances and fees payable in respect of letters of credit, letters of guarantee and similar instruments) accrued or payable in respect of such period, prorated (as required) over such period;

(c) any difference between the face amount and the discount proceeds of any bankers' acceptances, commercial paper and other obligations issued at a discount, prorated (as required) over such period;

(d) the aggregate of all purchase discounts relating to the sale of Accounts Receivable in connection with any asset securitization program; and

(e) all net amounts charged or credited to interest expense under any Interest Swap in respect of such period;

provided that, for the purposes of this definition, Interest Expense as at the end of any particular Fiscal Quarter shall be calculated on an Annualized Basis;

"**Interest Date**" means the last Business Day of each month;

"**Interest Swap**" means a contract entered into between a Person and a counterparty, on a case by case basis, in connection with interest rate swap transactions, interest rate options, cap transactions, floor transactions, collar transactions and other similar interest rate related transactions, the purpose and effect of which is to mitigate or eliminate such Person' s exposure to fluctuations in interest rates;

"**ISDA Master Agreement**" means either the 1992 form of Master Agreement (Multi Currency-Cross Border) or the 2002 form of Master Agreement or any successor form thereof, in each case published and as from time to time amended, restated or replaced by the International Swaps and Derivatives Association, Inc. and as used in this Agreement in relation to Lender Swaps means the form of such agreement as entered into between the applicable Loan Party and the applicable Swap Lender;

"**Lender BA Suspension Notice**" has the meaning ascribed thereto in Section 11.5(b);

"**Lender Outstandings**" means collectively all Borrowings, Cash Management Obligations, Creditcard Obligations and Permitted Swap Indebtedness;

"**Lender Parent**" means any Person that directly or indirectly controls a Lender and, for the purposes of this definition, "control" shall have the same meaning as set forth in the definition of "Affiliate" contained herein;

"**Lender Swap**" means any Swap entered into by any Loan Party where the other party (other than such Loan Party), at the time the Swap was entered into, is a Lender or an Affiliate of a Lender, whether or not such Lender remains a Lender thereafter;

"**Lenders**" means the Persons listed on the signature pages hereto as Lenders and any other Person that shall have become party hereto pursuant to an Assignment and Assumption, other than any such Person

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that ceases to be a party hereto pursuant to an Assignment and Assumption, and "**Lender**" means any one of them;

"**Letter of Credit**" means a standby or documentary letter of credit or letter of guarantee in Cdn. Dollars issued by the Operating Lender at the request of the Borrower pursuant to this Agreement, but which, at all times, serves as a payment guarantee of the Borrower' s financial obligations and is treated as a direct credit substitute for purposes of applicable capital adequacy guidelines;

"**Letter of Credit Fee**" means, with respect to each Letter of Credit, a fee based on the applicable Level as set forth in the table in the definition of Applicable Margin for Letters of Credit and expressed as a rate per 365-day period with respect to Letters of Credit issued by the Operating Lender hereunder;

"**Loan Documents**" means this Agreement, the Loan Party Guarantee, the Loan Party Security Agreement, all other Security, the Intercreditor Agreements, each Bankers' Acceptance, each application and indemnity with respect to a Letter of Credit, arrangement/syndication fee agreements, agency agreements, and all other agreements, certificates, instruments and documents delivered by or on behalf of any Loan Party in connection herewith or therewith from time to time and all future renewals, extensions, or restatements of, or amendments, modifications or supplements to, all or any part of the foregoing, but for greater certainty shall exclude any Bilateral Financial Services Agreements, ISDA Master Agreements and Lender Swaps;

"**Loan Parties**" means, collectively, the Borrower and each Material Subsidiary and "**Loan Party**" means any of them;

"**Loan Party Guarantee**" means the unlimited liability loan party guarantee made as of August 29, 2019 executed by each of the Loan Parties in existence on the date hereof in favour of the Administrative Agent, for the benefit of the Secured Parties, guaranteeing the Secured Obligations of each other Loan Party, as amended or supplemented from time to time pursuant to one or more joinder agreements;

"**Loan Party Security Agreement**" means the loan party general security agreement dated as of August 29, 2019 executed by the Loan Parties in existence on the date hereof in favour of the Administrative Agent, for the benefit of the Secured Parties, granting a first priority security interest over all present and after-acquired personal property and a first floating charge over all other present and after-acquired property of such Loan Party, registered in Alberta, British Columbia and all other Canadian jurisdictions in which each such Loan Party hereafter carries on business or owns material Property;

"**Majority Lenders**" means:

(a) when there are less than three Lenders, all of the Lenders;

(b) when there are three or more Lenders:

  (i) during the continuance of a Default or an Event of Default when there are any Borrowings, and subject to Section 10.5(a), those Lenders to whom there is owing 66⅔% or more of the aggregate Borrowings under the Syndicated Facility and Operating Facility; and

  (ii) at any other time, those Lenders whose Commitments are, in the aggregate, at least 66⅔% of the Total Commitment;

provided that the Borrowings and Commitments of any Defaulting Lender shall be disregarded in determining Majority Lenders from time to time;

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"**Marijuana**" has the meaning ascribed to such term under: (a) the Applicable Law in any Qualified Jurisdiction, or (b) the *Controlled Substances Act* (United States);

"**Mark-to-Market**" means, in respect of any Swap and for any day on which the Mark-to-Market is calculated, the amount, if any, that would be payable by any Loan Party to a counterparty (expressed as a positive number), or by such counterparty to such Loan Party (expressed as a negative number), estimated by making at mid-market the calculations required by the ISDA Master Agreement between such counterparty, on the one hand, and such Loan Party, on the other hand, as if such ISDA Master Agreement were being terminated as a result of a Termination Event (as defined in the ISDA Master Agreement) with two Affected Parties (as defined in the ISDA Master Agreement) on that day of calculation;

"**Material Acquisition**" means any Acquisition which, individually or together with all Acquisitions completed in such Fiscal Year, increases the consolidated assets of the Borrower (as shown on the combined consolidated balance sheet of the Borrower in the financial statements most recently provided to the Administrative Agent) by more than 5.0%;

"**Material Adverse Effect**" means any event, circumstance, occurrence or change which would reasonably be expected to:

(a) impair in any material manner the ability of any Loan Party to perform any of its obligations under this Agreement or any other Loan Document;

(b) have any material and adverse effect upon the validity or enforceability of any of the Security or upon the ranking of any of the Security Interests granted thereby or the rights or remedies intended or purported to be granted to the Administrative Agent under or pursuant to the Security; or

(c) be material and adverse to the business, operations, Property, condition (financial or otherwise), results of operations or prospects of the Loan Parties, on a consolidated basis and taken as a whole;

"**Material Agreement**" means each agreement listed in Schedule "K" and any other contract, undertaking, agreement or other instrument to which a Loan Party is a party or to which any of its Property may be subject: (a) pursuant to which any Loan Party is bound or to which it or any of its Property is subject, pursuant to which a Loan Party (i) generated revenues or incurred expenditures, in either case, greater than the Threshold Amount during the immediately preceding Fiscal Year, or (ii) is projected to generate revenues or incur expenditures, in either case greater than the Threshold Amount during the then current or immediately succeeding Fiscal Year, or (b) for which breach, non-performance, cancellation, termination or failure to renew could reasonably be expected to have a Material Adverse Effect;

"**Material Disposition**" means a Disposition which, individually or together with all Dispositions completed in such Fiscal Year, decreases the consolidated assets of the Borrower (as shown on the combined consolidated balance sheet of the Borrower in the financial statements most recently provided to the Administrative Agent) by more than 5.0%;

"**Material Licenses**" means each Health Canada License, each licence, permit or approval listed in Schedule "L" and any other licence, permit, registration, qualification or approval (or application therefor) issued by any Governmental Authority to any Loan Party for which breach, non-performance, cancellation, termination or failure to renew could reasonably be expected to have a Material Adverse Effect;

"**Material Subsidiary**" means any direct or indirect Subsidiary of the Borrower other than the Non-Material Foreign Subsidiaries;

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"**Maturity Date**" means the earlier of August 27, 2021 and the date on which the Facilities are terminated pursuant to Section 10.2;

"**Merritt Property**" means the property legally described as LOT 2 SECTIONS 23 and 24 TOWNSHIP 91 KAMLOOPS DIVISION YALE, DISTRICT PLAN EPP 44524;

"**Net Income**" means, for any fiscal period, the net income or net loss of the Borrower determined on a consolidated basis in accordance with GAAP, as set forth in the consolidated financial statements of the Borrower for such period;

"**Non-Acceptance Discount Rate**" means, for any day, the Discount Rate in paragraph (b) of the definition thereof, other than as it relates to ATB, where it shall mean the CDOR Rate;

"**Non-Acceptance Lender**" means a Lender which does not accept bankers' acceptances in the ordinary course of its business;

"**Non-Consenting Lender**" means any Lender that does not approve any consent, waiver or amendment that (i) requires the approval of all affected Lenders in accordance with the terms of Section 12.19 and (ii) has been approved by the Majority Lenders;

"**Non-Defaulting Lender**" means, at any time, each Lender that is not a Defaulting Lender at such time;

"**Non-Material Foreign Subsidiary**" means (a) Sundial Portugal, Unipessoal LDA, Sundial Deutschland GmbH and any other direct or indirect Subsidiary of the Borrower incorporated or formed outside of Canada; provided that no such Subsidiary at any time, has any assets located or domiciled in Canada or operations or revenue originating or derived from the Business in Canada at which point such Subsidiary shall cease to be a Non-Material Foreign Subsidiary and (b) subject to Section 6.14, SGI Partnership, Sundial Managing Partner Inc. and Sundial UK Limited;

"**Old GAAP**" has the meaning ascribed to it in Section 1.5(b);

"**One Month BA Rate**" means, on any day, the CDOR Rate (determined as of 8:00 a.m. Calgary time on such day) which would be applicable in respect of an issuance of Bankers' Acceptances with a term to maturity of one month issued on such day, or if such day is not a Business Day, then on the immediately preceding Business Day;

"**Operating Facility**" has the meaning set forth in Section 3.1(a)(ii);

"**Operating Facility Commitment**" means, with respect to the Operating Lender, its obligation to provide Operating Accommodations to the Borrower, subject to the terms of this Agreement, in an aggregate amount not at any time in excess of the amount set forth under the Operating Lender' s name on Schedule "A" (or in any Assignment and Assumption executed hereafter), as such amount may hereafter be cancelled, reduced, increased or terminated from time to time pursuant to the provisions of this Agreement;

"**Operating Lease**" means a lease of real or personal property which would have been classified as an operating lease under GAAP as in effect prior to December 31, 2018;

"**Operating Lender"** means ATB in its capacity as the provider of the Operating Facility and any successor pursuant to terms hereof;

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"**Operating Lender' s Account for Payments**" means the following account maintained by the Operating Lender to which payments and transfers are to be effected as follows:

[Redacted: Confidential Information]

or such other place or account as may be agreed upon by the Operating Lender and the Borrower from time to time;

"**Operating Lender' s Branch of Account**" means the office or branch of the Operating Lender located at the address set forth under the Operating Lender' s name on Schedule "A" or such other office or branch of the Operating Lender in Canada as the Operating Lender may advise the Borrower in writing;

"**Original Cash Flow Report**" has the meaning ascribed to such term in Section 8.1(a)(ii)(A);

"**Organizational Chart**" means the organizational chart relating to the Loan Parties attached hereto as Schedule "M";

"**Original Credit Agreement**" has the meaning ascribed to it in the recitals hereto;

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

"**Overdraft**" means, in respect of the Operating Facility, an amount owing by the Borrower to the Operating Lender from time to time as a result of clearance of cheques or drafts drawn on, or transfers of funds from, accounts that the Borrower maintains with the Operating Lender at the Operating Lender' s Branch of Account for such purpose;

"**Participant**" has the meaning assigned to such term in Section 13.1(d);

"**Pension Plan**" means a plan or arrangement maintained, sponsored or funded by any Loan Party or in respect of which any Loan Party has any liability, contingent or otherwise, in each case, that is or is intended to be a "registered pension plan" as such term is defined in the *Income Tax Act* (Canada) (including any such plan that contains a "defined benefit provision" as such term is defined in the *Income Tax Act* (Canada));

"**Permitted Contest**" means any action taken by a Loan Party in good faith by appropriate proceedings diligently pursued to contest or appeal any Taxes, Security Interests or other claims (each, a "**contest**"), provided that:

(a) such Loan Party has established reasonable reserves for such contest in accordance with GAAP;

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(b) proceeding with such contest does not have, and would not reasonably be expected to have a Material Adverse Effect; and

(c) proceeding with such contest will not create a material risk of sale, forfeiture or loss of, or interference with the use or operation of, a material part of the Property of such Loan Party;

"**Permitted Dispositions**" means, in respect of the Loan Parties:

(a) a Disposition of inventory in the ordinary course of business and in keeping with prudent industry practice;

(b) a Disposition of any tools, implements, Parts, equipment or machinery which may have become worn out, unservable, unserviceable, obsolete, unsuitable or unnecessary in its operations or activities, provided that such Disposition is in the ordinary course of business and in keeping with prudent industry practice;

(c) abandonments, surrenders or terminations of immaterial rights or interests effected in the ordinary course of business in accordance with prudent industry practice;

(d) a Disposition by a Loan Party to another Loan Party;

(e) the Disposition of the issued share capital of Project Seed Topco Limited pursuant to the Bridge Farm PSA**;**

(f) the Disposition of the Merritt Property and the Rockyview Property and all associated fixtures;

(g) the Disposition of 30 Indoor Modular Grow Rooms;

(h) any Disposition of Property not otherwise described in paragraphs (a) through (g) above, provided that the aggregate fair market value of the Property so Disposed of in any Fiscal Year does not exceed the Threshold Amount; and

(i) any other Disposition to which the Majority Lenders agree in writing;

provided that, in the case of paragraphs (d) - (h) above, no Default or Event of Default has occurred and is continuing or would result therefrom;

"**Permitted Distributions**" means for the Loan Parties, Distributions:

(a) to another Loan Party; and

(b) solely in the form of Equity Interests;

provided that, in each case, no Default or Event of Default has occurred and is continuing or would reasonably be expected to result therefrom;

"**Permitted Encumbrances**" means any of the following Security Interests or other encumbrances:

(a) Security Interests for Taxes, assessments or governmental charges and any other statutory Security Interests which are either not due or delinquent or relate to claims which are subject to a Permitted Contest;

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(b) any Security Interest arising in connection with worker' s compensation, unemployment insurance, pension and employment laws, or other social benefits laws or regulations which are:

(i) not due or delinquent and which have not at such time been filed pursuant to law and no other statutory proceedings have been taken to enforce the same; or

(ii) subject to a Permitted Contest;

(c) the Security Interest of any judgment rendered, or claim filed, against a Loan Party which is subject to a Permitted Contest, provided that no proceedings have been taken to enforce the same or the execution thereof has been stayed;

(d) undetermined or inchoate Security Interests arising in the ordinary course of business and incidental to construction or current operations which relate to obligations not due or delinquent or which have not at such time been filed pursuant to law, and no other statutory proceedings have been taken to enforce the same;

(e) Security Interests arising by operation of law such as builder' s liens, carriers' liens, materialmens' liens and other liens of a similar nature which relate to obligations not due or delinquent;

(f) easements, rights-of-way, servitudes or other similar rights in real property (including rights-of-way and servitudes for railways, sewers, drains, pipe lines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other Persons and other minor defects, encumbrances and restrictions which either alone or in the aggregate do not materially detract from the value of such real property or materially impair its use in the operation of the Business of such Loan Party;

(g) Security Interests given by a Loan Party to a public utility or any municipality or governmental or other public authority when required by such public utility or municipality or other Governmental Authority in the ordinary course of the business of such Loan Party provided such Security Interests do not either alone or in the aggregate materially detract from the value of the Property affected thereby or materially impair its use in the operation of the Business of such Loan Party;

(h) inchoate liens or any rights of distress reserved in or exercisable under any real property lease or sublease to which any Loan Party is a lessee which secure the payment of rent or compliance with the terms of such lease or sublease, provided that such rent is not then overdue and such Loan Party is then in compliance in all material respects with such terms;

(i) liens securing the performance of bids, tenders, leases, contracts (other than for the repayment of borrowed money), surety and appeal bonds and performance bonds and other obligations of like nature, incurred as an incident to and in the ordinary course of business;

(j) the Security Interests granted under the Security and any Security Interests created in favour of the Administrative Agent pursuant to any of the Loan Documents;

(k) reservations, limitations, provisos and conditions expressed in any original grant from the Crown of any real property or interests therein and statutory exceptions to title;

(l) Security Interests constituted by Financial Leases and Sale/Leasebacks, where the principal amount of indebtedness, obligations or liabilities secured thereby does not exceed the Threshold Amount in aggregate at any one time for all Loan Parties;

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(m) Purchase Money Security Interests provided that: (i) such Security Interests are granted at the time of or within 60 days of the acquisition of the Property subject thereto and are limited to the Property so acquired; and (ii) the principal amount of indebtedness, obligations or liabilities secured thereby does not exceed the Threshold Amount in aggregate at any one time for all Loan Parties;

(n) Security Interests over specific Property (and for greater certainty excluding general Security Interests such as floating charges and general security agreements with respect to all or substantially all the Property of a Loan Party) which are not otherwise Permitted Encumbrances if the value of the Property secured thereby does not exceed the Threshold Amount in aggregate at any one time for all Loan Parties;

(o) Security Interests granted by a Loan Party to another Loan Party if such Security Interests have been subordinated and postponed to the Security by a subordination agreement satisfactory to the Administrative Agent acting reasonably;

(p) Security Interests granted by a Loan Party in favour of SAF pursuant to the terms of the SAF Documents but subject, at all times, to the SAF Intercreditor Agreement;

(q) the Existing Liens, subject to Section 9.1(gg); and

(r) all such other claims and encumbrances as are specifically disclosed by notice in writing from the Borrower to the Administrative Agent to the extent that the Majority Lenders, by specific notice in writing to the Borrower, consent to such claims and encumbrances as Permitted Encumbrances;

"**Permitted Financial Assistance**" means:

(a) Financial Assistance pursuant to the Loan Party Guarantee;

(b) Financial Assistance provided by a Loan Party to, or for the benefit of, another Loan Party;

(c) Financial Assistance provided by a Loan Party to or for the benefit of Pathway RX Inc. in an aggregate amount not exceeding $400,000 per Fiscal Year;

(d) a Guarantee provided by a Loan Party in connection with the SAF Convertible Note (but subject at all times to the SAF Intercreditor Agreement); and

(e) Financial Assistance pursuant to the Bridge Farm Guarantee,

provided further that, in respect of each of paragraphs (b) and (c) above, no Default or Event of Default has occurred and is continuing or would result therefrom;

"**Permitted Indebtedness**" means:

(a) all Debt of a Loan Party to the Administrative Agent, the Lenders, the Swap Lenders, the Cash Management Lenders and the Creditcard Lenders under this Agreement, any Bilateral Financial Services Agreement or a Permitted Swap;

(b) all Debt of a Loan Party to another Loan Party;

(c) all Debt of a Loan Party secured by a Permitted Encumbrance provided that such Debt is within any applicable limitations provided for in the definition of Permitted Encumbrances and the aggregate amount of all such Debt does not, at any time, exceed the Threshold Amount;

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(d) all Debt of a Loan Party to the extent constituting Permitted Financial Assistance, provided that such Debt is within any applicable limitations provided for in the definition of Permitted Financial Assistance;

(e) all Permitted Subordinated Debt; and

(f) such other Debt of a Loan Party which the Majority Lenders have consented to in writing;

"**Permitted Subordinated Debt**" means, collectively:

(a) the SAF Indebtedness in an aggregate principal amount not exceeding $73,227,465.75 (plus all interest paid in kind pursuant to the SAF Convertible Note) while the SAF Intercreditor Agreement is in effect;

(b) the HB Indebtedness in an aggregate principal amount not exceeding U.S.$18,000,000 while the HB Intercreditor Agreement is in effect;

(c) any other Convertible Debentures; and

(d) other unsecured Debt of a Loan Party to an Affiliate thereof;

provided that, in each case, (i) such Debt is unsecured (other than in the case of (a) above), and (ii) such Debt has been fully and absolutely subordinated and postponed in favour of the Secured Obligations pursuant to a written agreement with the Administrative Agent, in form and substance acceptable to the Administrative Agent and the Lenders;

"**Permitted Subordinated Debt Documents**" means, collectively, the SAF Documents, the HB Documents, the Convertible Debentures and all other agreements, security, instruments or other documents governing, securing, evidencing or relating to Permitted Subordinated Debt;

"**Permitted Swap Indebtedness**" means Swap Indebtedness of any Loan Party to a Swap Lender under a Permitted Swap and for which the only security is the Security;

"**Permitted Swaps**" means any Swap permitted by the provisions of Section 9.2(l);

"**Person**" means any natural person, corporation, limited liability company, trust, association, company, partnership, Governmental Authority or other entity;

"**Platform**" has the meaning ascribed to it in Section 14.7(d)(i);

"**Prime Loans**" means the advances or any portion thereof made available by the Lenders to the Borrower pursuant to either Section 3.5, 3.8, 3.11, 3.12 or 3.15 and outstanding from time to time, which are denominated in Canadian Dollars and on which the Borrower has agreed to pay interest in accordance with Section 5.1;

"**Prime Rate**" means, with respect to Prime Loans on any day, the greater of:

(a) the annual rate of interest announced from time to time by the Administrative Agent or the Operating Lender, as applicable, as being its reference rate then in effect for determining interest rates on Canadian Dollar denominated commercial loans made by the Administrative Agent or the Operating Lender, as applicable, in Canada; and

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(b) the One Month BA Rate in effect on such day plus 100 bps;

provided that, if the rate determined above shall ever be less than zero, such rate shall be deemed to be zero for purposes of this Agreement;

"**Property**" means, with respect to any Person, all or any portion of its undertaking, property, equipment and assets for the time being, both real and personal, tangible and intangible, and including, for greater certainty, cash, securities, accounts and contract rights;

"**Proportionately**" means, subject to adjustment pursuant to Section 10.8, the proportion that the Lender Outstandings of any Lender, Swap Lender, Cash Management Lender or Creditcard Lender, as applicable, bears to the aggregate of the Lender Outstandings of all Lenders, Swap Lenders, Cash Management Lenders and Creditcard Lenders, as determined at the Adjustment Time;

"**Purchase Money Security Interest**" means:

(a) a Security Interest taken or reserved in Property to secure payment of all or part of its purchase price; and

(b) a Security Interest taken in Property by a Person who gives value for the purpose of enabling a Loan Party to acquire rights in such Property, to the extent that the value is applied to acquire those rights;

but does not include a Financial Lease or an Operating Lease;

"**Qualified Jurisdiction**" means a country in which it is legal in all political subdivisions therein (including for greater certainty on a federal, state, provincial, territorial, municipal and local basis) to undertake any Cannabis-Related Activities and the Business of the Loan Parties; provided that in each case: (a) such country has been approved in writing by the Majority Lenders in their discretion, (b) such country does not include the United States of America without the prior written consent of the Administrative Agent and each Lender, and (c) if required by the Administrative Agent, the ability to undertake Cannabis-Related Activities to the extent permitted by Applicable Law therein is confirmed by a legal opinion provided by the Borrower' s counsel in such jurisdiction, in form and substance satisfactory to the Administrative Agent. The Majority Lenders may in their discretion from time to time: (i) upon receipt of a written request by the Borrower, designate any jurisdiction a Qualified Jurisdiction provided that the above-noted criteria are satisfied; and (ii) revoke the designation of any jurisdiction as a Qualified Jurisdiction by written notice to the Borrower if such criteria are not satisfied. As of the date hereof, Canada and Australia are the only Qualified Jurisdiction;

"**Register**" has the meaning ascribed to it in Section 13.1(c);

"**Related Parties**" means, with respect to any Person, such Person' s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person' s Affiliates;

"**Release**" means any release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, leeching or migration of any element or compound in or into the indoor or outdoor environment (including the abandonment or disposal of any barrels, tanks, containers or receptacles containing any contaminant), or in, into or out of any vessel or facility, including the movement of any contaminant through the air, soil, subsoil, surface, water, groundwater, rock formation or otherwise;

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"**Removal Effective Date**" has the meaning set forth in Section 12.6(b);

"**Repayment Notice**" means a notice to effect a repayment of Borrowings delivered under Section 3.9 and substantially in the form of Schedule "C" with all applicable blanks completed;

"**Resignation Effective Date**" has the meaning set forth in Section 12.6(a);

"**Resolution Authority**" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority;

"**Rockyview Property**" means the property legally described as PLAN 7410409 BLOCK 6 EXCEPTING THEREOUT ALL MINES AND MINERALS AREA: 6.96 HECTARES (17.2 ACRES) MORE OR LESS and municipally described as 273209 Range Road 20, M.D. of Rockyview #44, Alberta T4B 2A3;

"**Rollover**" means, in respect of a maturing Bankers' Acceptance, the provision by a Lender of a further Borrowing by way of a Bankers' Acceptance, the proceeds of which are to be applied in whole or part to the repayment of the maturing Borrowing;

"**Rollover Date**" means that date that a Rollover is to be made pursuant to a Rollover Notice;

"**Rollover Notice**" means a notice to effect a Rollover delivered under Section 3.12 and substantially in the form of Schedule "C" with all applicable blanks completed;

"**SAF**" means SAF Jackson II LP;

"**SAF Convertible Note**" means, collectively, the senior secured subordinated convertible notes issued by the Borrower in the initial aggregate principal amount of $73,227,465.75 (with a 0% coupon), which at all times must be subject to the SAF Intercreditor Agreement;

"**SAF Credit Agreement**" means the credit agreement dated as of June 27, 2019 (as supplemented by the waiver and consent dated August 29, 2019) among SGI Partnership, as borrower, the lenders party from time to time thereto, and SAF Jackson II LP, as administrative agent of such lenders;

"**SAF Deferred Payment**" means the $1,200,000 portion of the $2,795,445.21 interest payment originally due on April 1, 2020 pursuant to Section 3.4(2) of the SAF Credit Agreement that was deferred to June 5, 2020 pursuant to the SAF Waiver;

"**SAF Documents**" means, collectively, the SAF Convertible Note, the SAF Restructuring and Novation Agreement, the SAF Securities Restructuring Agreement, the SAF Warrant all Guarantees provided in connection therewith, all documents providing a Security Interest in favour of SAF, and all other agreements, instruments and other documents governing or relating thereto as permitted hereunder and under the SAF Intercreditor Agreement; and "**SAF Document**" means any of them;

"**SAF Fee**" means the $225,000 fee payable by SGI Partnership pursuant to Section 7 of the SAF Waiver;

"**SAF Indebtedness**" means, collectively (but without duplication), the aggregate amount of Debt (direct or indirect) arising under the terms of the SAF Convertible Note or any Guarantee granted in respect thereof, subject at all times to the terms of the SAF Intercreditor Agreement;

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"**SAF Intercreditor Agreement**" means the amended and restated intercreditor agreement made as of June 5, 2020 entered into among, *inter alios*, the Administrative Agent, for and on behalf of the Lenders, SAF and the Loan Parties;

"**SAF Parent Obligations Outstanding**" has the meaning set forth in the definition of "SAF Restructuring and Novation Agreement";

"**SAF Registration Rights Agreement**" means the registration rights agreement made as of June 5 between the Borrower, as the company, and SAF, as the investor, and certain other parties thereto from time to time, pursuant to which the Borrower will provides certain registration rights in respect of certain registrable securities and distribution rights;

"**SAF Restructuring and Novation Agreement**" means the restructuring and novation agreement dated June 5, 2020 among Project Giant Bidco Limited and the parties to the SAF Credit Agreement pursuant to which, *inter alia*, the SGI Partnership assigns all of its right, title and interest in and to, and all benefit of SGI Partnership under, the SAF Credit Agreement to the Borrower to the extent of $73,227,465.75 of the Accommodations Outstanding (as defined in the SAF Credit Agreement) on the date of such assignment (collectively, the "**SAF Parent Obligations Outstanding**") and the Borrower agrees to assume, perform and discharge the obligations and liabilities of SGI Partnership under the SAF Credit Agreement in an amount equal to the SAF Parent Obligations Outstanding;

"**SAF Securities Restructuring Agreement**" means the securities restructuring agreement dated as of June 5, 2020 by and among the Borrower, as the company, and SAF, as the creditor, pursuant to which, *inter alia*, the Borrower and SAF will amend and restate the SAF Parent Obligations Outstanding by issuing the SAF Convertible Note;

"**SAF Waiver**" means the amended and restated waiver and agreement to the SAF Credit Agreement made effective as of May 14, 2020;

"**SAF Warrant**" means the common share purchase warrants issued to SAF pursuant to the SAF Securities Restructuring Agreement;

"**Sale Advisor**" means, AltaCorp Capital Inc., and its successors, as appointed pursuant to the Sale Advisor Engagement Letter;

"**Sale Advisor Engagement Letter**" means the engagement letter dated May 28, 2020 between the Sale Advisor and the Administrative Agent (on behalf of the Lenders), as accepted by the Borrower;

"**Sale/Leaseback**" means an arrangement under which title to any Property, or an interest therein, is transferred by a Person (the "**First-Mentioned Person**") to some other Person which leases or otherwise gives or grants the right to use such Property therein to the First-Mentioned Person, whether or not in connection therewith the First Mentioned Person also acquires a right or is subject to an obligation to re-acquire the Property and regardless of the accounting treatment of such arrangement;

"**Schedule I Reference Lender**" means up to two Canadian chartered banks listed on Schedule I to the *Bank Act* (Canada) as are determined from time to time by the Administrative Agent;

"**Scheduled Repayment Date**" has the meaning set forth in Section 4.1(a);

"**Secured Obligations**" at any time means, in relation to the Loan Documents and the other Credit Documents, all indebtedness, financial obligations and financial liabilities of each Loan Party to the Secured

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Parties, direct or indirect, present or future, absolute or contingent and matured or not, including the aggregate at any such time of:

(a) the Lender Outstandings and all accrued and unpaid interest outstanding in respect of Prime Loans and all other interest and fees payable pursuant to Article 5;

(b) the Creditcard Obligations;

(c) the Cash Management Obligations;

(d) all other Swap Indebtedness; and

(e) all fees, expenses, reimbursement obligations, indemnities (including environmental indemnities included in the Security) and other amounts of any nature or kind that are payable under this Agreement or any other Loan Documents or Credit Documents but not included in any of the foregoing, whether matured or unmatured;

"**Secured Parties**" means, collectively and without duplication, the Administrative Agent, the Lenders, the Swap Lenders, the Cash Management Lenders and the Creditcard Lenders, and "**Secured Party**" means any one of them;

"**Security**" has the meaning ascribed thereto in Section 6.1, and, for certainty, includes all documents, instruments or agreements directly or indirectly assuring or securing the Secured Parties in respect of the Secured Obligations, any amendments to any of the foregoing, any indentures or instruments supplemental to or in implementation of any of the foregoing, and any and all other documents, instruments or agreements pursuant to which the Secured Parties are assured or granted or receive a Security Interest pursuant to the terms hereof (including as provided in Sections 6.1, 6.3, 6.7 and 6.9) or thereof;

"**Security Interest**" means any assignment, mortgage, charge, pledge, lien, hypothec, encumbrance securing or in effect securing an obligation or any indebtedness of any Person, conditional sale, title retention agreement or security interest whatsoever, howsoever created or arising, whether absolute or contingent, fixed or floating, legal or equitable, perfected or not, and includes the rights of a lessor pursuant to a Financial Lease, Sale/Leaseback or any other lease financing (but not under an Operating Lease or a premises lease, in each case entered into in the ordinary course of business, and, for certainty, no Sale/Leaseback shall be considered to be entered into in the ordinary course of business) and the rights of a purchaser under an absolute or limited recourse sale or factoring of Accounts Receivable or other asset securitization program, but does not include a right of set-off or a set-off unless such right of set-off has been created expressly for the purpose of securing Debt;

"**Senior Funded Debt**" means, as at the applicable time or period, the aggregate amount of all Debt, but excluding (to the extent included therein) accrued liabilities, minority Equity Interests, income taxes payable, deferred income taxes, any Permitted Subordinated Debt, any Debt arising pursuant to the Bridge Farm Guarantee and any Debt attributed to any Existing Letter of Credit (and any renewals or extensions thereof), but only to the extent that cash collateral is held in respect of such Existing Letter of Credit pursuant to Section 3.8(a);

"**Senior Funded Debt to EBITDA Ratio**" means, as at the Covenant conversion Date and as at the end of each Fiscal Quarter thereafter, the ratio of: (i) Senior Funded Debt as at such Fiscal Quarter, to (ii) EBITDA as at such Fiscal Quarter;

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"**Solvent**" means, with respect to any Person, on a particular date, that on such date, (a) such Person is not for any reason unable to meet its obligations as they generally become due, (b) the aggregate Property of such Person is, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would be sufficient, to enable payment of all its obligations, due and accruing due, and (c) such Person has not ceased paying its current obligations in the ordinary course of business as they generally become due; for purposes of this definition, the amount of any contingent obligation at such time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability;

"**Standard Term**" means the term to maturity of a Bankers' Acceptance (subject to availability) of approximately one month, two months or three months (as selected by the Borrower and notified to the Administrative Agent pursuant to Section 3.5 or 3.6) for which a quote is available pursuant to paragraph (a) of the definition of CDOR Rate, commencing on and including the Drawdown Date, Conversion Date or Rollover Date, as the case may be, applicable to such Bankers' Acceptance;

"**Standby Fee Rate**" means, at any time, the rate, expressed as a rate per annum based on a year of 365 days, as set forth in the table in the definition of Applicable Margin in this Agreement, under the heading "**Standby Fees (bps)**", based on the applicable Level therein;

"**Subsidiary**" means:

(a) a Person of which another Person alone or in conjunction with its other Subsidiaries owns an aggregate number of the Voting Shares sufficient to enable the election of a majority of the directors (or other Persons performing similar functions) regardless of the manner in which other Voting Shares are voted;

(b) a Person of which another Person alone or in conjunction with its other Subsidiaries has, through the operation of any agreement or otherwise, the ability to elect or cause the election of a majority of the directors (or other Persons performing similar functions) or otherwise exercise control over the management and policies of such Person; and

(c) any partnership or trust of which any Loan Party:

(i) is the general or managing partner or trustee; or

(ii) directly or indirectly owns more than 50% of the Equity Interests or beneficial interest thereof;

and shall include any Person in like relation to a Subsidiary (for certainty, Pathway RX Inc. shall not be a "Subsidiary" until such time as the Borrower directly or indirectly owns more that 50% of the Equity Interests or beneficial interest thereof);

"**Swap**" means a Commodity Swap, Currency Swap or Interest Swap;

"**Swap Demand for Payment**" means a demand made by a Swap Lender pursuant to an agreement evidencing a Lender Swap demanding payment of all obligations relating thereto and shall include any notice under any agreement evidencing a Lender Swap which, when delivered, would require an early termination thereof and may require a payment by any Loan Party in settlement of obligations thereunder as a result of such early termination;

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"**Swap Indebtedness**" means, at any time, the aggregate amount owing by the Loan Parties under all Lender Swaps, and when such amount is calculated at any time on or after the Adjustment Time means, for each Swap Lender an amount determined by such Swap Lender by calculating for each of its Lender Swaps, the Termination Amount and determining the difference, if positive, of the aggregate net amounts payable by any Loan Party to such Swap Lender;

"**Swap Lender**" means a Person which, at the time that it entered into any Swap with any Loan Party, was a Lender or an Affiliate of a Lender;

"**Syndicated Facility**" has the meaning set forth in Section 3.1(a)(i);

"**Syndicated Facility Commitment**" means, with respect to each Syndicated Lender, such Lender' s obligation to provide Syndicated Accommodations to the Borrower, subject to the terms of this Agreement, in an aggregate amount not at any time in excess of the amount set forth under such Lender' s name on Schedule "A" (or in any Assignment and Assumption executed hereafter) as such Lender' s Syndicated Facility Commitment, as such amount may hereafter be cancelled, reduced, increased or terminated from time to time pursuant to the provisions of this Agreement;

"**Syndicated Lender**" means a Lender in its capacity as a provider of the Syndicated Facility and in no other capacity;

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

"**Termination Amount**" means, in respect of a Lender Swap on any day, the amount (whether positive or negative) determined by the Swap Lender thereunder in accordance with its customary practices and acting reasonably as of the close of business as though such day were an "Early Termination Date" and the Swap was a "Terminated Transaction" in accordance with the payment measures provided for in the ISDA Master Agreement between any Loan Party and such Swap Lender, with any such termination amount being expressed in Canadian Dollars and all defined terms used in this definition and not otherwise defined in this Agreement having the meaning ascribed thereto in such ISDA Master Agreement;

"**Termination Event**" means:

(a) an automatic acceleration of the repayment of indebtedness outstanding hereunder pursuant to Section 10.2 without any notice being required thereunder from the Administrative Agent or any Lender; or

(b) an automatic early termination of obligations relating to a Lender Swap, without any notice being required from the Swap Lender;

"**Threshold Amount**" means an amount equal to Cdn. $500,000 (or the Equivalent Amount thereof in any other currency relevant to the context in which such definition is used);

"**Total Commitment**" means the aggregate of the Operating Facility Commitment and the Total Syndicated Facility Commitment;

"**Total Syndicated Facility Commitment**" means, at any time, the amount equal to the aggregate of the Syndicated Facility Commitment of each Syndicated Lender at such time;

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"**Transaction**" has the meaning ascribed thereto in the applicable ISDA Master Agreement between any Loan Party and a Swap Lender;

"**UK Financial Institution**" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any Person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain Affiliates of such credit institutions or investment firms;

"**UK Resolution Authority**" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution;

"**Unfunded Capital Expenditures**" means, for any period, all Budgeted Capital Expenditures of the Loan Parties made during such period, where such expenditures are not funded by Debt or equity investments made by the holders of shares in any Loan Party; provided that the term "**Unfunded Capital Expenditures**" shall exclude expenditures made in connection with the replacement, substitution or restoration of Property to the extent financed from insurance proceeds paid on account of the loss of or damage to the Property being replaced or restored;

"**Unrestricted Cash**" means, as at the applicable time or period, the aggregate amount of cash (expressed as the Equivalent Amount in Canadian Dollars) held by the Borrower in a deposit account with the Administrative Agent, or such other financial institution as designated by the Administrative Agent, in Canada and in Canadian Dollars and/or U.S. Dollars, that is:

(a) not subject to any Security Interests or any other encumbrances (other than Permitted Encumbrances);

(b) not held in a Borrower Cash Collateral Account and would not appear as "restricted" on a consolidated balance sheet of the Borrower; and

(c) is subject to a perfected first priority Security Interest in favor of the Secured Parties,

but excluding (a) any cash which is held in or under any escrow or security arrangements pursuant to this Agreement or otherwise, (b) any cash Collateral held in respect of any Letter of Credit (including, for certainty, the Fortis LC) and (c) any cash used or reserved for any specific purpose, including, without limitation, any construction holdback account;

"**Updated Cash Flow Report**" has the meaning set forth in Section 9.1(aa)(i);

"**Voting Shares**" means:

(a) share capital of any class of any corporation or securities of any other Person which carry voting rights to elect the board of directors or other body exercising similar functions under any circumstances, but shares or other securities which carry the right to so vote conditionally upon the happening of an event shall not be considered Voting Shares until the occurrence of such event; and

(b) an interest in a general partnership, limited partnership, trust, joint venture or similar Person which entitles the holder of such interest to receive a share of the profits, or on dissolution or partition, of the Property, of such Person; and

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"**Write-Down and Conversion Powers**" means (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, any powers of the applicable UK Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that Person or any other Person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

1.2 Headings and Table of Contents

The headings, the table of contents and the Article and Section titles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 Terms Generally

The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "**include,**" "**includes**" and "**including**" shall be deemed to be followed by the phrase "**without limitation.**" The word "**will**" shall be construed to have the same meaning and effect as the word "**shall.**" Unless the context requires otherwise:

(a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, replaced, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein);

(b) any reference herein to any Person shall be construed to include such Person' s successors and assigns;

(c) the words "**herein,**" "**hereof**" and "**hereunder,**" and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof;

(d) all references herein to Articles, Sections and Schedules shall be construed to refer to Articles and Sections of, and Schedules to, this Agreement;

(e) any reference to any law, statute or regulation herein shall, unless otherwise specified, refer to such law, statute or regulation as amended, modified, supplemented, restated or replaced from time to time; and

(f) "**year**" means calendar year, "**month**" means calendar month, "**quarter**" means calendar quarter, and "**in writing**" or "**written**" includes printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception, including facsimile or email (PDF) transmission.

1.4 Generally Accepted Accounting Principles

All financial statements required to be furnished by the Borrower to the Administrative Agent hereunder shall be prepared in accordance with GAAP. Each accounting term used in this

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Agreement, unless otherwise defined herein, has the meaning assigned to it under GAAP and, except as otherwise provided herein, reference to any balance sheet item, statement of income item or statement of cash flows item means such item as computed from the applicable financial statement prepared in accordance with GAAP.

1.5 Accounting Terms: Changes to Generally Accepted Accounting Principles

(a) Each accounting term used in this Agreement, unless otherwise defined herein, has the meaning assigned to it under GAAP applied consistently throughout the relevant period and relevant prior periods.

(b) If the Borrower, the Administrative Agent or the Majority Lenders acting reasonably determine at any time that any amount required to be determined hereunder would be materially different if such amount were determined in accordance with:

(i) Generally Accepted Accounting Principles applied by the Borrower in respect of its financial statements on the date hereof ("**Old GAAP**"), rather than

(ii) Generally Accepted Accounting Principles subsequently in effect in Canada and applied by the Borrower in respect of its financial statements and utilized for purposes of determining such amount;

then written notice of such determination shall be delivered by the Borrower to the Administrative Agent, in the case of a determination by the Borrower, or by the Administrative Agent to the Borrower, in the case of a determination by the Administrative Agent or the Majority Lenders.

(c) If the Borrower adopts a change in an accounting policy in the preparation of its financial statements in order to conform to accounting recommendations, guidelines, or similar pronouncements, or legislative requirements, and such change would require disclosure thereof under Old GAAP, or would reasonably be expected to materially adversely affect (i) the rights of, or the protections afforded to, the Administrative Agent or the Lenders hereunder or (ii) the position of the Borrower or of the Administrative Agent or the Lenders hereunder, the Borrower shall so notify the Administrative Agent, describing the nature of the change and its effect on the current and immediately prior year' s financial statements in accordance with Old GAAP and in detail sufficient for the Administrative Agent and the Lenders to make the determination required of them in the following sentence. If either the Borrower, the Administrative Agent or the Majority Lenders determine at any time that such change in accounting policy results in a material adverse change either (A)in the rights of, or protections afforded to, the Administrative Agent or the Lenders intended to be derived, or provided for, hereunder or (B)in the position of the Borrower or of the Administrative Agent and the Lenders hereunder, written notice of such determination shall be delivered by the Borrower to the Administrative Agent, in the case of a determination by the Borrower, or by the Administrative Agent to the Borrower, in the case of a determination by the Administrative Agent or the Majority Lenders.

(d) Upon the delivery of a written notice pursuant to Section 1.5(b) or Section 1.5(c), the Borrower and the Administrative Agent on behalf of the Lenders shall meet to consider the impact of such change in Old GAAP or such change in accounting policy, as the case may be, on the rights of, or protections afforded to, the Administrative Agent and the Lenders or on the position of the Borrower or of the Administrative Agent and the Lenders and shall in good faith negotiate to execute and deliver an amendment or amendments to this Agreement in order to preserve and protect the intended rights of, or protections afforded to, the Administrative Agent and the Lenders

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on the date hereof or the position of the Borrower or the Administrative Agent and the Lenders (as the case may be); provided that, until this Agreement has been amended in accordance with the foregoing, then for all purposes hereof, the applicable changes from Old GAAP or in accounting policy (as the case may be) shall be disregarded hereunder and any amount required to be determined hereunder shall, nevertheless, continue to be determined under Old GAAP and the Borrower' s prior accounting policy, as applicable. For the purposes of this Section 1.5, the Borrower, the Lenders and the Administrative Agent acknowledge that the amendment or amendments to this Agreement are to provide substantially the same rights and protection to the Administrative Agent and the Lenders as is intended by this Agreement on the date hereof. If the Borrower and the Administrative Agent on behalf of the Majority Lenders do not (for any reason whatsoever) mutually agree (in their respective sole discretions, without any obligation to so agree) on such amendment or amendments to the Agreement within 60 days following the date of delivery of such written notice, the Borrower shall provide such financial information as the Administrative Agent may reasonably request in order for any amount required to be determined hereunder to be determined in accordance with Old GAAP; and, for all purposes hereof, the applicable changes from Old GAAP or in accounting policy (as the case may be) shall be disregarded hereunder and any amount required to be determined hereunder shall, nevertheless, continue to be determined under Old GAAP and the Borrower' s prior accounting policy, as applicable.

(e) For the purposes of this Agreement, including all financial calculations to be made hereunder, any lease which would be accounted for as an operating lease under IFRS as in effect on December 31, 2018 shall be, notwithstanding any subsequent change in IFRS, deemed to be accounted for as an operating lease and not as a capital lease or a financial lease (regardless of whether such lease is entered into or assumed before or after December 31, 2018).

1.6 Time

Unless otherwise provided herein, all references to a time in this Agreement shall mean local time in the city of Calgary, Alberta.

1.7 Payment for Value

All payments required to be made hereunder shall be made for value on the required day in same day immediately available funds.

1.8 Monetary References

Whenever an amount of money is referred to herein, such amount shall, unless otherwise expressly stated, be in Canadian Dollars.

1.9 Lenders in Various Capacities

Each of the Lenders acknowledges and agrees that where in this Agreement there are references to Swap Lenders, Cash Management Lenders and Creditcard Lenders, and a Lender or an Affiliate thereof is providing Lender Swaps, Cash Management Services or Creditcard Facilities, such Lender shall, in such other capacities, comply with and agree to be bound by, and cause its Affiliates to comply with and agree to be bound by, the provisions hereof dealing with Swap Lenders, Cash Management Lenders and Creditcard Lenders.

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1.10 Amendment and Restatement

(a) On the date on which all of the conditions set forth in Section 8.1 have been satisfied (or waived in writing by all of the Lenders):

(i) the Original Credit Agreement shall be and is hereby amended and restated in the form of this Agreement; and

(ii) all Borrowings (as that term is defined in the Original Credit Agreement), Secured Obligations and other amounts outstanding under the Original Credit Agreement prior to the date hereof shall continue to be outstanding under this Agreement and shall be deemed to be Borrowings and Secured Obligations owing by the Loan Parties to the Lenders and the other Secured Parties hereunder, as applicable.

(b) Notwithstanding the foregoing or any other term hereof, all of the covenants, representations and warranties on the part of the Borrower under the Original Credit Agreement and all of the claims and causes of action arising against the Borrower in connection therewith, in respect of all matters, events, circumstances and obligations arising or existing prior to the date hereof shall continue, survive and shall not be merged in the execution of this Agreement or any other Loan Documents or any advance or provision of any Borrowing hereunder.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties

The Borrower represents and warrants to each of the Lenders and the Administrative Agent (all of which representations and warranties the Borrower hereby acknowledges are being relied upon by the Lenders and the Administrative Agent in entering into this Agreement) that:

(a) **Existence:** each Loan Party is a duly incorporated and organized corporation or a duly created partnership or trust, as applicable, under the laws of Canada or a Province of Canada, is validly existing under such laws, and is duly registered and qualified as an extra-provincial corporation, partnership or trust, as applicable, under the laws of each jurisdiction in which the nature of any business transacted by it or the character of any Property owned or leased by it requires such registration and qualification;

(b) **Power:** each Loan Party has full corporate, partnership or trust, as applicable, capacity, power and authority to own its Property, to conduct its Business as now conducted and as proposed to be conducted, to execute and deliver each Loan Document to which it is a party and to perform its obligations thereunder;

(c) **Authorization:** the execution, delivery and performance by each Loan Party of each of the Loan Documents to which it is a party have been duly authorized by all necessary corporate, partnership, trust or other action;

(d) **Execution:** each Loan Document to which any Loan Party is a party has been duly executed and delivered by it;

(e) **Binding Obligations:** each Loan Document to which any Loan Party is a party is a legal, valid and binding obligation of each Loan Party that is a party thereto enforceable against such Loan Party

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or other party thereto, as applicable, in accordance with its terms except as enforceability may be limited by general principles of equity and by Applicable Laws regarding bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by moratorium laws from time to time in effect;

(f) **Violations and Approvals:** the execution, delivery and performance by each Loan Party of each Loan Document to which it is a party:

(i) does not and will not violate its articles, by-laws, partnership agreement, trust indenture (each as applicable) or other governing documents;

(ii) does not and will not result in a breach of or constitute a default or require any consent under, or result in the creation of any Security Interest, other than a Permitted Encumbrance, upon any of its Property pursuant to any Material Agreement or Material License to which it is a party or by which it or its Property may be bound or affected;

(iii) does not require any Governmental Action, licence, consent or approval of or notice to or filing with any Governmental Authority other than such as are necessary with respect to the registration and perfection of the Security and the Security Interests constituted thereby; and

(iv) does not and will not contravene any presently existing provision of Applicable Law or any Governmental Action applicable to it or any of its Property;

(g) **Security:** the Security Interests created by the Security granted by each Loan Party to the Administrative Agent rank as first priority Security Interests in priority to all other Security Interests over the Collateral, subject only to Permitted Encumbrances which, under Applicable Law, may rank in priority thereto;

(h) **Title to Property:** each Loan Party has good and marketable title to all of its Property free and clear of all Security Interests, claims and encumbrances other than Permitted Encumbrances which are applicable to it and, to the best of its knowledge, information and belief, no Person is asserting or has given notice of its intention to assert any Security Interest other than Permitted Encumbrances relating to any such Property. As at the Effective Date, Schedule "N" sets out all real property (including, for certainty, owned and leased real property) in which the Loan Parties have any right, title or interest;

(i) **Intellectual Property:** as of the Effective Date, Schedule "J" sets out all Intellectual Property used in or necessary for the conduct of the Business of the Loan Parties as currently conducted as well as the particulars of any registrations thereof with the Canadian Intellectual Property Office. The Borrower and each of the other Loan Parties possesses and is the sole legal and beneficial owner of or has licensed to it on normal commercial terms all the Intellectual Property necessary for the conduct of the Business of the Loan Parties, each of which is in good standing and in full force and effect. To the best knowledge of the Borrower, neither it nor any of the other Loan Parties is infringing or is alleged to be infringing on the rights of any Person with respect to any Intellectual Property (or any application or registration in respect thereof or any licence, discovery, improvement, process, formula, know-how, data, plan or specification). The Borrower and each of the other Loan Parties has taken all formal or procedural actions (including payment of fees) required to maintain any material Intellectual Property and licences owned by it;

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(j) **Litigation:** other than the litigation disclosed to the Administrative Agent and the Lenders in Schedule "P", there are no actions, suits or proceedings pending or, to the best of the knowledge, information and belief of any Loan Party, threatened against any Loan Party at law or in equity by or before any court, tribunal, governmental department, commission, board, bureau, Administrative Agent or instrumentality, domestic or foreign, or before any arbitrator of any kind which would reasonably be expected to result in claims in excess of Cdn.$1,500,000 and no Loan Party is in default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, tribunal, governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign or any arbitrator of any kind which, in the aggregate, would reasonably be expected to result in claims in excess of Cdn.$1,500,000;

(k) **Books and Records; Financial Condition:** Each Loan Party maintains records and books of account in which true and complete entries are made in a manner sufficient to enable the preparation of financial statements in accordance with GAAP. All financial statements of the Loan Parties provided to the Administrative Agent by or on behalf of any Loan Party fairly reflect, as of the dates thereof, the financial condition of the Loan Parties in all material respects and the results of their operations for the periods covered thereby, have been prepared in accordance with GAAP (except that any unconsolidated financial statements of any Subsidiary may be prepared without notes) and, from the date of the latest of such financial statements submitted to the Administrative Agent, no event or circumstance has occurred which would reasonably be expected to have a Material Adverse Effect;

(l) **Taxes:** all income tax and other returns required to be filed prior to the date hereof have been filed by or on behalf of each Loan Party to the relevant taxation or other authorities and no Loan Party is in default of payment of any taxes of any material amount, except for taxes the payment of which is subject to a Permitted Contest, and no reassessment, appeal or material claim is, to the best of the knowledge, information and belief of any Loan Party, being asserted or processed with respect to taxes which is not disclosed in the financial statements referred to in Section 2.1(k), in respect of periods to which such financial statements relate;

(m) **Insurance:** each Loan Party has in full force and effect such policies of insurance in such amounts issued by insurers of recognized standing insuring its Property and providing such coverage as would be maintained by Persons engaged in the same or similar business in the localities where its Property is located or, if such insurance is not available on commercially reasonable terms, such other insurance to the satisfaction of the Lenders, acting reasonably;

(n) **Compliance with Applicable Laws:** each Loan Party is in compliance with all Applicable Laws in all material respects. Without limiting the generality of the foregoing, the Borrower and each of the other Loan Parties is in compliance with all Cannabis Laws applicable to it and its Business, except where any failure to do so is capable of being remedied, and is being diligently remedied, within the time periods permitted by the applicable Governmental Authority and specifically, but without limitation, none of (i) the purchase from any Loan Party, or import from Canada, of Cannabis by a Person resident (or otherwise located) in a Qualified Jurisdiction, or (ii) the sale to a Person resident (or otherwise located) in a Qualified Jurisdiction, or export to such Qualified Jurisdiction, of Cannabis by any Loan Party, will violate or result in a breach of any applicable Cannabis Laws;

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(o) **Environmental Laws:** each Loan Party:

(i) has obtained, made or given all Governmental Actions which are required under all applicable Environmental Laws except to the extent that failure to obtain, make or give the same would not reasonably be expected to have a Material Adverse Effect;

(ii) is in compliance with all Environmental Laws and all terms and conditions of all such Governmental Actions, except to the extent failure to comply would not reasonably be expected to have a Material Adverse Effect; and

(iii) has not received any notice of non-compliance with any Environmental Laws from any Governmental Authority or other Person or that any Release has occurred of, from, around, under or in respect of any of the Collateral which would reasonably be expected to have a Material Adverse Effect;

(p) **Indebtedness:** no Loan Party has any Debt other than Permitted Indebtedness;

(q) **Financial Assistance:** no Loan Party has provided any Financial Assistance to any Person or Persons other than Permitted Financial Assistance;

(r) **Material Agreements; Material Licenses:** as of the Effective Date: (i) Schedule "K" contains a true and complete list of all Material Agreements, and (ii) Schedule "L" contains a true and complete list of all Material Licenses. Each Material Agreement and each Material License is in good standing and in full force and effect and none of the Loan Parties is in breach of any of the terms or conditions of any Material Agreement or Material License to which it is a party (or otherwise applicable to it). Except as disclosed in writing to the Administrative Agent and as permitted hereby, no Material Agreement or Material License has been amended, supplemented or revised since the date of execution thereof;

(s) **Organizational Chart; Subsidiaries and Affiliates:** as of the Effective Date:

(i) the Organizational Chart set forth in Schedule "M" is true and correct;

(ii) the Borrower has no Subsidiaries or Affiliates organized under the laws of any jurisdiction in Canada other than SGI Partnership (which shall be wound-up and dissolved pursuant to Section 6.14), Sundial Managing Partner Inc. (which shall be wound-up and dissolved pursuant to Section 6.14), Kamcan Products Inc., Sprout Technologies Inc. and 2011296 Alberta Inc., and the Borrower directly or indirectly owns all of the issued and outstanding Voting Shares of SGI Partnership, Sundial Managing Partner Inc., Kamcan Products Inc., Sprout Technologies Inc. and 2011296 Alberta Inc.; and

(iii) all of the issued and outstanding Equity Interests of the Loan Parties (other than the Borrower), SGI Partnership , Sundial Managing Partner Inc., the other Subsidiaries of the Borrower and Pathway RX Inc. are set forth in Schedule "O", which also includes a description of the status of each such entity (e.g. as a Loan Party or a Non-Material Foreign Subsidiary, as applicable);

(t) **Loan Parties:** as of the Effective Date, the only Loan Parties are: the Borrower, Kamcan Products Inc., Sprout Technologies Inc., 2011296 Alberta Inc.;

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(u) **Chief Executive Office:** as of the Effective Date, the chief executive office and registered office of the Borrower and each other Loan Party is located in Alberta;

(v) **Location of Business and Collateral:** as of the Effective Date, no Loan Party (other than the Borrower) carries on business in any jurisdictions other than Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Prince Edward Island and Saskatchewan and the only jurisdictions in which the Borrower carries on business are Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Prince Edward Island and Saskatchewan. As of the Effective Date, all tangible Collateral of the Loan Parties, real or personal, is located in Alberta or British Columbia;

(w) **Leased Property:** as of the Effective Date, the aggregate value of all inventory, equipment and other Property of the Loan Parties located on the premises of any real property leased by a Loan Party (other than the real property described in Section 9.1(gg)(iii)) does not exceed $2,000,000;

(x) **Fiscal Year End:** as of the Effective Date, the Borrower' s Fiscal Year end is on December 31;

(y) **Permitted Subordinated Debt Documents:** no default or event of default under any Permitted Subordinated Debt Documents, has occurred and is continuing;

(z) **Pension Plans; Labour Matters:** neither the Borrower nor any of the other Loan Parties has any Pension Plans. There are no existing or, to the best knowledge of the Borrower, threatened strikes, lock-outs or other disputes relating to any collective bargaining agreement to which the Borrower or any other Loan Party is a party and no trade union, council of trade unions or employee bargaining agency has applied or, to the best knowledge of the Borrower, threatened to apply to be certified as the bargaining agent of any of the employees of the Borrower or any other Loan Party in the last three (3) years. The hours worked and payments made to employees of the Borrower and each other Loan Party have not been in violation of any Applicable Laws, in any material respect;

(aa) **Events of Default:** no Default or Event of Default has occurred and is continuing;

(bb) **Solvency:** the Borrower and each of the other Loan Parties is Solvent. No corporate action, legal proceeding or other procedure or step described in Section 10.1(h) or Section 10.1(i), or creditors' process described in Section 10.1(h) or Section 10.1(i) has been taken or, to the knowledge of the Borrower, is threatened in relation to any Loan Party, and none of the circumstances described in Section 10.1(h) or Section 10.1(i) applies to any Loan Party;

(cc) **Accuracy of Information:** all Appraisals, budgets, economic models and other information (including financial information and cash flow or other projections), materials and documents delivered by or on behalf of the Borrower or any other Loan Party to the Administrative Agent in contemplation of the transactions contemplated by this Agreement or as required by the terms of this Agreement were:

(i) in the case of all such Appraisals, budgets, economic models and other information, materials and documents (but excluding therefrom any projections), true, complete and accurate in all material respects as at their respective dates; and

(ii) in the case of any such projections, prepared in good faith based upon assumptions believed to be reasonable at the time made;

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provided that, with respect to any such Appraisals, budgets, economic models and other information, materials and documents provided by a third party, this representation is limited to the knowledge of the Loan Parties; and

(dd) **Sanctions:** neither the Borrower nor any Affiliate of the Borrower (i)is a Person described or designated under the provisions of the *Special Economic Measures Act* (Canada) or the *United Nations Act* (Canada) or any associated regulations (each a "**Canadian Sanctions Designated Person**"), or (ii)engages in any dealings or transactions with any Canadian Sanctions Designated Person.

2.2 Deemed Representations and Warranties

Each request by the Borrower for Accommodations on any Drawdown Date after the Effective Date shall be deemed to be a representation and warranty by the Borrower to the Administrative Agent and each Lender that the representations and warranties contained in Section 2.1 (other than those made as of a specific date) are, as of the date of such request, and will be, as of the applicable Drawdown Date, true and correct in all material respects and each request by the Borrower for a Conversion or Rollover shall be deemed to be a representation and warranty by the Borrower to the Administrative Agent and each Lender that as of the date of such request and as of the applicable Conversion Date or Rollover Date, there exists no Default or Event of Default.

ARTICLE 3
THE CREDIT FACILITIES

3.1 Establishment of the Facilities

(a) **Availment Options:** From and after the Effective Date and relying on each of the representations and warranties set out in Article 2 and subject to the terms and conditions of this Agreement:

(i) each Syndicated Lender agrees to make Syndicated Accommodations available to the Borrower, up to the amount of its Syndicated Facility Commitment, by way of a non-revolving term credit facility for the purposes set forth in Section 3.4(a), commencing on the Effective Date and ending on the Maturity Date (the "**Syndicated Facility**"); and

(ii) the Operating Lender agrees to make Operating Accommodations available to the Borrower up to the aggregate amount of the Operating Facility Commitment, by way of a non-revolving credit facility for the purposes set forth in Section 3.4(b) and subject to Section 3.3, commencing on the Effective Date and ending on the Maturity Date (the "**Operating Facility**").

(b) **Maximum Amount:** Subject to the terms and conditions of this Agreement, at no time shall:

(i) the aggregate Syndicated Borrowings exceed the Total Syndicated Facility Commitment; and

(ii) the Operating Borrowings exceed the amount of the Operating Facility Commitment.

3.2 Reduction of Syndicated Facility Commitments

As at the Effective Date, the Syndicated Facility is fully drawn. The Borrower may only effect Conversions and Rollovers in respect of its Syndicated Borrowings. Any Syndicated Borrowings

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repaid or prepaid to a Syndicated Lender under the Syndicated Facility (except upon a Conversion or Rollover) shall effect a permanent reduction of its Syndicated Facility Commitment.

3.3 Reduction of Operating Facility Commitments

As at the Effective Date, the Operating Facility is fully drawn. Notwithstanding anything else in this Agreement, the Borrower shall not be permitted to obtain any Operating Accommodations, including Letters of Credit under the Operating Facility, other than (a) the Existing Letters of Credit (and any renewals or extensions thereof) and (b) Prime Rate Borrowings solely for the reimbursement of Existing Letters of Credit as contemplated in Section 3.8(f). To the extent the face amount of any Existing Letter of Credit is deemed to become an advance to the Borrower of a Prime Loan under the Operating Facility as contemplated in Section 3.8(f), all repayments of such Prime Loans shall effect a permanent reduction of the Operating Facility Commitment and, for greater certainty, the expiration, termination or cancellation of any Existing Letter of Credit (in whole or in part) not contemplated above shall effect a permanent reduction of the Operating Facility Commitment in an amount equal to the face amount of the expired, terminated or cancelled portion of such Existing Letter of Credit, as applicable.

3.4 Purpose

Borrowings under the Facilities shall be used by the Borrower as follows:

(a) **Syndicated Facility:** Borrowings under the Syndicated Facility shall be used for general corporate purposes of the Loan Parties relating to the Loan Parties' Business in Canada; and

(b) **Operating Facility:** Borrowings under the Operating Facility shall be used solely for the purpose of issuing the Existing Letters of Credit and satisfying reimbursement obligations thereunder as contemplated in Section 3.8(f).

3.5 Borrowings - Syndicated Facility and Operating Facility

(a) **Syndicated Facility:** Subject to the provisions of this Agreement, the Borrower may obtain Syndicated Accommodations from each Syndicated Lender pursuant to the Syndicated Facility up to the Syndicated Facility Commitment of such Syndicated Lender by:

(i) **Prime Loans:** borrowing Prime Loans from the Syndicated Lenders in minimum aggregate amounts of Cdn. $1,000,000 and in integral multiples of Cdn. $100,000 thereafter, upon at least one (1) Business Day prior written notice; and

(ii) **Bankers' Acceptances:** issuing Bankers' Acceptances to be accepted by the Syndicated Lenders in minimum aggregate amounts of Cdn. $1,000,000 and in integral multiples of Cdn. $100,000 thereafter, upon at least two (2) Business Days prior written notice,

each such notice to be given to the Administrative Agent at or prior to 10:00 a.m. (Calgary time) on the last day on which such notice can be given pursuant to this Section 3.5 and to be substantially in the form of Schedule "B". Any such notice may be given by telephone and if so, shall be followed by delivery of written notice, substantially in the form of Schedule "B", by no later than 2:00 p.m. (Calgary time) on the same day.

Notwithstanding anything to the contrary contained herein the Borrower shall not be permitted to obtain any Syndicated Accommodations pursuant to the Syndicated Facility by way of the issuance of Bankers' Acceptances (or BA Equivalent Advance), or Convert any other Borrowing into a

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Bankers' Acceptance (or BA Equivalent Advance) without the consent of the Administrative Agent and the Lenders in their sole discretion.

(b) **Operating Facility:** Subject to the provisions of this Agreement, the Borrower may obtain Operating Accommodations from the Operating Lender pursuant to the Operating Facility; provided that Operating Borrowings thereunder shall not at any time exceed the Operating Facility Commitment Amount, by:

(i) Prime Loans: borrowing Prime Loans from the Operating Lender solely for the purpose of satisfying reimbursement obligations under the Existing Letters of Credit as contemplated in Section 3.8(f); and

(ii) Letters of Credit: way of the issuance of Letters of Credit in Canadian Dollars on at least three Business Days prior written notice.

Each Operating Accommodation for Letters of Credit shall require delivery of a Borrowing Notice to the Operating Lender at or prior to 10:00 a.m. (Calgary time) on the last day on which such notice can be given pursuant to this Section 3.5, substantially in the form of Schedule "B". Any such notice may be given by telephone and if so, shall be followed by delivery of written notice, substantially in the form of Schedule "B", by no later than 2:00 p.m. (Calgary time) on the same day.

3.6 Conditions Applicable to Bankers' Acceptances and BA Equivalent Advances

(a) **Acceptance of Bankers' Acceptances:** Subject to the terms and conditions of this Agreement, each Applicable Lender hereby agrees to accept its Applicable Percentage of Bankers' Acceptances as requested by the Borrower pursuant to a Borrowing Notice, Conversion Notice or Rollover Notice delivered under Sections 3.5, 3.11 or 3.12, as the case may be. Each such Lender shall purchase such Bankers' Acceptances at the applicable Discount Rate and shall deliver the Discount Proceeds thereof (less any BA Acceptance Fees payable to such Lender in respect thereof) for the account of the Borrower through the Administrative Agent' s Account For Payment. Notwithstanding the foregoing, no Applicable Lender shall be obligated to purchase a Bankers' Acceptance which is not for a Standard Term, unless each Applicable Lender has consented thereto.

(b) **Payment to Borrower:** On the Drawdown Date, Conversion Date or Rollover Date relating to any issue of Bankers' Acceptances:

(i) on any Drawdown Date, each Applicable Lender shall deliver the Discount Proceeds thereof (less any BA Acceptance Fees payable to such Lender in respect thereof), for the account of the Borrower through the Administrative Agent at the Administrative Agent' s Account for Payments;

(ii) on any Rollover Date relating to any Rollover of Bankers' Acceptances, the Borrower shall be liable to the Applicable Lenders for the principal amount of maturing Bankers' Acceptances. In order to satisfy the continuing liability of the Borrower to the Applicable Lenders for the principal amount of the maturing Bankers' Acceptances, each Applicable Lender shall receive and retain for its own account the Discount Proceeds from the purchase by such Applicable Lender of such new Bankers' Acceptances and the Borrower shall on the maturity date of the maturing Bankers' Acceptances pay to the Administrative Agent, for the benefit of such Applicable Lender an amount equal to the difference between the principal amount of the maturing Bankers Acceptances and the Discount Proceeds from

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the purchase by such Applicable Lender of such new Bankers' Acceptances together with the BA Acceptance Fees to which such Applicable Lender is entitled pursuant to Section 5.2; and

(iii) on any Conversion Date relating to Bankers' Acceptances:

(A) in the case of a Conversion from a Prime Loan, in order to satisfy the continuing liability of the Borrower to the Applicable Lenders for the amount of the converted Borrowing, each Applicable Lender shall receive for its own account the Discount Proceeds from the purchase by such Applicable Lender of such Bankers' Acceptances and the Borrower shall on the Conversion Date pay to the Administrative Agent for the benefit of such Applicable Lender the difference between the principal amount of the converted Borrowing and the Discount Proceeds from such Bankers' Acceptances together with the BA Acceptance Fees to which such Applicable Lender is entitled pursuant to Section 5.2; and

(B) in the case of a Conversion from a Bankers' Acceptance, in order to satisfy the continuing liability of the Borrower to the Applicable Lenders for an amount equal to the principal amount of such Bankers' Acceptance, the Administrative Agent shall record the obligation of the Borrower to each Applicable Lender as a Borrowing of the type into which the maturing Bankers' Acceptance has been converted.

(c) **Waiver of Presentment and Other Conditions:** The Borrower waives presentment for payment and, except to the extent of the negligence or wilful misconduct of a Lender referred to in Section 3.6(g), any other defence to payment of any amounts due to a Lender in respect of a Bankers' Acceptance accepted and, if applicable, purchased by it pursuant to this Agreement which might exist solely by reason of such Bankers' Acceptance being held, at the maturity thereof, by such Lender in its own right and the Borrower agrees not to claim any days of grace if such Lender as holder sues the Borrower on the Bankers' Acceptance for payment of the amount payable by the Borrower thereunder. On the specified maturity date of a Bankers' Acceptance, or such earlier date as may be required or permitted pursuant to the provisions of this Agreement, the Borrower shall, subject to Section 3.6(f), pay the Administrative Agent on behalf of the Syndicated Lender that has accepted such Bankers' Acceptance, the full face amount of such Bankers' Acceptance through payment to the Administrative Agent or conversion of such Bankers' Acceptance into a Prime Loan pursuant to Section 3.11.

(d) **Terms of Each Bankers' Acceptance:** Each Bankers' Acceptance shall:

(i) have a maturity date which shall be on a Business Day;

(ii) have a Standard Term (excluding days of grace) or, subject to availability and with the consent of each Applicable Lender, have a term which is not a Standard Term but which does not exceed six (6) months (excluding days of grace);

(iii) be denominated in whole multiples of $100,000;

(iv) have a term which does not extend beyond the Maturity Date; and

(v) be in the standard form of each Applicable Lender.

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It is the intention of the parties that, pursuant to the *Depository Bills and Notes Act* ("**DBNA**"), all Bankers' Acceptances accepted by the BA Purchasing Lenders under this Agreement shall be issued in the form of a "depository bill" (as defined in the DBNA), deposited with, and made payable to a "clearing house" (as defined in the DBNA) including, without limitation, The Canadian Depository for Securities Limited or its nominee, CDS & Co. ("**CDS**"). The Administrative Agent and the BA Purchasing Lenders, as applicable, shall, *inter alia*, effect the following and, subject to the approval of the Borrower, establish and notify the Borrower and the Applicable Lenders of any additional procedures, consistent with the terms of this Agreement and the quarterly requirements of the DBNA, as are reasonably necessary to accomplish such intention including:

(A) the instruments or drafts held by the Administrative Agent for the purposes of effecting Bankers' Acceptances will include a notation to the effect that they are issued pursuant to the DBNA;

(B) any reference to authentication of the Bankers' Acceptance will be removed; and

(C) any reference to "bearer" will be removed.

(e) **Power of Attorney - Bankers' Acceptances:** As a condition precedent to each BA Purchasing Lender' s obligation to accept and purchase Bankers' Acceptances hereunder and, subject to the DBNA compliance requirements set forth in Section 3.6(d), the Borrower agrees to the Power of Attorney Terms - Bankers' Acceptances set out in Schedule "F" and hereby grants to each BA Purchasing Lender a power of attorney on the terms set out in Schedule "F", provided that if the Borrower revokes such power of attorney, a BA Purchasing Lender shall not be obliged to accept and purchase Bankers' Acceptances (or obtain BA Equivalent Advances) unless the Borrower, the Administrative Agent and all of the BA Purchasing Lenders have agreed on amendments to this Agreement which the BA Purchasing Lenders may require to again accept and purchase Bankers' Acceptances.

(f) **Failure to Give Notice of Repayment:** If the Borrower fails to give notice to the Administrative Agent of the method of repayment of a Bankers' Acceptance prior to the date of maturity of such Bankers' Acceptance in accordance with the same period of notice required for the original acceptance of such Bankers' Acceptance as set forth in Section 3.5, the face amount of such Bankers' Acceptance shall be converted on its maturity to a Prime Loan from the Applicable Lender pursuant to Section 3.11.

(g) **Unlawful Issue or Use:** The Borrower shall pay on demand to the Administrative Agent on behalf of each BA Purchasing Lender the face amount of any bankers' acceptance form of the Borrower presented to such BA Purchasing Lender for payment and paid by such Lender that has been unlawfully issued or used or put into circulation fraudulently or without authority, and shall indemnify such BA Purchasing Lender against any loss, cost, damage, expense or claim regardless of by whomsoever made that such BA Purchasing Lender may suffer or incur by reason of any fraudulent, unauthorized or unlawful issue or use of any such bankers' acceptance form, other than as is caused by the negligence or wilful act or omission of such BA Purchasing Lender or any of its officers, employees, agents or representatives failing to use the same standard of care in the custody of such bankers' acceptance forms as it uses in the custody of its own property of a similar nature.

(h) **BA Equivalent Advances:** Notwithstanding Section 3.5(a)(ii), the foregoing provisions of this Section 3.6, and any other provision hereof to the contrary, a Non-Acceptance Lender shall, in lieu of accepting Bankers' Acceptances, make a BA Equivalent Advance. The amount of each BA

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Equivalent Advance shall be equal to the Discount Proceeds which would be realized from a hypothetical sale of those Bankers' Acceptances which, but for this Section 3.6(h), such Lender would otherwise be required to accept and purchase as part of such a Borrowing by way of Bankers' Acceptances. To determine the amount of such Discount Proceeds, the hypothetical sale shall be deemed to take place at the Non-Acceptance Discount Rate. Any BA Equivalent Advance shall be made on the relevant Drawdown Date, Conversion Date or Rollover Date, as the case may be, and shall remain outstanding for the term of the Bankers' Acceptances issued concurrently therewith. Concurrently with the making of a BA Equivalent Advance, a Non-Acceptance Lender shall be entitled to deduct therefrom an amount equal to the BA Acceptance Fee which, but for this Section 3.6(h), such Lender would otherwise be entitled to receive as part of such issue of Bankers' Acceptances. The BA Equivalent Advance shall accrue interest at a rate per annum equal to the Non-Acceptance Discount Rate for such Bankers' Acceptance for the term of such BA Equivalent Advance. Upon the maturity date for such Bankers' Acceptances, the Borrower shall pay to each Non-Acceptance Lender, in satisfaction of the BA Equivalent Advance and interest accrued thereon, an amount equal to the face amount of the Bankers' Acceptance which, but for this Section 3.6(h), such Lender would otherwise have been required to accept as part of such Borrowing by way of Bankers' Acceptance, failing which such amount shall be converted to a Prime Loan.

All BA Equivalent Advances made by a Non-Acceptance Lender shall, if requested by such Lender, be evidenced by promissory notes of the Borrower in form and substance satisfactory to such Lender, acting reasonably.

All references herein to "Bankers' Acceptances" shall, unless otherwise expressly provided herein or unless the context otherwise requires, be deemed to include BA Equivalent Advances made by a Non-Acceptance Lender as part of a Borrowing by way of Bankers' Acceptances.

As a condition precedent to each Non-Acceptance Lender' s obligation to make a BA Equivalent Advance hereunder, the Borrower agrees to the Power of Attorney Terms - BA Equivalent Advances set out in Schedule "G" and hereby grants to each Non-Acceptance Lender a power of attorney on the terms set out in Schedule "G", provided that if the Borrower revokes such power of attorney, it shall not be entitled to obtain BA Equivalent Advances (or issue Bankers' Acceptances) unless the Borrower, the Administrative Agent and all of the Non-Acceptance Lenders have agreed on amendments to this Agreement which would again allow the Borrower to obtain BA Equivalent Advances.

3.7 Administrative Agent' s Duties re: Bankers' Acceptances

(a) **Advice to the Lenders:** The Administrative Agent, promptly following receipt of a Borrowing Notice for an Accommodation by way of Bankers' Acceptances, of a Conversion Notice for Conversion of a Borrowing to a Bankers' Acceptance or of a Rollover Notice for a Rollover of a Bankers' Acceptance, shall:

(i) advise the Borrower of the allocation of Bankers' Acceptances to each Applicable Lender such that the aggregate amount of Bankers' Acceptances required to be accepted by such Applicable Lender hereunder is in a whole multiple of Cdn. $100,000; or

(ii) advise each BA Purchasing Lender of the face amount of each Bankers' Acceptance to be purchased by it and the term thereof, which term shall be identical for all BA Purchasing Lenders. Promptly on each Drawdown Date, Conversion Date or Rollover Date on which BA Purchasing Lenders are required to purchase Bankers' Acceptances hereunder, the

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Administrative Agent shall determine the applicable CDOR Rate in respect of such Bankers' Acceptances.

(b) **Bankers' Acceptances Being Purchased:** Promptly on the Drawdown Date, Rollover Date or Conversion Date relating to all Bankers' Acceptances to be purchased by the BA Purchasing Lenders on such date, the Administrative Agent shall provide either written or telephone advice to the Borrower and each BA Purchasing Lender confirming the particulars with respect to such Bankers' Acceptances. Such advice shall be confirmed in writing by the Administrative Agent on or prior to 2:30 p.m. (Calgary time) on such Drawdown Date, Rollover Date or Conversion Date. Upon receipt of any such notice, each BA Purchasing Lender is thereupon authorized to complete and sign Bankers' Acceptances on behalf of the Borrower in accordance with the Power of Attorney Terms - Bankers' Acceptances and the particulars advised by the Administrative Agent.

3.8 Letters of Credit

(a) **Cash Collateral:** All Letters of Credit issued by the Operating Lender (including, for certainty, the Existing Letters of Credit) shall be cash collateralized in full and, prior to such issuance, the Borrower shall pay to the Administrative Agent for deposit into a Borrower Cash Collateral Account, for the account of the Operating Lender, an amount no less than the aggregate face amount thereof. If at any time the face amount of a Letter of Credit is reduced or a Letter of Credit is returned or cancelled, then such cash collateral shall be applied as a permanent repayment of the Syndicated Borrowings as provided in Section 4.1(c).

(b) **Issuance:** The Borrower may give the Operating Lender a Borrowing Notice requesting that a Letter of Credit be issued by the Operating Lender in accordance with Section 3.5.

(c) **Documentation:** The Operating Lender shall not have any obligation to issue a Letter of Credit until the Borrower has executed and delivered to the Operating Lender a duly completed letter of credit application in the Operating Lender' s standard form and such ancillary documents, including applications and indemnities, as the Operating Lender generally requires for like transactions and which are consistent with the provisions hereof.

(d) **Records re: Letters of Credit:** The Operating Lender shall maintain records showing the undrawn and unexpired amount of each Letter of Credit issued by the Operating Lender and outstanding hereunder and showing for each Letter of Credit issued hereunder:

(i) the dates of issuance and expiration thereof;

(ii) the amount thereof; and

(iii) the date and amount of all payments made thereunder.

The Operating Lender shall make copies of such records available to the Borrower upon its request.

(e) **Expiry:** Each Letter of Credit shall expire not later than one year from the date of its issuance, subject to customary automatic renewal provisions, and in any event not later than the Maturity Date as at the date of such issuance, and shall be in a form satisfactory to the Operating Lender.

(f) **Payment:** The Borrower shall forthwith pay to and reimburse the Operating Lender for all payments made by the Operating Lender to any Person pursuant to any Letter of Credit; provided that, unless the Borrower reimburses the Operating Lender for such payment on or before the date

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it is made, such reimbursement shall be made by way of the application of the cash collateral held by the Operating Lender pursuant to Section 3.8(a). If the application of such cash collateral is (i) not sufficient to fully reimburse the Operating Lender for such payments, the remaining amount to be reimbursed by the Borrower to the Operating Lender shall be deemed, as and from the date of such payment, to be an advance to the Borrower of a Prime Loan under the Operating Facility with the proceeds of such advance being applied against such remaining reimbursement amount, and the provisions hereof relating to such Prime Loans (including interest to be calculated thereon) shall apply thereto or (ii) sufficient (or not required in full or in part) to fully reimburse the Operating Lender for such payments, the balance of such cash collateral, if any, shall be applied (A) as a permanent repayment of Borrowings under the Syndicated Facility pursuant to Section 4.1(c), prior to the occurrence and continuance of an Event of Default and (B) in accordance with Section 10.7 after the occurrence and during the continuance of an Event of Default. The Operating Lender shall forthwith advise the Borrower of any demand by the beneficiary of a Letter of Credit for payment by the Operating Lender under such Letter of Credit and of any payment made by it on such Letter of Credit to the beneficiary thereof. In determining whether to pay under a Letter of Credit, the Operating Lender shall be responsible only to determine that the documents and certificates required to be delivered under such Letter of Credit have been delivered and that they comply on their face with the requirements of such Letter of Credit.

(g) **Renewal:** At or before 10:00 a.m. (Calgary time) at least 30 days prior to the date of expiry of any Letter of Credit, the Borrower may elect to renew such Letter of Credit by selecting a new expiry date for the Letter of Credit or part thereof being renewed, which shall commence on the expiry date of the Letter of Credit being renewed. Renewal of any such Letter of Credit may only be effected by the Operating Lender extending the expiry date of the existing Letter of Credit and shall be done by any of: (i)the inclusion of auto-renewal clauses in the Letter of Credit, (ii)the issuance of a new Letter of Credit containing the new expiry date or (iii)by an amendment to the existing Letter of Credit, and, in any case, with or without a reduction in the face amount thereof. Renewal of any Letter of Credit shall not be effected to the extent that such renewal would prevent or interfere with any required payment of principal hereunder. Any issuance to a new beneficiary, any increase in the face amount of the Letter of Credit or any other change in the terms thereof shall be considered to be a new Borrowing and may only be effected by the Borrower by delivering a Borrowing Notice to the Operating Lender. Letter of Credit Fees in respect of any renewed or extended Letter of Credit shall be payable pursuant to Section 5.3 and shall be computed for the period of renewal or extension.

(h) **Absolute Obligation:** The obligations of the Borrower under this Agreement in respect of Letters of Credit shall be absolute, unconditional and irrevocable under any and all circumstances and irrespective of any set-off, counterclaim or defense to payment which any Person may have or have had against the Operating Lender or any beneficiary of a Letter of Credit.

(i) **No Defences:** The obligations of the Borrower in respect of a Letter of Credit shall not be affected by:

(i) any lack of validity or enforceability of such Letter of Credit;

(ii) any draft, demand, certificate or any other document presented under such Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect;

(iii) a Default or an Event of Default that has occurred and is continuing;

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(iv) any dispute between or among the Borrower and any beneficiary of such Letter of Credit or any other party to which such Letter of Credit may be transferred;

(v) any claims, compensation, set-off, defence or other right whatsoever of the Borrower against any beneficiary of such Letter of Credit or any such transferee;

(vi) payment under such Letter of Credit against presentation of a draft or other document that does not comply strictly with the terms of such Letter of Credit;

(vii) the existence of any Event of Default specified in Section 10.1(h) or (i) with respect to the Borrower; or

(viii) any other event or circumstance whatsoever that might, but for the provisions of this Section 3.8(i), constitute a legal or equitable discharge of the obligations of the Borrower hereunder or in respect of such Letter of Credit,

save and except only for payment under such Letter of Credit other than in compliance with the terms thereof in all material respects or other than as a result of the Operating Lender' s gross negligence or wilful misconduct.

(j) **Uniform Customs:** The Uniform Customs and Practice for Documentary Credits as most recently published by the International Chamber of Commerce (the "**Uniform Customs**") shall in all respects apply to each Letter of Credit unless expressly provided to the contrary therein and shall be deemed for such purpose to be a part of this Agreement as if fully incorporated herein. In the event of any conflict or inconsistency between the Uniform Customs and the governing law of this Agreement, the Uniform Customs shall, to the extent permitted by Applicable Law, prevail to the extent necessary to remove the conflict or inconsistency.

(k) **Action Binding:** Any action taken or omitted by the Operating Lender under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or wilful misconduct and in accordance with the standards of care specified in the Uniform Customs, shall be binding on the Borrower and shall not result in any liability of the Operating Lender to the Borrower.

(l) **General:** Without limiting the generality of the foregoing:

(i) the Operating Lender may accept documents that appear on their face to be in compliance with the terms of a Letter of Credit in all material respects without responsibility for further investigation, regardless of any notice or information to the contrary, and may make payment upon presentation of documents that appear on their face to be in compliance with the terms of such Letter of Credit in all material respects;

(ii) the Operating Lender shall have the right, in its discretion acting reasonably, to decline to accept such documents and to make such payment if such documents are not in strict compliance with the terms of such Letter of Credit;

(iii) Section 3.8 shall establish the standard of care to be exercised by the Operating Lender when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof (and the parties hereto hereby waive, to the extent permitted by Applicable Law, any standard of care inconsistent with the foregoing); and

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(iv) in the event of any conflict or inconsistency between the provision of any application and/or indemnity provided by the Borrower in connection with any Letter of Credit and this Agreement, the provisions of this Agreement shall prevail.

(m) **Consequential Damages:** Notwithstanding anything to the contrary contained herein the Operating Lender shall not be liable to the Borrower for any consequential, indirect, punitive or exemplary damages with respect to action taken or omitted to be taken by it under any Letter of Credit.

(n) **Indemnity:** In addition to amounts payable as elsewhere provided for in this Section 3.8, the Borrower hereby agrees to protect, indemnify, pay and save the Operating Lender harmless from and against any and all claims or losses (including reasonable documented legal fees and expenses) which the Operating Lender may incur or be subject to as a consequence, direct or indirect, of:

(i) the application for or issuance of or drawing under any Letter of Credit, other than as a result of the gross negligence or wilful misconduct of the Operating Lender as determined by a court of competent jurisdiction, provided that the Operating Lender acts in good faith; or

(ii) the failure of the Operating Lender to honour a drawing under any Letter of Credit as a result of any act or omission, whether rightful or wrongful, of any present or future Governmental Action prohibiting the payment of such drawing.

(o) **Misuse:** As between the Borrower and the Operating Lender, the Borrower assumes all risks of the acts and omissions of, or misuse of any Letter of Credit by, the beneficiary of such Letter of Credit.

(p) **No Liability of Operating Lender:** Except to ensure compliance with the applicable Letter of Credit, the Operating Lender shall not have any responsibility for:

(i) the form, validity, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for, issuance of or drawing under any Letter of Credit (even if it should in fact prove to be in any or all respects invalid, inaccurate, fraudulent or forged);

(ii) the validity or sufficiency of any instrument transferring or assigning (or purporting to transfer or assign) any Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason;

(iii) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph or otherwise (whether or not they are in cipher);

(iv) errors in interpretation of technical terms;

(v) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter of Credit or of the proceeds thereof;

(vi) the misapplication by the beneficiary of any Letter of Credit or of the proceeds of any drawing under such Letter of Credit; and

(vii) any consequences arising from causes beyond the control of the Operating Lender, including any actions of a Governmental Authority.

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None of the above shall affect, impair, or prevent the vesting of any of the Operating Lender' s powers hereunder. Any action taken or omitted by the Operating Lender under or in connection with any Letter of Credit issued by it or the related certificates if taken or omitted in good faith, shall not put the Operating Lender under any resulting liability to the Borrower provided that the Operating Lender acts without gross negligence and has not engaged in wilful misconduct.

(q) **No Liability:** The Borrower shall have no obligation to indemnify the Operating Lender in respect of any liability incurred by the Operating Lender arising out of the gross negligence or wilful misconduct of the Operating Lender as determined by a court of competent jurisdiction.

(r) **Fortis LC:** For certainty, the accounts of the Borrower subject to the assignment of monies on deposit (re: Fortis LC) dated September 11, 2019 granted by the Borrower in favour of the agent shall be deemed to be a Borrower Cash Collateral Account and, for certainty, the Borrower shall not have any withdrawal rights or privileges in respect of such account until repayment of the Borrowings in full, termination of the Total Commitment and termination of this Agreement, except to apply the amount represented thereby to the reimbursement of the Fortis LC in accordance with Section 3.8(f).

3.9 Notice of Repayment

The Borrower shall give the Administrative Agent or the Operating Lender, as applicable, a Repayment Notice in respect of each repayment of Borrowings in accordance with the same period of notice required pursuant to Section 3.5 for the initial drawdown of the basis of Borrowing being repaid. Notwithstanding the foregoing, a Bankers' Acceptance shall only be repaid on its maturity date.

3.10 *Pro-Rata* Treatment of Borrowings

(a) ***Pro-Rata* Borrowings:** Subject to Section 3.10(b), each Borrowing under a Facility and each basis of Borrowing shall be made available by each Applicable Lender and all repayments and reductions in respect thereof shall be made and applied in a manner so that the Borrowings under such Facility and each basis of Borrowing outstanding to each Applicable Lender will, to the extent possible, thereafter be in the same proportion as the Applicable Percentage of such Lender under such Facility. The Administrative Agent is authorized by the Borrower and each Syndicated Lender to determine, in its sole and unfettered discretion, the amount of Syndicated Borrowings and each basis of Syndicated Borrowing to be made available by each Syndicated Lender and the application of repayments and reductions of Syndicated Borrowings to give effect to the provisions of this Section 3.10(a) and Section 7.2; provided that, subject to Section 3.10(b), no Syndicated Lender shall, as a result of any such determination, have Syndicated Borrowings outstanding in an amount which is in excess of the amount of its Syndicated Facility Commitment.

(b) **Administrative Agent' s Discretion on Allocation:** If it is not practicable to allocate Bankers' Acceptances to each Syndicated Lender such that the aggregate amount of Bankers' Acceptances required to be purchased by such Syndicated Lender hereunder is in a whole multiple of Cdn. $100,000, the Administrative Agent is authorized by the Borrower and each Syndicated Lender: (i) to make such allocation as the Administrative Agent determines in its sole and unfettered discretion may be equitable in the circumstances, or (ii) in its sole and unfettered discretion, to convert a portion of a Bankers' Acceptance accepted by such Syndicated Lender to a Prime Loan pursuant to Section 3.11. In no event shall the outstanding Syndicated Borrowings of a Syndicated Lender exceed its Applicable Percentage by more than Cdn. $100,000 as a result of such exercise of discretion by the Administrative Agent. In the event it is not practicable to allocate each basis of Syndicated Borrowing in accordance with Section 3.10(a) by reason of the occurrence

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of circumstances described in Sections 11.1, 11.4 or 11.5, the Administrative Agent is authorized by the Borrower and each Lender to make such allocation as the Administrative Agent determines in its sole and unfettered discretion may be equitable in the circumstances, but no Syndicated Lender shall, as a result of any such allocation, have any Syndicated Borrowings outstanding in an amount which is in excess of its Syndicated Facility Commitment.

(c) **Further Assurances by Borrower:** To the extent reasonably possible, the Borrower and each Lender agrees to be bound by and to do all things necessary or appropriate to give effect to the provisions of this Section 3.10.

3.11 Conversion Option

The Borrower may, during the term of this Agreement, convert any basis of Syndicated Borrowing (other than a Letter of Credit) to another basis of Syndicated Borrowing (other than a Letter of Credit) upon giving the Administrative Agent a Conversion Notice in accordance with the period of notice and other requirements set out in Section 3.5 applicable to the basis of Syndicated Borrowing to which any Syndicated Borrowing is being converted (other than delivery of a Borrowing Notice), provided that:

(a) **Bankers' Acceptances:** a Bankers' Acceptance may only be converted on its maturity date and, if a Default or Event of Default has occurred and is continuing at such time, shall be converted into a Prime Loan; and

(b) **Prime Loans:** a Prime Loan may not be converted if a Default or Event of Default has occurred and is continuing at such time.

On each Conversion Date, the Borrower shall be required to repay to the Administrative Agent for the account of the Applicable Lenders the basis of Syndicated Borrowing which is being converted and, subject to the provisions of this Agreement, the Applicable Lenders shall be required to make available to the Borrower the Syndicated Borrowings into which such basis of Syndicated Borrowing is being converted; provided that the Borrower shall be entitled to direct the Administrative Agent to use the proceeds of all or any part of a new Syndicated Borrowing to repay the Syndicated Borrowing being converted.

3.12 Rollovers

The Borrower may effect a Rollover of all or, subject to the minimum aggregate amount specified in Section 3.5, a part of a Borrowing outstanding by way of a Bankers' Acceptance upon giving the Administrative Agent a Rollover Notice in accordance with the period of notice and other requirements set out in Section 3.5 applicable to a Borrowing of the same type unless immediately prior to the commencement of the term of any subsequent Bankers' Acceptance, a Default (in respect of which the Administrative Agent has advised the Borrower that no Rollovers will be permitted) or Event of Default shall have occurred and be continuing, in which event the Borrower shall be deemed to have converted to a Prime Loan pursuant to Section 3.11 and the Borrower shall not be entitled to continue such Bankers' Acceptance subsequent to its maturity date. In the event notice of a Rollover of an existing Bankers' Acceptance is not given pursuant to this Section 3.12 or notice of a conversion of such existing Bankers' Acceptance is not given pursuant to Section 3.11, such Bankers' Acceptance shall be converted to a Prime Loan on the maturity date of such Bankers' Acceptance.

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3.13 Notices Irrevocable

All notices delivered or deemed to be delivered by the Borrower pursuant to this Article 3 shall be irrevocable and shall oblige the Borrower to take the action contemplated on the date specified therein.

3.14 Lender Swaps

(a) **Swaps:** Subject to the terms and conditions hereof (and specifically Section 9.2(l)), each of the Lenders (or an Affiliate of such Lender) may from time to time enter into Swaps with any Loan Party during the term of this Agreement. Prior to engaging in any Lender Swaps, the applicable Loan Party shall enter into an ISDA Master Agreement with the applicable Swap Lender, or a confirmation that incorporates by reference the terms of an ISDA Master Agreement.

(b) **Secured Obligations:** The parties agree that all Swap Indebtedness of a Loan Party to a Swap Lender shall be secured by the Security. All Permitted Swap Indebtedness shall, as to the Security, rank *pari passu* with the Syndicated Borrowings, the Operating Borrowings, the Cash Management Obligations and the Creditcard Obligations. All Swap Indebtedness of a Loan Party to any Swap Lender, other than Permitted Swap Indebtedness, shall, as to the Security, rank junior and be subordinate in every respect to the Syndicated Borrowings, the Operating Borrowings, the Permitted Swap Indebtedness, the Cash Management Obligations and the Creditcard Obligations.

(c) **Determination of Permitted Swaps:** The Lender Swaps which constitute Permitted Swaps at any time shall be determined starting with the earliest Lender Swap entered into which is still outstanding on the date such determination is made, and so on chronologically with each subsequent Lender Swap, until the applicable limitations under Section 9.2(l) are exceeded, provided that a Lender Swap shall be deemed to be a Permitted Swap (and the indebtedness thereunder Permitted Swap Indebtedness) if it is entered into by a Swap Lender without actual notice or knowledge that such Lender Swap is not a Permitted Swap.

(d) **Mandatory Lenders Swaps and Prepayments.** Notwithstanding any other provision contained herein, the parties hereto acknowledge and agree that each and every Lender Swap entered pursuant to Section 9.1(o) shall include an Additional Termination Event (as defined in the ISDA 2002 Master Agreement) to allow for the termination of such Lender Swap to the extent of any prepayments contemplated by Section 4.4 of this Agreement and, for the purposes of such Additional Termination Event, each of the parties to the Lender Swap shall be deemed to be an Affected Party (as defined in the ISDA 2002 Master Agreement) and for any Early Termination Amount (as defined in the ISDA 2002 Master Agreement) relating thereto shall be calculated as contemplated by Section 6(e)(ii)(3) of the ISDA 2002 Master Agreement.

3.15 Overdrafts

Each advance by the Operating Lender under the Operating Facility by way of Overdraft shall automatically result in a Prime Loan. The Borrower agrees not to effect any Overdraft hereunder which would cause the Operating Borrowings to exceed the Operating Facility Commitment from time to time, and acknowledges that the Operating Lender reserves the right to refuse to honour any Overdraft hereunder which, in the opinion of the Operating Lender, would have the effect of causing the Operating Facility Commitment to be so exceeded. For certainty, Overdraft availability shall at all times be subject to Section 3.3 until otherwise agreed to by the Lenders.

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3.16 Cash Management Services and Creditcard Facilities

Any Cash Management Lender and any Creditcard Lender may provide Cash Management Services and Creditcard Facilities, as applicable, to the Borrower or any other Loan Party from time to time. The parties agree that all Cash Management Obligations and Creditcard Obligations shall be secured by the Security and shall rank, as to the Security, *pari passu* with the Syndicated Borrowings, the Operating Borrowings and the Permitted Swap Indebtedness, notwithstanding that they do not form part of the Syndicated Borrowings and Operating Borrowings. The Borrower agrees that it will not, and will not permit any other Loan Party to, incur Creditcard Obligations in excess of a principal amount of $100,000, provided that breach by the Borrower of this limitation shall not have the result of any Creditcard Obligations becoming unsecured.

ARTICLE 4
REPAYMENT AND PREPAYMENT

4.1 Mandatory Repayments of Syndicated Facility

(a) **Scheduled Repayments:** Subject to the terms hereof, commencing on the last Business Day of the Fiscal Quarter ending September 30, 2020, and on the last Business Day of each Fiscal Quarter thereafter, until the Maturity Date (each a "**Scheduled Repayment Date**"), the Borrower shall repay Borrowings under the Syndicated Facility by way of equal payments in the amount set forth in the amortization schedule in Schedule "Q" (together with all outstanding interest payable on such date pursuant to Section 5.1), provided that the Administrative Agent, on behalf of the Lenders, may, at its discretion, adjust payments periodically, if necessary, to reflect any prepayments made hereunder, to the extent they apply to a payment on a Scheduled Repayment Date. Following any such adjustment, the Administrative Agent may provide the Borrower with an updated Schedule "Q" reflecting such adjustment, and such Schedule shall replace the then current Schedule "Q", be incorporated herein by reference and be deemed to form part hereof.

(b) **Other Mandatory Repayments:** In addition to the scheduled repayments set forth in Section 4.1(a), the Borrower shall, upon not less than three (3) Business Days' prior written notice to the Administrative Agent, repay Borrowings under the Syndicated Facility from each of the sources set forth below:

(i) 100% of the net cash proceeds (in each case, net of reasonable, *bona fide* transaction fees, costs and expenses incurred in connection with the applicable Disposition) of any Disposition of any Collateral pursuant to paragraphs (f) and (g) of the definition of "Permitted Disposition"; and

(ii) 100% of the net cash proceeds of any insurance policies for loss of or damage to any Collateral of a Loan Party to the extent such proceeds are not otherwise used to restore or replace such Collateral in accordance with Section 9.1(e)(ii); provided that the Borrower may reinvest such net cash proceeds in its Canadian Business so long as such proceeds are not in excess of the Threshold Amount and such reinvestment takes places within 90 days of the receipt of such net cash proceeds.

(c) **Application of Payments:** Each repayment of Syndicated Borrowings under this Section 4.1 shall be made to the Administrative Agent for the account of the Syndicated Lenders and shall effect a permanent reduction of the Total Syndicated Facility Commitment in an amount equal to the amount of the applicable repayment. Any prepayments (whether voluntary or involuntary) in respect of the Syndicated Facility under this Agreement, other than payments pursuant to

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Section 4.1(a), shall be applied against the Borrowings outstanding under the Syndicated Facility due on the Maturity Date and thereafter in inverse order of maturity against the payments required pursuant to Section 4.1(a) on the Schedule Repayment Dates.

4.2 Reduction of Commitment

On the Maturity Date, the Borrower shall repay all Borrowings, all Creditcard Obligations and all accrued and unpaid interest and fees then outstanding to each Lender and its Affiliates, and the Commitment of each Lender shall be reduced to zero. Payments shall be made to the Administrative Agent, for the account of the Syndicated Lenders (with respect to Syndicated Borrowings) and the Operating Lender (with respect to Operating Borrowings). The Borrower shall ensure that Bankers' Acceptances made by or accepted by each Lender and that all Letters of Credit issued by the Operating Lender mature on or prior to the Maturity Date.

4.3 Cash Collateralization

If, on any day on which payments are required or permitted to be made hereunder, the Borrowings then outstanding include Bankers' Acceptances or Letters of Credit in an amount such that the payment would require the Borrower to be liable under the funding indemnity contained in Section 11.6 or to pay a Bankers' Acceptance prior to its maturity date or to pay a Letter of Credit prior to its expiry date, that portion of the payment which would otherwise be applied against any such Bankers' Acceptance or Letter of Credit may, at the option of the Borrower, be paid to the Administrative Agent for deposit into a Borrower Cash Collateral Account in accordance with Section 10.4 and be applied against such Bankers' Acceptance on its maturity date or to such Letter of Credit, if necessary, on any drawdown thereunder. Any such amounts which remain on deposit in a Borrower Cash Collateral Account after payment of any amounts required to be paid hereunder shall be paid to the Borrower if no Default or Event of Default has then occurred and is continuing.

4.4 Cancellation of Commitment and Prepayment

The Borrower may, without penalty or premium, at any time during the term of this Agreement, upon at least five (5) Business Days' prior written notice to the Administrative Agent and the Operating Lender, as applicable, cancel all of the Total Commitment or any portion thereof: (i) with respect of the Total Syndicated Facility Commitment, in minimum amounts of $1,000,000 and whole multiples of $500,000 thereafter, and (ii) with respect to the Operating Facility Commitment, in whole multiples of $100,000 (in each case, with an indication in such notice as to the amount of reduction to be applicable to the Total Syndicated Facility Commitment and the Operating Facility Commitment), provided that on or prior to the last day of such notice period the Borrower has:

(a) **Prepaid Borrowings:** prepaid or otherwise reduced Borrowings outstanding to each Lender in an amount equal to the amount by which Borrowings outstanding to such Lender would otherwise be in excess of its Applicable Percentage of the Total Syndicated Facility Commitment or the Operating Facility Commitment, as applicable, immediately after the reduction of the Commitments provided for in such notice; and

(b) **Paid Interest:** paid all accrued interest and other charges and fees in respect of the Borrowings being repaid or reduced as aforesaid.

Any such notice of cancellation is irrevocable and the amount of the Total Commitment (and of the Total Syndicated Facility Commitment or the Operating Facility Commitment) so cancelled and reduced may not be reinstated hereunder.

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4.5 Early Repayment of Letters of Credit and Bankers' Acceptances

The Borrower shall not cancel all or any portion of the Total Commitment pursuant to Section 4.4 if the Borrowings required to be repaid to a Lender as a result thereof include Letters of Credit with an expiry date falling subsequent to the date of such cancellation or Bankers' Acceptances accepted by such Lender with a maturity date falling subsequent to the date of such cancellation unless, on the date of such cancellation, the Borrower has paid to the Administrative Agent for deposit into a Borrower Cash Collateral Account, for the account of such Lender: (i) in respect of Letters of Credit, the undrawn amount thereof, and (ii) in respect of Bankers' Acceptances, the face amount thereof. Any such amounts which remain on deposit in a Borrower Cash Collateral Account after payment of any amounts required to be paid hereunder shall be paid to the Borrower if no Default or Event of Default has then occurred and is continuing.

4.6 Evidence of Indebtedness

Each of the Administrative Agent and the Operating Lender, as applicable, shall open and maintain accounts and records on the books of the Administrative Agent at the Administrative Agent' s Branch of Account and on the books of the Operating Lender at the Operating Lender' s Branch of Account evidencing the Syndicated Borrowings and Operating Borrowings, respectively, and other amounts owing by the Borrower to the Lenders under this Agreement. The Administrative Agent and the Operating Lender, as applicable, shall debit therefrom the amount of such Syndicated Borrowings and Operating Borrowings, respectively, and shall enter therein each payment of principal of and interest on the applicable Borrowings and fees and other amounts payable pursuant to this Agreement and shall record the Bankers' Acceptances purchased by the Lenders and the Letters of Credit issued by the Operating Lender, as applicable, and all other amounts becoming due to the Administrative Agent and each Lender or the Operating Lender, as the case may be, under this Agreement. The accounts and records of the Administrative Agent and the Operating Lender, as applicable, so kept shall constitute, in the absence of manifest error, *prima facie* evidence of the indebtedness of the Borrower to the Administrative Agent, the Operating Lender and each other Lender pursuant to this Agreement, the date each such Lender made each Borrowing available to the Borrower and the amounts the Borrower has paid from time to time on account of the principal and interest on the Borrowings, fees payable pursuant to this Agreement and other amounts owing hereunder.

ARTICLE 5
PAYMENT OF INTEREST AND FEES

5.1 Interest on Prime Loans

The Borrower shall pay interest in Canadian Dollars on each Prime Loan made by each Lender at the Administrative Agent' s Account for Payments, in the case of the Syndicated Facility, and at the Operating Lender' s Account for Payments, in the case of the Operating Facility, in each case at a rate per 365 days equal to the Prime Rate plus the Applicable Margin applicable to such Prime Loan. A change in the Prime Rate or the Applicable Margin will simultaneously cause a corresponding change in the interest payable on each Prime Loan. Such interest shall accrue daily based on the Prime Rate and Applicable Margin in effect on such day and is payable monthly in arrears on each Interest Date for the period commencing on and including the immediately prior Interest Date up to but not including the Interest Date on which such interest is to be paid and shall be calculated on a daily basis and on the basis of the actual number of days elapsed in a year of 365 days. The annual rates of interest to which the rates determined in accordance with the foregoing provisions of this Section 5.1 are equivalent, are the rates so determined multiplied by the actual number of days in the relevant year and divided by 365.

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5.2 Bankers' Acceptance Fees

The Borrower shall pay acceptance fees in Canadian Dollars at the Administrative Agent' s Account for Payments forthwith upon the acceptance by each Lender of each Bankers' Acceptance issued by the Borrower at a rate per 365-day period equal to the BA Acceptance Fee applicable to and in effect on the date of acceptance of such Bankers' Acceptance, calculated on the face amount of such Bankers' Acceptance and on the basis of the number of days in the term of such Bankers' Acceptance divided by 365. Acceptance fees payable to the Administrative Agent pursuant to this Section 5.2 shall be paid in the manner specified in Section 3.6. All fees payable pursuant to this Section 5.2 on any date in respect of any issuance of Bankers' Acceptances shall be calculated by the Administrative Agent and be payable by the Borrower based on the BA Acceptance Fee in effect on such date (and taking into account such issuance), provided that if during the term of any such Bankers' Acceptance a change in the BA Acceptance Fee occurs, the fees paid by the Borrower in respect of such Bankers' Acceptance shall be adjusted, effective upon the change in the BA Acceptance Fee occurring, to reflect the BA Acceptance Fee for the remaining term (if any) of the Bankers' Acceptance, and the Borrower, in the case of an increase in the BA Acceptance Fee, shall no later than three Business Days after receipt of a notice from the Administrative Agent make such payments to the Administrative Agent at the Administrative Agent' s Account for Payments for the account of each Applicable Lender as are necessary to reflect such change, and each Applicable Lender, in the case of a decrease in the BA Acceptance Fee, shall credit any amount which would otherwise be refundable to the Borrower against amounts in respect of interest or fees accruing hereunder in relation to the Borrower.

5.3 Letter of Credit Fees

In consideration of the Operating Lender' s commitment to issue a Letter of Credit under the Operating Facility, the Borrower shall pay to the Operating Lender a fee equal to the Letter of Credit Fee then in effect on the date of payment of such fee. Such Letter of Credit Fees shall be payable quarterly in arrears on the third Business Day of each quarter commencing in the quarter in which the applicable Letter of Credit was issued and shall be calculated based on the number of days during which any such Letter of Credit was outstanding during any such quarter (the "**LC Payment Period**") divided by 365 and shall be paid in the currency in which such Letter of Credit is denominated. Letter of Credit Fees shall be calculated on the basis of the daily maximum undrawn amount of such Letter of Credit outstanding during each LC Payment Period.

5.4 Interest on Overdue Amounts

Notwithstanding any other provision hereof, in the event that any amount due hereunder (including any interest payment) is not paid when due (whether by acceleration or otherwise), the Borrower shall and hereby agrees to pay to the Applicable Lenders interest on such unpaid amount (including interest on interest), if and to the fullest extent permitted by Applicable Law, from the date that such amount is due until the date that such amount is paid in full (but excluding the date of such payment if the payment is made before 11:00 a.m. Calgary time), and such interest shall accrue daily, be calculated and compounded on the last Business Day of each calendar month and be payable in the currency in which the applicable amount is due, on demand, as well after as before maturity, default and judgment, at a rate per annum that is equal to the interest rate applicable to Prime Loans outstanding from time to time hereunder (whether or not any Prime Loans are then outstanding) plus the Applicable Margin plus two percent (2%) per annum. The Borrower hereby waives, to the fullest extent it may do so under Applicable Law, any provisions of Applicable Law, including specifically the *Interest Act* (Canada) or the *Judgment Interest Act* (Alberta), which may be inconsistent with this Agreement.

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5.5 Administrative Agent' s Fees

The Borrower shall pay an agency fee to the Administrative Agent (for the Administrative Agent' s sole account) at the Administrative Agent' s Account for Payments, in an amount as agreed from time to time between the Administrative Agent and the Borrower, on the Effective Date and on each annual anniversary of the Effective Date and such fees shall, for purposes of this Agreement, be deemed to be an amount payable pursuant to this Agreement.

5.6 Maximum Rate Permitted by Law

No interest or fee to be paid hereunder shall be paid at a rate exceeding the maximum rate permitted by Applicable Law. In the event any such interest or fee exceeds such maximum rate, such interest or fee shall be reduced or refunded, as the case may be, so as to be payable at the highest rate recoverable under Applicable Law.

5.7 Interest Generally

The theory of deemed reinvestment shall not apply to the calculation of interest or payment of fees or other amounts hereunder, notwithstanding anything contained in this Agreement or in any other Loan Document now or hereafter granted to or taken by the Administrative Agent or any Lender and all interest and fees payable by the Borrower to a Lender shall accrue from day to day and be computed as described herein in accordance with the "nominal rate" method of interest calculation.

5.8 Standby Fees

Until the Maturity Date, the Borrower shall pay standby fees to the Operating Lender calculated quarterly in arrears to and including the last day of each quarter commencing on and including the Effective Date, and payable on the third Business Day following each such quarter. Each payment of standby fees shall be calculated for the period commencing on and including the Effective Date or the last date on which such standby fees were payable hereunder, as the case may be, up to and including the last day of the quarter for which such standby fees are to be paid and shall be in an amount equal to the Standby Fee Rate in effect on each day during such period of calculation multiplied by the difference, if positive, obtained by subtracting the Operating Borrowings outstanding from the Operating Lender for each day in the period of the calculation, from the amount of the Operating Facility Commitment, in effect on each such day. Such standby fees shall be calculated on a daily basis and on the basis of a 365-day year.

5.9 Interest and Fee Adjustment

Until the Covenant Monitoring Date, the Applicable Margin shall be set at Level V in accordance with the definition of "Applicable Margin". On the Covenant Monitoring date and thereafter, in the event of a change in the Applicable Margin and the Standby Fee Rate as a result of a change in the Senior Funded Debt to EBITDA Ratio, such change shall become effective on the day on which the Borrower delivers a Compliance Certificate in accordance with the requirements hereof evidencing such change in the Senior Funded Debt to EBITDA Ratio or, if the Borrower has not delivered a Compliance Certificate as required by the terms hereof within the time permitted by Section 9.1(bb)(i), then any change in the Applicable Margin and Standby Fee Rate shall become effective on the latest date permitted hereunder for delivery of such Compliance Certificate, and the Applicable Margin and Standby Fee Rate shall be based on the highest Level in the table in the definition of Applicable Margin for the period from the latest date permitted hereunder for delivery of such Compliance Certificate until the date of delivery thereof.

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ARTICLE 6
SECURITY

6.1 Security

To secure the payment and performance of all of the Secured Obligations, the Borrower shall execute and deliver, and shall cause each other Loan Party to execute and deliver, to the Administrative Agent, for the benefit of each Secured Party, the following documents (collectively, the "**Security**"), to the extent not already provided:

(a) the Loan Party Guarantee;

(b) collateral mortgages from the Borrower in the amount of $200,000,000 (the "**Collateral Mortgage**") constituting a first ranking fixed and specific charge over real property owned by the Borrower, registered in Alberta, British Columbia and any other Canadian jurisdiction where the Borrower owns real property on the Effective Date and such other collateral mortgages or other real property security required to be delivered by the Loan Parties from time to time pursuant to Section 6.7 or Section 6.9;

(c) the Loan Party Security Agreement;

(d) to the extent any Loan Party is the registered owner of any material Intellectual Property, specific security agreements in respect of such material Intellectual Property as may be required by the Administrative Agent and the Lenders, in their sole discretion;

(e) a cash collateral agreement granted by the Borrower in favour of the Administrative Agent in respect of the face amount of the Fortis LC;

(f) a deed of hypothec granted by the Loan Parties for an amount of $170,000,000 in favour of the Administrative Agent, as hypothecary representative; and

(g) such other agreements, documents or instruments reasonably required by the Administrative Agent and the Lenders (or their legal counsel) from time to time.

6.2 Form of Security

Without limiting the foregoing, the Security will be in such form or forms as required by the Administrative Agent, acting reasonably, and, subject to Section 6.4, will be registered in such offices in the provinces of Canada or any other jurisdiction as the Administrative Agent may from time to time reasonably require to protect the Security Interests created thereby. Should the Administrative Agent determine at any time and from time to time that the form and nature of the then existing Security is deficient in any way or does not fully provide the Secured Parties with the Security Interests and priority to which each is entitled hereunder, the Borrower will forthwith execute and deliver or cause to be executed and delivered to the Administrative Agent, at the Borrower' s expense, such amendments to the Security or provide such new security as the Administrative Agent may reasonably request, in a form satisfactory to the Administrative Agent, acting reasonably.

6.3 Guarantees and Subsidiary Security

Upon a Subsidiary becoming a Material Subsidiary and to secure the payment and performance of all Secured Obligations, the Borrower shall cause any such Subsidiary to execute and deliver, to the extent not already provided:

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(a) an unlimited Guarantee (or a joinder or addition agreement to the Loan Party Guarantee) in favour of the Administrative Agent for the benefit of the Secured Parties, guaranteeing the Secured Obligations of each other Loan Party;

(b) a general security agreement (or a joinder or addition agreement to the Loan Party Security Agreement) in favour of the Administrative Agent for the benefit of the Secured Parties granting a first priority Security Interest over all of such Material Subsidiary' s present and after-acquired personal property and a first floating charge over all other present and after-acquired property of such Material Subsidiary, registered in Alberta, British Columbia and all other Canadian jurisdictions in which each such Material Subsidiary carries on business or owns material Property;

(c) to the extent such Material Subsidiary owns any fee simple or leasehold interest in any real property, at the request of the Administrative Agent, a collateral mortgage or mortgage of lease, as the case may be, constituting a first ranking fixed and specific charge over such real property, registered each jurisdiction in which such real property is located, and such other collateral mortgages or other real property security required to be delivered by the Loan Parties from time to time pursuant to Section 6.7 or Section 6.9 (and, for certainty, such collateral mortgages or other real property security shall be deemed to be part of the "Collateral Mortgage"); and

(d) to the extent any Material Subsidiary is the registered owner of any material Intellectual Property, specific security agreements in respect of such material Intellectual Property as may be required by the Administrative Agent and the Lenders, in their sole discretion, each to be in form and substance satisfactory to the Administrative Agent,

together with certified copies of constating documents and resolutions, a certificate of incumbency, a legal opinion of outside counsel with respect to such Material Subsidiary and the Security provided by it and such other documents as the Administrative Agent and the Lenders (or their counsel) may reasonably require, all in a form substantially similar to those provided by the Borrower and, if applicable, the other Material Subsidiaries on the Effective Date with such changes as may be approved by the Administrative Agent, acting reasonably.

6.4 Registrations and Renewals

The Borrower shall and shall cause each other Loan Party, at the Borrower' s sole cost and expense, to do all such commercially reasonable acts, execute all such instruments and provide such further assurances as the Administrative Agent may reasonably request from time to time to ensure that the priority of the Security Interests created by all of the Security executed and delivered to the Administrative Agent as contemplated hereby is duly protected and perfected by registration, filing or recordation of such Security or a caution, caveat, security notice or other appropriate instrument at all offices where necessary or of advantage to the protection or perfection thereof and to cooperate with the Administrative Agent and the Administrative Agent' s counsel in renewing or refiling any registration, filing or recordation required hereby in order to preserve, protect and maintain the priority of such Security Interests, from time to time. The Administrative Agent may, at the Borrower' s sole cost and expense, effect any or all such registrations, filings and recordings should the Borrower fail to do so forthwith upon the Administrative Agent' s request as aforesaid.

6.5 Security Effective Notwithstanding Date of Advance

The Security Interests constituted by any of the Security or required to be created hereby or thereby shall be effective, and the undertakings as to Security Interests herein or in any Security shall be continuing, whether the monies hereby or thereby secured or any part thereof shall be advanced before or

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after or at the same time as the creation of any such Security Interest or before or after or upon the date of execution of this Agreement, and shall not be affected by the Secured Obligations fluctuating from time to time or the accounts established by the Administrative Agent or any Lender ceasing to be in debit balance.

6.6 Extensions, Etc.

The Secured Parties may directly, or through the Administrative Agent or other duly authorized representatives, grant extensions, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with any Loan Party or any other Persons, sureties or securities as the Lenders, in their sole discretion, may see fit, all without prejudice to the liability of any Loan Party under the Secured Documents or the rights of the Secured Parties under the Secured Documents.

6.7 Notices

The Borrower shall notify the Administrative Agent of any details, as soon as available, of any: (a) decision to change the name of any Loan Party or the location of its chief executive office, (b) movement of Property to, or the acquisition of Property in, a jurisdiction where the Security is not registered or the Security Interests of the Security do not have the benefit of any existing registration, and (c) acquisition of real property (fee simple or leasehold) which is not already subject to the Security Interests granted in favour of the Administrative Agent pursuant to the Collateral Mortgage, and in any event not less than ten (10) Business Days prior to any such change, movement or acquisition. Upon receiving such information, the Administrative Agent may, at the Borrower' s cost and expense, request additional Security pursuant to Section 6.9, effect any or all such registrations, filings and recordings in such additional jurisdictions at any applicable personal property registry office or land titles office, as applicable, and obtain local counsel opinions in respect thereof and the Borrower shall, and shall cause each other Loan Party to, at the Borrower' s sole cost and expense, do all such commercially reasonable acts, execute all such instruments and provide such further information and assurances as the Administrative Agent may require to promptly effect all such registrations, filings and recordings.

6.8 No Merger

The taking of any Security as provided under this Agreement or any Loan Document shall not operate by way of merger of any of the Secured Obligations of any Loan Party or any successor of any Loan Party under any Loan Document, or of any Security Interest, Guarantee, contract, promissory note, bill of exchange or security in any other form, whether or not similar to the foregoing, and no judgment recovered by the Administrative Agent on behalf of any Secured Party shall operate by way of merger or in any way affect the Security provided for in this Agreement, which shall be in addition to and not in substitution for any other security now or hereafter held by the Secured Parties whether for the Secured Obligations hereunder or under any Security. For greater certainty, no judgment recovered by the Secured Parties shall operate by way of merger or in any way affect the obligations of any Loan Party to pay interest at the rates, times and manner as provided in the Credit Documents.

6.9 Further Assurances - Security

The Borrower shall, forthwith and from time to time on the reasonable request of the Administrative Agent, grant and cause each other Loan Party to grant to the Administrative Agent on behalf of the Secured Parties all such further rights and Security Interests necessary or of advantage to the Administrative Agent to permit it to operate the Business of the Loan Parties in a liquidation of Property or as a going concern following the occurrence of an Event of Default. Without limiting the foregoing:

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(a) if, at any time, the aggregate value of all inventory, equipment and other Property of the Loan Parties located on the premises of any real property leased by a Loan Party (other than the real property described in Section 9.1(gg)(iii)) exceeds $2,000,000, the Borrower shall (or shall cause the applicable Loan Party to) promptly execute and deliver a leasehold mortgage in favour of the Administrative Agent, for the benefit of each Secured Party, constituting a first ranking fixed and specific charge over all real property leased by such Loan Party, registered in Alberta and each other jurisdiction where such Loan Party leases real property;

(b) if, at any time, a Loan Party acquires any real property contemplated in Section 6.7(c) above, such Loan Party shall, at the request of the Administrative Agent at the sole discretion of the Lenders, be required to promptly execute any mortgages, amendments, supplements or addendums to the Collateral Mortgage or other documents necessary to ensure that such newly acquired real property is subject to a Security Interest in favour of the Secured Parties (and, for certainty, such mortgages, amendments, supplements addendums or other documents shall be deemed to be part of the "Collateral Mortgage");

(c) notwithstanding paragraph (b) above or anything else contained herein, if at any time after the Effective Date a Loan Party or any other Subsidiary of the Borrower grants or executes, or intends to grant or execute, in favour of SAF, any additional security documents (the "**New SAF Security**"), such Loan Party or other Subsidiary shall promptly and concurrently with the provision of such New SAF Security to SAF, but in any event, within 15 Business Days, execute and deliver to the Administrative Agent such additional Security hereunder as required to give the Secured Parties the same, or better, rights, interests and advantages given to SAF under the applicable New SAF Security; and

(d) without limiting the foregoing, the Borrower shall and shall cause each other Loan Party to, forthwith and from time to time on the reasonable request of the Administrative Agent, execute and do or cause to be executed and done all assurances and things which, in the opinion of the Administrative Agent, may be necessary or of advantage to give the Secured Parties the Security Interests and the priority intended hereunder to be created by the Security.

6.10 Release and Amendment of Security

No Secured Party shall, during the term of this Agreement, discharge, surrender, amend or otherwise modify any Security without the prior written consent of all of the Lenders, provided that the Administrative Agent may discharge Security provided hereunder: (i) at the discretion of the Administrative Agent with respect to Permitted Dispositions (in which case the Security shall cease to apply to the subject matter thereof), and (ii) pursuant to Section 12.10.

The Lenders, Swap Lenders, Cash Management Lenders and Creditcard Lenders hereby authorize the Administrative Agent, and the Administrative Agent hereby agrees to: (a) discharge the Security at the Borrower' s sole cost and expense, forthwith after all of the Lender Outstandings and any other Secured Obligations have been unconditionally and irrevocably paid or performed in full and the Facilities and all Lender Swaps have been terminated or collateralized to the satisfaction of the Administrative Agent, the Lenders and the Swap Lenders as applicable, (b) at the request of the Borrower, discharge that portion of the Security that applies to a Permitted Disposition or execute a no interest letter or similar document in connection with such Permitted Disposition, at the Borrower' s sole cost and expense, and (c) discharge Security pursuant to Section 12.10.

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6.11 Security for Swaps with Former Lenders

If a Lender ceases to be a Lender under this Agreement (a "**Former Lender**"), all Permitted Swap Indebtedness owing to such Former Lender and its Affiliates under Lender Swaps entered into while such Former Lender was a Lender shall remain secured by the Security (equally and rateably) to the extent that such Permitted Swap Indebtedness was secured by the Security prior to such Lender becoming a Former Lender and, subject to the following provisions of this Section 6.11 and unless the context otherwise requires, all references herein or in any other Loan Document to "Permitted Swap Indebtedness" shall include such obligations to a Former Lender and its Affiliates, and all references herein or in any other Loan Document to "Lenders" shall include Former Lenders for the purposes of such obligations. For certainty, any obligations under Swaps entered into with a Former Lender or an Affiliate thereof after the Former Lender has ceased to be a Lender shall not be secured by the Security. Notwithstanding the foregoing, no Former Lender or any Affiliate thereof shall have any right to cause or require the enforcement of the Security or any right to participate in any decisions relating to the Security, including any decisions relating to the enforcement or manner of enforcement of the Security or decisions relating to any amendment to, waiver under, release of or other dealing with all or any part of the Security; for certainty, the sole right of a Former Lender and its Affiliates with respect to the Security is to share, on a *pari passu* basis, in any proceeds of realization and enforcement of the Security.

6.12 Permitted Encumbrances and Permitted Indebtedness

None of:

(a) the fact that any Person is permitted to create or suffer to exist any Permitted Encumbrance or Permitted Indebtedness;

(b) the fact that any representation, warranty or covenant herein may make an exception for the existence of Permitted Encumbrances or Permitted Indebtedness; or

(c) the fact that the Security Interests created pursuant to the Loan Documents are stated to be subject to, or are not required to rank in priority to, Permitted Encumbrances;

shall in any manner, nor in any cause or proceeding, directly or indirectly, be taken to constitute a subordination of any Security Interest created pursuant to the Loan Documents to any Permitted Encumbrance or to any other Security Interest or other obligation whatsoever, or that any of the Secured Obligations are in any way subordinate or junior in right of payment to any Permitted Indebtedness, it being the intention of the parties that all Security Interests created pursuant to the Loan Documents shall at all times, to the maximum extent permitted by Applicable Law, rank as first priority Security Interests in priority to Permitted Encumbrances and all other Security Interests or other obligations whatsoever and that the Secured Obligations will rank in right of payment at all times at least equally with such Permitted Indebtedness, subject to the Intercreditor Agreements as applicable.

6.13 Delivery of Investment Property

For the purposes of Section 3.1 of the Loan Party Security Agreement, the Administrative Agent shall be deemed to have requested the delivery of the items enumerated in paragraphs (a)-(c), inclusive of such Section, issued from time to time by or in respect of the Loan Parties (other than the Borrower and the Non-Material Foreign Subsidiaries). For certainty, such request shall be deemed to be a continuous request from the Administrative Agent to the Loan Parties for delivery by the Loan Parties of all of such items and Equity Interests issued by, or outstanding in respect of, the Loan Parties (other than the Borrower and the Non-Material Foreign Subsidiaries); provided that, notwithstanding the foregoing and

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without limitation to Section 3.1 of the Loan Party Security Agreement, the Administrative Agent may request delivery of such items and Equity Interests in respect of the Non-Material Foreign Subsidiaries at any time and from time to time.

6.14 SGI Entities

Within:

(a) 10 Business Days after the closing of the Bridge Farm PSA, the Borrower shall cause SGI Partnership and Sundial Managing Partner Inc. to be wound-up and dissolved; and

(b) 90 days after the closing of the Bridge Farm PSA, the Borrower shall cause Sundial UK Limited to be wound-up and dissolved.

ARTICLE 7
PAYMENT

7.1 Time, Place and Currency of Payment

Payments of principal, interest, fees and all other amounts payable by the Borrower pursuant to this Agreement shall be paid in the currency in which it is due for value at or before 11:00 a.m. (Calgary time) on the day such payment is due and shall only be considered to have been paid on such day if received at or before such time, failing which such amount shall be considered to have been paid and received on the following day. If any such day is not a Business Day, such amount shall be deemed for all purposes of this Agreement to be due (and with respect to amounts paid, to be received) on the Business Day next following such day and any such extension of time shall be included in the computation of the payment of any interest or fees payable under this Agreement. All payments in respect of the Syndicated Facility shall be made at the Administrative Agent' s Account for Payments and all payments in respect of the Operating Facility shall be made at the Operating Lender' s Account for Payments.

7.2 Application of Payments

Except as otherwise agreed to by all of the Lenders in their sole discretion, all payments made by or on behalf of the Borrower pursuant to this Agreement, so long as no Default or Event of Default has occurred and is continuing, shall be applied by the Administrative Agent in accordance with the Borrower' s instructions.

7.3 Account Debit Authorization

The Borrower authorizes and directs the Administrative Agent and the Operating Lender, as applicable, in its discretion and upon notice to the Borrower (provided failure to provide such notice shall not constitute a breach of this Agreement by either the Administrative Agent or the Operating Lender, as applicable), to automatically debit, by mechanical, electronic or manual means, the bank accounts of the Borrower maintained with ATB (for so long as ATB is the Administrative Agent and the Operating Lender hereunder) for all amounts payable under the Loan Documents including in respect of principal, interest and fees payable under this Agreement and recoverable expenses due and payable hereunder or under any Loan Document (including, for certainty, in order to effect the application of the cash collateral contemplated in Section 3.8(f) to the reimbursement obligations described therein owing by the Borrower to the Operating Lender or Lenders).

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ARTICLE 8
CONDITIONS PRECEDENT TO AMENDMENT AND RESTATEMENT

8.1 Conditions Precedent to Amendment and Restatement

This Agreement shall become effective, and the Original Credit Agreement shall be amended and restated as herein provided, at such time as the following conditions precedent have been satisfied:

(a) **Due Diligence**: the Administrative Agent and each of the Lenders shall have confirmed receipt of all financial statements, budgets and other information as the Administrative Agent or such Lenders may require, including, without limitation:

(i) the Organizational Chart of the Loan Parties;

(ii) (A) a complete 13-week cash flow statement and forecast in respect of the Borrower' s consolidated operations, after giving effect to the Bridge Farm PSA and issuance of the SAF Convertible Note, in form and substance satisfactory to the Lenders, in their sole discretion (the "**Original Cash Flow Report**"); and

(B) detailed reports setting out the Borrower' s and its Subsidiaries' consolidated opening cash position in respect of the consolidated operations of the Borrower to support the forecast referred to in paragraph (A) above, and reflecting any cash on deposit in Canadian accounts maintained by the Borrower or any of its Subsidiaries (whether or not such accounts are held by the Administrative Agent, the Lenders or another financial institution), including all Unrestricted Cash; and

(iii) a consolidated financial forecast for the 2020 Fiscal Year in respect of the Borrower reviewed by the Financial Advisor and approved by the Lenders, in their sole discretion and (A) including a forecast balance sheet, forecast cash flow statement, statement of income and statement of changes in financial position for the 2020 Fiscal Year, budget for the 2020 Fiscal Year detailing therein, *inter alia*, projected revenues, general and administrative costs, operating costs, cash flow projections, Taxes, budgeted capital expenditures and EBITDA, and (B) setting forth the calculation of each financial covenants set forth in Section 9.3 for the 2020 Fiscal Year (to the extent compliance is so required at such time), detailed on the basis of each Fiscal Quarter. For certainty, such financial forecast shall include a detailed description of all assumptions used in the preparation thereof;

and shall have completed and be satisfied with: (A) their due diligence and review of any potential environmental, regulatory and litigation matters relating to the Loan Parties, (B) the value of each Loan Party' s Property and financial condition, and (C) each Loan Party' s ability to carry on its Business and to repay all Borrowings from time to time;

(b) **No Event of Default:** as of such time, no Default or Event of Default shall have occurred or will result from the transactions contemplated hereby and the Administrative Agent shall have received a certificate from each Loan Party certifying the same;

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(c) **Representations and Warranties True:** the representations and warranties contained in Article 2 shall be true and correct as of such time, and the Administrative Agent shall have received a certificate from each Loan Party certifying the same;

(d) **SAF Documentation**: the Administrative Agent and the Lenders shall have received evidence, satisfactory to the Administrative Agent and the Lenders, in their sole discretion, that:

(i) the SAF Deferred Payment has been capitalized to form part of the principal amount of the SAF Convertible Note and the SAF Fee has been waived;

(ii) the Bridge Farm PSA has closed (or will close) concurrently with this Agreement, and shall be on terms and conditions satisfactory to the Administrative Agent and the Lenders in their sole discretion; and

(iii) the SAF Credit Agreement has been amended and restated pursuant to the SAF Convertible Note which shall be on terms and conditions satisfactory to the Administrative Agent and the Lenders in their sole discretion,

and the Administrative Agent shall have received an officer' s certificate executed by a senior officer of the Borrower (in form and substance satisfactory to the Administrative Agent in its sole discretion) certifying the same to the Administrative Agent and the Lenders and attaching thereto a true and complete copy of the SAF Convertible Note, the Bridge Farm PSA and any other SAF Documents requested by the Lenders;

(e) **HB Documentation**: the Administrative Agent and the Lenders shall have received evidence, satisfactory to the Administrative Agent and the Lenders, in their sole discretion, that the Borrower has raised gross cash proceeds in the amount of not less than U.S. $15,000,000 pursuant to the HB Convertible Notes (which shall be on terms and conditions satisfactory to the Administrative Agent and the Lenders in their sole discretion), and the Administrative Agent shall have received an officer' s certificate executed by a senior officer of the Borrower (in form and substance satisfactory to the Administrative Agent in its sole discretion) certifying the same to the Administrative Agent and the Lenders and attaching thereto a true and complete copy of the HB Convertible Notes and any other HB Documents requested by the Lenders.

(f) **Unrestricted Cash Balance:** the Administrative Agent shall be satisfied that Unrestricted Cash is not less than $2,500,000, as at the Effective Date;

(g) **Receipt of Documentation:** the Administrative Agent shall have received, in form and substance satisfactory to the Lenders, the following (to the extent not previously provided):

(i) a duly executed copy of this Agreement;

(ii) duly executed copies of the Security as required pursuant to Article 6;

(iii) a duly executed copy of

(A) the SAF Intercreditor Agreement; and

(B) the HB Intercreditor Agreement;

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(iv) a confirmation of guarantee and security executed by the Loan Parties in respect of the Security executed and delivered prior to the Effective Date;

(v) certified copies of:

(A) each Material Agreement, together with all amendments thereto, in existence as of the Effective Date (which have not been previously delivered); and

(B) all Material Licenses, together with all amendments thereto, in existence as of the Effective Date and all material correspondence received from any Governmental Authority, including any communication regarding any non-compliance items (which have not been previously delivered);

(vi) a duly executed Environmental Certificate;

(vii) [reserved];

(viii) evidence of the registration of the Security as required hereunder (or appropriate title insurance arrangements satisfactory to the Administrative Agent having been made), including, without limitation, in respect of the Collateral Mortgage at all applicable real property registries in Alberta and British Columbia;

(ix) a certificate of status or similar document in respect of each Loan Party issued under the laws of such Loan Party' s jurisdiction of formation, as applicable;

(x) an officer' s certificate of each Loan Party attaching thereto its constating documents, its bylaws and other governing documents, its authorizing resolutions in respect of this Agreement and the other Loan Documents, an incumbency certificate and, other than in respect of the Borrower, a true and complete copy of its shareholder/unitholder register, as applicable;

(xi) an opinion of McCarthy Tétrault LLP, counsel to the Loan Parties, addressed to the Administrative Agent and each Lender and Lenders' legal counsel, relating to, *inter alia*, the existence of the Loan Parties and the authorization, execution, delivery and enforceability of the Loan Documents, all in form and substance satisfactory to the Administrative Agent, the Lenders and their legal counsel, and confirming that each Loan Party is qualified to carry on its Business in all applicable jurisdictions and that the Loan Parties' operations and business will not contravene any Applicable Laws; and

(xii) such other documents and documentation which the Administrative Agent or any Lender may reasonably request;

(h) **Fees:** the Borrower shall have paid (or made arrangements satisfactory to the Administrative Agent to effect the payment of):

(i) an amendment and restatement fee of Cdn.$125,000 (for certainty, which shall be in addition to the Fee payable pursuant to Section 9.1(hh));

(ii) all other fees and expenses then due to the Administrative Agent and/or the Lenders in respect of this Agreement and the Facilities; and

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(iii) all documented legal fees and expenses of Blake, Cassels & Graydon LLP, the Financial Advisor and any other counsel and consultants employed by the Administrative Agent or any Lender;

(i) **Know-Your-Client Confirmations:** no Lender shall have advised the Administrative Agent that such Lender has not received from the Borrower all such information and evidence as such Lender requested of the Borrower prior to the Effective Date as contemplated by Section 14.11; and

(j) **Material Adverse Effect:** as of such time, no circumstance or event shall have occurred which would reasonably be expected to have a Material Adverse Effect, and no material adverse change shall have occurred in the operations or financial condition of the Loan Parties or of their Property, taken as a whole, since the date of the most recent audited financial statements provided to the Administrative Agent, and the Administrative Agent shall have received a certificate from each Loan Party as to both such effects.

8.2 Conditions Precedent to each Utilization

The obligation of the Lenders to provide any Accommodation to the Borrower, to accept and purchase any Bankers' Acceptances, or to issue any Letter of Credit, or to allow any Conversion or Rollover, is subject to and conditional upon satisfaction of each of the following conditions precedent:

(a) on each Drawdown Date, Conversion Date or Rollover Date, as applicable, there exists no Default or Event of Default; and

(b) on each Drawdown Date, the representations and warranties referred to in Section 2.2, other than those stated to be made as at a specific date, are true and correct in all material respects with the same effect as if made as of such date.

8.3 Waiver of a Condition Precedent

The terms and conditions of Sections 8.1 and 8.2 are inserted for the sole benefit of the Administrative Agent and the Lenders and may be waived by the Majority Lenders in respect of an Accommodation under the Syndicated Facility, or the Operating Lender in respect of an Accommodation under the Operating Facility, in whole or in part with or without terms or conditions, in respect of all or any portion of a Borrowing, without affecting the right of the Administrative Agent or the Lenders to assert such terms and conditions in whole or in part in respect of any other Borrowing.

ARTICLE 9
COVENANTS OF THE BORROWER

9.1 Positive Covenants of the Borrower

The Borrower covenants and agrees with each of the Lenders and the Administrative Agent as set forth in this Article 9, unless the Administrative Agent on behalf of the Majority Lenders (subject to Section 12.19) otherwise consents in writing, each such covenant and agreement to remain in full force and effect for the term of this Agreement as provided in Section 14.9 or, in the case of provisions stated to survive termination of this Agreement as described in Section 14.9, until the discharge thereof by the Administrative Agent in writing. The covenants and agreements set forth in this Article 9 are without limitation to any covenants, undertakings or agreements elsewhere contained herein or in any of the other Loan Documents:

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General Covenants

(a) **Payment and Performance:** the Borrower shall and shall cause each other Loan Party to duly and punctually pay all indebtedness and liabilities as and when due by it hereunder and perform all other obligations on its part to be performed under the terms of the Loan Documents at the times and places and in the manner provided for therein;

(b) **Maintain Corporate or Other Existence and Status:** the Borrower shall and shall cause each other Loan Party to maintain its corporate, partnership or trust existence, as applicable, in good standing and duly register and qualify and remain duly registered and qualified to do business or own or lease Property in each jurisdiction in which the nature of its Business or the character of any Property owned or leased by it, requires such registration or qualification;

(c) **Maintenance of and Access to Books and Records:** the Borrower shall and shall cause each other Loan Party to keep proper and adequate records and books of account in which true and complete entries will be made in a manner sufficient to enable the preparation of financial statements in accordance with GAAP, and shall permit and shall cause each other Loan Party to permit the Administrative Agent or its representatives (including, without limitation, the Financial Advisor) upon reasonable notice and from time to time during normal business hours to enter its premises and to inspect its books of accounts and operations thereof, and the Borrower shall and shall cause each other Loan Party to afford access to the Administrative Agent or its representatives (including, without limitation, the Financial Advisor) at any time and from time to time upon reasonable notice and during normal business hours to inspect the Loan Parties' Property and operations and, in particular, to review documents, books, studies, reports and records relating to the Collateral and its Business in relation thereto;

(d) **Taxes:** the Borrower shall and shall cause each other Loan Party to file all income tax returns which are required to be filed, pay or make provision for payment (in accordance with GAAP) of all Taxes which are due and payable, and provide adequate reserves (in accordance with GAAP) for the payment of any Tax the payment of which is subject to a Permitted Contest, and shall provide the Administrative Agent upon request with evidence of such payment, in form and substance satisfactory to the Administrative Agent, acting reasonably;

(e) **Insurance:** the Borrower shall and shall cause each other Loan Party to:

(i) maintain in full force and effect such policies of insurance issued by insurers of recognized standing, acceptable to the Administrative Agent and the Insurance Consultant, insuring such Property and operations and providing such coverages as would be maintained by Persons engaged in the same or similar business to the Business in the localities where such Property and operations are located, including, without limitation, all-risk property insurance, comprehensive general liability insurance, construction/builder' s all risk insurance, business interruption insurance and crop loss and export insurance, in each case, as advised by and to the extent deemed appropriate by the Administrative Agent and the Insurance Consultant, such insurance to be otherwise on such terms and conditions and with such deductibles as deemed acceptable by the Administrative Agent and the Insurance Consultant and provide, by its terms that no such insurance will be cancellable except upon 30 days' prior written notice to the Administrative Agent and shall include a standard mortgage clause in favour of the Administrative Agent. The Borrower shall, if required, furnish the Administrative Agent with certificates or other evidence satisfactory to the Administrative Agent demonstrating compliance with the foregoing provisions and, in respect of insurance policies maintained by any of the Loan Parties, the Administrative

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Agent shall be added as a loss payee and as an additional insured, as its interest may appear; and

(ii) promptly upon receipt thereof, use 100% of the proceeds received pursuant to an insurance policy for loss of or damage to any of its Collateral to restore or replace such Collateral to the satisfaction of the Administrative Agent; unless such proceeds are reinvested in accordance with, and to the extent permitted by, Section 4.1(b)(ii);

(f) **Compliance With Laws and Regulations; Maintenance of Material Licenses; Material Agreements:** the Borrower shall and shall cause each other Loan Party to:

(i) comply with and manage and operate the applicable Loan Party' s Property in compliance with the requirements of all Applicable Laws, rules, regulations and orders of Governmental Authorities, including, without limitation, all Environmental Laws in all material respects and all Cannabis Laws in all respects;

(ii) observe and conform to all valid requirements, in all material respects, including Governmental Actions, of any Governmental Authority relative to any applicable Loan Party' s Property and all covenants, terms and conditions of all agreements upon or under which any of such Property is held;

(iii) keep, maintain in effect and comply with all Material Licenses and all other permits, approvals, licences and authorizations required in connection with its Business and ensure that all Cannabis-Related Activities occur solely in accordance with the terms of the Material Licenses;

(iv) perform and observe in all respects all terms and provisions of each Material Agreement to be performed or observed by it or such other Loan Party and maintain each Material Agreement in full force and effect;

(v) maintain in all material respects the employment of any Person whose retention is required as a term of a Health Canada License or any other license issued under the Cannabis Act or the Cannabis Regulations including a senior person in charge, qualified person in charge, master grower, responsible person, head of security and quality assurance person or such alternate individual appointed within the timelines set forth under Cannabis Act or the Cannabis Regulations, as applicable; and

(vi) store, treat, transport or otherwise handle and dispose of all hazardous materials and waste owned, managed or controlled by the applicable Loan Party in compliance with all Environmental Laws, in all material respects;

(g) **Defence of Title:** if the Security Interests granted in any Loan Document or the title to or the rights of the Administrative Agent in or to any Collateral (including, without limitation, any material Intellectual Property) or any part thereof shall be endangered or shall be attacked, directly or indirectly, or if any legal proceedings are instigated against any Loan Party with respect thereto, the Borrower shall promptly give written notice thereof to the Administrative Agent and the Borrower shall and shall cause each applicable Loan Party to:

(i) conduct itself diligently to cure any such deficiency that is discovered or validly claimed;

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(ii) take all necessary and proper steps for the defence of title to such Collateral and the security granted thereunder or under any Security; and

(iii) take such action, including employment of legal counsel, as is reasonably appropriate to the prosecution or defence of litigation with the view to the release or discharge of claim made against the title to any such Collateral;

(h) **Notice of Certain Events:** the Borrower shall provide the Administrative Agent with prompt (and in any event no less than two (2) Business Days') written notice of:

(i) the occurrence of any Default or Event of Default;

(ii) the existence or commencement of any actions, suits, litigation or other proceedings of which the Borrower has knowledge which are commenced against or adversely which affect any Loan Party or any Loan Party' s Property and which (together with all other actions, suits, litigation or other proceedings), if adversely determined, would reasonably be expected to have a Material Adverse Effect or result in aggregate liabilities for the Loan Parties in excess of the Threshold Amount;

(iii) any claim that has been made by any Person against any Loan Party or any Collateral which, if determined adversely, would reasonably be expected to have a Material Adverse Effect;

(iv) any default under, or any other event entitling a counterparty to terminate or suspend any, Material Agreement received or delivered by any Loan Party;

(v) the occurrence of any material Release or other material breach of Environmental Laws in respect of any Property of any Loan Party;

(vi) any: (A) amendment, modification, suspension or revocation in respect of any Material License, together with a certified copy of all documents relating thereto, and (B) audit by Health Canada (and the result thereof) or warning, document, letter or notice from Health Canada to any Loan Party or in respect of its Property or any other requirement of a Governmental Authority or Governmental Action reasonably be expected to have a negative or material impact on any Material License held by the Borrower or any other Loan Party, together with the Borrower' s or other Loan Party' s action plan with respect thereto;

(vii) any rejection notice in respect of any new or renewal security clearance application for any director or officer of any Loan Party or any other Person required to hold a security clearance pursuant to the Cannabis Act or the Cannabis Regulations;

(viii) any hold, quarantine or recall of Cannabis or Cannabis related products produced, distributed or sold by a Loan Party above the Threshold Amount;

(ix) the receipt of proceeds under any insurance claim by any Loan Party;

(x) any change to the Organizational Chart of the Loan Parties set forth in Schedule "M" ;

(xi) any change in the Intellectual Property of the Loan Parties set forth in Schedule "J";

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(xii) any change in the Material Agreements of the Loan Parties set forth in Schedule "K";

(xiii) any change in the Material Licenses of the Loan Parties set forth in Schedule "L";

(xiv) any change in the owned or leased real property of the Loan Parties set forth in Schedule "N" (including, without limitation, any acquisition of real property contemplated Section 6.7(c));

(xv) without limiting the obligations of the Loan Parties in Section 6.13, any change to the issued and outstanding Equity Interests of the Loan Parties (other than the Borrower), SGI Partnership and Sundial Managing Partner Inc. set forth in Schedule "O";

(xvi) notice of any payment, repayment, prepayment or redemption (voluntary or involuntary) under any Permitted Subordinated Debt Documents; and

(xvii) any other matter, circumstance or event that has had or would reasonably be expected to have a Material Adverse Effect, and

concurrently with the written notice required to be delivered pursuant to Sections 9.1(h)(x) - (xv), the Borrower shall provide the Administrative Agent with a revised Schedule "J", Schedule "K", Schedule "L", Schedule "M", Schedule "N" or Schedule "O", as applicable, reflecting such information or change, as applicable, and each such Schedule shall replace the applicable existing Schedule, be incorporated herein by reference and be deemed to form part hereof;

(i) **Operational Covenants:** the Borrower shall and shall cause each applicable Loan Party to maintain all Property in good repair and working condition and in accordance with good industry practice and to carry on, conduct, manage and operate its Business in a proper and businesslike manner, in accordance with sound industry practice, solely within a Qualified Jurisdiction, in accordance with all Applicable Laws and shall ensure that:

(i) all cultivation, production and processing of Cannabis and Cannabis-related products occur solely in facilities licensed by the applicable Governmental Authorities in Qualified Jurisdictions, in accordance with all Applicable Laws; and

(ii) all activities relating to the sale of Cannabis and Cannabis-related products occur solely in facilities licensed by Governmental Authorities in Qualified Jurisdictions or between entities licensed by Governmental Authorities in Qualified Jurisdictions;

(j) **Environmental Compliance Orders:** the Borrower shall forthwith notify the Administrative Agent and shall cause each other Loan Party to make copies available for inspection and review on a confidential basis by representatives of the Administrative Agent upon receipt of all written orders, control orders, directions, action requests, claims and complaints from a Governmental Authority relating to non-compliance with any Environmental Law;

(k) **Environmental Audit:** upon the occurrence or discovery of any circumstance, condition or event which, in the opinion of the Administrative Agent, acting reasonably, would reasonably be expected to result in any Environmental Liability to any Loan Party which would reasonably be expected to have a Material Adverse Effect or result in liability above the Threshold Amount and, in any event, after the occurrence of an Event of Default which is continuing, the Administrative Agent may, at the expense of the Borrower, arrange for an environmental audit to be conducted by an independent environmental engineer or other environmental consultant (such engineer or

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consultant to be chosen in consultation with the Borrower prior to the occurrence of an Event of Default which is continuing, provided however that the ultimate decision is to be that of the Administrative Agent), such audit to be carried out, prior to the occurrence of an Event of Default which is continuing, in consultation with the Borrower to expedite the completion in a cost-effective manner. The Borrower shall and shall cause each other Loan Party to, upon reasonable notice, and so long as any such engineer or consultant agrees to comply with the health and safety standards generally applicable to the Property to be audited, provide access to its Property in order for such engineer or consultant to conduct such environmental and other inspections as it deems advisable and in that connection to examine the books, records, assets, affairs and business operations of the Loan Parties and to make inquiries of government offices concerning compliance by the Loan Parties with Environmental Laws;

(l) **Environmental Indemnity:**

(i) the Borrower shall and shall cause each other Loan Party to forthwith on demand fully indemnify, defend and save each Secured Party and each of their respective directors, officers, employees and agents, and any of them (in this Section 9.1(l) any one or more or all of such Persons is referred to as the "**Indemnified Party**"), harmless from and against any and all liabilities, losses, claims, damages and expenses (including all reasonable fees of counsel on a solicitor and his own client basis and accountant fees and reasonable expenses, court costs and all other reasonable out-of-pocket expenses) sustained, paid, incurred or suffered by the Indemnified Party arising in any manner whatsoever out of or as a result of any environmental claims, liabilities or obligations of any and every nature whatsoever relating to or affecting any Loan Party or the Collateral, or the property of others where any Loan Party would be reasonably likely to have any liability in respect thereof under Applicable Law (all or any item or part of the foregoing liabilities, losses, claims, damages and expenses are referred to in this Section 9.1(l) as "**Loss**"). Notwithstanding the generality of the foregoing, the Loan Parties shall not be obliged to indemnify the Indemnified Party to the extent any Loss has been incurred by reason of the gross negligence or wilful misconduct of such Indemnified Party. The Borrower acknowledges on behalf of itself and each Loan Party that each Lender is entering into the provisions of this Section 9.1(l) on its own behalf and as agent and trustee for its directors, officers, employees and agents;

(ii) if any claim (in this Section 9.1(l) referred to as a "**Claim**") shall be asserted by any Person against the Indemnified Party which may give rise to a Loss, the Indemnified Party shall promptly notify the Borrower of all particulars of such Claim upon learning of same. The failure to give any such notice, however, shall not affect any Loan Party' s liability to indemnify the Indemnified Party unless such failure adversely and materially affects its ability to defend, object to, oppose or contest that Claim;

(iii) (A) each Loan Party shall at all times have the right, if no Default or Event of Default has occurred and is continuing, but shall not be required, at its sole expense, to resist, defend and compromise any Claim in the name of the Indemnified Party, by legal counsel reasonably acceptable to the Indemnified Party who will cooperate in such defence on a reasonable basis; provided that the Indemnified Party shall have the right to participate in the defence or compromise of any Claim by other legal counsel of its choosing if the Indemnified Party, acting reasonably, determines it should so participate; provided that subject to Section 9.1(l)(iii)(B) the fees and disbursements of such other counsel shall be paid by the Borrower. The Indemnified Party shall not effect any settlement or compromise of any Claim

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without the prior written consent of the Borrower. Notwithstanding anything herein to the contrary, the Borrower on its own behalf must defend or must cause the applicable Loan Party to defend such claim, diligently and reasonably throughout the period while such Claim exists. If any Loan Party exercises its rights under this Section 9.1(l), the Borrower shall cause such Loan Party not to compromise or otherwise settle a Claim without the consent of the Indemnified Party suffering such Claim, which consent shall not be unreasonably withheld or delayed. The inability of the Loan Parties to pay such Claim in full shall constitute a sufficient reason to withhold such consent; and

(B) the Loan Parties shall not, in connection with any Loss in the same jurisdiction, be liable for the fees and expenses of more than one separate legal firm for the Indemnified Parties unless such representation by the same legal counsel would be inappropriate due to actual or potential differing interests or the employment thereof has been specifically authorized by the Borrower in writing and such firm or firms shall be designated in writing by the Administrative Agent on behalf of each Indemnified Party;

(m) **Use of Facilities:** the Borrower shall, and shall cause each other Loan Party to, ensure that the proceeds of each of the Facilities are used by Loan Parties only and exclusively for the purposes described in Section 3.4, as applicable;

(n) **Bank Accounts:** the Borrower shall, and shall cause each other Loan Party to, maintain all of its cash receipts and term deposits and to deposit all of its cheques and other payments (including all proceeds of Collateral, insurance and reinsurance) into an account with the Administrative Agent or a Lender and shall maintain all bank accounts or investments accounts with the Administrative Agent or a Lender;

(o) **Mandatory Lender Swaps:** subject to Sections 3.14(d) and 4.4, the Borrower shall maintain or replace, as the case may be, Interest Swaps in each case, with a minimum term up to and including the Maturity Date and a maximum term of two years and which is in a net notional amount which, taken together with the notional amounts of all other Interest Swaps then in effect entered into by the Loan Parties, is equal to no less than 25% of the aggregate amount of all Syndicated Borrowings;

(p) **Material Subsidiary Guarantees and Security:** unless otherwise agreed to by the Administrative Agent in writing, the Borrower shall ensure that each Material Subsidiary is at all times a party to the Loan Party Guarantee (or that has granted a similar unlimited Guarantee in respect of the Secured Obligations of the other Loan Parties in form and substance satisfactory to the Administrative Agent), and shall ensure that each Material Subsidiary has provided the other Security required by Article 6;

(q) **Additional Information:** the Borrower shall, and shall cause each other Loan Party to, promptly furnish to the Administrative Agent any additional information regarding the Loan Parties' Business and the affairs, operations and financial condition of each Loan Party as the Administrative Agent shall reasonably request or which the Borrower deems material to the Lenders' continuing due diligence and shall, at all times, ensure the accuracy of all such information in all material respects;

(r) **Subsidiary Ownership:** the Borrower shall ensure that, at all times, the Borrower beneficially owns either directly or indirectly through one or more Material Subsidiaries, all of the issued and outstanding Voting Shares in the capital stock of each Material Subsidiary;

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(s) **Further Assurances:** the Borrower shall do and shall cause each other Loan Party to do all such further acts and things and execute and deliver all such further documents as shall be reasonably required by the Administrative Agent in order to ensure the terms and provisions of the Loan Documents are fully performed and carried out;

(t) **[Reserved.]**;

(u) **Equity Raise:** on or before December 1, 2020, the Borrower shall have raised gross cash proceeds in the amount of not less than U.S. $10,000,000 pursuant to issuance of new equity or equity-linked securities by the Borrower, and the Lenders, and the Administrative Agent shall have received satisfactory evidence of the same;

(v) **Financial Advisor:** the Borrower: (i) shall pay all fees and expenses arising under the Financial Advisor Engagement Letter within 3 Business Days of any request therefor by the Financial Advisor, (ii) shall fully cooperate, and shall cause each other Loan Party to fully cooperate, with the Financial Advisor and promptly (having regard to the nature and scope of the information and data requested) provide all information and data requested by the Financial Advisor, including all information and data in respect of the conduct of the business or financial condition of the Loan Parties, (iii) confirms and agrees that the Financial Advisor shall be engaged until such time period where the Borrower has two consecutive Fiscal Quarters with positive EBITDA or as otherwise deemed necessary by the Administrative Agent, in its sole discretion and (iv) acknowledges that the Financial Advisor shall monitor the Loan Parties' operations, business and affairs and review the information provided in paragraph (ii) above;

Reporting Requirements

(w) **Annual Financial Statements, etc.:** the Borrower shall furnish the following to the Administrative Agent as soon as available and in any event within 90 days after the end of each Fiscal Year:

(i) **Audited Financial Statements/MD&A:** a consolidated balance sheet as at the close of such Fiscal Year and consolidated statements of income and changes in financial position for such Fiscal Year, setting forth in comparative form the corresponding figures of the preceding Fiscal Year, in respect of the Borrower on a fully-consolidated basis, together with an auditor' s report prepared by a qualified firm of accountants confirming that its examinations of such financial statements were made in accordance with generally accepted auditing standards and, accordingly, included such tests and other procedures as it considered necessary in the circumstances and that such financial statements present fairly in all material respects the financial position of the Borrower on a consolidated basis, as of the close of such Fiscal Year and the results of its operations and the changes in its financial position for the Fiscal Year then ended, in accordance with GAAP (except as otherwise noted therein and consented to by the Majority Lenders, such consent not to be unreasonably withheld), which shall be accompanied by a management discussion and analysis report for such Fiscal Year; and

(ii) **Financial Forecasts:** consolidated financial forecasts for the next Fiscal Year in respect of the Borrower, reviewed by the Financial Advisor and approved by the Lenders, in their sole discretion and (A) including a forecast balance sheet, forecast cash flow statement, statement of income and statement of changes in financial position for the following Fiscal Year, budget for the next Fiscal Year detailing therein, *inter alia*, projected revenues, general and administrative costs, operating costs, cash flow projections, Taxes, budgeted capital expenditures and EBITDA, and (B) setting forth the calculation of each financial

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covenants set forth in Section 9.3 for the following Fiscal Year (to the extent compliance is so required at such time), detailed on the basis of each Fiscal Quarter. For certainty, such financial forecast shall include a detailed description of all assumptions used in the preparation thereof;

(x) **Quarterly Financial Statements/MD&A:** the Borrower shall furnish to the Administrative Agent its quarterly unaudited balance sheets, unaudited cash flow statements and unaudited statements of income and changes in financial position as soon as available and in any event within 45 days after the end of each of its first three (3) Fiscal Quarters, each as at the end of such Fiscal Quarter and prepared in accordance with GAAP on a consolidated basis consistently applied which shall (i) be reviewed by the Financial Advisor, (ii) include a comparison to the Approved Financial Model and (iii) be accompanied by a management discussion and analysis report for such Fiscal Quarter;

(y) **2021 Financial Forecast:** without duplication to Section 9.1(w)(ii), on or before November 30, 2020, the Borrower shall have delivered to the Administrative Agent a consolidated financial forecast for the 2021 Fiscal Year in respect of the Borrower, reviewed by the Financial Advisor and approved by the Lenders, in their sole discretion and (A) including a forecast balance sheet, forecast cash flow statement, statement of income and statement of changes in financial position for the 2021 Fiscal Year, budget for the 2021 Fiscal Year detailing therein, *inter alia*, projected revenues, general and administrative costs, operating costs, cash flow projections, Taxes, budgeted capital expenditures and EBITDA, and (B) setting forth the calculation of each financial covenants set forth in Section 9.3 for the 2021 Fiscal Year (to the extent compliance is so required at such time), detailed on the basis of each Fiscal Quarter. For certainty, such financial forecast shall include a detailed description of all assumptions used in the preparation thereof;

(z) **Monthly Reporting:** the Borrower shall furnish to the Administrative Agent (in form and substance satisfactory to the Administrative Agent) as soon as available and in any event within, 10 days after the end of each calendar month, each as at the end of such calendar month:

(i) a detailed report of the cash balance of all accounts of the Loan Parties (whether held with the Administrative Agent, the Lenders or any other financial institution) evidencing compliance with Section 9.3(a); and

(ii) at any time Unrestricted Cash is less than Cdn.$5,000,000, upon request of the Administrative Agent and the Lenders, a CCAA cash flow report, reviewed by the Financial Advisor;

(aa) **Weekly Reporting:** the Borrower shall furnish the following to the Administrative Agent by 12:00pm (noon) (Calgary time) on each Wednesday of each calendar week:

(i) without duplication to Section 8.1(a)(ii), a complete 13-week cash flow statement (for the 13-week period ending on the immediately preceding Sunday) and forecast (for the 13-week period commencing on the immediately preceding Monday) in respect of the Borrower' s consolidated operations (each, an "**Updated Cash Flow Report**") which shall include a detailed comparison of the variances between actual cash flows and projected cash flows from the Original Cash Flow Report, initially, and, thereafter, from the projections in the most recent Updated Cash Flow Report, in each case, together with detailed particulars explaining any variances;

(ii) detailed reports setting out the Borrower' s and its Subsidiaries' consolidated opening cash position in respect of the consolidated operations of the Borrower to support the forecasts

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in the applicable Updated Cash Flow Report, and reflecting any cash on deposit in Canadian accounts maintained by the Borrower or any of its Subsidiaries (whether or not such accounts are held by the Administrative Agent, the Lenders or another financial institution);

(iii) a detailed report with respect to such matters as the Lenders may request (in their sole discretion) and including, without limitation, (A) an update to the Lenders in respect of the progress and status of any conversion of HB Convertible Notes and the issuance of the new equity offering contemplated in Sections 9.1(t) and 9.1(u) and (B) certified true and complete copies of any new Material Agreements and/or Material Licenses entered into, granted or issued after the Effective Date; and

(iv) updates to the Administrative Agent and the Lenders with respect to the sale process being undertaken by the Sale Advisor on behalf of the Loan Parties, including updates in a timely manner with respect to prospective bids identified by the Borrower or the Sale Advisor, material developments with respect to such prospective bids and a summary of material terms of the bids received,

in each case, reviewed by the Financial Advisor and in form and substance satisfactory to the Administrative Agent and the Lenders;

(bb) **Compliance Certificate:** the Borrower shall furnish to the Administrative Agent a duly executed and completed Compliance Certificate, concurrently with the provision of:

(i) each of the financial statements pursuant to Section 9.1(w)(i) and 9.1(x), and effective as of the last day of the Fiscal Year or Fiscal Quarter, as applicable; and

(ii) each of the monthly cash reports pursuant to Section 9.1(z), and effective as of the last day of the applicable calendar month;

(cc) **Insurance:** the Borrower shall furnish certificate(s) of insurance showing the Administrative Agent, on behalf of the Secured Parties, as loss payee and additional insured and evidencing compliance with Section 9.1(e) on an annual basis, and in any event within 90 days after the end of each Fiscal Year;

(dd) **Property Taxes:** on an annual basis, no later than August 30 for the Fiscal Year ending December 31, 2020 and June 30 in each year thereafter, the Borrower shall provide to the Administrative Agent evidence satisfactory that Taxes relating to the real property of the Loan Parties then due and payable by the Loan Parties have been irrevocably paid in full; provided that if the Borrower fails to provide such evidence the Administrative Agent may obtain tax certificates in respect of the Loan Parties at the expense of the Borrower;

(ee) **Permitted Subordinated Debt Documents:** without limiting Section 9.2(k), the Borrower will promptly furnish to the Administrative Agent copies of: (i) all amendments to any Permitted Subordinated Debt Documents, (ii) all material notices given or received, and all material statements, reports or other documents delivered, by the Borrower pursuant to or in connection with the Permitted Subordinated Debt Documents to the extent not already delivered pursuant to this Agreement;

(ff) **Provision of Other Information:** without limiting the foregoing, the Borrower shall provide to the Administrative Agent:

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(i) copies of all financial statements, reports or other documents delivered to (A) SAF or any pursuant to or in connection with the SAF Convertible Note concurrently with the delivery thereof to SAF and (B) any HB Holder pursuant to or in connection with the HB Convertible Notes concurrently with the delivery thereof to such HB Holder;

(ii) copies of all material correspondence and notices received by any Loan Party from any Governmental Authority with respect to any Material License, or relating to any regulatory or other investigations into any Loan Party' s Cannabis-Related Activities;

(iii) copies of all final prospectuses or other similar offering documents such as private placement memorandums, registration statements, material change reports and annual information forms filed by it with any securities regulatory authorities together with such other information relating to the business, affairs, operations and financial condition of any Loan Party as the Administrative Agent may reasonably request provided that, if applicable, the Borrower may satisfy the foregoing by posting such information on www.SEDAR.com or on another website as notified to and agreed to by the Administrative Agent provided that the Administrative Agent is aware of the address of and any relevant password specifications for such website. The Borrower shall forthwith advise the Administrative Agent promptly upon becoming aware that such website cannot be accessed or if the password specifications change or any existing information posted onto such website is amended. If the Administrative Agent cannot access such information on the relevant website, the information will instead be provided to the Administrative Agent in paper form; and

(iv) such other information in respect of the conduct of business or financial condition of the Loan Parties, including an updated Appraisal (or update in respect thereof) relating to the Loan Parties' Property relating to the Loan Parties' Business as reasonably requested by a Lender to the Administrative Agent from time to time;

(gg) **Post-Closing Covenants**: the Administrative Agent shall have received, in form and substance satisfactory to the Lenders, within 30 days following the Effective Date, :

(i) all certificates evidencing the Equity Interests (or other interests and classes of investment property) of the Loan Parties in Pathway RX Inc., together with a duly executed stock transfer power attorney in respect of thereof and evidence that all corporate action has been taken by Pathway RX Inc. to authorize the foregoing pledge;

(ii) certificates of title in respect of the real property that is subject to the Collateral Mortgage evidencing the discharge of the Existing Liens and compliance with Section 9.2(g). For certainty, any Existing Liens in place after the aforementioned 30 day period shall cease to be "Permitted Encumbrances" pursuant to paragraph (q) of the definition thereof;

(iii) a leasehold mortgage in favour of the Administrative Agent, for the benefit of each Secured Party, constituting a first ranking fixed and specific charge over the Didsbury Property); and

(iv) certificate(s) of insurance showing the Administrative Agent, on behalf of the Secured Parties, as loss payee and additional insured and evidencing compliance with Section 9.1(e) (and, for certainty, such certificate(s) of insurance shall be reviewed and approved by the Insurance Consultant); and

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(hh) **Fee Payment:** On or before September 30, 2020, the Borrower will pay or cause to be paid to the Administrative Agent, for the account of the Lenders, a one-time fee in the amount of $225,000 which shall be deemed to be fully earned on the date hereof and which shall be due and payable on September 30, 2020 (the "**Fee**"). The Fee shall be non-refundable and is in addition to, and is not creditable against, any other fees payable by a Loan Party to the Administrative Agent and/or the Lenders in connection with this Agreement.

9.2 Negative Covenants of the Borrower

During the term of this Agreement, the Borrower covenants and agrees with each of the Lenders and the Administrative Agent that it shall not, and shall ensure that each other Loan Party shall not, without the prior written consent of the Administrative Agent on behalf of the Majority Lenders (subject to Section 12.19):

(a) **Conduct of Business:**

(i) engage in any business or make any material investments or enter into any material ventures other than the Business and other activities directly related to the foregoing, nor make or enter into any acquisitions, investments, joint ventures or partnerships which are not in the ordinary course of, and made for the purpose of, conducting the Business of the Loan Parties as described aforesaid; and

(ii) own assets or carry on, or permit any of its Subsidiaries to own assets or carry on, the Business in any jurisdiction other than in a Qualified Jurisdiction;

(b) **Incur Debt:** issue, create, incur, assume, permit or suffer to exist or directly or indirectly be or become in any way liable for or in respect of any Debt, other than Permitted Indebtedness;

(c) **Financial Assistance:** provide any form of Financial Assistance to any Person other than Permitted Financial Assistance;

(d) **Distributions:** make, give effect to or implement any steps or procedures to make any Distributions, or otherwise reduce the Borrower' s equity, other than pursuant to a Permitted Distribution or as specifically permitted pursuant to Section 9.2(k);

(e) **Prohibited Disposition:** Dispose of any or all of its right, title, estate and interest in or to all or any part of its Property, other than Permitted Dispositions;

(f) **Acquisitions:** make any Acquisition;

(g) **Negative Pledge:** create, incur, assume, permit or suffer to exist any Security Interest upon or with respect to any of its Property other than Permitted Encumbrances;

(h) **Transactions with Affiliates:** enter into directly or indirectly any transaction or group of related transactions (including the purchase, lease, sale or exchange of Property of any kind or the rendering of any service) with any Affiliate (other than another Loan Party), except in the ordinary course and pursuant to the reasonable requirements of the Business and upon fair and reasonable terms no less favourable to it than would be obtainable in a comparable arm' s-length transaction with a Person not an Affiliate;

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(i) **Change of Fiscal Year:** change the fiscal year end of the Borrower from December 31 or the basis on which the financial records of a Loan Party are now maintained, subject to Section 1.5 unless 30 Business Days prior written notice has been provided to the Administrative Agent;

(j) **Corporate Reorganizations:** enter into or become party to any transaction (each a "**Corporate Transaction**") of merger, amalgamation, consolidation, winding-up, plan of arrangement, reorganization or reconstruction with any Person or enter into any transaction by way of transfer, liquidation, sale, lease, disposition or otherwise whereby all or substantially all of its Property would become the Property of any other Person, or take any corporate, partnership or trust action in pursuance of any of the foregoing; provided that any Loan Party may do so if such Corporate Transaction is conducted solely with another Loan Party or between Loan Parties;

(k) **Permitted Subordinated Debt:** notwithstanding the terms of any Permitted Subordinated Debt Document:

(i) other than in respect of the SAF Documents and the HB Documents, make, give effect to or implement any steps or procedures to make any cash payment, repayment, prepayment or redemption (voluntary or involuntary) of any Permitted Subordinated Debt, including any principal, interest, fees or other amounts owing in respect of any Permitted Subordinated Debt;

(ii) with respect to the SAF Documents, make, give effect to or implement any steps or procedures to make any cash payment, repayment, prepayment or redemption (voluntary or involuntary) under any of the SAF Documents, except as permitted by the SAF Intercreditor Agreement;

(iii) with respect to the HB Documents, make, give effect to or implement any steps or procedures to make any cash payment, repayment, prepayment or redemption (voluntary or involuntary) under any of the HB Documents, except as permitted by the HB Intercreditor Agreement; provided that no Default or Event of Default has occurred and is continuing or would result from any such payment, repayment, prepayment or redemption (voluntary or involuntary) and further provided that all such payments do not exceed an aggregate amount of U.S. $15,000,000; or

(iv) amend, restate, supplement or otherwise modify any Permitted Subordinated Debt Document, other than:

(A) in respect of the HB Documents, as described in Section 4(e) of the HB Intercreditor Agreement; and

(B) in respect of the SAF Documents, other than as prohibited by the SAF Intercreditor Agreement;

(l) **Swaps:** enter into any Swap with a Person other than a Swap Lender nor enter into any Swap outside the ordinary course of its business or for speculative purposes (determined, where relevant, by reference to GAAP); provided that:

(i) without limiting the generality of the foregoing, the following shall be considered to be Swaps entered into outside of the ordinary course of business or entered into for speculative purposes:

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(A) any Interest Swap if the notional amount of indebtedness under such Interest Swap together with the notional amount of all other Interest Swaps then in effect in respect of the Loan Parties exceeds the underlying exposure to the risk hedged or sought to be hedged by such Interest Swap at the time such Interest Swap is entered into;

(B) any Currency Swap or Commodity Swap;

(C) any Interest Swap (other than, for greater certainty, the Interest Swaps referenced in Section 9.1(o)) or Currency Swap having a term from its inception to maturity exceeding two (2) years; and

(D) any Swap in respect of which a Security Interest is granted, except for the Security Interests granted under the Security in favour of the Administrative Agent, on behalf of the Secured Parties; and

(ii) any and all Interest Swaps contemplated by Section 9.1(o) shall be deemed not to be entered into outside the ordinary course of business or for speculative purposes;

(m) **Partnerships: (i)** add any Person as a partner to a Material Subsidiary which is a partnership if such Person is not a Loan Party, (ii) transfer any Voting Shares, units or other Equity Interests in any Material Subsidiary which is a partnership if the transferee is not a Loan Party, or (iii) make any changes, amendments or supplements to the partnership agreement relating to such partnership which would reasonably be expected to adversely affect the Lenders in a material manner;

(n) **Insurance Proceeds:** make any application or use of any insurance proceeds received by it in respect of any single claim or event except in accordance with Sections 4.1(b)(ii) and 9.1(e)(ii), as the case may be;

(o) **Material Agreements: (i)** amend, vary or alter any Material Agreement unless, in each case, the same is solely administrative or, in the opinion of the Administrative Agent, such amendment, variation or alteration would not have, or would not reasonably be expected to have, a Material Adverse Effect, (ii) terminate, surrender or consent to any assignment or transfer of its rights or entitlements under any Material Agreement, or (iii) enter into any new Material Agreement;

(p) **Pension Plan:** enter into or permit any other Loan Party to enter into any Pension Plan or collective bargaining agreement;

(q) **Cannabis Operations:** undertake or offer to undertake, or cause or permit any other Loan Party to undertake or offer to undertake, any Cannabis Related Activities, which could directly or indirectly result in the Borrower or such other Loan Party becoming subject to the laws of any jurisdiction other than a Qualified Jurisdiction; and

(r) **Budgeted Capital Expenditures:** amend or vary any Budgeted Capital Expenditures or make any other capital expenditures, other than Budgeted Capital Expenditures, without the prior written approval of the Administrative Agent and the Lenders in their sole discretion (after a review of such proposed amendments or capital expenditures by the Financial Advisor). Without limiting the generality of the foregoing, aggregated Budgeted Capital Expenditures shall not exceed Cdn.$7,000,000 for the period beginning on the date hereof and ending on December 31, 2020.

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9.3 Financial Covenants

During the term of this Agreement, the Borrower covenants and agrees with each of the Lenders and the Administrative Agent that it shall not, without the prior written consent of the Administrative Agent on behalf of each of the Lenders:

(a) **Unrestricted Cash Balance:** permit the Unrestricted Cash balance, at any time, to be less than Cdn. $2,500,000.

(b) **Fixed Charge Coverage Ratio; Senior Funded Debt to EBITDA Ratio:** as at the Covenant Monitoring Date and as at the end of any Fiscal Quarter thereafter, permit:

(i) the Fixed Charge Coverage Ratio to be less than 1.50 to 1.00; or

(ii) the Senior Funded Debt to EBITDA Ratio to be greater than 2.75 to 1.00.

9.4 Non-Material Foreign Subsidiaries

(a) **Positive Covenants**: The Borrower covenants and agrees with each of the Lenders and the Administrative Agent that, unless the Administrative Agent on behalf of the Majority Lenders (subject to Section 12.19) otherwise consents in writing, it shall, and it shall cause each Loan Party to, cause the prompt Distribution of cash held by the Non-Material Foreign Subsidiaries from time to time to a Loan Party; and

(b) **Negative Covenants**: During the term of this Agreement, the Borrower covenants and agrees with each of the Lenders and the Administrative Agent that it shall not, and shall ensure that each other Loan Party shall not, without the prior written consent of the Administrative Agent on behalf of the Majority Lenders (subject to Section 12.19):

(i) create, incorporate, organize or otherwise form any Non-Material Foreign Subsidiary (other than the Non-Material Foreign Subsidiaries in existence on the date hereof which are specifically named in the definition of "Non-Material Foreign Subsidiaries");

(ii) provide Financial Assistance to a Non-Material Foreign Subsidiary; or

(iii) subject to Section 9.4(a), permit any Non-Material Foreign Subsidiary to hold or own any Property.

ARTICLE 10
EVENTS OF DEFAULT

10.1 Events of Default

The occurrence of any one or more of the following events or circumstances constitutes an Event of Default under this Agreement:

(a) **Failure to Pay Principal:** the failure of the Borrower to make any payment of any Borrowings when due hereunder;

(b) **Failure to Pay Interest or Fees:** the failure of any Loan Party to make any payment of any interest, fees or any other amount (other than the Borrowings) due under any Loan Document when due

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hereunder and such default shall remain unremedied for a period of three (3) Business Days after written notice from the Administrative Agent to the Borrower that such amount is overdue;

(c) **Breach of Certain Covenants:** if there is a breach or failure of due performance or observance by any Loan Party of any covenant or provision set forth in Section 6.14, 9.1(h), 9.1(j), 9.1(m), 9.1(n), 9.1(o), 9.1(p), 9.1(r), 9.1(u), 9.1(w), 9.1(x), 9.1(y), 9.1(z), 9.1(aa), 9.1(bb), 9.1(gg), 9.1(hh), 9.2, 9.3 or 9.4;

(d) **Breach of Other Covenants:** if there is a breach or failure of due performance or observance by any Loan Party of any covenant or provision of this Agreement or any of the Loan Documents (other than those otherwise dealt with in this Section 10.1), unless such breach or failure is cured (to the extent such breach or failure is capable of being cured), to the satisfaction of the Majority Lenders, acting reasonably, within 20 Business Days after written notice thereof by the Administrative Agent to the Borrower;

(e) **Misrepresentations:** if any representation or warranty made or deemed to be made by the Borrower or any other Loan Party in any Loan Document, certificate or document shall prove to have been incorrect in any material respect when made or deemed to be made or repeated hereunder or thereunder; provided that if the matter, defect or deficiency which is the subject matter of the misrepresentation is capable of correction or remedy (and not merely by changing the representation made), then if it is not corrected or remedied to the satisfaction of the Majority Lenders, acting reasonably, within 20 Business Days after written notice thereof by the Administrative Agent to the Borrower;

(f) **Cross Default:** if:

(i) a "Default" (as such term or equivalents are defined under the SAF Convertible Note and/or the HB Convertible Notes, as applicable) occurs and such "Default" is not waived or cured within any applicable cure or grace period or if an "Event of Default" (as such term and/or equivalents are defined under the SAF Convertible Note or the HB Convertible Notes, as applicable) occurs; or

(ii) any Loan Party or the Person primarily liable or jointly and/or severally liable, in the case of any contingent or joint and/or several obligation of any Loan Party (A) fails to pay when due (whether at stated maturity or by required prepayment, acceleration, demand or otherwise) any Debt between itself and any Person (other than any Debt under this Agreement) or (B) is in breach or default under any term or provision of any other document, instrument or agreement evidencing or securing any other Debt between itself and any Person (other than this Agreement) if in the case of (A) or (B) above, such breaches or defaults (in the aggregate) are in respect of an amount which, taken together with (x) any other such breaches or defaults in respect of such other Debt, and (y) any accelerated amounts in respect of such other Debt, exceeds Cdn.$700,000, in the aggregate,

and, in either case, such breach or default is not remedied within the lesser of ten (10) Business Days or the grace period otherwise applicable thereto (to the extent such breach or default is capable of being cured);

(g) **Cease to Carry on Business:** if any Loan Party ceases or threatens to cease to carry on business except as permitted by Section 9.2(j);

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(h) **Voluntary Insolvency:** if any Loan Party shall:

(i) apply for or consent to the appointment of a receiver, trustee or liquidator of itself or of all or substantially all of its assets or undertaking;

(ii) make or threaten to make a general assignment for the benefit of creditors or make or threaten to make a bulk sale of its assets; or be unable, or admit in writing its inability or failure, to pay its debts generally as they become due;

(iii) commence any case, proceeding or other action under any Debtor Relief Laws seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts or an arrangement with creditors or taking advantage of any Debtor Relief Law or proceeding for the relief of debtors, or file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding;

(iv) take corporate or partnership action for the purpose of effecting any of the foregoing; or

(v) commit or threaten to commit an act which, if committed by a corporation, would constitute bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) or any statute passed in substitution therefor, as amended from time to time;

(i) **Involuntary Insolvency:** if any case, proceeding or other action shall be instituted in any court of competent jurisdiction against any Loan Party seeking in respect of it an adjudication in bankruptcy, reorganization, dissolution, winding-up, liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or the like of such Loan Party or of all or substantially all of its assets, or any other like relief in respect of such Loan Party under any Debtor Relief Law and, if such case, proceeding or other action is being contested by the Borrower in good faith, the same shall continue undismissed or unstayed and in effect for any period of 30 consecutive days; provided that if an order, decree or judgment is granted (whether or not entered or subject to appeal) against a Loan Party thereunder or a trustee, receiver or liquidator is appointed in the interim and such order, decree, judgment or appointment is not stayed or discharged within ten (10) Business Days of it being granted, such grace period shall cease to apply;

(j) **Disposition of Property:** if any Loan Party shall pass an effective resolution or initiate steps or proceedings for the purpose of authorizing the disposition of all or substantially all of its Property (except for a Disposition in accordance with and as permitted by Sections 9.2(e) or 9.2(j));

(k) **Change in Ownership:** if, at any time:

(i) each Material Subsidiary is not wholly-owned, directly, by the Borrower or another Material Subsidiary unless any such Material Subsidiary ceases to exist pursuant to any one or more reorganization transactions made subject to and in accordance with Section 9.2(j) or such Material Subsidiary has been sold or disposed of pursuant to a Permitted Disposition; or

(ii) a Change of Control occurs;

(l) **Judgments:** if a final judgment or judgments for the payment of money shall be rendered against any Loan Party in an amount in excess of Cdn.$1,500,000 and the same shall remain undischarged

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for a period of twenty (20) Business Days during which such judgment or judgments shall not be on appeal or execution thereof shall not be effectively stayed;

(m) **Writs:** if writs, executions, attachments or similar processes are issued or levied against any of the Property of any Loan Party in an aggregate amount which is in excess of Cdn.$1,500,000 and such writ, execution, attachment or similar process remains undischarged or unreleased for a period of twenty (20) Business Days;

(n) **Encumbrancers:** if encumbrancers or lienors lawfully take any action against a Loan Party to take possession or enforce proceedings against any Property of such Loan Party having a value in an aggregate amount which is in excess of Cdn.$1,500,000, unless subject to a Permitted Contest;

(o) **Invalid Loan Documents:** if any material provision of any Loan Document continues to be invalid or unenforceable in whole or in a material part, or any of the Security Interests in and to any material Collateral constituted by the Security fails to attach thereto or to have the priority intended thereby, and, in either case, the same is not cured to the satisfaction of the Majority Lenders, acting reasonably, within five (5) Business Days after notice thereof by the Administrative Agent to the Borrower;

(p) **Qualified Auditor Report:** if the audited financial statements that are required to be delivered to the Administrative Agent pursuant to Section 9.1(w)(i) contain a qualification that is not acceptable to the Majority Lenders, acting reasonably, and, if unacceptable, such qualification is not rectified or otherwise dealt with to the satisfaction of the Majority Lenders within a period of twenty (20) Business Days after the delivery of such financial statements;

(q) **Material Agreements; Material Licenses:** if any of the following shall have occurred: (i) any default under any term or provision of any Material Agreement or any other event entitling any counterparty under any Material Agreement to terminate or suspend such Material Agreement, or (ii) any termination, suspension or other loss of any Material License;

(r) **Swaps:** if a Termination Event shall occur under a Lender Swap, or if any Loan Party breaches or is in default under any Lender Swap and such breach or default is not remedied or waived within any applicable cure period in the relevant agreement with respect thereto;

(s) **Cannabis Act:** if the Cannabis Act is repealed and not replaced with similar legislation; or

(t) **Material Adverse Effect:** if an event shall occur which, in the opinion of all the Lenders, would reasonably be expected to have a Material Adverse Effect and, if capable of remedy, such event shall not be remedied within a period of twenty (20) Business Days from the date of written notice by the Administrative Agent to the Borrower of such event; provided that, until the Covenant Monitoring Date, the events in respect of the COVID-19 pandemic and related impacts (individually, a "**COVID-19 Event**") shall not constitute an event giving rise to a Default or Event of Default pursuant to this subparagraph (t), without limiting any Default or Event of Default that may arise under any other part of Section 10.1 as a direct or indirect consequence of any COVID-19 Event.

10.2 Acceleration

Upon the occurrence of any Event of Default which has not been remedied or waived, the Administrative Agent on behalf of the Lenders, and with the approval of the Majority Lenders shall be

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entitled to, without limiting or restricting other remedies or rights under contract, at law or in equity, as the Administrative Agent and the Majority Lenders may in their sole and unfettered discretion determine:

(a) **Terminate Commitment:** cease to make or continue any Borrowings hereunder, notwithstanding any prior receipt by the Administrative Agent of a Borrowing Notice, Conversion Notice or a Rollover Notice or any other event and the Administrative Agent may, by written notice to the Borrower, declare the Total Commitment and the right of the Borrower to apply for further Accommodations to be terminated; and

(b) **Acceleration Notice:** by written notice to the Borrower (an "**Acceleration Notice**"), declare all Borrowings (including the face amount of all Bankers' Acceptances and the undrawn amount of all outstanding Letters of Credit) and other liabilities and indebtedness (whether matured or unmatured) of the Borrower to the Administrative Agent, the Lenders and the Creditcard Lenders hereunder and under the other Loan Documents and the Bilateral Financial Services Agreements to be immediately due and payable (or to be due and payable at such later time as may be stated in such notice) without further demand, presentation, protest or other notice of any kind, all of which are expressly waived by the Borrower;

provided that upon the occurrence of an Event of Default specified in Section 10.1(h) or 10.1(i) the Commitment shall automatically terminate and all Borrowings (including the face amount of all Bankers' Acceptances and the undrawn amount of all outstanding Letters of Credit) and other indebtedness and liabilities hereunder and under the other Loan Documents and all Creditcard Obligations under the Bilateral Financial Services Agreements shall automatically become due and payable, in each case without any requirement that notice be given to the Borrower. Immediately upon the occurrence of an Event of Default specified in Section 10.1(h) or 10.1(i) or at the time stated in an Acceleration Notice, the Borrower shall pay to the Administrative Agent on behalf of the Secured Parties all amounts owing or payable in respect of all Borrowings (including the face amount of all Bankers' Acceptances and the undrawn amount of all outstanding Letters of Credit) and other indebtedness and liabilities hereunder and under the other Loan Documents and all Creditcard Obligations under the Bilateral Financial Services Agreements, failing which all rights and remedies of the Administrative Agent and the Lenders under the Loan Documents and all rights and remedies of the Creditcard Lenders under the Bilateral Financial Services Agreements shall thereupon become enforceable.

10.3 Demands for Payment

(a) **Lender Demands:** If the Administrative Agent, on behalf of the Majority Lenders, delivers an Acceleration Notice, each Swap Lender may, within three Business Days, deliver (to the extent applicable to it) a Swap Demand for Payment.

(b) **Termination Event:** If a Termination Event has occurred and all amounts secured by the Security are not thereafter due and payable, each Lender, each Swap Lender, each Cash Management Lender and each Creditcard Lender shall, within three Business Days, deliver such Demands for Payment or other notices as may be necessary to ensure that all amounts secured by the Security are thereafter due and payable under the Credit Documents.

(c) **Swap Demand:** If any Swap Lender proposes to deliver a Swap Demand for Payment, such Lender shall notify the Administrative Agent of its determination, and the Administrative Agent, within a further five Business Days after receipt of the aforesaid notice, shall notify all Swap Lenders whether the Administrative Agent, on behalf of the Majority Lenders, proposes to deliver an Acceleration Notice hereunder. If the Administrative Agent does not so advise the Swap Lenders within such five Business Day period it shall be deemed to have advised that the Majority Lenders

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do not propose to deliver an Acceleration Notice. If the Administrative Agent does notify the Swap Lenders that the Majority Lenders propose to deliver an Acceleration Notice, all Demands for Payment and other notices shall be delivered concurrently by the Administrative Agent, the Swap Lenders, the Cash Management Lenders and the Creditcard Lenders. If the Administrative Agent does notify the Swap Lenders that the Majority Lenders do not propose, or the Administrative Agent is deemed to have advised that the Majority Lenders do not propose, to deliver an Acceleration Notice, the Swap Lender which delivered the notice to the Administrative Agent may at any time within 30 Business Days thereafter deliver the Swap Demand for Payment. If the Swap Lender delivering any such Swap Demand for Payment does not receive the amount so demanded on or prior to the time stated in such Swap Demand for Payment, such Swap Lender shall so notify the Administrative Agent and the Administrative Agent and each other Lender, Swap Lender, Cash Management Lender and Creditcard Lender shall forthwith concurrently deliver such Demands for Payment or other notices as may be necessary to ensure that all amounts secured by the Security are thereafter due and payable under the Credit Documents.

(d) **No Sharing:** Any amounts which are lawfully received by any Swap Lender under a Swap or by a Cash Management Lender or Creditcard Lender under a Bilateral Financial Services Agreement prior to the earlier of the delivery by the Administrative Agent of a Demand for Payment or the occurrence of a Termination Event hereunder are not required to be shared pursuant to the provisions of Section 10.7.

(e) **Lender Affiliates:** If a Lender Swap or any Bilateral Financial Services Agreement is entered into with an Affiliate of a Lender, that Lender shall cause such Affiliate to deliver all Swap Demands for Payment or other notices as required by this Section 10.3 and such obligations shall survive such Lender (at any time after any such Lender Swap or Bilateral Financial Services Agreement was entered into) ceasing to be a Lender hereunder.

10.4 Borrower Cash Collateral Accounts

Upon the occurrence of:

(a) a Termination Event or delivery of an Acceleration Notice; or

(b) an event where the Borrower elects or is required in accordance with Section 4.3 or Section 4.5 to make payment to a Borrower Cash Collateral Account of the required amount;

the Borrower shall forthwith pay to the Administrative Agent, for deposit into a Borrower Cash Collateral Account, an amount equal to the Lender' s maximum potential liability under then outstanding Bankers' Acceptances and Letters of Credit (collectively, the "**Escrow Funds**"). The Escrow Funds shall, in the case of (a) above, be held by the Administrative Agent for set-off against future indebtedness owing by the Borrower to the Lenders in respect of such Bankers' Acceptances and Letters of Credit or, in the case of (b) above, be applied as required by Section 4.3 or Section 4.5, as applicable.

10.5 Remedies on Default

After the occurrence and during the continuance of an Event of Default:

(a) **Majority Lenders Instructions:** if the Majority Lenders do provide directions or instructions to the Administrative Agent, the Administrative Agent, on behalf of all Lenders, Swap Lenders, Cash Management Lenders and Creditcard Lenders shall take such actions and commence such proceedings as the Majority Lenders in their sole discretion may determine and may enforce or

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otherwise realize upon any Security, all without any obligation to marshal any Security Interests and without additional notice, presentation, demand or protest, all of which the Borrower hereby expressly waives (to the extent such rights may be waived under Applicable Law). If, from time to time, there are no Lenders other than Swap Lenders, Cash Management Lenders or Creditcard Lenders, the Majority Lenders for the purposes of this Agreement shall be calculated by revising paragraph (b) of the definition of Majority Lenders to change the references to "Borrowings" to "amounts secured by the Security" and deleting the words "under the Syndicated Facility and Operating Facility"; and

(b) **General Remedies:** the rights and remedies of the Administrative Agent and each Lender, each Swap Lender, each Cash Management Lender and each Creditcard Lender under the Loan Documents, the Bilateral Financial Services Agreements and Lender Swaps are cumulative and are in addition to and not in substitution for any rights or remedies provided by law. The Administrative Agent may, on behalf of all Lenders, Creditcard Lenders, Swap Lenders and Cash Management Lenders, and shall, if so required by the Majority Lenders, to the extent permitted by Applicable Law, bring suit at law, in equity or otherwise for any available relief or purpose including but not limited to:

(i) **Specific Performance:** the specific performance of any covenant or agreement contained in the Credit Documents;

(ii) **Injunction:** enjoining a violation of any of the terms of the Credit Documents;

(iii) **Assistance:** aiding in the exercise of any power granted by the Credit Documents or by law; or

(iv) **Judgment:** obtaining and recovering judgment for any and all amounts due in respect of the Borrowings or amounts otherwise due hereunder or under the Credit Documents.

10.6 Right of Set-Off

If an Event of Default shall have occurred and be continuing, each Lender and each of its respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held, and other obligations (in whatever currency) at any time owing, by such Lender or any such Affiliate, to or for the credit or the account of the Borrower or any other Loan Party against any and all of the obligations of the Borrower or such Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender or its respective Affiliates, irrespective of whether or not such Lender or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower or such Loan Party may be contingent or unmatured or are owed to a branch, office or Affiliate of such Lender different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 14.2 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the amounts secured by the Security owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender and its Affiliates under this Section 10.6 are in addition to other rights and remedies (including other rights of setoff) that such Lender or its Affiliates may have. Each Lender agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application;

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provided that the failure to give such notice shall not affect the validity of such setoff and application. Notwithstanding the foregoing or the provisions of any Swap, the Lenders and Swap Lenders shall not effect or purport to effect any set-off of Swap Indebtedness that is not Permitted Swap Indebtedness against or on account of any Secured Obligations owed to it.

10.7 Application and Sharing of Payments Following Acceleration

Except as otherwise agreed to by all the Lenders in their sole discretion, all monies and Property received by the Lenders (in their capacity as Lenders and, if applicable, Swap Lenders, Cash Management Lenders or Creditcard Lenders) for application in respect of the Secured Obligations or any other Swap Indebtedness subsequent to the delivery of an Acceleration Notice or the occurrence of an Event of Default specified in Sections 10.1(h) or 10.1(i) (including monies received as a result of a realization upon the Security or the exercise of a right of set-off), shall be applied and distributed to the Lenders (in their capacity as Lenders and, if applicable, Swap Lenders, Cash Management Lenders and Creditcard Lenders) in the manner set forth below (but subject at all times to the terms of the Intercreditor Agreements), each such application to be made in the following order with any balance remaining after application in respect of each category to be applied to the next succeeding category:

(a) firstly, in or towards payment of any fees or expenses then due and payable to the Administrative Agent hereunder or under any other Loan Document;

(b) secondly, *pro rata* among the Lenders in respect of amounts due and payable to such Lenders as and by way of recoverable expenses hereunder or under any of the Security;

(c) thirdly, *pro rata* among the Lenders, the Creditcard Lenders and the Cash Management Lenders in respect of amounts due and payable to such Lenders by way of interest pursuant to Sections 5.1, acceptance fees pursuant to Section 5.2, Letter of Credit Fees pursuant to Section 5.3, fees payable in respect of Creditcard Facilities or Cash Management Services, interest on overdue amounts pursuant to Section 5.4 and standby fees pursuant to Section 5.8;

(d) fourthly, *pro rata* among the Lenders, the Cash Management Lenders and the Creditcard Lenders in respect of any other amount (other than Lender Outstandings) not hereinbefore referred to in this Section 10.7 which are then due and payable to any of them by the Borrower hereunder or under any other Loan Document or Bilateral Financial Services Agreements;

(e) fifthly, Proportionately among the Lenders, the Cash Management Lenders, the Creditcard Lenders and the Swap Lenders in or towards repayment of the Lender Outstandings; and

(f) sixthly, *pro rata* in or towards repayment to the Swap Lenders of all Swap Indebtedness in excess of the Permitted Swap Indebtedness.

To the extent that a Lender Swap or Bilateral Financial Services Agreement is entered into by an Affiliate of a Lender, that Lender shall cause such Affiliate to comply with the provisions of this Section 10.7 and such obligation shall survive such Lender (at any time after any such Lender Swap or Bilateral Financial Services Agreement was entered into) ceasing to be a Lender hereunder.

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10.8 Adjustments

In the event that:

(a) **Contingent Liabilities:** at the Adjustment Time, a portion of the Borrowings is outstanding as Letters of Credit and it is subsequently determined that the Operating Lender is not required to make payment under any one or more such instruments; or

(b) **Notice Periods:** any of the Lenders are required by Applicable Law to continue to make advances or other amounts available to or otherwise continue to contract with the Borrower subsequent to the Adjustment Time by reason of a requirement in Applicable Law to give the Borrower a reasonable period of notice prior to terminating such Lender' s obligation to make such advances or other amounts available to or to continue to contract with the Borrower;

then, whenever and so often as that occurs, the amount calculated to be due and payable shall be redetermined, where applicable, by excluding any payments not required to be made as a result of the occurrence of an event described in Section 10.8(a) and by including any amount required to be made available pursuant to Section 10.8(b), and the Lenders shall thereupon make all such payments and adjustments as may be necessary to ensure amounts outstanding to the Lenders are thereafter outstanding in accordance with the provisions of this Section and Section 10.7.

10.9 Calculations as at the Adjustment Time

For the purposes of this Agreement, if:

(a) **Swap Demand:** a Swap Demand for Payment has been delivered; or

(b) **Termination Event:** a Termination Event has occurred under any Credit Document evidencing a Swap;

then, for the purposes of calculations to be made at the Adjustment Time, any Termination Amount which is payable by any Loan Party under such Swap in settlement of obligations arising thereunder as a result of the early termination of the Swap shall be deemed to have become payable at the time of delivery of such Swap Demand for Payment or the time of occurrence of such Termination Event as the case may be, notwithstanding that the amount payable by any Loan Party is to be subsequently calculated and notice thereof given to such Loan Party in accordance with such Swap. For the purposes of the foregoing, the Administrative Agent shall make all determinations of the applicable Termination Amounts in accordance with its usual practices, acting reasonably, and for such purposes each Lender shall provide details to the Administrative Agent of its own calculations of the applicable Termination Amounts.

10.10 Lender May Perform Covenants

If any Loan Party shall fail to perform any of its obligations under any covenant contained in any of the Loan Documents within the time permitted for the performance of any such covenant or for the cure of any default thereof, the Administrative Agent may, on behalf of the Lenders, the Swap Lenders, the Cash Management Lenders and the Creditcard Lenders and with the approval of the Majority Lenders and with prior written notification to the Borrower, perform any such covenant capable of being performed by it and, if any such covenant requires the payment or expenditure of money, it may make such payment or expenditure with its own funds on behalf of the Lenders, the Swap Lenders, the Cash Management Lenders and the Creditcard Lenders. If the Administrative Agent elects to effect such observance or performance, neither the Administrative Agent nor any Lender, Swap Lender, Cash Management Lender

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or Creditcard Lender shall be liable for any failure or deficiency in effecting such observance or performance, nor for the payment of any bills, invoices or accounts incurred or rendered in connection therewith, except to the extent the Administrative Agent or such Lender, Swap Lender, Cash Management Lender or Creditcard Lender is grossly negligent or acts with wilful misconduct. All amounts so paid by any Lender or the Administrative Agent hereunder shall be repaid by the Borrower on demand therefor, and shall bear interest at the rate set forth in Section 5.4 from and including the date paid by the Administrative Agent hereunder to but excluding the date such amounts are repaid in full by the Borrower and shall be secured by the Security.

10.11 Waiver of Default

Any single or partial exercise by any Lender, any Swap Lender, any Cash Management Lender, any Creditcard Lender, the Administrative Agent or by the Administrative Agent on behalf of any Lender, any Swap Lender, any Cash Management Lender or any Creditcard Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in the Loan Documents, the Bilateral Financial Services Agreements or Lender Swaps shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy to which the Administrative Agent or such Lender, Swap Lender, Cash Management Lender or Creditcard Lender may be lawfully entitled for the same default or breach, and any waiver by any Lender, any Swap Lender, any Cash Management Lender, any Creditcard Lender, the Administrative Agent or by the Administrative Agent on behalf of any Lender, any Swap Lender, any Cash Management Lender or any Creditcard Lender of the strict observance, performance or compliance with any term, covenant, condition or agreement contained in the Loan Documents, the Bilateral Financial Services Agreements or Lender Swaps, and any indulgence granted thereby, shall be deemed not to be a waiver of any subsequent default. To the extent permitted by Applicable Law, the Borrower hereby waives any rights now or hereafter conferred by statute or otherwise which are inconsistent with the Administrative Agent' s or a Lender' s, a Swap Lender' s, a Cash Management Lender' s or a Creditcard Lender' s rights or remedies under the Loan Documents, the Bilateral Financial Services Agreements and Lender Swaps.

ARTICLE 11
INCREASED COST, TAXES, LENDER REPLACEMENT, ILLEGALITY, SUBSTITUTE BASIS OF BORROWING, FUNDING INDEMNITY

11.1 Increased Cost

(a) **Increased Costs Generally:** If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender;

(ii) subject any Lender to any tax of any kind whatsoever with respect to this Agreement, or any Accommodation made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for Indemnified Taxes or Other Taxes covered by Section 11.2 and the imposition of, or any change in the rate of, any Excluded Tax payable by such Lender); or

(iii) impose on any Lender or the London interbank market any other condition, cost or expense affecting this Agreement or any Accommodation made by such Lender;

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and the result of any of the foregoing shall be to increase the cost to such Lender of making, converting to, continuing or maintaining any Accommodation or of maintaining its obligation to make any such Accommodation, or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, the Borrower will pay to such Lender, as the case may be, such additional amount or amounts as will compensate such Lender, as the case may be, for such additional costs incurred or reduction suffered.

(b) **Capital Requirements:** If any Lender determines that any Change in Law affecting such Lender or any lending office of such Lender or such Lender' s holding company, if any, regarding capital requirements, has or would have the effect of reducing the rate of return on such Lender' s capital or on the capital of such Lender' s holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Accommodations made by such Lender, to a level below that which such Lender or such Lender' s holding company could have achieved but for such Change in Law (taking into consideration such Lender' s policies and the policies of such Lender' s holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender' s holding company for any such reduction suffered.

(c) **Certificates for Reimbursement:** A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) **Delay in Requests:** Failure or delay on the part of any Lender to demand compensation pursuant to this Section 11.1 shall not constitute a waiver of such Lender' s right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section 11.1 for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of such Lender' s intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

11.2 Taxes

(a) **Payments Free of Taxes:** Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Loan Document shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes, provided that if the Borrower shall be required by Applicable Law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (i)the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 11.2) the Administrative Agent or Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii)the Borrower shall make such deductions and (iii)the Borrower shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law.

(b) **Payment of Other Taxes by the Borrower:** Without limiting the provisions of paragraph (a) above, the Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.

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(c) **Indemnification by the Borrower:** The Borrower shall indemnify the Administrative Agent and each Lender, within 10 days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Administrative Agent or such Lender, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) **Evidence of Payments:** As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) **Status of Lenders:** Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Loan Document shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by Applicable Law as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

(f) **Treatment of Certain Refunds:** If the Administrative Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 11.2, it shall pay to the Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 11.2 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Borrower, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This paragraph shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrower or any other Person.

11.3 Mitigation Obligations, Replacement of Lenders

(a) **Designation of a Different Lending Office:** If any Lender requests compensation under Section 11.1 or requires the Borrower to pay additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 11.2, then such Lender

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shall (at the request of the Borrower) use reasonable efforts to designate a different lending office for funding or booking Borrowings hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i)would eliminate or reduce amounts payable pursuant to Section 11.1 or 11.2, as the case may be, in the future, and (ii)would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) **Replacement of Lenders:** If any Lender requests compensation under Section 11.1 or if the Borrower is required to pay additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 11.2 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 11.3(a), or if any Lender is a Defaulting Lender or a Non-Consenting Lender (any such Lender being referred to as an "**Affected Lender**"), then the Borrower may, at its sole expense and effort, so long as no Default or Event of Default has occurred and is continuing:

(i) upon notice to the Affected Lender and the Administrative Agent, require such Affected Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 13.1), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(A) the Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 13.1(b)(iv);

(B) such Affected Lender shall have received payment of an amount equal to the outstanding principal of its Accommodations, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any breakage costs and amounts required to be paid under this Agreement as a result of prepayment to a Lender) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(C) in the case of any such assignment resulting from a claim for compensation under Section 11.1 or payments required to be made pursuant to Section 11.2, such assignment will result in a reduction in such compensation or payments thereafter;

(D) such assignment does not conflict with Applicable Law; and

(E) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent; or

(ii) upon at least five (5) Business Days' prior written notice to the Affected Lender and the Administrative Agent, irrevocably cancel all but not part of the Affected Lender' s Commitment if on or prior to the last day of such notice period such Affected Lender shall have received payment from the Borrower of an amount equal to the outstanding principal of its Accommodations, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any breakage costs

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and amounts required to be paid under this Agreement as a result of prepayment to a Lender).

An Affected Lender shall not be required to make any such assignment or delegation, or accept any such cancellation of Commitment and payment, if, prior thereto, as a result of a waiver by such Affected Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation, or cancellation and payment, as the case may be, cease to apply.

11.4 Illegality

If the introduction of or any change in Applicable Law, regulation, treaty, official directive or regulatory requirement now or hereafter in effect (whether or not having the force of law) or any change in the interpretation or application thereof by any court or by any judicial or governmental authority charged with the interpretation or administration thereof, makes it unlawful or prohibited for a Lender (in its sole opinion acting reasonably and in good faith) to make, fund or maintain the Borrowings or a portion of the Borrowings or to perform its obligations under this Agreement, such Lender may by written notice to the Borrower through the Administrative Agent terminate its obligations under this Agreement to make such Borrowings or perform such obligations and the Borrower shall either (i) prepay such Borrowings within 20 Business Days together with all accrued but unpaid interest and fees as may be applicable to the date of payment, or (ii) convert by notice to the Administrative Agent or the Operating Lender, as applicable, such Borrowings forthwith into another basis of Borrowing available under this Agreement.

11.5 Substitute Basis of Borrowing – Bankers Acceptances

If:

(a) the Administrative Agent (acting reasonably) makes a determination, which determination shall be conclusive and binding upon the Borrower, and notifies the Borrower, that there no longer exists an active market for bankers' acceptances accepted by the Syndicated Lenders; or

(b) the Administrative Agent is advised by Lenders holding at least 25% of the Total Syndicated Facility Commitment by written notice (each, a "**Lender BA Suspension Notice**") that such Lenders have determined (acting reasonably) that the Discount Rate will not or does not accurately reflect the cost of funds of such Lenders or the discount rate which would be applicable to a sale of Bankers' Acceptances accepted by such Lenders in the market;

then:

(c) the right of the Borrower to request Bankers' Acceptances or BA Equivalent Advances from any Lender shall be suspended until the Administrative Agent determines that the circumstances causing such suspension no longer exist, and so notifies the Borrower and the Lenders;

(d) any outstanding Borrowing Notice requesting an Accommodation by way of Bankers' Acceptances or BA Equivalent Advances shall be deemed to be a Borrowing Notice requesting a Prime Loan in the amount specified in the original Borrowing Notice; and

(e) any outstanding Rollover Notice requesting a Rollover of a Bankers' Acceptance or BA Equivalent Advance shall be deemed to be a Conversion Notice requesting a Conversion of such Bankers' Acceptances into a Prime Loan.

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The Administrative Agent shall promptly notify the Borrower and the Lenders of any suspension of the Borrower' s right to request Bankers' Acceptances or BA Equivalent Advances and of any termination of any such suspension. A Lender BA Suspension Notice shall be effective upon receipt of the same by the Administrative Agent if received prior to 12:00 noon (Calgary time) on a Business Day and if not, then on the next following Business Day, except in connection with a Borrowing Notice, Conversion Notice or Rollover Notice previously received by the Administrative Agent, in which case the applicable Lender BA Suspension Notice shall only be effective with respect to such previously received Borrowing Notice, Conversion Notice or Rollover Notice if received by the Administrative Agent prior to 12:00 p.m. (Calgary time) two Business Days prior to the proposed Drawdown Date, Conversion Date or Rollover Date (as applicable) applicable to such previously received Borrowing Notice, Conversion Notice or Rollover Notice, as applicable.

11.6 Funding Indemnity

If, for any reason whatsoever and whether or not required or permitted pursuant to the provisions of this Agreement, the Borrower fails for any reason to borrow, convert, rollover or otherwise act in accordance with a notice given hereunder pursuant to Schedule "B" or Schedule "C", the Borrower shall indemnify the Applicable Lender for any loss or expense incurred by such Lender as a direct result thereof including any loss of profit or expenses such Lender incurs by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to maintain such Borrowing or any increased interest or other charges payable to lenders of funds borrowed in order to maintain such Borrowing together with any other out-of-pocket charges, costs or expenses incurred by such Lender relative thereto. A certificate of such Lender (acting reasonably and prepared in good faith) submitted by such Lender setting out the basis for the determination of the amount necessary to indemnify such Lender shall be *prima facie* evidence thereof.

ARTICLE 12
THE ADMINISTRATIVE AGENT AND THE LENDERS

12.1 Appointment and Authority

Each of the Lenders, the Swap Lenders, the Cash Management Lenders and the Creditcard Lenders hereby irrevocably appoints ATB to act on its behalf as the Administrative Agent hereunder and under the other Credit Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders, the Swap Lenders, the Cash Management Lenders and the Creditcard Lenders, and the Borrower shall not have rights as a third-party beneficiary of any of such provisions except to the extent expressly provided herein. It is understood and agreed that the use of the term "Administrative Agent" herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any Applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties. The Administrative Agent is hereby authorized to enter into the Intercreditor Agreements on behalf of the Lenders and to perform its obligations thereunder on behalf of the Lenders.

12.2 Additional Rights

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender, Swap Lender, Cash Management Lender or Creditcard Lender as any other Lender, Swap Lender, Cash Management Lender or Creditcard Lender and may exercise the same as

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though it were not the Administrative Agent, and the term "Lender" or "Lenders", "Swap Lender" or "Swap Lenders", "Cash Management Lender" or "Cash Management Lenders" or "Creditcard Lender" or "Creditcard Lenders", as applicable, shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for, and generally engage in any kind of business with, the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders, the Swap Lenders, the Cash Management Lenders or the Creditcard Lenders.

12.3 Exculpatory Provisions

(a) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Majority Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or Applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of Property of a Defaulting Lender in violation of any Debtor Relief Law; and

(iii) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

(b) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Majority Lenders (or such other number or percentage of the Lenders as shall be necessary) or (ii) in the absence of its own gross negligence or wilful misconduct as determined by a court of competent jurisdiction by final and non-appealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default is given to the Administrative Agent in writing by the Borrower or a Lender.

(c) The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or

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document, or (v)the satisfaction of any condition set forth in Article 8 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

12.4 Reliance by Administrative Agent

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

12.5 Delegation of Duties

The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-Administrative Agents appointed by the Administrative Agent. The Administrative Agent and any such sub-Administrative Agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-Administrative Agent and to the Related Parties of the Administrative Agent and any such sub-Administrative Agent, and shall apply to their respective activities in connection with the syndication of the Facilities as well as activities as Administrative Agent.

12.6 Resignation of Administrative Agent

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Majority Lenders shall have the right, in consultation with the Borrower and, prior to the occurrence of an Event of Default which is continuing, with the consent of the Borrower, such consent not to be unreasonably withheld, to appoint a successor, which shall be a bank with an office in Calgary, Alberta or Toronto, Ontario, or an Affiliate of any such bank with an office in Calgary, Alberta or Toronto, Ontario. If no such successor shall have been so appointed by the Majority Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Majority Lenders) (the "**Resignation Effective Date**"), then the retiring Administrative Agent may (but shall not be obligated to), on behalf of the Lenders, the Swap Lenders, the Cash Management Lenders and the Creditcard Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (c) of the definition thereof, the Majority Lenders may, to the extent permitted by Applicable Law, by notice in writing to the Borrower and such Person remove such Person as Administrative Agent and, in consultation with the Borrower and, prior to the occurrence of an Event of Default which is

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continuing, with the consent of the Borrower, such consent not to be unreasonably withheld, appoint a successor. If no such successor shall have been so appointed by the Majority Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Majority Lenders) (the "**Removal Effective Date**"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (1) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders, the Swap Lenders, the Cash Management Lenders and the Creditcard Lenders, under any of the Credit Documents, the retiring or removed Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender, Swap Lender, Cash Management Lender or Creditcard Lender directly, until such time, if any, as the Majority Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor' s appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent, and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Administrative Agent' s resignation or removal hereunder and under the other Loan Documents, the provisions of this Article and Section 14.3 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-Administrative Agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

12.7 Non-Reliance on Administrative Agent and Other Lenders

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

12.8 No Other Duties, etc.

Anything herein to the contrary notwithstanding, none of the Bookrunners, Arrangers or Syndication Agents listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents except in its capacity, as applicable, as the Administrative Agent, a Lender, a Swap Lender, a Cash Management Lender or a Creditcard Lender hereunder.

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12.9 Administrative Agent May File Proofs of Claim

In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Accommodation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Borrowings and all other amounts secured by the Security that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective counsel and all other amounts due to the Lenders, the Swap Lenders, the Cash Management Lenders, the Creditcard Lenders and the Administrative Agent under Article 5 and Section 14.3) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other Property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender, each Swap Lender, each Cash Management Lender and each Creditcard Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, the Swap Lenders, the Cash Management Lenders or the Creditcard Lenders to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Article 5 and Section 14.3.

12.10 Collateral and Guarantee Matters

(a) In addition to the authority granted to the Administrative Agent in Section 6.10, the Lenders, the Swap Lenders, the Cash Management Lenders and the Creditcard Lenders irrevocably authorize the Administrative Agent, at its option and in its discretion to release any Security Interest on any Property granted to or held by the Administrative Agent under the Loan Documents if unanimously approved, authorized or ratified in writing by the Lenders. Upon request by the Administrative Agent at any time, the Lenders, the Swap Lenders, the Cash Management Lenders and the Creditcard Lenders will confirm in writing the Administrative Agent' s authority to release its interest in particular types or items of Property pursuant to this Section 12.10.

(b) The Administrative Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Administrative Agent' s Security Interest over such Collateral, or any certificate prepared by any Loan Party in connection therewith, nor shall the Administrative Agent be responsible or liable to the Lenders, the Swap Lenders, the Cash Management Lenders or the Creditcard Lenders for any failure to monitor or maintain any portion of the Collateral.

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12.11 Rights and Obligations of Each Lender

The rights and obligations of each Lender under this Agreement are several, and no Lender shall be obligated to make Borrowings available to the Borrower in excess of the amount of such Lender' s Commitment. The failure of a Lender, Swap Lender, Cash Management Lender or Creditcard Lender to perform its obligations under this Agreement or any other Credit Document shall neither:

(a) result in any other Lender, Swap Lender, Cash Management Lender or Creditcard Lender incurring any liability whatsoever (except to the extent provided pursuant to Section 14.2(d)), provided that a Lender shall remain liable at all times for the performance of the obligations of its Affiliate that is a Swap Lender, Cash Management Lender or Creditcard Lender; nor

(b) relieve any Loan Party or any other Lender, Swap Lender, Cash Management Lender or Creditcard Lender from its respective obligations under any Loan Document or Credit Document.

Nothing contained herein or in any other Loan Document or Credit Document nor any action taken pursuant hereto or thereto shall be deemed to constitute the Lenders, the Swap Lenders, the Cash Management Lenders or the Creditcard Lenders a partnership, joint venture or any other similar entity.

Each of the Lenders, the Swap Lenders, the Cash Management Lenders and the Creditcard Lenders hereby acknowledge that, to the extent permitted by Applicable Law, the remedies provided hereunder to the Lenders, the Swap Lenders, the Cash Management Lenders and the Creditcard Lenders are for their benefit collectively and acting together and not severally, and further acknowledge that its rights hereunder are to be exercised not severally but collectively by the Administrative Agent upon the decision of the Majority Lenders regardless of whether an Acceleration Notice has been delivered or an Event of Default under Sections 10.1(h) or 10.1(i) has occurred. Notwithstanding any of the provisions contained herein each of the Lenders, the Swap Lenders, the Cash Management Lenders and the Creditcard Lenders hereby covenants and agrees that it shall not be entitled to individually take any action with respect to the Loan Documents including taking (including in respect of its Commitment or any indebtedness or liability owed to it) any action contemplated in Sections 10.2 and 10.5, but that any such action shall be taken only by the Administrative Agent with the prior written agreement or instructions of the Majority Lenders; provided that notwithstanding the foregoing, if the Administrative Agent, having been adequately indemnified against costs and expenses of doing so by the Lenders, the Swap Lenders, the Cash Management Lenders and the Creditcard Lenders, shall fail to carry out any such instructions of the Majority Lenders, any Lender may do so on behalf of all Lenders, the Swap Lenders, the Cash Management Lenders and the Creditcard Lenders and shall, in so doing, be entitled to the benefit of all protection give the Administrative Agent hereunder or elsewhere.

12.12 Notice to Lenders and Swap Lenders

Unless otherwise specifically dealt with in this Agreement, in the event the Administrative Agent delivers a written notice to a Lender, a Swap Lender, a Cash Management Lender or a Creditcard Lender requesting advice from such Lender, Swap Lender, Cash Management Lender or Creditcard Lender as to whether it consents or objects to any matter in connection with the Loan Documents, then, except as otherwise expressly provided herein, if such Lender, Swap Lender, Cash Management Lender or Creditcard Lender does not deliver to the Administrative Agent its written consent or objection to such matter:

(a) where a time period is specified hereunder for the Administrative Agent or the Majority Lenders to provide any response, notice or other communication prior to the end of such period; or

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(b) where no such time period is specified hereunder, then within 15 Business Days of the delivery of such written notice by the Administrative Agent to such Lender, Swap Lender, Cash Management Lender or Creditcard Lender;

such Lender, Swap Lender, Cash Management Lender or Creditcard Lender shall be deemed not to have consented thereto.

12.13 Notices between the Lenders, the Administrative Agent and the Borrower

All notices by the Lenders to the Administrative Agent shall be through the Administrative Agent' s Branch of Account and all notices by the Administrative Agent to a Lender shall be through such Lender' s Branch of Account. All notices or communications between the Borrower and the Lenders which are required or contemplated pursuant to the Loan Documents shall be given or made through the Administrative Agent at the Administrative Agent' s Branch of Account.

12.14 Administrative Agent' s Duty to Deliver Documents Obtained from the Borrower

The Administrative Agent shall promptly, and in any event within five Business Days of receipt thereof, deliver to each Lender, at its Branch of Account in hard copy or electronic form, such documents, papers, materials and other information as are furnished by the Borrower to the Administrative Agent on behalf of such Lender pursuant to this Agreement (provided that the Borrower shall be deemed to have fulfilled its obligation to deliver such documents, papers, materials and other information when delivered to the Administrative Agent), and the Borrower shall provide the Administrative Agent with sufficient copies of all such information for such purpose.

12.15 Arrangements for Borrowings

The Administrative Agent shall promptly give written notice to each Syndicated Lender at its Branch of Account upon receipt by the Administrative Agent of any notice given pursuant to Article 3 or Section 4.3. The Administrative Agent shall advise each Syndicated Lender of the amount, date and details of each Syndicated Borrowing and of such Syndicated Lender' s share in each Syndicated Borrowing. At or before 11:00 a.m. (Calgary time) on each Drawdown Date, Conversion Date or Rollover Date:

(a) **Prime Loans:** each Syndicated Lender will make available to the Borrower its share of Syndicated Borrowings by way of Prime Loans by forwarding to the Administrative Agent the amount of Prime Loans required to be made available by such Lender; and

(b) **Bankers' Acceptances:** each Syndicated Lender will make available to the Borrower its share of Syndicated Borrowings by way of Bankers' Acceptances by forwarding to the Administrative Agent the amount of the Discount Proceeds in respect of such Bankers' Acceptances (less the amount of applicable BA Acceptance Fees payable by the Borrower to such Lender pursuant to Section 5.2).

12.16 Arrangements for Repayment of Borrowings

(a) **Prior to Demand or Acceleration:** Prior to the delivery of an Acceleration Notice or the occurrence of an Event of Default specified in Section 10.1(h) or 10.1(i), upon receipt by the Administrative Agent of payments from the Borrower on account of principal, interest, fees or any other payment made to the Administrative Agent on behalf of the Syndicated Lenders, the Administrative Agent shall pay over to each Syndicated Lender at its Branch of Account the amount to which it is entitled under this Agreement and shall use its best efforts to make such payment to

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such Syndicated Lender on the same Business Day on which such payment is received by the Administrative Agent. If the Administrative Agent does not remit any such payment to a Lender on the same Business Day as such payment is received by the Administrative Agent, the Administrative Agent shall pay interest thereon to such Lender until the date of payment at a rate determined by the Administrative Agent (such rate to be conclusive and binding on such Lender) in accordance with the Administrative Agent' s usual banking practice in respect of deposits of amounts comparable to the amount of such payment which are received by the Administrative Agent at a time similar to the time at which such payment is received by the Administrative Agent.

(b) **Subsequent to Acceleration:** Following delivery of an Acceleration Notice or the occurrence of an Event of Default specified in Section 10.1(h) or 10.1(i), the Lenders, Swap Lenders, Cash Management Lenders and Creditcard Lenders shall share any payments subsequently received in accordance with Section 10.7.

12.17 Repayments by Lenders to Agent

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

(b) **Funding by Lenders; Presumption by Administrative Agent:** Unless the Administrative Agent shall have received notice from a Syndicated Lender prior to a Drawdown Date, Conversion Date or Rollover Date that such Lender will not make available to the Administrative Agent the amount required to be made available by such Lender pursuant to this Agreement on such Drawdown Date, Conversion Date or Rollover Date, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with the provisions of this Agreement concerning funding and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Syndicated Lender has not in fact made its share of the applicable advance available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of a payment to be made by such Lender, at the rate determined by the Administrative Agent (such rate to be conclusive and binding on such Lender) in accordance with banking industry rules on interbank compensation, and (ii) in the case of a payment to be made by the Borrower, the interest rate applicable to the applicable Accommodation. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable advance to the Administrative Agent, then the amount so paid shall constitute such Lender' s Accommodation included in such advance. Any payment by the Borrower shall be without prejudice to any claim

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the Borrower may have against a Syndicated Lender that shall have failed to make such payment to the Administrative Agent.

12.18 Adjustments Among Lenders

(a) **Adjustments to Outstanding Borrowings:** If any Syndicated Lender shall, subsequent to the Adjustment Time, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Syndicated Borrowings resulting in such Lender receiving payment of a proportion of the aggregate amount of the Syndicated Borrowings and accrued interest thereon greater than its Applicable Percentage thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) portions of the Syndicated Borrowings of the other Syndicated Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Syndicated Lenders rateably in accordance with the aggregate amount of principal of and accrued interest on their respective Syndicated Borrowings, provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this paragraph shall not be construed to apply to (x) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Prime Loans to any assignee or participant, other than to the Borrower or any Subsidiary thereof (as to which the provisions of this paragraph shall apply).

(b) **Application of Payments:** The Lenders, Swap Lenders, Cash Management Lenders and Creditcard Lenders agree that, after the Adjustment Time, the amount of any repayment made by the Borrower under, and the amount of any proceeds from the exercise of any rights or remedies of the Administrative Agent, the Lenders, the Swap Lenders, the Cash Management Lenders and the Creditcard Lenders under the Loan Documents, the Bilateral Financial Services Agreements or any Permitted Swaps will, subject to Section 10.7, be applied Proportionately to the amount of Lender Outstandings of each Lender, Swap Lender, Cash Management Lender and Creditcard Lender which remain and, after repayment of all Syndicated Borrowings, Operating Borrowings, Permitted Swap Indebtedness, Cash Management Obligations and Creditcard Obligations, will be applied on account of any remaining Swap Indebtedness.

(c) **Receipt of Payments other than Borrowings:** Notwithstanding anything contained in this Section 12.18, there shall not be taken into account for the purposes of computing any amount payable to a Lender, Swap Lender, Cash Management Lender or Creditcard Lender pursuant to this Section 12.18, any amount which such Lender, Swap Lender, Cash Management Lender or Creditcard Lender receives as a result of any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of any monies owing by a Loan Party to such Lender, Swap Lender, Cash Management Lender or Creditcard Lender other than on account of Syndicated Borrowings, Operating Borrowings, Swap Indebtedness, Cash Management Obligations and Creditcard Obligations; provided that, if at any time a Lender, Swap Lender, Cash Management Lender or Creditcard Lender receives any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of monies owing or payable

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to it by a Loan Party in respect of liabilities of a Loan Party under Syndicated Borrowings, Operating Borrowings, Swap Indebtedness, Cash Management Obligations or Creditcard Obligations, such payments will be applied in accordance with Section 10.7; provided further that the provisions of this Section 12.18(c) shall not apply to:

(i) a Swap Lender which sets off amounts owing by a Loan Party to such Swap Lender under a Permitted Swap against amounts owing by such Swap Lender (including, for clarity, its Affiliates) to a Loan Party under any Permitted Swap entered into between such parties;

(ii) a Swap Lender which sets off amounts owing by a Loan Party to such Swap Lender under a Lender Swap (other than a Permitted Swap) against amounts owing by such Swap Lender (including, for clarity, its Affiliates) to a Loan Party under any Lender Swap (other than a Permitted Swap) entered into between such parties; or

(iii) a Cash Management Lender which sets off amounts owing by a Loan Party to such Cash Management Lender in respect of Cash Management Services against amounts owing by such Cash Management Lender to such Loan Party or any other Loan Party by reason of the provision of such Cash Management Services and in accordance with the provisions of the Bilateral Financial Services Agreements related thereto.

To the extent that a Lender Swap, Cash Management Service or Creditcard Facility is entered into by an Affiliate of a Lender, that Lender shall cause such Affiliate to comply with the provisions of this Section 12.18, and such obligation shall survive such Lender (at any time after any such Lender Swap, Cash Management Service or Creditcard Facility was entered into) ceasing to be a Lender hereunder.

(d) **Borrower Consent:** The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under Applicable Law, that any Lender, Swap Lender, Cash Management Lender or Creditcard Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower or another Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender, Swap Lender, Cash Management Lender or Creditcard Lender were a direct creditor of the Borrower in the amount of such participation. The Borrower agrees, at the request of the Lender, to do all things necessary or appropriate to give effect to any and all purchases and other adjustments made by and between the Lenders, the Swap Lenders, the Cash Management Lenders and the Creditcard Lenders pursuant to this Section 12.18 but shall incur no increased indebtedness, in aggregate, by reason thereof.

(e) **Lender Consent:** Each Lender, Swap Lender, Cash Management Lender and Creditcard Lender agrees that, after the Adjustment Time, it will at any time and from time to time upon the request of the Administrative Agent purchase portions of the amounts secured by the Security and make any other adjustments which may be necessary or appropriate in order that amounts which remain outstanding under the Credit Documents, as adjusted pursuant to this Section 12.18, are in accordance with the provisions of Section 10.7.

(f) **Adjustments after Acceleration:** After all Borrowings and all other obligations and indebtedness of the Borrower under the Loan Documents and Bilateral Financial Services Agreements are declared by the Administrative Agent to be due and payable pursuant to Section 10.2, (i) each Lender agrees that it will at any time or from time to time thereafter at the request of the Administrative Agent as required by any Lender, purchase at par on a non-recourse basis a participation in Borrowings owing to each of the other Lenders and make any other adjustments as are necessary or appropriate, in order that Borrowings owing to each of the Lenders, as adjusted

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pursuant to this Section 12.18(f), will be in the same proportion as each Lender' s Commitment was to the Total Commitment immediately prior to the Event of Default resulting in such declaration, and (ii) the amount of any repayment made by or on behalf of the Loan Parties under the Loan Documents or any proceeds received by the Administrative Agent or the Lenders pursuant to Section 10.7(e) will be applied by the Administrative Agent in a manner such that to the extent possible the amount of Borrowings owing to each Lender after giving effect to such application will be in the same proportion as each Lender' s Commitment was to the Total Commitment immediately prior to the Event of Default resulting in such declaration.

12.19 Lenders' Consents to Waivers, Amendments, etc.

(a) **Unanimous Consent of Lenders:** Any waiver of or any amendment to a provision of the Loan Documents which relates to:

(i) a change in the types of Accommodations or interest periods relating thereto;

(ii) a decrease in interest rates, fees (other than standby fees) or the Applicable Margin (other than the Standby Fee Rate);

(iii) a change in notice periods or the amount of any payments payable by the Borrower to any Lender under this Agreement, including any waiver of the time of payment thereof;

(iv) an increase or decrease in the Commitment of any Lender other than as provided for herein;

(v) a change in the definition of "CDOR Rate", "Discount Rate" or "Majority Lenders";

(vi) the postponement of the Maturity Date or any Scheduled Repayment Date;

(vii) the provisions of Section 12.18(f) or this Section 12.19;

(viii) an Event of Default under Section 10.1(a) or 10.1(b);

(ix) any release or modification of the Security, except as provided by Section 6.10 and 12.10(a)(ii), and except for modifications which are mechanical and administrative in nature; or

(x) any matter which, pursuant to the Loan Documents, specifically requires the consent or agreement of all of the Lenders, rather than the consent or agreement of "the Lenders" or the "Majority Lenders" or "the Administrative Agent";

shall bind the Lenders, the Swap Lenders, the Cash Management Lenders and the Creditcard Lenders only if such waiver or amendment is agreed to in writing by all of the Lenders.

(b) **Majority Lender Consent:** Subject to Section 12.19(a) and except as otherwise provided in the Loan Documents, any waiver, consent to or any amendment to any provision of the Loan Documents and any action, consent or other determination in connection with the Loan Documents shall bind all of the Lenders, the Swap Lenders, the Cash Management Lenders and the Creditcard Lenders if such waiver, amendment, action, consent or other determination is agreed to in writing by the Majority Lenders.

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(c) **Administrative Agent' s Consent:** Any waiver, consent to or any amendment to any provision of the Loan Documents which relates to the rights or obligations of the Administrative Agent shall require the agreement of the Administrative Agent thereto.

(d) **Operating Lender' s Consent:** Any waiver, consent to or any amendment to any provision of the Loan Documents which relates to the rights or obligations of the Operating Lender, including, for greater certainty, a decrease in the standby fees or the Standby Fee Rate, shall only require the agreement of the Operating Lender thereto.

12.20 Reimbursement of Administrative Agent' s Expenses or Lender' s Costs

Each Lender agrees that it will indemnify the Administrative Agent for its Applicable Percentage of the Total Commitment of any and all costs, expenses and disbursements (including those costs and expenses referred to in Section 14.3) which may be incurred or made by the Administrative Agent in good faith in connection with the Loan Documents, and agrees that it will, on written demand detailing such costs, expenses and disbursements, reimburse the Administrative Agent for any such costs, expenses or disbursements for which the Administrative Agent is not promptly reimbursed at any time by the Borrower. The Administrative Agent may refrain from exercising any right, power or discretion or taking any action to protect or enforce the rights of any Lender under the Loan Documents until it has been so reimbursed.

Each Swap Lender, Cash Management Lender and Creditcard Lender that is not a Lender agrees that it will indemnify the Administrative Agent for any and all costs, expenses and disbursements which may be incurred or made by the Administrative Agent in good faith in connection with the enforcement of the Loan Documents or Security on behalf of such Swap Lender, Cash Management Lender or Creditcard Lender and agrees that it will, on written demand detailing such costs, expenses and disbursements, reimburse the Administrative Agent for any such costs, expenses or disbursements for which the Administrative Agent is not properly reimbursed at any time by the Borrower. The Administrative Agent may refrain from exercising any right, power or discretion or taking any action to protect or enforce the rights of any such Swap Lender, Cash Management Lender or Creditcard Lender under the Loan Documents or Security until it has been so reimbursed.

12.21 Indemnity of Administrative Agent

Each Lender hereby agrees to indemnify the Administrative Agent (to the extent not reimbursed by the Borrower) as to its Applicable Percentage of the Total Commitment from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or any action taken or omitted by the Administrative Agent under or in respect of the Loan Documents; provided that the Lenders shall not be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent' s gross negligence or wilful misconduct. Without limiting the generality of the foregoing, each Lender agrees to reimburse the Administrative Agent promptly upon demand for its Applicable Percentage of the Total Commitment of any out-of-pocket expenses (including counsel fees) incurred by the Administrative Agent in connection with the preservation of any rights of the Administrative Agent or the Lenders under, or the enforcement of, or legal advice in respect of rights or responsibilities under, the Loan Documents, but only to the extent that the Administrative Agent is not reimbursed for such expenses by the Borrower.

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12.22 Sharing of Information

Subject to Section 13.4, the Borrower authorizes the Administrative Agent and each Lender, Swap Lender, Cash Management Lender and Creditcard Lender to share among each other, with any of their Affiliates, and with any successor, assignee or any potential assignee, any information possessed by it regarding a Loan Party or the Credit Documents.

12.23 Amendment to this Article 12

Save and except for the provisions of Sections 12.6 and 12.21, the provisions of this Article 12 may be amended or added to, from time to time, without the agreement of the Borrower provided such amendment or addition does not adversely affect the rights of the Borrower hereunder or increase, in the aggregate, the liabilities of the Borrower hereunder. A copy of the instrument evidencing such amendment or addition shall be forwarded by the Administrative Agent to the Borrower as soon as practicable following the execution thereof; provided that after an Event of Default a failure to do so by the Administrative Agent shall not render it liable in damages to the Borrower.

12.24 The Administrative Agent and Defaulting Lenders

(a) Each Defaulting Lender shall be required to provide to the Administrative Agent cash in an amount, as shall be determined from time to time by the Administrative Agent, in its discretion, equal to all obligations of such Defaulting Lender to the Administrative Agent, that are owing or may become owing pursuant to this Agreement, including such Defaulting Lender' s obligation to pay its Applicable Percentage of any indemnification, reimbursement or expense reimbursement amounts not paid by the Borrower. Such cash shall be held by the Administrative Agent in one or more cash collateral accounts, which accounts shall be in the name of the Administrative Agent and shall not be required to be interest bearing. The Administrative Agent shall be entitled to apply the foregoing cash in accordance with Section 12.21, in the case of amounts owing to the Administrative Agent.

(b) In addition to the indemnity and reimbursement obligations noted in Section 12.21, the Lenders agree to indemnify the Administrative Agent (to the extent not reimbursed by the Borrower and without limiting the obligations of the Borrower hereunder) rateably according to their respective Applicable Percentages (and in calculating the Applicable Percentage of a Lender, ignoring the Commitments of Defaulting Lenders) any amount that a Defaulting Lender fails to pay the Administrative Agent and which is due and owing to the Administrative Agent pursuant to Section 12.21. Each Defaulting Lender agrees to indemnify each other Lender for any amounts paid by such Lender and which would otherwise be payable by the Defaulting Lender.

(c) The Administrative Agent shall be entitled to set off any Defaulting Lender' s Applicable Percentage of all payments received from the Borrower against such Defaulting Lender' s obligations to make payments and fund Accommodations required to be made by it and to purchase participations required to be purchased by it in each case under this Agreement and the other Loan Documents. To the extent permitted by law, the Administrative Agent shall be entitled to withhold and deposit in one or more non-interest bearing cash collateral accounts in the name of the Administrative Agent all amounts (whether principal, interest, fees or otherwise) received by the Administrative Agent and due to a Defaulting Lender pursuant to this Agreement, for so long as such Lender is a Defaulting Lender, which amounts shall be used by the Administrative Agent:

(i) first, to reimburse the Administrative Agent for any amounts owing to it, in its capacity as Administrative Agent, by such Defaulting Lender pursuant to any Loan Document;

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(ii) second, to repay on a *pro rata* basis the incremental portion of any Accommodations made by a Lender pursuant to Section 14.2 in order to fund a shortfall created by a Defaulting Lender and, upon receipt of such repayment, each such Lender shall be deemed to have assigned to the Defaulting Lender such incremental portion of such Accommodations;

(iii) third, to cash collateralize all other obligations of such Defaulting Lender to the Administrative Agent owing pursuant to this Agreement in such amount as shall be determined from time to time by the Administrative Agent, in its discretion, including such Defaulting Lender' s obligation to pay its Applicable Percentage of any indemnification, reimbursement or expense reimbursement amounts not paid by the Borrower; and

(iv) fourth, to fund from time to time the Defaulting Lender' s Applicable Percentage of Lender Outstandings which are Borrowings.

(d) For greater certainty and in addition to the foregoing, neither the Administrative Agent nor any of its Affiliates nor any of their respective shareholders, officers, directors, employees, agents or representatives shall be liable to any Lender (including a Defaulting Lender) for any action taken or omitted to be taken by it in connection with amounts payable by the Borrower to a Defaulting Lender and received and deposited by the Administrative Agent in a cash collateral account and applied in accordance with the provisions of this Agreement, save and except for the gross negligence or wilful misconduct of the Administrative Agent as determined by a final non-appealable judgement of a court of competent jurisdiction.

ARTICLE 13
SUCCESSORS AND ASSIGNS, JUDGMENT CURRENCY AND CONFIDENTIAL INFORMATION

13.1 Successors and Assigns

(a) **Successors and Assigns Generally:** The provisions of this Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower, except to the extent otherwise permitted hereunder, may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with Section 13.1(b), (ii) by way of participation in accordance with Section 13.1(d), or (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 13.1(f) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 13.1(d) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) **Assignments by Lenders:** Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Commitment and the Borrowings at the time owing to it); provided that (in each case with respect to any Facility) any such assignment shall be subject to the following conditions:

(i) **Minimum Amounts:**

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(A) in the case of an assignment of the entire remaining amount of the assigning Lender' s Commitment and/or the Borrowings at the time owing to it (in each case with respect to any Facility) or contemporaneous assignments to related Approved Funds that equal at least the amount specified in Section 13.1(b)(i)(B) in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in Section 13.1(b)(i)(A), the aggregate amount of the Commitment (which for this purpose includes Borrowings outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Borrowings of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than $5,000,000, in the case of any assignment in respect of the Syndicated Facility, or in the case of any assignment in respect of the Operating Facility Commitment, all of such Commitment, unless the Administrative Agent otherwise consents (such consent not to be unreasonably withheld or delayed).

(ii) **Proportionate Amounts:** Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender' s rights and obligations under this Agreement with respect to the Borrowings or the Commitment assigned, except that this clause (ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among separate Facilities on a non-*pro rata* basis.

(iii) **Required Consents:** No consent shall be required for any assignment except to the extent required by Section 13.1(b)(i)(B) and, in addition, the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of any Facility if such assignment is to a Person that is not a Lender with a Commitment in respect of such Facility, an Affiliate of such Lender or an Approved Fund with respect to such Lender.

For certainty, no consent shall be required from the Borrower for any assignment by a Lender pursuant to this Section 13.1.

(iv) **Assignment and Assumption:** The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500; provided that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) **No Assignment to Certain Persons:** No such assignment shall be made to (A) the Borrower or any of the Borrower' s Affiliates or Subsidiaries or (B) any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B).

(vi) **No Assignment to Natural Persons:** No such assignment shall be made to a natural Person.

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(vii) **Certain Additional Payments:** In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable *pro rata* share of Borrowings previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent and each Lender hereunder (and interest accrued thereon), and (y) acquire (and fund as appropriate) its full *pro rata* share of all Borrowings in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under Applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

From and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender' s rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Article 11 and Section 14.3 with respect to facts and circumstances occurring prior to the effective date of such assignment, provided, that (i) except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender' s having been a Defaulting Lender and (ii) no assignment to an Affiliate of an assigning Lender or an Approved Fund of an assigning Lender without the consent of the Borrower (if there is no Default or Event of Default), the Administrative Agent shall release the assigning Lender of its obligations so assigned. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 13.1(d).

(c) **Register:** The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in Calgary, Alberta a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Borrowings owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) **Participations:** Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural Person or the Borrower or any of the Borrower' s Affiliates or Subsidiaries) (each, a "**Participant**") in all or a portion of such Lender' s rights and/or obligations under this Agreement (including all or a portion

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of its Commitment and/or the Borrowings owing to it); provided that (i) such Lender' s obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrower, the Administrative Agent and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender' s rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 12.21 with respect to any payments made by such Lender to its Participant(s).

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in Section 12.19(a) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 11.1, 11.2 and 11.3 (subject to Section 13.1(e)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 13.1(b); provided that such Participant agrees to be subject to the provisions of Section 11.3 as if it were an assignee under Section 13.1(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.6 as though it were a Lender; provided that such Participant agrees to be subject to Section 12.18 as though it were a Lender.

(e) **Limitations upon Participant Rights:** A Participant shall not be entitled to receive any greater payment under Sections 11.1 and 11.2 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower' s prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 11.2 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 11.2(e) as though it were a Lender.

(f) **Certain Pledges:** Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

13.2 Judgment Currency

If for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Agreement it becomes necessary to convert into the currency of such jurisdiction (herein called the "**Judgment Currency**") any amount due hereunder in any currency other than the Judgment Currency, then such conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For such purpose, "**rate of exchange**" means the spot rate at which the Administrative Agent or the Operating Lender, as applicable, on the relevant date at or about 10:00 o' clock a.m. (Calgary time), would be prepared to sell a similar amount of such currency in Calgary, Alberta against the Judgment Currency. In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment is given and the date of payment of the amount due, the Borrower shall, on the date of payment, pay such additional amounts (if any) as may be necessary to ensure that the amount paid on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of payment is the amount then due under this Agreement in such other currency. Any additional amount due from the Borrower under this Section 13.2 shall be due as a separate debt and shall not be affected by judgment being obtained for any other sums due under or in respect of this Agreement.

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13.3 Swap Lender

If any Swap Lender (or its Affiliate, if such Swap Lender is not a Lender) for any reason ceases to be a Lender, such Swap Lender shall continue to be bound by and entitled to the benefit of the terms and conditions hereof in such capacity and entitled to the benefit of the Security until such time as it is no longer a party to the Swaps existing with any Loan Party at the time it (or such Affiliate, if applicable) ceases to be a Lender, with the exception of any indemnities of, or in favour of, such Swap Lender hereunder existing at that time and which shall survive such termination.

13.4 Certain Information; Confidentiality

Each of the Administrative Agent and the Lenders agree to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed:

(a) to its Affiliates and to its Related Parties that are in each case required to have such Information disclosed to them (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential);

(b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including the Office of the Superintendent of Financial Institutions or similar body and any self-regulatory authority, such as the National Association of Insurance Commissioners);

(c) to the extent required by Applicable Laws or regulations or by any subpoena or similar legal process;

(d) to any other party hereto;

(e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder;

(f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement, or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder;

(g) on a confidential basis to any rating agency in connection with rating the Borrower or its Subsidiaries or the Facilities;

(h) with the consent of the Borrower; or

(i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section, or (y) becomes available to the Administrative Agent, any Lender or any of their respective Affiliates on a non-confidential basis from a source other than the Borrower.

For purposes of this Section, "**Information**" means all information received from the Borrower or any of its Subsidiaries relating to the Borrower or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent or any

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Lender on a non-confidential basis prior to disclosure by the Borrower or any of its Subsidiaries; provided that, in the case of information received from the Borrower or any of its Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

ARTICLE 14
MISCELLANEOUS

14.1 Severability

Any provision of this Agreement which is or becomes prohibited or unenforceable in any jurisdiction does not invalidate, affect or impair the remaining provisions hereof in such jurisdiction and any such prohibition or unenforceability in any jurisdiction does not invalidate or render unenforceable such provision in any other jurisdiction.

14.2 Defaulting Lenders

(a) **Termination of Defaulting Lender:** The Borrower may terminate the unused amount of the Syndicated Facility Commitment of any Syndicated Lender that is a Defaulting Lender upon not less than 10 Business Days' prior notice to the Administrative Agent (which shall promptly notify the Lenders thereof), and in such event the provisions of Section 12.24 will apply to all amounts thereafter paid by the Borrower for the account of such Defaulting Lender under this Agreement (whether on account of principal, interest, fees, indemnity or other amounts); provided that (i) no Event of Default shall have occurred and be continuing, and (ii) such termination shall not be deemed to be a waiver or release of any claim the Borrower, the Administrative Agent or any Lender may have against such Defaulting Lender.

(b) **Defaulting Lender Adjustments:** Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by Applicable Law:

(i) **Waivers and Amendments:** Such Defaulting Lender' s right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Majority Lenders. A Defaulting Lender shall not be included in determining whether all Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 12.19), provided that any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that (A)materially and adversely affects such Defaulting Lender differently than other affected Lenders, (B)increases the Syndicated Facility Commitment or extends the Maturity Date of such Defaulting Lender, or (C)relates to the matters set forth in Sections 12.19(a)(i), 12.19(a)(ii), 12.19(a)(iii), 12.19(a)(iv) (in so far as it relates to the Syndicated Facility Commitment of a Defaulting Lender), 12.19(a)(v), 12.19(a)(vi) and 12.19(a)(ix), shall require the consent of such Defaulting Lender. For the avoidance of doubt, the Borrower shall retain and reserve its other rights and remedies respecting each Defaulting Lender.

(ii) **Certain Fees:** The standby fees (if any) payable pursuant to Section 5.8 shall cease to accrue on the unused portion of the Commitment of such Defaulting Lender.

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(c) **Defaulting Lender Cure:** If the Borrower and the Administrative Agent agree in writing that a Syndicated Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, that Syndicated Lender will, to the extent applicable, purchase at par that portion of outstanding Syndicated Borrowings of the other Syndicated Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Syndicated Borrowings to be held *pro rata* by the Syndicated Lenders in accordance with the Syndicated Facility Commitments under the Syndicated Facility, whereupon such Syndicated Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Syndicated Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Syndicated Lender will constitute a waiver or release of any claim of any party hereunder arising from that Syndicated Lender having been a Defaulting Lender.

(d) **Funding of Defaulting Lender' s Share:** If the Administrative Agent has actual knowledge that a Lender is a Defaulting Lender at the time that the Administrative Agent receives (i)a Borrowing Notice or (ii)a Conversion Notice that will result in a currency conversion, then each other Syndicated Lender shall fund its Applicable Percentage of such affected Syndicated Accommodation (and, in calculating such Applicable Percentage, the Administrative Agent shall ignore the Syndicated Facility Commitments of each such Defaulting Lender); provided that, for certainty, no Lender shall be obligated by this Section 14.2(d) to make or provide Syndicated Accommodations in excess of its Syndicated Facility Commitment. If the Administrative Agent acquires actual knowledge that a Lender is a Defaulting Lender at any time after the Administrative Agent received (i) a Borrowing Notice or (ii) a Conversion Notice that will result in a currency conversion, then the Administrative Agent shall promptly notify the Borrower that such Lender is a Defaulting Lender (and such Lender shall be deemed to have consented to such disclosure). Each Defaulting Lender agrees to indemnify each other Lender for any amounts funded or paid by such Lender under this Section 14.2(d) and which would otherwise have been funded or paid by the Defaulting Lender if its Syndicated Facility Commitment had been included in determining the Applicable Percentage of such affected Syndicated Accommodations.

14.3 Expenses, Indemnity, Damage Waiver

(a) **Borrower Deliverables:** All statements, Appraisals, reports, certificates, opinions and other documents or information (including evidence of insurance evidencing compliance with Section 9.1(e)) required to be furnished to the Administrative Agent or the Lenders or by any other Loan Party under this Agreement shall be supplied by the Borrower without cost to the Administrative Agent or any Lender.

(b) **Reimbursement:** The Borrower shall pay (i)all reasonable out-of-pocket expenses incurred by the Administrative Agent (including the reasonable fees, charges and disbursements of legal counsel for the Administrative Agent on a solicitor and his own client basis, all fees and expenses of the Insurance Consultant or the Financial Advisor, and any other expert or professional costs and fees incurred in relation to the Facilities), in connection with the syndication of the Facilities, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii)all out-of-pocket expenses incurred by the Administrative Agent or any Lender (including the fees, charges and disbursements of any counsel for the Administrative Agent or any Lender), in connection with the enforcement or protection of its rights (A)in connection with this Agreement

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and the other Loan Documents, including its rights under this Section 14.3, or (B) in connection with the Accommodations hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Accommodations.

(c) **General Indemnity:** The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof) and each Lender, each Swap Lender, each Cash Management Lender, each Creditcard Lender and each Related Party of any of the foregoing Persons (each such Person being called an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Borrower or any other Loan Party) other than such Indemnitee and its Related Parties arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Accommodation or the use or proposed use of the proceeds therefrom, or (iii)any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower or any other Loan Party against an Indemnitee for breach in bad faith of such Indemnitee' s obligations hereunder or under any other Loan Document, if the Borrower or such Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

(d) **Reimbursement by Lenders:** To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under paragraph (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof) or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent) or such Related Party, as the case may be, such Lender' s *pro rata* share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender' s Applicable Percentage of the Total Commitment at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent), in connection with such capacity. The obligations of the Lenders under this paragraph (d) are subject to Section 12.11.

(e) **Waiver of Consequential Damages, Etc.:** To the fullest extent permitted by Applicable Law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Accommodation, or the use of the proceeds thereof. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications,

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electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(f) **Payments:** All amounts due under this Section shall be payable promptly, and in any event within five (5) Business Days, after demand therefor.

(g) **Survival:** Each party' s obligations under this Section shall survive the termination of the Loan Documents and payment of the obligations hereunder.

14.4 Failure to Act

No failure, omission or delay on the part of the Administrative Agent, any Lender or any Swap Lender in exercising any right, power or privilege hereunder shall impair such right, power or privilege or operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege.

14.5 Waivers

No breach of any of the provisions of any of the Loan Documents may be waived or discharged verbally; any such waiver or discharge may only be made by way of an instrument in writing signed by either the Administrative Agent on behalf of the Lenders or the Majority Lenders, as applicable, and, if required by the Administrative Agent, the Loan Parties, and such waiver or discharge will then be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given. Any such waiver or discharge which affects the rights of the Administrative Agent may only be made by way of an instrument in writing signed by the Administrative Agent.

14.6 Amendments

No provision of the Loan Documents may be amended verbally and any such amendment may only be made by way of an instrument in writing signed (subject to Section 12.23) by the Borrower, the Administrative Agent and the Lenders required by Section 12.19.

14.7 Notice

(a) **Notices Generally:** Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by email or facsimile as follows:

(i) if to the Borrower, to it at *[Redacted: Confidential Information] Attention: [Redacted: Confidential Information] (Email: [Redacted: Confidential Information]);*

(ii) if to the Administrative Agent, to *[Redacted: Confidential Information]*, Attention of Manager - Syndications (*[Redacted: Confidential Information]*) (Email: *[Redacted: Confidential Information]*); and

(iii) if to a Lender, to it at its address (or facsimile number) set forth in Schedule "A" hereto.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall

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be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) **Electronic Communications:** Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including email and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender if such Lender has notified the Administrative Agent that it is incapable of receiving notices by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

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

(c) **Change of Address, etc.:** Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(d) **Platform:**

(i) The Borrower agrees that the Administrative Agent may, but shall not be obligated to, make the Communications (as defined below) available to the Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak or a substantially similar electronic transmission system (the "**Platform**").

(ii) The Platform is provided "as is" and "as available." The Administrative Agent Parties (as defined below) do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Administrative Agent Party in connection with the Communications or the Platform. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "**Administrative Agent Parties**") have any liability to the Borrower or the other Loan Parties, any Lender or any other Person or entity for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of the Borrower' s, any Loan Party' s or the Administrative Agent' s transmission of communications through the Platform. "**Communications**" means, collectively, any notice, demand, communication, information, document or other material that the Borrower or any Loan Party provides to the Administrative Agent pursuant to any Loan Document or the transactions contemplated therein which is distributed to the Administrative Agent or any Lender by means of electronic communications pursuant to this Section, including through the Platform.

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14.8 Governing Law

The parties agree that this Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. There shall be no application of any conflict of law or other rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Agreement. The parties hereto do hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or by any thereof, without prejudice to the rights of the Administrative Agent or any Lender to take proceedings in other jurisdictions.

14.9 Term of Agreement and Survival

This Agreement and all covenants, undertakings, agreements, representations and warranties shall continue and survive until the termination of all Loan Documents such that thereafter there is not nor can there be any Borrowings, Lender Outstandings or Swap Indebtedness arising under any Loan Document. Notwithstanding the foregoing, the indemnities in Sections 9.1(l) and 14.3(c) shall survive any such termination.

14.10 Time of Essence

Time shall be of the essence of this Agreement.

14.11 Anti-Money Laundering Legislation

(a) The Borrower acknowledges that, pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and "**know your client**" Applicable Laws, whether within Canada or elsewhere (collectively, including any guidelines or orders thereunder, "**AML Legislation**"), the Lenders and the Administrative Agent may be required to obtain, verify and record information regarding the Borrower, its directors, authorized signing officers, direct or indirect shareholders or other Persons in control of the Borrower, and the transactions contemplated hereby. The Borrower shall promptly: (i)provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or the Administrative Agent, or any prospective assignee of a Lender or the Administrative Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence; and (ii)notify the recipient of any such information of any changes thereto.

(b) If, upon the written request of any Lender, the Administrative Agent has ascertained the identity of the Borrower or any other Loan Party or any authorized signatories of the Borrower or any other Loan Party for the purposes of applicable AML Legislation on such Lender' s behalf, then the Administrative Agent:

(i) shall be deemed to have done so as an agent for such Lender, and this Agreement shall constitute a "**written agreement**" in such regard between such Lender and the Administrative Agent within the meaning of applicable AML Legislation; and

(ii) shall provide to such Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

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Notwithstanding the preceding sentence, each of the Lenders agrees that the Administrative Agent has no obligation to ascertain the identity of the Borrower or any other Loan Party or any authorized signatories of the Borrower or any other Loan Party, on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from the Borrower or any other Loan Party or any such authorized signatory in doing so.

14.12 Conflict with Other Documents

In the event there is a conflict or inconsistency:

(a) as to any matter between the provisions hereof and the provisions of any other Loan Document (other than the Intercreditor Agreements), the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency; and

(b) as to any matter between the provisions hereof and the provisions of the Intercreditor Agreements, the provisions of the applicable Intercreditor Agreement shall prevail to the extent of such conflict or inconsistency;

provided that for the purposes of this Section 14.12 there shall not be considered to be a conflict or inconsistency between any provision hereof and any provision of any other Loan Document merely because such Loan Document does, and this Agreement does not, deal with the particular matter.

14.13 Saskatchewan Legislation

The *Land Contracts (Actions) Act, 2018* (Saskatchewan) shall have no application to any action, as defined in *The Land Contracts (Actions) Act, 2018* (Saskatchewan), with respect to this Agreement or the other Loan Documents and *The Limitation of Civil Rights Act* of the Province of Saskatchewan shall have no application to this Agreement or the other Loan Documents.

14.14 Acknowledgement and Consent to Bail-In of Affected Financial Institutions

Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its Lender Parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

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(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

14.15 Counterparts; Integration, Effectiveness; Electronic Execution

(a) **Counterparts; Integration; Effectiveness:** This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents, the Bilateral Financial Services Agreements and Lender Swaps and any separate letter agreements with respect to fees payable to the Administrative Agent, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 8.1, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) **Electronic Execution of Assignments:** The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law.

[remainder of page intentionally left blank]

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IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed on the date and year first above written.

SUNDIAL GROWERS INC.

Per: *[Signed]*
Name:
Title:

Per: *[Signed]*
Name:
Title:

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ATB FINANCIAL, as Administrative Agent

Per: *[Signed]*
Name:
Title:

Per: *[Signed]*
Name:
Title:

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ATB FINANCIAL, as Lender

Per: *[Signed]*
Name:
Title:

Per: *[Signed]*
Name:
Title:

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BANK OF MONTREAL, as Lender

Per: *[Signed]*
Name:
Title:

Per: *[Signed]*
Name:
Title:

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COMMITMENTS AND ADDRESSES

Lender	Syndicated Facility Commitment	Operating Facility Commitment
ATB Financial 600, 585 - 8th Avenue S.W. Calgary, Alberta T2P 1G1 Attention: Senior Director, Diversified Industries Fax No.: *[Redacted: Confidential Information]*	Cdn. $34,000,000	Cdn. $5,329,900
Bank of Montreal 100 King Street West, 4th Floor Toronto, Ontario M5X 1H3 Attention: Managing Director, Corporate Banking Fax No.: *[Redacted: Confidential Information]*	Cdn. $40,000,000	Nil.
Total:	Cdn. $74,000,000	Cdn. $5,329,900

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FORM OF BORROWING NOTICE

TO: ATB Financial ("**ATB**"), as Administrative Agent

RE: Amended and Restated Credit Agreement (the "**Credit Agreement**") dated June 5, 2020 among Sundial Growers Inc. (the "**Borrower**"), ATB and those other financial institutions which are or hereafter become lenders thereunder (the "**Lenders**"), and ATB, as administrative agent for the Lenders (the "**Administrative Agent**")

DATE: _____, 20__

1. The Drawdown Date is _____, 20__.

2. Pursuant to Section 3.5 of the Credit Agreement, the undersigned hereby irrevocably requests that the following Accommodations be made available under the applicable Facility:

Syndicated Facility:

TYPE OF ADVANCE	PRINCIPAL AMOUNT AND CURRENCY	TERM
Prime Loan		N/A
Bankers' Acceptances		

Operating Facility:

TYPE OF ADVANCE	PRINCIPAL AMOUNT	TERM
Prime Loan		N/A
Letters of Credit		

3. As of the date of this Borrowing Notice, no Default or Event of Default has occurred and is continuing and each of the representations and warranties of the Borrower deemed to be made by the Borrower pursuant to Section 2.2 of the Credit Agreement (other than those made as of a specific date) are, as of the date of such request, and will be, as of the applicable Drawdown Date, true and correct.

4. Capitalized terms used herein and not otherwise defined herein have the meanings given to them by the Credit Agreement.

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DATED at Calgary, Alberta effective the date and year first above written.

SUNDIAL GROWERS INC.

Per: _____

Name:
Title:

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NOTICE OF ROLLOVER OR NOTICE OF CONVERSION OR NOTICE OF REPAYMENT

TO: ATB Financial ("**ATB**"), as Administrative Agent and Operating Lender

RE: Amended and Restated Credit Agreement (the "**Credit Agreement**") dated June 5, 2020 among Sundial Growers Inc. (the "**Borrower**"), ATB and those other financial institutions which are or hereafter become lenders thereunder (the "**Lenders**"), and ATB, as administrative agent for the Lenders (the "**Administrative Agent**")

DATE: _____, 20__

Capitalizedterms used herein and not otherwise defined herein have the meanings given to them by the Credit Agreement.

1. Pursuant to Section 3.9 (Repayment), 3.11 (Conversion) and 3.12 (Rollover) of the Credit Agreement, the undersigned hereby irrevocably notifies the Administrative Agent/Operating Lender that it will be:

(a) rolling over part or all of the Accommodation described as:

Facility: Operating/Syndicated _____

Type of Accommodation: _____

*Principal Amount: _____

Date of Maturity: _____

into the same Accommodation described as:

Date of Maturity: _____

* if only part of maturing Accommodation is rolled over, please indicate.

or;

(b) converting part or all of the Accommodation described as:

Facility: Operating/Syndicated _____

Type of Accommodation: _____

*Principal Amount if applicable: _____

Date of Maturity: _____

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into an Accommodation described as:

* if only part of maturing Accommodation is converted, please indicate.

Type of Accommodation: _____

*Principal Amount: _____

Date of Maturity: _____

(c) Repaying part or all of the Accommodation described as:

Facility: Operating/Syndicated _____

Type of Accommodation: _____

*Principal Amount: _____

Date of Maturity or Repayment: _____

* if only part of maturing Accommodation is being repaid, please indicate the applicable amount being repaid including the details provided above in respect thereof and whether the balance will be rolled over or Converted.

2. This Notice is irrevocable.

3. No Default or Event of Default has occurred and is continuing.

DATED at Calgary, Alberta effective the date and year first above written.

SUNDIAL GROWERS INC.

Per: _____
Name:
Title:

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FORM OF COMPLIANCE CERTIFICATE

TO: ATB FINANCIAL, as Administrative Agent

RE: Amended and Restated Credit Agreement dated June 5, 2020 among Sundial Growers Inc., as borrower (the "**Borrower**"), ATB Financial, as Administrative Agent (the "**Administrative Agent**"), and the persons party thereto as lenders from time to time (collectively, the "**Lenders**") (such Credit Agreement, as it may be amended, supplemented, modified or restated from time to time, referred to as the "**Credit Agreement**").

I, _____, of the City of Calgary, in the Province of Alberta, hereby certify as follows:

1. I am the **[insert title of senior officer]** of Sundial Growers Inc.;

2. This Certificate applies to the **[Fiscal Year/Fiscal Quarter/calendar month]** ending _____;

3. I am familiar with and have examined the provisions of the Credit Agreement and have made such reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower and its agents as I have deemed necessary for purposes of this Certificate;

4. Except where the context otherwise requires, all capitalized terms used herein have the same meaning as in the Credit Agreement;

5. No Default or Event of Default exists;

6. Each of the representations and warranties of the Borrower made by the Borrower pursuant to Section 2.1 of the Credit Agreement (other than those made as of a specific date) are, as of the date hereof, true and correct;

7. The Swap Indebtedness of the Loan Parties, in the aggregate, as at the last day of the **[Fiscal Quarter/Year]** most recently ended, is as follows:

   Interest Swaps - Cdn. $____, and the notional amount swapped thereunder is Cdn. $____ which represents __% of the aggregate amount of all Syndicated Borrowings.

The foregoing amounts of Swap Indebtedness were calculated by the Borrower on a Mark-to-Market basis (separately for each Lender and then aggregating amounts so calculated) as at the end of the **[Fiscal Quarter/Year]** most recently ended;

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8. As of the last day of the above referenced **[Fiscal Quarter/Fiscal Year/calendar month]** the aggregate amount of Unrestricted Cash was $____. As of the date hereof, the aggregate amount of Unrestricted Cash is $____;

9. **[As of the last day of the above referenced [Fiscal Quarter/Fiscal Year] the Fixed Charge Coverage Ratio was _____, and attached hereto are the detailed particulars of the manner in which the Fixed Charge Coverage Ratio was calculated;] [NTD: Only required as at the Covenant Monitoring Date (and as at the end of each Fiscal Quarter thereafter) in respect of Compliance Certificates delivered pursuant to Section 9.1(bb)(i), otherwise may be deleted.]**

10. **[As of the last day of the above referenced [Fiscal Quarter/Fiscal Year] the Senior Funded Debt to EBITDA Ratio was _____, and attached hereto are the detailed particulars of the manner in which the Senior Funded Debt to EBITDA Ratio was calculated;] [NTD: Only required as at the Covenant Monitoring Date (and as at the end of each Fiscal Quarter thereafter) in respect of Compliance Certificates delivered pursuant to Section 9.1(bb)(i), otherwise may be deleted.]**

11. There have been no changes in the information set forth in Schedule "J", Schedule "K", Schedule "L", Schedule "M", Schedule "N" or Schedule "O" of the Credit Agreement **[other than Schedule [●], a revised copy of which is attached hereto.]**;

12. This Certificate is given by the undersigned officer in his or her capacity as an officer of the Borrower and not in any personal capacity without any personal liability being assumed by the undersigned officer in respect of the giving of this Certificate.

DATED this __ day of _____, 20__.

SUNDIAL GROWERS INC.

Per: _____
Name:
Title:

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ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "**Assignment and Assumption**") is dated as of the effective date set forth below (the "**Effective Date**") and is entered into by and between **[the] [each]**[1] Assignor identified in item 1 below (**[the] [each, an]** "**Assignor**") and **[the] [each]**[2] Assignee identified in item 2 below (**[the] [each, an]** "**Assignee**"). **[It is understood and agreed that the rights and obligations of [the Assignors] [the Assignees]**[3] **hereunder are several and not joint.]**[4] Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "**Credit Agreement**"), receipt of a copy of which is hereby acknowledged by **[the] [each]** Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

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

1. Assignor**[s]**: _____

_____

1 For bracketed language here and elsewhere in this form relating to the Assignor(s), if the assignment is from a single Assignor, choose the first bracketed language. If the assignment is from multiple Assignors, choose the second bracketed language.

2 For bracketed language here and elsewhere in this form relating to the Assignee(s), if the assignment is to a single Assignee, choose the first bracketed language. If the assignment is to multiple Assignees, choose the second bracketed language.

3 Select as appropriate.

4 Include bracketed language if there are either multiple Assignors or multiple Assignees.

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[Assignor [is] [is not] a Defaulting Lender]

2. Assignee**[s]**: _____

_____

[for each Assignee, indicate [Affiliate] [Approved Fund] of [identify Lender]

3. Borrower(s): _____

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

5. Credit Agreement: The Amended and Restated Credit Agreement dated June 5, 2020 among Sundial Growers Inc., the Lenders party thereto, ATB Financial, as Administrative Agent, and the other parties thereto

6. Assigned Interest**[s]**:

Assignor[s]**5**	Assignee[s]**6**	Facility Assigned7	Aggregate Amount of Commitment/ Borrowings for all Lenders8	Amount of Commitment/ Borrowings Assigned	Percentage Assigned of Commitment/ Borrowings9	**[CUSIP Number]**
			$	$	$	
			$	$	$	
			$	$	$	

[7. Trade Date: _____]10

Effective Date: __ __, 20__ **[TO BE INSERTED BY ADMINISTRATIVE AGENT]**

5 List each Assignor, as appropriate.
6 List each Assignee, as appropriate.
7 Fill in the appropriate terminology for the types of facilities under the Credit Agreement that are being assigned under this Assignment (e.g., "Syndicated Facility Commitment," "Operating Facility Commitment," etc.)
8 Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.
9 Set forth, to at least 9 decimals, as a percentage of the Commitment/ Prime Loans of all Lenders thereunder.
10 To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

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

ASSIGNOR**[S]**[11]

[NAME OF ASSIGNOR]

By: _____
Title:

[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE**[S]**[12]

[NAME OF ASSIGNEE]

By: _____
Title:

[NAME OF ASSIGNEE]

By: _____
Title:

11 Add additional signature blocks as needed. Include both fund and manager making the trade (if applicable).
12 Add additional signature blocks as needed. Include both fund and manager making the trade (if applicable).

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[Consented to and][13] Accepted:

ATB FINANCIAL, as Administrative Agent

By: _____
Title:

13 To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

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[_____][14]

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 **Assignor[s]**. **[The][Each]** Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of **[the] [the relevant]** Assigned Interest, (ii) **[the] [such]** Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is **[not]** a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document[15], (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document, or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 **Assignee[s]**. **[The][Each]** Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an assignee under Section 13.1(b)(iii), (v) and (vi) of the Credit Agreement (subject to such consents, if any, as may be required under Section 13.1(b)(iii) of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of **[the] [the relevant]** Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Sections 9.1(w)(i) and (x) thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase **[the] [such]** Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase **[the][such]** Assigned Interest, and (vii) if it is a Foreign Lender[16], attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by **[the][such]** Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, **[the] [any]** Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

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14 Describe Credit Agreement at option of Administrative Agent.

15 The term "Loan Document" should be conformed to that used in the Credit Agreement.

16 The concept of "Foreign. Lender" should be conformed to the section in the Credit Agreement governing withholding taxes and gross-up.

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2. **Payments.**

From and after the Effective Date, the Administrative Agent shall make all payments in respect of **[the] [each]** Assigned Interest (including payments of principal, interest, fees and other amounts) to **[the] [the relevant]** Assignor for amounts which have accrued to but excluding the Effective Date and to **[the] [the relevant]** Assignee for amounts which have accrued from and after the Effective Date[17]. Notwithstanding the foregoing, the Administrative Agent shall make all payments of interest, fees or other amounts paid or payable in kind from and after the Effective Date to **[the] [the relevant]** Assignee.

3. **General Provisions.**

This Assignment and Assumption shall be binding upon, and enure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the Province of Alberta and of Canada applicable therein.

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17 The Administrative Agent should consider whether this method conforms to its systems. In some circumstances, the following alternative language may be appropriate:

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

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FORM OF POWER OF ATTORNEY TERMS - BANKERS' ACCEPTANCES

In order to facilitate the acceptance of Bankers' Acceptances pursuant to the terms of the Amended and Restated Credit Agreement dated June 5, 2020 among Sundial Growers Inc., as borrower (the "**Borrower**"), ATB Financial, as Administrative Agent, and the Lenders named therein (as amended, supplemented and restated from time to time, the "**Credit Agreement**"), the Borrower hereby appoints each Lender (hereinafter individually called the "**Bank**"), acting by an authorized signing officer (the "**Attorney**") for the time being of the Bank' s Branch of Account, the attorney of the Borrower:

(a) to sign for and on behalf and in the name of the Borrower as drawer, drafts in the Bank' s standard form which are "depository bills" under and as defined in the *Depository Bills and Notes Act* (Canada) (the "**DBNA**") ("**Drafts**") drawn on the Bank payable to a "clearing house" under the DBNA or its nominee for deposit by the Bank with the "clearing house" after acceptance thereof by the Bank; and

(b) to fill in the amount, date and maturity date of such Drafts;

provided that such acts in each case are to be undertaken by the Bank in accordance with instructions given to the Bank by the Borrower as provided in this power of attorney.

Instructions to the Bank relating to the execution, completion, endorsement, discount, purchase and/or delivery by the Bank on behalf of the Borrower of Drafts which the Borrower wishes to submit to the Bank for acceptance by the Bank shall be communicated by the Administrative Agent in writing to the Attorney at the Bank' s Branch of Account concurrently with delivery by the Borrower, pursuant to the provisions of: (i) Section 3.5 or 3.6 of the Credit Agreement, a Borrowing Notice by way of Bankers' Acceptances in the form of Schedule "B" to the Credit Agreement; or (ii) Section 3.11 of the Credit Agreement, a Conversion Notice in the form of Schedule "C" to the Credit Agreement. The instructions to the Bank shall specify the following information:

(a) a Canadian Dollar amount, which shall be the aggregate face amount of the Drafts to be accepted by the Bank in respect of a particular Borrowing, Conversion or Rollover; and

(b) a specified period of time, as provided in the Credit Agreement, which shall be the number of months after the date of such Drafts that such Drafts are to be payable, and the dates of issue and maturity of such Drafts.

The communication in writing to the Bank of the instructions referred to above shall constitute (a) the authorization and instruction of the Borrower to the Bank to complete and endorse Drafts in accordance with such information as set out above and (b) the request of the Borrower to the Bank to accept such Drafts and deposit the same with the "clearing house" against payment as set out in the instructions. The Borrower acknowledges that the Bank shall not be obligated to accept any such Drafts except in accordance with the provisions of the Credit Agreement.

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The Bank shall be and it is hereby authorized to act on behalf of the Borrower upon and in compliance with instructions communicated to the Bank as provided herein if the Bank reasonably believes them to be genuine.

The Borrower hereby agrees to indemnify the Bank and its directors, officers, employees, affiliates and agents and to hold it and them harmless from and against any loss, liability, expense or claim of any kind or nature whatsoever incurred by any of them as a result of any action or inaction in any way relating to or arising out of this power of attorney or the acts contemplated hereby including the deposit of any Draft with the "clearing house"; provided that this indemnity shall not apply to any such loss, liability, expense or claim which results from the negligence or wilful misconduct of the Bank or any of its directors, officers, employees, affiliates or agents.

This power of attorney may be revoked at any time upon not less than fifteen (15) Business Days' written notice served in accordance with Section 14.7 of the Credit Agreement upon the Bank at its Branch of Account, provided that: (i) it may be replaced with another power of attorney forthwith on terms satisfactory to the Bank; and (ii) no such revocation shall reduce, limit or otherwise affect the obligations of the Borrower in respect of any Draft executed, completed, endorsed, discounted and/or delivered in accordance herewith prior to the time at which such revocation becomes effective. This power of attorney may be terminated by the Bank at any time upon not less than fifteen (15) Business Days written notice to the Borrower in accordance with Section 14.7 of the Credit Agreement. Any revocation or termination of this power of attorney shall not affect the rights of the Bank and the obligations of the Borrower with respect to the indemnities of the Borrower above stated with respect to all matters arising prior in time to any such revocation or termination.

This power of attorney is in addition to and not in substitution for any agreement to which the Bank and the Borrower are parties.

This power of attorney shall be governed in all respects by the laws of the Province of Alberta and the laws of Canada applicable therein and each of the Borrower and the Bank hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of such jurisdiction in respect of all matters arising out of this power of attorney.

In the event of a conflict between the provisions of this Power of Attorney and the Credit Agreement, the Credit Agreement shall prevail. Capitalized terms used and not defined herein shall have the meanings given to them in the Credit Agreement.

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FORM OF POWER OF ATTORNEY TERMS - BA EQUIVALENT ADVANCES

In order to facilitate the making of BA Equivalent Advances pursuant to the terms of the Amended and Restated Credit Agreement dated June 5, 2020 among Sundial Growers Inc., as borrower (the "**Borrower**"), ATB Financial, as Administrative Agent, and the Lenders named therein (as amended, supplemented and restated from time to time, the "**Credit Agreement**"), the Borrower hereby appoints each Lender (hereinafter individually called the "**Bank**"), acting by an authorized signing officer (the "**Attorney**") for the time being of the Bank' s Branch of Account, the attorney of the Borrower:

(a) to sign for and on behalf and in the name of the Borrower as drawer, promissory notes in the Bank' s standard form for advances in the nature of BA Equivalent Advances ("**Notes**") payable to the Bank or its order evidencing BA Equivalent Advances made by the Bank to the Borrower pursuant to the Credit Agreement; and

(b) to fill in the amount, date and maturity date of such Notes;

provided that such acts in each case are to be undertaken by the Bank in accordance with instructions given to the Bank by the Borrower as provided in this power of attorney.

Instructions to the Bank relating to the execution, completion, endorsement, discount, purchase and/or delivery by the Bank on behalf of the Borrower of Notes which the Borrower wishes to issue to the Bank shall be communicated by the Administrative Agent in writing to the Attorney at the Bank' s Branch of Account concurrently with delivery by the Borrower, pursuant to the provisions of: (i) Section 3.5 or 3.6 of the Credit Agreement, a Borrowing Notice by way of Bankers' Acceptances in the form of Schedule "B" to the Credit Agreement; or (ii) Section 3.11 of the Credit Agreement, a Conversion Notice in the form of Schedule "C" to the Credit Agreement. The instructions to the Bank shall specify the following information:

(a) a Canadian Dollar amount, which shall be the aggregate face amount of the Notes in respect of a particular Borrowing, Conversion or Rollover; and

(b) a specified period of time, as provided in the Credit Agreement, which shall be the number of months after the date of such Notes that such Notes are to be payable, and the dates of issue and maturity of such Notes.

The communication in writing to the Bank of the instructions referred to above shall constitute the authorization and instruction of the Borrower to the Bank to complete and, if applicable, endorse Notes in accordance with such information as set out above. The Borrower acknowledges that the Bank shall not be obligated to make any BA Equivalent Advance and thereafter complete and execute, and if applicable, endorse any such Notes except in accordance with the provisions of the Credit Agreement.

The Bank shall be and it is hereby authorized to act on behalf of the Borrower upon and in compliance with instructions communicated to the Bank as provided herein if the Bank reasonably believes them to be genuine.

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The Borrower agrees to indemnify the Bank and its directors, officers, employees, affiliates and agents and to hold it and them harmless from and against any loss, liability, expense or claim of any kind or nature whatsoever incurred by any of them as a result of any action or inaction in any way relating to or arising out of this power of attorney or the acts contemplated hereby; provided that this indemnity shall not apply to any such loss, liability, expense or claim which results from the negligence or wilful misconduct of the Bank or any of its directors, officers, employees, affiliates or agents.

This power of attorney may be revoked at any time upon not less than fifteen (15) Business Days' written notice served in accordance with Section 14.7 of the Credit Agreement upon the Bank at its Branch of Account, provided that: (i) it may be replaced with another power of attorney forthwith on terms satisfactory to the Bank; and (ii) no such revocation shall reduce, limit or otherwise affect the obligations of the Borrower in respect of any Notes executed, completed, endorsed, discounted and/or delivered in accordance herewith prior to the time at which such revocation becomes effective. This power of attorney may be terminated by the Bank at any time upon not less than fifteen (15) Business Days written notice to the Borrower in accordance with Section 14.7 of the Credit Agreement. Any revocation or termination of this power of attorney shall not affect the rights of the Bank and the obligations of the Borrower with respect to the indemnities of the Borrower above stated with respect to all matters arising prior in time to any such revocation or termination.

This power of attorney is in addition to and not in substitution for any agreement to which the Bank and the Borrower are parties.

This power of attorney shall be governed in all respects by the laws of the Province of Alberta and the laws of Canada applicable therein and each of the Borrower and the Bank hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of such jurisdiction in respect of all matters arising out of this power of attorney.

In the event of a conflict between the provisions of this Power of Attorney and the Credit Agreement, the Credit Agreement shall prevail. Capitalized terms used and not defined herein shall have the meanings given to them in the Credit Agreement.

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FORM OF ENVIRONMENTAL CERTIFICATE

TO: ATB FINANCIAL, as Administrative Agent

RE: Amended and Restated Credit Agreement dated June 5, 2020 among Sundial Growers Inc., as borrower (the "**Borrower**"), ATB Financial, as Administrative Agent (the "**Administrative Agent**"), and the persons party thereto as lenders from time to time (collectively, the "**Lenders**") (such Credit Agreement, as it may be amended, supplemented, modified or restated from time to time, referred to as the "**Credit Agreement**").

This Environmental Certificate is given pursuant to Section 8.1(g)(vi) of the Credit Agreement. Capitalized terms used herein and not otherwise defined herein have the meanings given to them by the Credit Agreement.

I am the duly appointed **[●]** of the Borrower and hereby make the following certifications in such capacity for and on behalf of the Borrower and not in my personal capacity and without assuming any personal liability whatsoever:

1. The following certifications are made to the best of my knowledge after due enquiry. My due enquiry has been limited to discussions and correspondence with responsible officers and staff of the Borrower and the Material Subsidiaries to confirm that the internal environmental reporting and response procedures of the Borrower and the Material Subsidiaries have been followed in all material respects as they relate to the certifications made herein and that the matters herein set forth are true and correct and that matters reported on by such officers and staff are true and correct.

2. The certifications in paragraphs 3 through 9 are qualified as to any breach of or failure to comply with any Environmental Laws, provided that the breach or failure to comply has not had, or would not reasonably be expected to have (whether on an individual or cumulative basis), a Material Adverse Effect.

3. The Property of the Loan Parties is owned, leased, managed, controlled or operated, in compliance with Environmental Laws.

4. There are no existing, pending or threatened (by written notice):

   (a) claims, complaints, notices or requests for information received from a Governmental Authority by any of the Loan Parties, or of which any of the Loan Parties are otherwise aware, with respect to any alleged violation of or alleged liability under any Environmental Laws by any of the Loan Parties; or

   (b) stop, cleanup or preventative orders, direction or action requests, notice of which has been received from an Governmental Authority by any of the Loan Parties or of which any of the Loan Parties are otherwise aware, relating to the environment which as a result thereof, requires any work, repair, remediation, cleanup, construction or capital expenditure with

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respect to any Property owned, leased, managed, controlled or operated by any of the Loan Parties.

5. Except in compliance with Environmental Laws, no contaminant or other hazardous substance has been received, handled, used, stored, treated or shipped at or from, and there has been no discharge or Release of a contaminant or other hazardous substance at, on, from or under any Property owned, leased, managed, controlled or operated by any of the Loan Parties.

6. None of the lands and facilities owned, leased, managed, controlled or operated by any of the Loan Parties have been used as a land fill site or, except in compliance with Environmental Laws, as a waste disposal site.

7. No condition exists at, on or under any of the premises or facilities owned, leased, managed, controlled or operated by any of the Loan Parties, which with the passage of time, or the giving of notice or both, has given rise to or would reasonably be expected to give rise to a violation or liability under any Environmental Laws.

8. The Loan Parties are not aware of any matter affecting the environment that has had or would reasonably be expected to have a Material Adverse Effect.

9. The Loan Parties have obtained all permits, licenses and other authorizations which are required under Environmental Laws and are in compliance with all terms and conditions of all permits, licenses and other authorizations, and the Borrower hereby certifies that each of the permits, licenses and other authorizations is in full force and effect and unrevoked as of the date of this certificate.

DATED this __ day of _____, 20__.

SUNDIAL GROWERS INC.

Per: _____
Name:
Title:

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MATERIAL AGREEMENTS

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MATERIAL LICENSES

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ORGANIZATIONAL CHART

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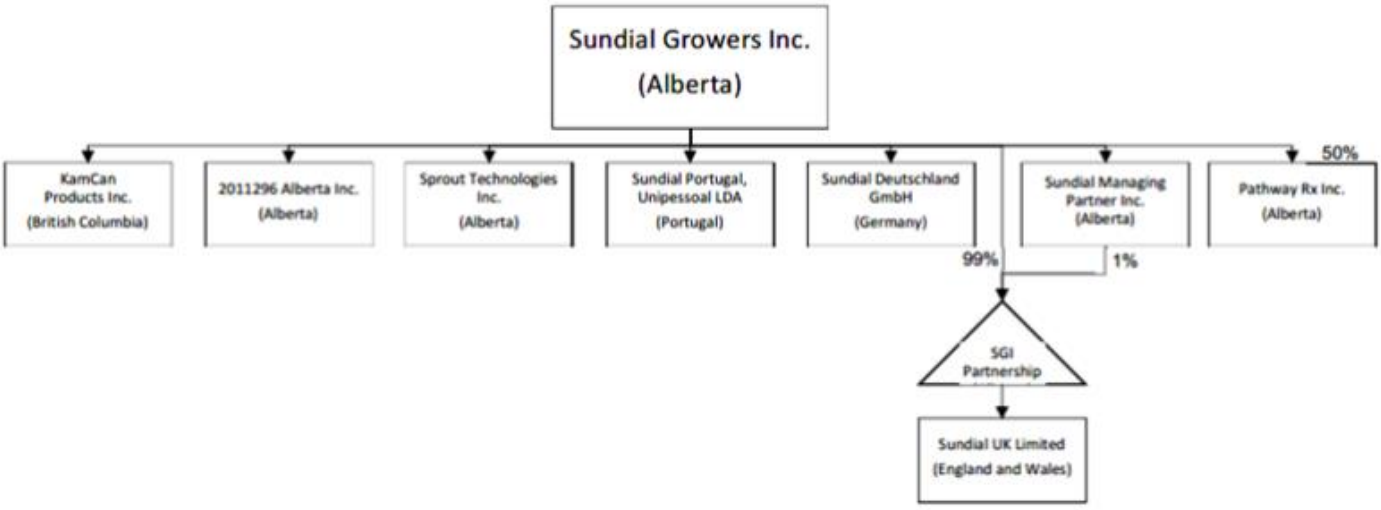
STRUCTURE AFTER PROJECT GIANT ACQUISITION



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REAL PROPERTY

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EQUITY INTERESTS

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LITIGATION

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AMORTIZATION SCHEDULE

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Exhibit 99.4

SECURITIES RESTRUCTURING AGREEMENT

This **SECURITIES RESTRUCTURING AGREEMENT** (this "**Agreement**"), dated as of June 5, 2020, is by and among Sundial Growers Inc., a company existing under the laws of the Province of Alberta, Canada (the "**Company**"), and SAF Jackson II LP (the "**Creditor**").

RECITALS

A. SGI Partnership (the "**Original Borrower**"), SAF Jackson II LP and the other lenders from time to time party thereto as lenders (the "**Lenders**"), and SAF Jackson II LP, as administrative agent (the "**Agent**") were party to a credit agreement dated June 27, 2019, as supplemented by a waiver and consent dated August 29, 2019 (the "**Original Credit Agreement**").

B. Pursuant to a restructuring and novation agreement dated as of the date hereof (the "**Restructuring and Novation Agreement**") among, *inter alios*, the Original Borrower, the Company, the Lenders and the Agent, the Original Borrower assigned and the Company assumed the Parent Obligations Outstanding (as defined in the Restructuring and Novation Agreement).

C. The Creditor is the only lender under the Original Credit Agreement, as assumed by the Company pursuant to the Restructuring and Novation Agreement.

D. The Company has requested and the Creditor has agreed to amend and restate the Parent Obligations Outstanding upon the terms and conditions, and in the form, of an amended and restated senior secured second lien convertible note of the Company, in the aggregate original principal amount of C$73,227,465.75, substantially in the form attached hereto as **Schedule B** (the "**Note**"), which Note shall be convertible into Common Shares (the Common Shares issuable pursuant to the terms of the Note, including upon conversion or otherwise, collectively, the "**Conversion Shares**"), in accordance with the terms of the Note.

E. The Company and the Creditor are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by either (i) Section 4(a)(2) of the Securities Act of 1933, as amended (including the rules and regulations promulgated thereunder, the "**1933 Act**"), or (ii) Rule 903 of Regulation S ("**Regulation S**") as promulgated by the SEC under the 1933 Act, and in Canada, upon the exemption from the prospectus requirements afforded by Section 2.3 of National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators adopted under the securities legislation of the Canadian jurisdictions ("**NI 45-106**").

F. The Company has agreed to issue common share purchase warrants to initially acquire up to that aggregate number of additional Common Shares and upon the exercise price, each as set forth opposite the Creditor' s name in column (3) in Schedule "A", substantially in the form attached hereto as **Schedule C** (the "**Warrants**"; and the Common Shares issuable upon exercise of the Warrants, collectively, the "**Warrant Shares**").

G. At the Closing, the parties hereto shall execute and deliver a registration rights agreement, substantially in the form attached hereto as **Schedule D** (the "**Registration Rights Agreement**"), pursuant to which the Company has agreed to provide certain registration rights

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with respect to the Registrable Securities (as defined in the Registration Rights Agreement), under the 1933 Act and the rules and regulations promulgated thereunder, and applicable state securities laws and certain distribution rights under Canadian Securities Laws (as defined below).

H. The Note, the Conversion Shares, the Warrants and the Warrant Shares are collectively referred to herein as the "**Securities**".

AGREEMENT

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

1. ISSUE OF NOTE AND WARRANTS.

(a) Issue of Note and Warrants. Effective at Closing:

(i) the Parent Obligations Outstanding shall: (x) be amended, modified and restated in their entirety by the Company issuing to the Creditor, and the Creditor acquiring from the Company on the Closing Date the Note, and (y) subject only to the effect of the amendments and modifications to the Original Credit Agreement, as assumed by the Company pursuant to the Restructuring and Novation Agreement, effected by the Note, continue in full force and effect as rights, obligations and indebtedness under the Note, all in accordance with and subject to the provisions set forth in the Note; provided that nothing in this Agreement or in the Note shall constitute a new loan or loans or the provision of new credit or the effective repayment and readvance or replacement of the Parent Obligations Outstanding as of the date hereof, and the liability of the Company in respect of Parent Obligations Outstanding shall be and be deemed to be continued under and governed by the Note from and after the Closing Date; and

(ii) in consideration of the Creditor agreeing to amend and restate the Parent Obligations Outstanding on the terms and conditions set forth in the Note and other valuable benefits for the Company related thereto, the Company shall issue to the Creditor the Warrants to initially acquire up to that aggregate number of the Warrant Shares as is set forth opposite the Creditor' s name in column (3) in Schedule "A".

(b) Note and Warrants.

(i) The Note will be duly and validly created and issued pursuant to, and the conversion thereof into Conversion Shares shall be governed, by the terms of the Note certificate. Without limiting the Creditor' s reliance on any of the representations and warranties given by the Company in any of the Transaction Documents (as defined below), the Creditor acknowledges that it has read and understands the terms and conditions set forth in the Note.

(ii) The Warrants will be duly and validly created and issued pursuant to, and the exercise thereof into Warrant Shares shall be governed, by the terms of the applicable Warrant certificate. Without limiting the Creditor' s reliance on any of the representations

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and warranties given by the Company in any of the Transaction Documents, the Creditor acknowledges that it has read and understands the terms and conditions set forth in the Warrants.

(c) Closing. Subject to the satisfaction (or waiver) of the conditions set forth in Sections 6 and 7 below, the closing ("**Closing**") of the transactions contemplated in this Agreement, including the issue of the Note and the Warrants to the Creditor (collectively, the "**Transaction**"), shall occur electronically on the date hereof (the "**Closing Date**").

(d) Issuance. On the Closing Date the Company shall deliver to the Creditor (A) the Note certificate and (B) the Warrant certificates, in each case, duly executed on behalf of the Company and registered in the name of the Creditor.

2. CREDITOR' S REPRESENTATIONS AND WARRANTIES.

The Creditor represents and warrants to the Company that, as of the date hereof:

(a) Organization; Authority. The Creditor is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with the requisite power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents to which it is a party and otherwise to carry out its obligations hereunder and thereunder.

(b) No Public Sale or Distribution. The Creditor (i) is acquiring the Note and the Warrants, (ii) upon conversion of the Note will acquire the Conversion Shares issuable upon conversion thereof, and (iii) upon exercise of the Warrants will acquire the Warrant Shares (or such lesser amount pursuant to a Cashless Exercise (as defined in the Warrants)) issuable upon exercise thereof, in each case, for its own account and not with a view towards, or for resale in connection with, the public sale or distribution thereof in violation of applicable securities laws, except pursuant to sales registered or exempted under the 1933 Act or qualified for public distribution or exempted under the securities legislation and regulations of, and the instruments, policies, rules, orders, codes, notices and published interpretation notes of, the securities regulatory authorities of the provinces and territories of Canada (the "**Canadian Securities Laws**"); provided, however, by making the representations herein, the Creditor does not agree, or make any representation or warranty, to hold any of the Securities for any minimum or other specific term and reserves the right to dispose of the Securities at any time in accordance with or pursuant to a registration statement or prospectus, as the case may be, or an exemption from registration or the prospectus requirements, as the case may be, under the 1933 Act or in accordance with Canadian Securities Laws. The Creditor does not presently have any agreement or understanding, directly or indirectly, with any Person to distribute any of the Securities in violation of applicable securities laws.

(c) Status. The Creditor is (i) an "accredited investor" as that term is defined in Rule 501(a) of Regulation D under the 1933 Act or (ii) not within the United States, is not a U.S. person (as defined in Regulation S) and is not being issued the Securities for the account or benefit of a U.S. person.

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(d) Canadian Accredited Investor Status. The Creditor is an "accredited investor", as such term is defined in NI 45-106, is being issued the Securities as principal and it was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106.

(e) Reliance on Exemptions. The Creditor understands that the Securities are being issued to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and from the prospectus requirements of Canadian Securities Laws and that the Company is relying in part upon the truth and accuracy of, and the Creditor' s compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Creditor set forth herein in order to determine the availability of such exemptions and the eligibility of the Creditor to acquire the Securities.

(f) Information. The Creditor and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of the Company and materials relating to the issuance of the Securities that have been requested by the Creditor and that are sufficient to enable the Creditor to evaluate the entering into of this Agreement and the Creditor and its advisors, if any, have been afforded the opportunity to ask questions about the Company and its financial condition, results of operations, business, properties, management and prospects. Neither such inquiries nor any other due diligence investigations conducted by the Creditor or its advisors, if any, or its representatives shall modify, amend or affect the Creditor' s right to rely on the Company' s representations and warranties, or to enforce the Company' s covenants and other obligations, contained in any of the Transaction Documents. The Creditor understands that its ownership of the Securities involves a high degree of risk. The Creditor has sought such accounting, legal and tax advice as it has considered necessary to make an informed decision with respect to its acquisition of the Securities.

(g) No Governmental Review. The Creditor understands that no United States federal or state agency, no Canadian provincial, territorial or federal agency, or any other Governmental Authority has passed on or made any recommendation or endorsement of the Securities or the fairness or suitability of the investment in the Securities nor have such authorities passed upon or endorsed the merits of the issue of the Securities.

(h) Transfer or Resale. The Creditor understands that except as provided in the Registration Rights Agreement: (i) the Securities have not been and are not being registered under the 1933 Act or any state securities laws or qualified for distribution under Canadian Securities Laws and may not be offered for sale, sold, assigned or transferred unless (A) subsequently registered or qualified thereunder or otherwise in accordance with limited exemptions under applicable securities legislation and regulatory policy until expiry of the applicable restricted periods and in compliance with the other requirements of Applicable Law, (B) the Creditor shall have delivered to the Company (if requested by the Company) an opinion of counsel, in a form reasonably acceptable to the Company, to the effect that such Securities to be sold, assigned or transferred may be sold, assigned or transferred pursuant to an exemption from such registration under the 1933 Act, (C) in accordance with Regulation S under the 1933 Act and in compliance with local laws or (D) the Creditor provides the Company with reasonable assurance (including customary representation letters) that such Securities can be sold, assigned or transferred pursuant to Rule 144 or Rule 144A promulgated under the 1933 Act (or a successor rule thereto)

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(collectively, "**Rule 144**"); (ii) any sale of the Securities made in reliance on Rule 144 may be made only in accordance with the terms of Rule 144, and further, if Rule 144 is not applicable, any resale of the Securities under circumstances in which the seller (or the Person through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the 1933 Act) may require compliance with some other exemption under the 1933 Act; (iii) neither the Company nor any other Person is under any obligation to register the Securities under the 1933 Act or any state securities laws except as provided under the Registration Rights Agreement or to comply with the terms and conditions of any exemption thereunder and (iv) any sale or transfer of the Securities to a purchaser or transferee whose address is in Canada (or who is a resident of Canada) is prohibited unless it is made in compliance with applicable Canadian Securities Laws including Section 2.5 of National Instrument 45-102 – *Resale of Securities* of the Canadian Securities Administrators adopted under the securities legislation of the Canadian jurisdictions. Notwithstanding the foregoing, the Securities may be pledged in connection with a bona fide margin account or other loan or financing arrangement secured by the Securities and such pledge of Securities shall not be deemed to be a transfer, sale or assignment of the Securities hereunder, and the Creditor effecting a pledge of Securities shall not be required to provide the Company with any notice thereof or otherwise make any delivery to the Company pursuant to this Agreement or any other Transaction Document (as defined in Section 3(b)), including this Section 2(h).

(j) Validity; Enforcement. This Agreement and the Registration Rights Agreement have been duly and validly authorized, executed and delivered on behalf of the Creditor and shall constitute the legal, valid and binding obligations of the Creditor enforceable against the Creditor in accordance with their respective terms, except as such enforceability may be limited by general principles of equity or to applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

(k) No Conflicts. The execution, delivery and performance by the Creditor of this Agreement and the Registration Rights Agreement and the consummation by the Creditor of the transactions contemplated hereby and thereby will not (i) result in a violation of the organizational documents of the Creditor, or (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Creditor is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal, state, provincial and territorial securities laws) applicable to the Creditor, except in the case of clauses (ii) and (iii) above, for such conflicts, defaults, rights or violations which could not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of the Creditor to perform its obligations hereunder.

(l) Company' s Representation and Warranties. The Creditor acknowledges and agrees that the Company does not make and has not made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 3 or in the other Transaction Documents.

(k) Anti-avoidance. To the knowledge of the Creditor, the matters contemplated herein do not constitute a transaction or series of transactions that are part of a plan or scheme to avoid the prospectus requirement in connection with a distribution or other trade to a Person in Canada.

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3. COMPANY REPRESENTATIONS AND WARRANTIES.

The Company represents and warrants to the Creditor, as of the Closing Date:

(a) Organization and Qualification. Each of the Company and each of its Subsidiaries are entities duly organized and validly existing and in good standing under the laws of the jurisdiction in which they are formed, and have the requisite power and authority to own their properties and to carry on their business as now being conducted and as presently proposed to be conducted. Each of the Company and each of its Subsidiaries is duly qualified as a foreign entity to do business and is in good standing in every jurisdiction in which its ownership of property or the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not reasonably be expected to have a Material Adverse Effect. Other than the Persons set forth on Schedule 3(a), the Company has no Subsidiaries.

(b) Authorization; Enforcement; Validity. The Company has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and the other Transaction Documents and to issue the Securities in accordance with the terms hereof and thereof. Each Subsidiary has the requisite power and authority to enter into and perform its obligations under the Transaction Documents to which it is a party. The execution and delivery of this Agreement and the other Transaction Documents by the Company and any of its Subsidiaries party thereto, and the consummation by the Company and the applicable Subsidiaries of the transactions contemplated hereby and thereby (including the issuance of the Note and the reservation for issuance and issuance of the Conversion Shares issuable upon conversion of the Note and the issuance of the Warrants and the reservation for issuance and issuance of the Warrant Shares issuable upon exercise of the Warrants) have been duly authorized by the Company' s (and each of its applicable Subsidiaries') board of directors and (other than (i) the filing with the United States Securities and Exchange Commission (the "**SEC**") of one or more registration statements or Canadian prospectuses in accordance with the requirements of the Registration Rights Agreement, (ii) the filing of any Transaction Documents on SEDAR and any other required filings under Canadian Securities Laws, (iii) the filing or furnishing of any Transaction Documents, including as part of the 6-K Filing with the SEC, (iv) the filing a Listing of Additional Shares Notification with the Principal Market, (v) the filing of a Form 45-106F1 with the Alberta Securities Commission ("**ASC**") pursuant to Canadian Securities Laws and (vi) any other filings as may be required by any federal or state securities agencies, laws, rules or rules of any national securities exchange) no further filing, consent or authorization is required by the Company or any of its Subsidiaries, its boards of directors or its shareholders or other governing body. This Agreement has been, and the other Transaction Documents to which it is a party have been duly executed and delivered by the Company and its Subsidiaries party thereto, and each constitutes the legal, valid and binding obligations of it, enforceable against it in accordance with its respective terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies and except as rights to indemnification and to contribution may be limited by federal or state securities law. "**Transaction Documents**" means, collectively, this Agreement, the Note, the Warrants, the Registration Rights Agreement, the Restructuring and Novation Agreement, the Security, the Intercreditor Agreement, the New Investor Second Lien Side Letter Agreement and all other documents to be executed and

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delivered to the Creditor by the Note Parties, or any of them, from time to time in connection with this Agreement or any other Transaction Document.

(c) Issuance of Securities. The issuance of the Note and the Warrants has been duly authorized and, upon issuance in accordance with the terms of the Transaction Documents, shall be validly issued, fully paid and non-assessable and free from all preemptive or similar rights, mortgages, defects, claims, liens, pledges, charges, taxes, rights of first refusal, encumbrances, security interests and other encumbrances (collectively "**Liens**") with respect to the issuance thereof. The Company has reserved from its duly authorized share capital not less than 100% of the sum of (i) the maximum number of Conversion Shares issuable upon conversion of the Note (assuming for purposes hereof that (x) the Note is convertible at the initial Conversion Price (as defined in the Note)) and (y) any such conversion shall not take into account any limitations on the conversion of the Note set forth in the Note, and (ii) the maximum number of Warrant Shares initially issuable upon exercise of the Warrants (without taking into account any limitations on the exercise of the Warrants set forth therein); provided, however, that the Company shall be deemed to have satisfied the foregoing by having an unlimited number of Commons Shares authorized for issuance. Upon issuance or conversion in accordance with the Note or exercise in accordance with the Warrants (as the case may be), the Conversion Shares and the Warrant Shares, respectively, when issued, will be validly issued, fully paid and non-assessable and free from all preemptive or similar rights or Liens with respect to the issue thereof, with the holders being entitled to all rights accorded to a holder of Common Shares. Subject to the accuracy of the representations and warranties of the Creditor in this Agreement, the offer and issuance by the Company of the Securities is exempt from registration under the 1933 Act and exempt from the prospectus requirements under Canadian Securities Laws.

(d) No Conflicts. The execution, delivery and performance of the Transaction Documents and the consummation of the transactions contemplated hereby and thereby (including the issuance of the Note, the Warrants, the Conversion Shares and the Warrant Shares and the reservation for issuance of the Conversion Shares and the Warrant Shares) by the Company will not (i) result in a violation of the Articles (as defined below), bylaws or other organizational documents of the Company or any of its Subsidiaries, (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) in any respect under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its Subsidiaries is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including foreign, federal and state securities laws and regulations, the rules and regulations of Nasdaq Global Select Market (the "**Principal Market**") or the laws, rules and regulations of Province of Alberta and Canada, and Canadian Securities Laws) applicable to the Company or its Subsidiaries or by which any property or asset of the Company or its Subsidiaries is bound or affected.

(e) Consents. The Company is not required to obtain any consent from, authorization or order of, or make any filing or registration (other than (i) the filing with the SEC of one or more registration statements in accordance with the requirements of the Registration Rights Agreement, (ii) the filing of any Transaction Documents on SEDAR and any other required filings under Canadian Securities Laws, (iii) the filing or furnishing of any Transaction Documents, including as part of the 6-K Filing with the SEC, (iv) a Listing of Additional Shares Notification with the Principal Market, (v) the filing of a Form 45-106F1 with the ASC pursuant to Canadian Securities

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Laws and (vi) any other filings as may be required by any federal or state securities agencies, laws, rules or rules of any national securities exchange) with any Governmental Authority or any regulatory or self-regulatory agency or any other Person in order for it to execute, deliver or perform any of its respective obligations under or contemplated by the Transaction Documents, in each case, in accordance with the terms hereof or thereof. All consents, authorizations, orders, filings and registrations which the Company is required to obtain pursuant to the preceding sentence have been obtained or effected, and the Company is not aware of any facts or circumstances which might prevent it from obtaining or effecting any of the registration, application or filings contemplated by the Transaction Documents. The Company is not in violation of the requirements of the Principal Market and has no knowledge of any facts or circumstances presently existing which could reasonably lead to delisting or suspension of the Common Shares in the foreseeable future.

(f) Acknowledgment Regarding Creditor' s Receipt of Securities. The Company acknowledges and agrees that the Creditor is acting solely in the capacity of an arm' s length purchaser with respect to the Transaction Documents and the transactions contemplated hereby and thereby and that the Creditor is not (i) an officer or director of the Company or any of its Subsidiaries, (ii) an "affiliate" (as defined in Rule 144) of the Company or any of its Subsidiaries or a "control person" (as defined under Canadian Securities Laws) or (iii) to its knowledge, a "beneficial owner" of more than 10% of the Common Shares (as defined for purposes of Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the "**1934 Act**")) or having "beneficial ownership, or control or direction over", more than 9.99% of the Common Shares (as defined for purposes of Canadian Securities Laws). The Company further acknowledges that the Creditor is not acting as a financial advisor or fiduciary of the Company or any of its Subsidiaries (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated hereby and thereby, and any advice given by the Creditor or any of its representatives or agents in connection with the Transaction Documents and the transactions contemplated hereby and thereby is merely incidental to the Creditor' s receipt of the Securities. The Company further represents to the Creditor that the Company' s and each Subsidiary' s decision to enter into the Transaction Documents to which it is a party has been based solely on the independent evaluation by the Company and its representatives.

(g) No General Solicitation; Placement Agents' Fees. Neither the Company, nor any of its Subsidiaries or Affiliates, nor any Person acting on its or their behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with the offer or sale of the Securities. The Company acknowledges that it has engaged Canaccord Genuity LLC and AltaCorp Capital Inc. (the "**Placement Agents**") in connection with the sale the New Investor Securities to the New Investors. The Company shall be responsible for the payment of any placement agent' s fees, financial advisory fees, or brokers' commissions (other than for Persons engaged by the Creditor or its investment advisor) relating to or arising out of the transactions contemplated hereby, including placement agent fees payable to the Placement Agents in connection with the sale of the New Investor Notes and New Investor Warrants to the New Investors. The fees and expenses of the Placement Agents to be paid by the Company or any of its Subsidiaries are as set forth on Schedule 3(g) attached hereto. The Company shall pay, and hold the Creditor harmless against, any liability, loss or expense (including attorney' s fees and out-of-pocket expenses) arising in connection with any claim for payment of such fees. Other than the Placement Agents in connection with the New Investor Transactions, neither the Company nor

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any of its Subsidiaries has engaged any placement agent or other agent in connection with the transactions contemplated hereby or in the other Transaction Documents.

(h) No Integrated Offering. None of the Company, its Subsidiaries or any of their Affiliates, nor any Person acting on their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would require registration of the issuance of any of the Securities under the 1933 Act or Canadian Securities Laws, whether through integration with prior offerings or otherwise, or cause this issuance of the Securities to require approval of shareholders of the Company for purposes of the 1933 Act or under any applicable shareholder approval provisions, including the laws of the jurisdiction of its incorporation or otherwise, under the rules and regulations of any exchange or automated quotation system on which any of the securities of the Company are listed. None of the Company, its Subsidiaries, their Affiliates nor any Person acting on their behalf will take any action or steps that would require registration or the qualification of the issuance of any of the Securities under the 1933 Act or Canadian Securities Laws (other than pursuant to the Registration Rights Agreement) or cause the issuance of any of the Securities to be integrated with other offerings of securities of the Company.

(i) Dilutive Effect. The Company understands and acknowledges that the number of Conversion Shares and Warrant Shares will increase in certain circumstances. The Company further acknowledges that its obligation to issue the Conversion Shares pursuant to the terms of the Note in accordance with this Agreement and the Note and the Warrant Shares upon exercise of the Warrants in accordance with this Agreement, the Note and the Warrants is, in each case, absolute and unconditional regardless of the dilutive effect that such issuance may have on the ownership interests of other shareholders of the Company.

(j) Application of Takeover Protections; Rights Agreement. The Company and its board of directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, interested shareholder, business combination, poison pill (including any distribution under a rights agreement), shareholder rights plan or other similar anti-takeover provision under the Articles or other organizational documents or the laws of the jurisdiction of its incorporation or otherwise which is or could become applicable to the Creditor as a result of the transactions contemplated by this Agreement or any other Transaction Document, including the Company' s issuance of the Securities and the Creditor' s ownership of the Securities. The Company and its board of directors have taken all necessary action, if any, in order to render inapplicable any shareholder rights plan or similar arrangement relating to accumulations of beneficial ownership of Common Shares or a change in control of the Company or any of its Subsidiaries.

(k) SEC Documents; Financial Statements. Since August 1, 2019, the Company has timely filed or furnished all reports, schedules, forms, proxy statements, statements and other documents required to be filed or furnished by it with the SEC pursuant to the reporting requirements of the 1934 Act (all of the foregoing filed or furnished on or prior to the date hereof and all exhibits and appendices included therein and financial statements, notes and schedules thereto and documents incorporated by reference therein being hereinafter referred to as the "**SEC Documents**"). As of their respective dates, the SEC Documents complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated

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thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of their respective dates, the financial statements of the Company included in the SEC Documents complied in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto as in effect as of the time of filing. Such financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), consistently applied, during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements) and fairly present in all material respects the financial position of the Company as of the dates thereof and the results of its operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments which will not be material, either individually or in the aggregate). The reserves, if any, established by the Company or the lack of reserves, if applicable, are reasonable based upon facts and circumstances known by the Company on the date hereof and there are no loss contingencies that are required to be accrued by the Statement of Financial Accounting Standard No. 5 of the Financial Accounting Standards Board which are not provided for by the Company in its financial statements or otherwise. No other information provided by or on behalf of the Company to the Creditor which is not included in the SEC Documents (including information referred to in Section 2(f) of this Agreement or in the disclosure schedules to this Agreement) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein not misleading, in the light of the circumstance under which they are or were made. The Company is not currently contemplating to amend or restate any of the financial statements (including any notes or any letter of the independent accountants of the Company with respect thereto) included in the SEC Documents (the "**Financial Statements**"), nor is the Company currently aware of facts or circumstances which would require the Company to amend or restate any of the Financial Statements, in each case, in order for any of the Financials Statements to be in compliance with IFRS and the rules and regulations of the SEC. The Company has not been informed by its independent accountants that they recommend that the Company amend or restate any of the Financial Statements or that there is any need for the Company to amend or restate any of the Financial Statements. The Company is a reporting issuer (as defined under Canadian Securities Laws) in each of the provinces and territories of Canada, except for Québec, and is not in material default of any requirement under applicable Canadian Securities Laws.

(l) Absence of Certain Changes. Except as disclosed in the SEC Documents or the Company' s registration statement on Form F-1 (File No. 333-232573) (including all amendments and supplements thereto, the "**IPO Prospectus**"), since the date of the Company' s most recent audited Financial Statements, there has been no material adverse change and no material adverse development in the business, assets, liabilities, properties, operations (including results thereof), condition (financial or otherwise) or prospects of the Company or any of its Subsidiaries. Except as disclosed in the SEC Documents or IPO Prospectus or as disclosed on Schedule 3(l), since the date of the Company' s most recent audited Financial Statements, neither the Company nor any of its Subsidiaries has (i) declared or paid any dividends, (ii) other than Excluded Dispositions (as defined in the Note), sold any assets, individually or in the aggregate, outside of the

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ordinary course of business or (iii) made any capital expenditures, individually or in the aggregate, outside of the ordinary course of business. Neither the Company nor any of its Subsidiaries has taken any steps to seek protection pursuant to any law or statute relating to bankruptcy, insolvency, reorganization, receivership, liquidation or winding up, nor does the Company or any Subsidiary have any knowledge or reason to believe that any of their respective creditors intend to initiate involuntary bankruptcy proceedings or any actual knowledge of any fact which would reasonably lead a creditor to do so. The Company and its Subsidiaries, individually and on a consolidated basis, are not as of the date hereof, and after giving effect to the transactions contemplated hereby to occur at the Closing and the Contemporaneous Transactions will not be, Insolvent (as defined below). For purposes of this Section 3(l), "**Insolvent**" means, (i) with respect to the Company and its Subsidiaries, on a consolidated basis, (A) the present fair saleable value of the Company' s and its Subsidiaries' assets is less than the amount required to pay the Company' s and its Subsidiaries' total Indebtedness (as defined below), (B) the Company and its Subsidiaries are unable to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured or (C) the Company and its Subsidiaries intend to incur or believe that they will incur debts that would be beyond their ability to pay as such debts mature; and (ii) with respect to the Company and each Subsidiary, individually, (A) the present fair saleable value of the Company' s or such Subsidiary' s (as the case may be) assets is less than the amount required to pay its respective total Indebtedness, (B) the Company or such Subsidiary (as the case may be) is unable to pay its respective debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured or (C) the Company or such Subsidiary (as the case may be) intends to incur or believes that it will incur debts that would be beyond its respective ability to pay as such debts mature. Neither the Company nor any of its Subsidiaries has engaged in any business or in any transaction, and is not about to engage in any business or in any transaction, for which the Company' s or such Subsidiary' s remaining assets constitute unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted.

(m) No Undisclosed Events, Liabilities, Developments or Circumstances. Other than as disclosed in the SEC Documents, the IPO Prospectus or on Schedule 3(m), since the date of the most recent audited Financial Statements, no event, liability, development or circumstance has occurred or exists, or is reasonably expected to exist or occur with respect to the Company, any of its Subsidiaries or any of their respective businesses, properties, liabilities, prospects, operations (including results thereof) or condition (financial or otherwise), that (i) would be required to be disclosed by the Company under applicable securities laws on a registration statement on Form F-1 filed with the SEC relating to an issuance and sale by the Company of its Common Shares and which has not been publicly announced, (ii) could have a material adverse effect on the Creditor' s investment hereunder or (iii) could have a Material Adverse Effect.

(n) Conduct of Business; Regulatory Permits. Neither the Company nor any of its Subsidiaries is in violation of any term of or in default under its Articles, any certificate of designation, preferences or rights of any other outstanding series of preferred shares of the Company or any of its Subsidiaries or bylaws or their organizational charter, certificate of formation, memorandum of association, articles of association, certificate of incorporation or bylaws, respectively. Neither the Company nor any of its Subsidiaries is in violation of any judgment, decree or order or any statute, ordinance, rule or regulation applicable to the Company or any of its Subsidiaries, and neither the Company nor any of its Subsidiaries will conduct its business in violation of any of the foregoing, except in all cases for possible violations which could

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not, individually or in the aggregate, have a Material Adverse Effect. Without limiting the generality of the foregoing, (i) the Company is not in violation of any of the rules, regulations or requirements of the Principal Market (other than Nasdaq' s minimum bid price requirements for continued listing (the "**Minimum Bid Price Requirement**")) or under Canadian Securities Laws, (ii) the Common Shares have been listed or designated for quotation on the Principal Market since August 1, 2019, (iii) trading in the Common Shares has not been suspended by the SEC, any Canadian securities regulatory authorities or the Principal Market and (iv) the Company has received no communication, written or oral, from the SEC, any Canadian securities regulatory authorities or the Principal Market regarding the suspension or delisting of the Common Shares from the Principal Market (other than with respect to the Minimum Bid Price Requirement). The Company and each of its Subsidiaries possess all certificates, authorizations and permits issued by the appropriate regulatory authorities necessary to conduct their respective businesses, except where the failure to possess such certificates, authorizations or permits would not have, individually or in the aggregate, a Material Adverse Effect, and neither the Company nor any such Subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit. There is no agreement, commitment, judgment, injunction, order or decree binding upon the Company or any of its Subsidiaries or to which the Company or any of its Subsidiaries is a party which has or would reasonably be expected to have the effect of prohibiting or materially impairing any business practice of the Company or any of its Subsidiaries, any acquisition of property by the Company or any of its Subsidiaries or the conduct of business by the Company or any of its Subsidiaries as currently conducted other than such effects, individually or in the aggregate, which have not had and would not reasonably be expected to have a Material Adverse Effect.

(o) Foreign Corrupt Practices. Neither the Company, its Subsidiaries or any director, officer, agent, employee, nor any other person acting for or on behalf of the foregoing (individually and collectively, a "**Company Affiliate**") have violated the U.S. Foreign Corrupt Practices Act or any other applicable anti-bribery or anti-corruption laws, nor has any Company Affiliate offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, to any officer, employee or any other person acting in an official capacity for any Governmental Authority to any political party or official thereof or to any candidate for political office (individually and collectively, a "**Government Official**") or to any person under circumstances where such Company Affiliate knew or was aware of a high probability that all or a portion of such money or thing of value would be offered, given or promised, directly or indirectly, to any Government Official, for the purpose of:

(i) (A) influencing any act or decision of such Government Official in his/her official capacity, (B) inducing such Government Official to do or omit to do any act in violation of his/her lawful duty, (C) securing any improper advantage, or (D) inducing such Government Official to influence or affect any act or decision of any Governmental Authority, or

(ii) assisting the Company or its Subsidiaries in obtaining or retaining business for or with, or directing business to, the Company or its Subsidiaries.

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(p) Sarbanes-Oxley Act. The Company is in compliance with any and all applicable requirements of the Sarbanes-Oxley Act of 2002, as amended, and any and all applicable rules and regulations promulgated by the SEC thereunder.

(q) Transactions With Affiliates. Except as disclosed in the SEC Documents or IPO Prospectus, no current or former employee, partner, director or officer of the Company or its Subsidiaries, or any associate, or, to the knowledge of the Company, any Affiliate of any thereof, or any relative with a relationship no more remote than first cousin of any of the foregoing, is presently, or has ever been, (i) a party to any transaction with the Company or its Subsidiaries (including any contract, agreement or other arrangement providing for the furnishing of services by, or rental of real or personal property from, or otherwise requiring payments to, any such director, officer or shareholder or such associate or Affiliate or relative Subsidiaries (other than for ordinary course services as employees, officers or directors of the Company or any of its Subsidiaries)) or (ii) the direct or indirect owner of an interest in any corporation, firm, association or business organization which is a competitor, supplier or customer of the Company or its Subsidiaries (except for a passive investment (direct or indirect) in less than 5% of the common equity of a company whose securities are traded on or quoted through an Eligible Market (as defined in the Note)), nor does any such Person receive income from any source other than the Company or its Subsidiaries which relates to the business of the Company or its Subsidiaries or should properly accrue to the Company or its Subsidiaries. Except as disclosed in the SEC Documents or IPO Prospectus, no employee, officer or director of the Company or any of its Subsidiaries or member of his or her immediate family is indebted to the Company or its Subsidiaries, as the case may be, nor is the Company or any of its Subsidiaries indebted (or committed to make loans or extend or guarantee credit) to any of them, other than (i) for payment of salary for services rendered, (ii) reimbursement for reasonable expenses incurred on behalf of the Company, and (iii) for other standard employee benefits made generally available to all employees or executives (including share option agreements outstanding under any share option plan approved by the board of directors of the Company).

(r) Equity Capitalization.

(i) Definitions:

(A) "**Common Shares**" means (x) the Company' s common shares, no par value per share, and (y) any share capital into which such common shares shall have been changed or any share capital resulting from a reclassification of such common shares.

(B) "**Preferred Shares**" means (x) the Company' s blank check preferred shares, no par value per share, the terms of which may be designated by the board of directors of the Company in a certificate of designations and (y) any share capital into which such preferred shares shall have been changed or any share capital resulting from a reclassification of such preferred shares (other than a conversion of such preferred shares into Common Shares in accordance with the terms of such certificate of designations).

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(ii) Authorized and Outstanding Share Capital. As of the date hereof, the authorized share capital of the Company consists of (A) an unlimited number of Common Shares, of which, 107,353,400 are issued and outstanding and 15,544,772 shares may be issued pursuant to Convertible Securities (other than the Note, the Warrants, the New Investor Securities and the Placement Agent Securities) exercisable or exchangeable for, or convertible into, Common Shares and (B) an unlimited number of Preferred Shares, none of which are issued and outstanding. No Common Shares are held in the treasury of the Company.

(iii) Valid Issuance; Affiliates. All of such outstanding shares are duly authorized and have been, or upon issuance will be, validly issued and are fully paid and non-assessable. Schedule 3(r)(iii) sets forth the number of Common Shares that are, as of the date hereof, owned by Persons who are "affiliates" (as defined in Rule 405 of the 1933 Act and calculated based on the assumption that only officers, directors and holders of at least 10% of the Company' s issued and outstanding Common Shares are "affiliates" without conceding that any such Persons are "affiliates" for purposes of U.S. federal securities laws) of the Company or any of its Subsidiaries. Except as disclosed in the SEC Documents or IPO Prospectus, to the Company' s knowledge, no Person owns 10% or more of the Company' s issued and outstanding Common Shares (calculated based on the assumption that all Convertible Securities (as defined below), whether or not presently exercisable or convertible, have been fully exercised or converted (as the case may be) taking account of any limitations on exercise or conversion (including "blockers") contained therein without conceding that such identified Person is a 10% shareholder for purposes of U.S. federal securities laws).

(iv) Existing Securities; Obligations. Except as set forth in the SEC Documents, the IPO Prospectus or on Schedule 3(r)(iv): (A) none of the Company' s or any Subsidiary' s shares, interests or share capital is subject to preemptive rights or any other similar rights or Liens suffered or permitted by the Company or any Subsidiary; (B) there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any shares, interests or share capital of the Company or any of its Subsidiaries, or contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to issue additional shares, interests or share capital of the Company or any of its Subsidiaries or options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any shares, interests or share capital of the Company or any of its Subsidiaries; (C) there are no agreements or arrangements under which the Company or any of its Subsidiaries is obligated to register or qualify the sale of any of their securities under the 1933 Act or Canadian Securities Laws (except pursuant to the Registration Rights Agreement); (D) there are no outstanding securities or instruments of the Company or any of its Subsidiaries which contain any redemption or similar provisions, and there are no contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to redeem a security of the Company or any of its Subsidiaries (other than the Securities); (E) there are no securities or instruments containing anti-dilution or similar provisions that will be triggered by the issuance of the

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Securities; and (F) neither the Company nor any Subsidiary has any share appreciation rights or "phantom share" plans or agreements or any similar plan or agreement.

(v) Organizational Documents. The Company has furnished to the Creditor true, correct and complete copies of the Company' s Articles of Incorporation and amendments thereto and as in effect on the date hereof (collectively, the "**Articles**"), and the terms of all Convertible Securities and the material rights of the holders thereof in respect thereto.

(s) Indebtedness and Other Contracts. Neither the Company nor any of its Subsidiaries, except as disclosed in the SEC Documents, the IPO Prospectus or on Schedule 3(s), (i) has any outstanding debt securities, notes, credit agreements, credit facilities or other agreements, documents or instruments evidencing Indebtedness of the Company or any of its Subsidiaries or by which the Company or any of its Subsidiaries is or may become bound, (ii) is a party to any contract, agreement or instrument, the violation of which, or default under which, by the other party(ies) to such contract, agreement or instrument could reasonably be expected to result in a Material Adverse Effect, (iii) has any financing statements securing obligations in any amounts filed in connection with the Company or any of its Subsidiaries; (iv) is in violation of any term of, or in default under, any contract, agreement or instrument relating to any Indebtedness, except where such violations and defaults would not result, individually or in the aggregate, in a Material Adverse Effect, or (v) is a party to any contract, agreement or instrument relating to any Indebtedness, the performance of which, in the judgment of the Company' s officers, has or is expected to have a Material Adverse Effect. Neither the Company nor any of its Subsidiaries have any liabilities or obligations required to be disclosed in the SEC Documents which are not so disclosed in the SEC Documents, other than the Contemporaneous Transactions and the issuance of the Placement Agent Securities and those incurred in the ordinary course of the Company' s or its Subsidiaries' respective businesses and which, individually or in the aggregate, do not or could not have a Material Adverse Effect.

(t) Litigation. There is no action, suit, arbitration, proceeding, inquiry or investigation before or by the Principal Market, any court, public board, other Governmental Authority, self-regulatory organization or body pending or, to the knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries, the Common Shares or any of the Company' s or its Subsidiaries' officers or directors, whether of a civil or criminal nature or otherwise, in their capacities as such, except as set forth in Schedule 3(t). No director, officer or employee of the Company or any of its subsidiaries has willfully violated 18 U.S.C. §1519 or engaged in spoliation in reasonable anticipation of litigation. Without limitation of the foregoing, there has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation by the SEC involving the Company, any of its Subsidiaries or any current or former director or officer of the Company or any of its Subsidiaries. The SEC has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company under the 1933 Act or the 1934 Act and no similar order, including any cease trade order, has been issued by any Governmental Authority under applicable Canadian Securities Laws. Neither the Company nor any of its Subsidiaries is subject to any order, writ, judgment, injunction, decree, determination or award of any Governmental Authority.

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(u) Insurance. The Company and each of its Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company believes to be prudent and customary in the businesses in which the Company and its Subsidiaries are engaged. Neither the Company nor any such Subsidiary has been refused any insurance coverage sought or applied for, and neither the Company nor any such Subsidiary has any reason to believe that it will be unable to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect.

(v) Employee Relations. Neither the Company nor any of its Subsidiaries is a party to any collective bargaining agreement or employs any member of a union. The Company and its Subsidiaries believe that their relations with their employees are good. No executive officer (as defined in Rule 501(f) promulgated under the 1933 Act) or other key employee of the Company or any of its Subsidiaries has notified the Company or any such Subsidiary that such officer intends to leave the Company or any such Subsidiary or otherwise terminate such officer' s employment with the Company or any such Subsidiary. To the Company' s knowledge, no executive officer or other key employee of the Company or any of its Subsidiaries is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement, non-competition agreement, or any other contract or agreement or any restrictive covenant, and the continued employment of each such executive officer or other key employee (as the case may be) does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. The Company and its Subsidiaries are in compliance with all federal, state, provincial, territorial, local and foreign laws and regulations respecting labor, employment and employment practices and benefits, terms and conditions of employment and wages and hours, except where failure to be in compliance would not, either individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(w) Title.

(i) Real Property. Each of the Company and its Subsidiaries holds good title to all real property, leases in real property, facilities or other interests in real property owned or held by the Company or any of its Subsidiaries (as applicable) (the "**Real Property**"). Except as disclosed on Schedule 3(w)(i), the Real Property is free and clear of all Liens and is not subject to any rights of way, building use restrictions, exceptions, variances, reservations, or limitations of any nature except for (a) Liens with respect to First Lien Indebtedness, (b) Liens for current taxes not yet due and (c) zoning laws and other land use restrictions that do not impair the present or anticipated use of the property subject thereto. Any Real Property held under lease by the Company or any of its Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company or any of its Subsidiaries.

(ii) Fixtures and Equipment. Each of the Company and its Subsidiaries (as applicable) has good title to, or a valid leasehold interest in, the tangible personal property, equipment, improvements, fixtures, and other personal property and appurtenances that are used by the Company or its Subsidiary in connection with the conduct of its business (the

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"**Fixtures and Equipment**"). The Fixtures and Equipment are structurally sound, are in good operating condition and repair, are adequate for the uses to which they are being put, are not in need of maintenance or repairs except for ordinary, routine maintenance and repairs and are sufficient for the conduct of the Company' s and/or its Subsidiaries' businesses (as applicable) in the manner as conducted prior to the Closing. Except as disclosed on Schedule 3(w)(ii), each of the Company and its Subsidiaries owns all of its Fixtures and Equipment free and clear of all Liens except for (a) Liens with respect to First Lien Indebtedness, (b) Liens for current taxes not yet due and (c) zoning laws and other land use restrictions that do not impair the present or anticipated use of the property subject thereto.

(x) Intellectual Property Rights. The Company and its Subsidiaries own or possess adequate rights or licenses to use all trademarks, trade names, service marks, service mark registrations, service names, original works of authorship, patents, patent rights, copyrights, inventions, licenses, approvals, governmental authorizations, trade secrets and other intellectual property rights and all applications and registrations therefor ("**Intellectual Property Rights**") necessary to conduct their respective businesses as now conducted and presently proposed to be conducted. Each of the Intellectual Property Rights owned by the Company or any of its Subsidiaries is listed on Schedule 3(x)(i). Except as set forth in Schedule 3(x)(ii), none of the Company' s Intellectual Property Rights have expired or terminated or have been abandoned or are expected to expire or terminate or are expected to be abandoned, within three years from the date of this Agreement. The Company does not have any knowledge of any infringement by the Company or its Subsidiaries of Intellectual Property Rights of others. There is no claim, action or proceeding being made or brought, or to the knowledge of the Company or any of its Subsidiaries, being threatened, against the Company or any of its Subsidiaries regarding its Intellectual Property Rights. Neither the Company nor any of its Subsidiaries is aware of any facts or circumstances that could reasonably be expected to give rise to any of the foregoing infringements or claims, actions or proceedings. The Company and its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of all of their Intellectual Property Rights.

(y) Environmental Laws. (i) The Company and its Subsidiaries (A) are in compliance with all applicable Environmental Laws (as defined below), (B) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (C) are in compliance with all terms and conditions of any such permit, license or approval where, in each of the foregoing clauses (A), (B) and (C), the failure to so comply could be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect. For purposes of this Section 3(y) only, the term "**Environmental Laws**" means all federal, state, provincial, territorial, local or foreign laws relating to pollution or protection of human health or the environment (including ambient air, surface water, groundwater, land surface or subsurface strata), including laws relating to emissions, discharges, releases or threatened releases of chemicals, pollutants, contaminants, or toxic or hazardous substances or wastes (collectively, "**Hazardous Materials**") into the environment, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, as well as all authorizations, codes, decrees, demands or demand letters, injunctions, judgments, licenses, notices or notice letters, orders, permits, plans or regulations issued, entered, promulgated or approved thereunder.

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(ii) No Hazardous Materials:

(A) have been disposed of or otherwise released from any Real Property of the Company or any of its Subsidiaries in violation of any Environmental Laws; or

(B) are, to the Company' s knowledge, present on, beneath, in or upon any Real Property or any portion thereof in quantities that would constitute a violation of any Environmental Laws. To the Company' s knowledge, no prior use by the Company or any of its Subsidiaries of any Real Property has occurred that violates any Environmental Laws, which violation would have a material adverse effect on the business of the Company or any of its Subsidiaries.

(iii) Neither the Company nor any of its Subsidiaries knows of any other Person who or entity which has stored, treated, recycled, disposed of or otherwise located on any Real Property any Hazardous Materials, including such substances as asbestos and polychlorinated biphenyls.

(iv) None of the Real Property are on any federal or state "Superfund" list or Liability Information System ("**CERCLIS**") list or any state environmental agency list of sites under consideration for CERCLIS (or any Canadian or foreign equivalent), nor subject to any environmental related Liens.

(z) Subsidiary Rights. Subject to the restrictions of any First Lien Indebtedness, the Company or one of its Subsidiaries has the unrestricted right to vote, and (subject to limitations imposed by Applicable Law) to receive dividends and distributions on, all capital securities of its Subsidiaries as owned by the Company or such Subsidiary.

(aa) Tax Status. The Company and each of its Subsidiaries (i) has timely made or filed all income and all other material tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has timely paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and (iii) has set aside on its books provision reasonably adequate for the payment of all material taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company and its Subsidiaries have no knowledge of a written claim for such.

(bb) Internal Accounting and Disclosure Controls. Except as disclosed in the SEC Documents or IPO Prospectus, the Company and each of its Subsidiaries maintains internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the 1934 Act) that is effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, including that (i) transactions are executed in accordance with management' s general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain asset and liability accountability, (iii) access to assets or incurrence of liabilities is permitted only in

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accordance with management' s general or specific authorization and (iv) the recorded accountability for assets and liabilities is compared with the existing assets and liabilities at reasonable intervals and appropriate action is taken with respect to any difference. The Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the 1934 Act) that are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the 1934 Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC, including controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the 1934 Act is accumulated and communicated to the Company' s management, including its principal executive officer or officers and its principal financial officer or officers, as appropriate, to allow timely decisions regarding required disclosure. Except as disclosed in the SEC Documents or IPO Prospectus, or as disclosed on Schedule 3(bb), neither the Company nor any of its Subsidiaries has received any notice or correspondence from any accountant, Governmental Authority or other Person relating to any potential material weakness or significant deficiency in any part of the internal controls over financial reporting of the Company or any of its Subsidiaries.

(cc) Off Balance Sheet Arrangements. There is no transaction, arrangement, or other relationship between the Company or any of its Subsidiaries and an unconsolidated or other off balance sheet entity that is required to be disclosed by the Company in its 1934 Act filings and has not been so disclosed or that otherwise could be reasonably likely to have a Material Adverse Effect.

(dd) Investment Company Status. The Company is not, and upon consummation of the sale of the Securities will not be, required to register as an "investment company" under the Investment Company Act of 1940, as amended.

(ee) Acknowledgement Regarding Creditor' s Trading Activity. It is understood and acknowledged by the Company that (i) following the public disclosure of the transactions contemplated by the Transaction Documents, in accordance with the terms thereof, the Creditor has not been asked by the Company or any of its Subsidiaries to agree, nor has the Creditor agreed with the Company or any of its Subsidiaries, to desist from effecting any transactions in or with respect to (including purchasing or selling, long and/or short) any securities of the Company, or "derivative" securities based on securities issued by the Company or to hold any of the Securities for any specified term; (ii) the Creditor, and counterparties in "derivative" transactions to which the Creditor is a party, directly or indirectly, presently may have a "short" position in the Common Shares which was established prior to the Creditor' s knowledge of the transactions contemplated by the Transaction Documents; (iii) the Creditor shall not be deemed to have any affiliation with or control over any arm' s length counterparty in any "derivative" transaction; and (iv) the Creditor may rely on the Company' s obligation to timely deliver the Conversion Shares and the

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Warrant Shares as and when required pursuant to the Transaction Documents for purposes of effecting trading in the Common Shares of the Company. The Company further understands and acknowledges that following the public disclosure of the transactions contemplated by the Transaction Documents pursuant to the Press Release or other widely available public dissemination the Creditor may engage in hedging and/or trading activities (including the location and/or reservation of borrowable Common Shares) at various times during the period that the Securities are outstanding, including during the periods that the value and/or number of the Warrant Shares or Conversion Shares, as applicable, deliverable with respect to the Securities are being determined and such hedging and/or trading activities (including the location and/or reservation of borrowable Common Shares), if any, can reduce the value of the existing shareholders' equity interest in the Company both at and after the time the hedging and/or trading activities are being conducted. The Company acknowledges that such aforementioned hedging and/or trading activities do not constitute a breach of this Agreement, the Note, the Warrants or any other Transaction Document or any of the documents executed in connection herewith or therewith.

(ff) Manipulation of Price. Neither the Company nor any of its Subsidiaries has, and, to the knowledge of the Company, no Person acting on their behalf has, directly or indirectly, (i) taken any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company or any of its Subsidiaries to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Securities, (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company or any of its Subsidiaries or (iv) paid or agreed to pay any Person for research services with respect to any securities of the Company or any of its Subsidiaries.

(gg) U.S. Real Property Holding Corporation. Neither the Company nor any of its Subsidiaries is, or has ever been, and so long as any of the Securities are held by the Creditor, shall become, a U.S. real property holding corporation within the meaning of Section 897 of the Code, and the Company and each Subsidiary shall so certify upon the Creditor' s request.

(hh) Registration Eligibility. The Company is eligible to register the Registrable Securities for resale by the Creditor using Form F-1 promulgated under the 1933 Act.

(ii) Transfer Taxes. All share transfer or other taxes (other than income or similar taxes) which are required to be paid in connection with the issuance, sale and transfer of the Securities to be issued to the Creditor hereunder will be, or will have been, fully paid or provided for by the Company, and all laws imposing such taxes will be or will have been complied with.

(jj) Bank Holding Company Act. Neither the Company nor any of its Subsidiaries is subject to the Bank Holding Company Act of 1956, as amended (the "**BHCA**") and to regulation by the Board of Governors of the Federal Reserve System (the "**Federal Reserve**"). Neither the Company nor any of its Subsidiaries or Affiliates owns or controls, directly or indirectly, five percent (5%) or more of the outstanding shares of any class of voting securities or twenty-five percent (25%) or more of the total equity of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve. Neither the Company nor any of its Subsidiaries or Affiliates exercises a controlling influence over the management or policies of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve.

(kk) Shell Company Status. The Company is not, and has never been, an issuer identified in, or subject to, Rule 144(i).

(ll) Illegal or Unauthorized Payments; Political Contributions. Neither the Company nor any of its Subsidiaries nor, to the best of the Company' s knowledge (after reasonable inquiry

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of its officers and directors), any of the officers, directors, employees, agents or other representatives of the Company or any of its Subsidiaries or any other business entity or enterprise with which the Company or any Subsidiary is or has been affiliated or associated, has, directly or indirectly, made or authorized any payment, contribution or gift of money, property, or services, whether or not in contravention of Applicable Law, (i) as a kickback or bribe to any Person or (ii) to any political organization, or the holder of or any aspirant to any elective or appointive public office except for personal political contributions not involving the direct or indirect use of funds of the Company or any of its Subsidiaries.

(mm) Money Laundering. The Company and its Subsidiaries are in compliance with, and have not previously violated, the USA Patriot Act of 2001 and all other applicable U.S. and non-U.S. anti-money laundering laws and regulations, including the laws, regulations and Executive Orders and sanctions programs administered by the U.S. Office of Foreign Assets Control, including, but not limited, to (i) Executive Order 13224 of September 23, 2001 entitled, "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism" (66 Fed. Reg. 49079 (2001)); and (ii) any regulations contained in 31 CFR, Subtitle B, Chapter V.

(nn) Management. Except as set forth in the SEC Documents, the IPO Prospectus or in Schedule 3(nn) hereto, during the past five year period, no current or former officer or director or, to the knowledge of the Company, no current ten percent (10%) or greater shareholder of the Company has been the subject of:

(i) a petition under bankruptcy laws or any other insolvency or moratorium law or the appointment by a court of a receiver, fiscal agent or similar officer for such Person, or any partnership in which such person was a general partner at or within two years before the filing of such petition or such appointment, or any corporation or business association of which such person was an executive officer at or within two years before the time of the filing of such petition or such appointment;

(ii) a conviction in a criminal proceeding or a named subject of a pending criminal proceeding (excluding traffic violations that do not relate to driving while intoxicated or driving under the influence);

(iii) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining any such person from, or otherwise limiting, the following activities:

(1) acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the United States Commodity Futures Trading Commission or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;

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(2) engaging in any particular type of business practice; or

(3) engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of securities laws or commodities laws;

(iv) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any authority barring, suspending or otherwise limiting for more than sixty (60) days the right of any such person to engage in any activity described in the preceding sub paragraph, or to be associated with persons engaged in any such activity;

(v) a finding by a court of competent jurisdiction in a civil action or by the SEC or other authority to have violated any securities law, regulation or decree and the judgment in such civil action or finding by the SEC or any other authority has not been subsequently reversed, suspended or vacated; or

(vi) a finding by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any federal commodities law, and the judgment in such civil action or finding has not been subsequently reversed, suspended or vacated.

(oo) Share Option Plans. Other than as disclosed in the SEC Documents or IPO Prospectus, each share option granted by the Company was granted (i) in accordance with the terms of the applicable share option plan of the Company and (ii) with an exercise price at least equal to the fair market value of the Common Shares on the date such share option would be considered granted under IFRS and Applicable Law. No share option granted under the Company' s share option plan has been backdated. The Company has not knowingly granted, and there is no and has been no policy or practice of the Company to knowingly grant, share options prior to, or otherwise knowingly coordinate the grant of share options with, the release or other public announcement of material information regarding the Company or its Subsidiaries or their financial results or prospects.

(pp) No Disagreements with Accountants and Lawyers. There are no material disagreements of any kind presently existing, or reasonably anticipated by the Company to arise, between the Company and the accountants and lawyers formerly or presently employed by the Company and the Company is current with respect to any fees owed to its accountants and lawyers which could affect the Company' s ability to perform any of its obligations under any of the Transaction Documents.

(qq) No Additional Agreements. The Company does not have any agreement or understanding with the Creditor with respect to the transactions contemplated by the Transaction Documents other than as specified in the Transaction Documents.

(rr) Public Utility Holding Act. None of the Company nor any of its Subsidiaries is a "holding company," or an "affiliate" of a "holding company," as such terms are defined in the Public Utility Holding Act of 2005.

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(ss) Federal Power Act. None of the Company nor any of its Subsidiaries is subject to regulation as a "public utility" under the Federal Power Act, as amended.

(tt) Ranking of Note. Except as disclosed on Schedule 3(tt), no Indebtedness of the Company is or will be senior to, or *pari passu* with, the Note in right of payment, whether with respect to payment or redemptions, interest, damages, upon liquidation or dissolution or otherwise.

(uu) Disclosure. The Company confirms that neither it nor any other Person acting on its behalf has provided the Creditor or its agents or counsel with any information that, as of the date hereof, constitutes or could reasonably be expected to constitute material, non-public information concerning the Company or any of its Subsidiaries, other than the existence of the transactions contemplated by this Agreement and the other Transaction Documents and such other information as will be disclosed on, or before or concurrently with, the filing or furnishing of the 6-K Filing. The Company understands and confirms that the Creditor will rely on the foregoing representations in effecting transactions in securities of the Company after the date hereof. All disclosure provided to the Creditor regarding the Company and its Subsidiaries, their businesses and the transactions contemplated hereby, including the schedules to this Agreement, furnished by or on behalf of the Company or any of its Subsidiaries is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. All of the written information furnished after the date hereof by or on behalf of the Company or any of its Subsidiaries to the Creditor pursuant to or in connection with this Agreement and the other Transaction Documents, taken as a whole, will be true and correct in all material respects as of the date on which such information is so provided and will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. To the Company' s knowledge, no event or circumstance has occurred or information exists with respect to the Company or any of its Subsidiaries or its or their business, properties, liabilities, prospects, operations (including results thereof) or conditions (financial or otherwise), which, under Applicable Law, rule or regulation, requires public disclosure at or before the date hereof or announcement by the Company but which has not been so publicly disclosed. The Company acknowledges and agrees that the Creditor does not make nor has made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 2.

(vv) Anti-avoidance. To the knowledge of the Company, the matters contemplated herein do not constitute a transaction or series of transactions that are part of a plan or scheme to avoid the prospectus requirement in connection with a distribution or other trade to a person or company in Canada.

(ww) Additional Representations and Warranties. The Company hereby makes all of the representations and warranties set out in **Schedule E** hereto.

4. COVENANTS.

(a) Reporting Status. Until the date on which the Creditor and/or its Affiliates and/or Permitted Transferees (each as defined in the Registration Rights Agreement) shall have sold all

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of its Registrable Securities (the "**Reporting Period**"), the Company shall timely file all reports required to be filed with the SEC pursuant to the 1934 Act and under Canadian Securities Laws, and the Company shall not terminate its status as an issuer required to file reports under the 1934 Act even if the 1934 Act or the rules and regulations thereunder would no longer require or otherwise permit such termination and shall not cease to be a "reporting issuer" (or equivalent) as defined under Canadian Securities Laws in all of the provinces and territories of Canada, except Québec (unless the Company is a reporting issuer in such province at any applicable time), and shall not be in material default of any requirements under applicable Canadian Securities Laws. Subject to the Registration Rights Agreement, from the time Form F-3 is available to the Company for the registration of the Registrable Securities, the Company shall take all commercially reasonable actions necessary to maintain its eligibility to register the Registrable Securities for resale by the Creditor on Form F-3.

(b) Blue Sky. Without limiting any other obligation of the Company under this Agreement, the Company shall timely make all filings and reports relating to the issuance of the Securities required under all applicable securities laws (including all applicable federal securities laws and all applicable "Blue Sky" laws), and the Company shall comply with all applicable foreign, federal, state, provincial and local laws, statutes, rules, regulations and the like relating to the issuance of the Securities to the Creditor.

(c) Use of Proceeds. The Company will use the net proceeds from the sale of the New Investor Securities and the Placement Agent Securities for general corporate purposes, but not, directly or indirectly, for (i) except as set forth on Schedule 4(c), the satisfaction of any Indebtedness of the Company or any of its Subsidiaries, (ii) the redemption or repurchase of any securities of the Company or any of its Subsidiaries, (iii) the settlement of any outstanding litigation or (iv) any new material capital expenditures at Bridge Farm (as defined in the Note).

(d) Financial Information. The Company agrees to send the following to the Creditor during the Reporting Period (i) unless the following are filed on SEDAR or with the SEC through EDGAR and are available to the public through the EDGAR system, within one (1) Business Day after the filing thereof, a copy of its Annual Report on Form 20-F, any Report of Foreign Issuer on Form 6-K, any other interim reports or any consolidated balance sheets, income statements, shareholders' equity statements and/or cash flow statements for any period other than annual, and any registration statements (other than on Form S-8) or amendments thereto filed pursuant to the 1933 Act or equivalent Canadian Securities Laws, (ii) unless the following are either filed on SEDAR or with the SEC through EDGAR or are otherwise widely disseminated via a recognized news release service (such as PR Newswire), on the same day as the release thereof, copies of all press releases issued by the Company or any of its Subsidiaries and (iii) unless the following are filed on SEDAR or with the SEC through EDGAR, copies of any notices and other information made available or given to the shareholders of the Company generally, contemporaneously with the making available or giving thereof to the shareholders.

(f) Sales of Securities under Rule 144. The Company shall promptly make available adequate current public information with respect to the Company within the meaning of Rule 144(c) to the extent required to enable the Creditor and/or its Affiliates and/or Permitted Transferees to sell the Securities without registration under the 1933 Act pursuant to Rule 144 (or any similar rule or regulation).

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(g) Listing. The Company shall promptly secure the listing or designation for quotation (as the case may be) of all of the Registrable Securities upon each national securities exchange and automated quotation system, if any, upon which the Common Shares is then listed or designated for quotation (as the case may be) (subject to official notice of issuance) and shall maintain such listing or designation for quotation (as the case may be) of all Registrable Securities from time to time issuable under the terms of the Transaction Documents on an Eligible Market. The Company shall maintain the listing or authorization for quotation (as the case may be) of the Common Shares on the Principal Market, the New York Stock Exchange, the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Toronto Stock Exchange or the TSX Venture Exchange (each, an "**Eligible Market**"). Neither the Company nor any of its Subsidiaries shall take any action which could be reasonably expected to result in the delisting or suspension of the Common Shares on an Eligible Market. The Company shall pay all fees and expenses in connection with satisfying its obligations under this Section 4(g). At any time that the principal amount outstanding under the Note is equal to or greater than $30,000,000, the Company shall not, without the prior written consent of the Creditor, not to be unreasonably withheld, conditioned or delayed, allow the Common Shares to be de-listed from the Principal Market.

(h) Fees. The Company shall reimburse the Creditor for all customary and reasonable documented costs and expenses incurred by it or its Affiliates in connection with the structuring, documentation, negotiation and closing of the transactions contemplated by the Transaction Documents (including as applicable, all reasonable legal fees of outside counsel and disbursements of Stikeman Elliott LLP and White & Case LLP, any other reasonable fees and expenses in connection with the structuring, documentation, negotiation and closing of the transactions contemplated by the Transaction Documents and due diligence and regulatory filings in connection therewith). The Company shall be responsible for the payment of any placement agent' s fees, financial advisory fees, transfer agent fees, DTC fees or broker' s commissions (other than for Persons engaged by the Creditor) relating to or arising out of the transactions contemplated hereby or under the other Transaction Documents. The Company shall pay, and hold the Creditor harmless against, any liability, loss or expense (including reasonable attorneys' fees and out-of-pocket expenses) arising in connection with any claim relating to any such payment. Except as otherwise set forth in the Transaction Documents, each party to this Agreement shall bear its own expenses in connection with the issuance of the Securities to the Creditor.

(i) Pledge of Securities. Notwithstanding anything to the contrary contained in this Agreement, the Company acknowledges and agrees that the Securities may be pledged by the Creditor in connection with a bona fide margin agreement or other loan or financing arrangement that is secured by the Securities. The pledge of Securities shall not be deemed to be a transfer, sale or assignment of the Securities hereunder, and the Creditor effecting a pledge of Securities shall not be required to provide the Company with any notice thereof or otherwise make any delivery to the Company pursuant to this Agreement or any other Transaction Document, including Section 2(h); provided that the Creditor and its pledgee shall be required to comply with the provisions of Section 2(h) in order to effect a sale, transfer or assignment of Securities to such pledgee. The Company hereby agrees to execute and deliver such documentation as a pledgee of the Securities may reasonably request in connection with a pledge of the Securities to such pledgee by the Creditor.

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(j) Disclosure of Transactions and Other Material Information.

(i) Disclosure of Transaction. The Company shall, on or before 9:30 a.m., New York time, on the third (3rd) Business Day after the date of this Agreement, issue a press release (the "**Press Release**") reasonably acceptable to the Creditor disclosing all the material terms of the transactions contemplated by the Transaction Documents and the Contemporaneous Transactions. On or before 9:30 a.m., New York time, on the third (3rd) Business Day after the date of this Agreement, the Company shall file or furnish a Report of Foreign Issuer on Form 6-K describing all the material terms of the transactions contemplated by the Transaction Documents and the Contemporaneous Transactions in the form required by the 1934 Act and attaching all the material Transaction Documents (including this Agreement (and all schedules to this Agreement), the form of Note, the form of the Warrants and the form of the Registration Rights Agreement) and the Contemporaneous Transactions (including all attachments, collectively, the "**6-K Filing**"). From and after the filing or furnishing of the 6-K Filing, the Company shall have disclosed all material, non-public information (if any) provided to the Creditor by the Company or any of its Subsidiaries or any of their respective officers, directors, employees or agents in connection with the transactions contemplated by the Transaction Documents and the Contemporaneous Transactions. In addition, effective upon the filing or furnishing of the 6-K Filing, the Company acknowledges and agrees that any and all confidentiality or similar obligations under any agreement, whether written or oral, between the Company, any of its Subsidiaries or any of their respective officers, directors, Affiliates, employees or agents, on the one hand, and the Creditor or any of its Affiliates, on the other hand, shall terminate.

(ii) Filings. The Creditor will reasonably assist and cooperate with the Company to provide, in a timely manner, at the expense of the Company, all information required for the filing of a Form 45-106F1 under NI 45-106 and for any other filings required by the ASC or in accordance with applicable Canadian Securities Laws.

(iii) Limitations on Disclosure. The Company shall not, and the Company shall cause each of its Subsidiaries and each of its and their respective officers, directors, employees and agents not to, provide the Creditor with any material, non-public information regarding the Company or any of its Subsidiaries from and after the date hereof except in accordance with the Transaction Documents. In the event of a breach of any of the foregoing sentence by the Company, any of its Subsidiaries, or any of its or their respective officers, directors, employees and agents (as determined in the reasonable good faith judgment of the Creditor), the Creditor may deliver written notice to the Company specifying that the Company must either (x) within two (2) Trading Days of such notice, make public such material, non-public information or (y) within one (1) Trading Day of such notice confirm in writing that the Creditor does not have any material, non-public information and no duty of confidentiality with respect to, or a duty not to trade on the basis of, such applicable information (each such date, a "**Required Cleansing Date**") and, in addition to any other remedy provided herein or in the Transaction Documents, at any time after such applicable Required Cleansing Date, the Creditor shall have the right to make a public disclosure, in the form of a press release, public advertisement or otherwise, of such breach or such material, non-public information, as applicable, without the prior

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approval by the Company, any of its Subsidiaries, or any of its or their respective officers, directors, employees or agents. The Creditor shall not have any liability to the Company, any of its Subsidiaries, or any of its or their respective officers, directors, employees, Affiliates, shareholders or agents, for any such disclosure in compliance with this Section 4(j)(iii). To the extent that the Company delivers any material, non-public information to the Creditor otherwise than in accordance with the Transaction Documents, the Company hereby covenants and agrees that the Creditor shall not have any duty of confidentiality with respect to, or a duty not to trade on the basis of, such material, non-public information. Subject to the provisions of this Section 4(j), neither the Company, its Subsidiaries nor the Creditor shall issue any press releases or any other public statements with respect to the transactions contemplated hereby; *provided*, *however*, the Company shall be entitled, without the prior approval of the Creditor, to make the 6-K Filing, the Press Release and any press release or other public disclosure with respect to such transactions (i) in substantial conformity with the 6-K Filing and contemporaneously therewith and (ii) as is required by Applicable Law and regulations, including pursuant to the Company' s public reporting obligations, (provided that in the case of clause (i) the Creditor shall be consulted by the Company in connection with any such press release or other public disclosure prior to its release). Except with respect to the 6-K Filing, any Registration Statement filed in accordance with (and in compliance with) the Registration Rights Agreement and as otherwise required by Applicable Law (including pursuant to the Company' s public reporting obligations), without the prior written consent of the Creditor (which may be granted or withheld in the Creditor' s sole discretion), the Company shall not (and shall cause each of its Subsidiaries and Affiliates to not) disclose the name of the Creditor in any filing, announcement, release or otherwise. Notwithstanding anything contained in this Agreement to the contrary and without implication that the contrary would otherwise be true, the Company expressly acknowledges and agrees that the Creditor shall not have after the date hereof (unless expressly agreed to by the Creditor after the date hereof in a written definitive and binding agreement executed by the Company and the Creditor) any duty of confidentiality with respect to, or a duty not to trade on the basis of, any material, non-public information regarding the Company or any of its Subsidiaries.

(iv) Other Confidential Information. Disclosure Failures; Disclosure Delay Payments. In addition to other remedies set forth in this Section 4(j), and without limiting anything set forth in any other Transaction Document, if the Company, any of its Subsidiaries, or any of their respective officers, directors, employees or agents, provides the Creditor with material non-public information, within the meaning of applicable securities laws, relating to the Company or any of its Subsidiaries or the Common Shares (each, the "**Confidential Information**"), the Company shall, on or prior to the applicable Required Disclosure Date (as defined below), publicly disclose such Confidential Information on a Report of Foreign Issuer on Form 6-K or otherwise (each, a "**Disclosure**"). From and after such Disclosure, the Company shall have disclosed all Confidential Information provided to the Creditor by the Company or any of its Subsidiaries or any of their respective officers, directors, employees or agents in connection with the transactions contemplated by the Transaction Documents. In addition, effective upon such Disclosure, the Company acknowledges and agrees that any and all confidentiality or similar obligations under any agreement, whether written or oral, between the Company, any of its Subsidiaries or any of their respective officers, directors,

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Affiliates, employees or agents, on the one hand, and the Creditor or any of its Affiliates, on the other hand, shall terminate. In the event that the Company fails to effect such Disclosure on or prior to the Required Disclosure Date and the Creditor shall have possessed Confidential Information for at least ten (10) consecutive Trading Days (each such event, a "**Disclosure Failure**"), then, as partial relief for the damages to the Creditor by reason of any such delay in, or reduction of, its ability to buy or sell Common Shares after such Required Disclosure Date (which remedy shall not be exclusive of any other remedies available at law or in equity), the Company shall pay to the Creditor an amount in cash equal to the applicable Disclosure Restitution Amount (as defined below), on each of the following dates (each, a "**Disclosure Delay Payment Date**"): (i) on the date of such Disclosure Failure and (ii) on every thirty (30) day anniversary such Disclosure Failure until the earlier of (x) the date such Disclosure Failure is cured and (y) such time as all such material non-public information provided to the Creditor shall cease to be Confidential Information (as evidenced by a certificate, duly executed by an authorized officer of the Company to the foregoing effect) (such earlier date, as applicable, a "**Disclosure Cure Date**"). Following the initial Disclosure Delay Payment for any particular Disclosure Failure, without limiting the foregoing, if a Disclosure Cure Date occurs prior to any thirty (30) day anniversary of such Disclosure Failure, then such Disclosure Delay Payment (prorated for such partial month) shall be made on the second (2nd) Business Day after such Disclosure Cure Date. The payments to which the Creditor shall be entitled pursuant to this Section 4(j)(iv) are referred to herein as "**Disclosure Delay Payments.**" In the event the Company fails to make Disclosure Delay Payments in a timely manner in accordance with the foregoing, such Disclosure Delay Payments shall bear interest at the rate of one percent (1%) per month (prorated for partial months) until paid in full.

(v) For the purpose of this Agreement the following definitions shall apply:

(1) "**Disclosure Failure Market Price**" means, as of any Disclosure Delay Payment Date, the price computed as the quotient of (I) the sum of the five (5) highest VWAPs (as defined in the Warrants) of the Common Shares during the applicable Disclosure Restitution Period (as defined below), divided by (II) five (5) (such period, the **"Disclosure Failure Measuring Period**"). All such determinations to be appropriately adjusted for any share dividend, share split, share combination, reclassification or similar transaction that proportionately decreases or increases the Common Shares during such Disclosure Failure Measuring Period.

(2) "**Disclosure Restitution Amount**" means, as of any Disclosure Delay Payment Date, the product of (x) the difference of (I) the Disclosure Failure Market Price less (II) the lowest purchase price, per Common Shares, of any Common Shares issued or issuable to the Creditor pursuant to this Agreement or any other Transaction Documents, multiplied by (y) 10% of the aggregate daily dollar trading volume (as reported on Bloomberg (as defined in the Warrants)) of the Common Shares on the Principal Market for each Trading Day (as defined in the Warrants) either (1) with respect to the initial Disclosure Delay Payment Date, during the period commencing on the applicable Required Disclosure Date through and including the Trading Day immediately prior to the initial Disclosure Delay

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Payment Date or (2) with respect to each other Disclosure Delay Payment Date, during the period commencing the immediately preceding Disclosure Delay Payment Date through and including the Trading Day immediately prior to such applicable Disclosure Delay Payment Date (such applicable period, the "**Disclosure Restitution Period**").

(3) "**Required Disclosure Date**" means (x) if the Creditor received such Confidential Information in accordance with the Transaction Documents, either (I) if the Company and the Creditor have mutually agreed upon a date (as evidenced by an e-mail or other writing) of Disclosure of such Confidential Information, such agreed upon date or (II) otherwise, the seventh (7th) calendar day after the date the Creditor first received any Confidential Information or (y) if the Creditor received such Confidential Information otherwise than in accordance with the Transaction Documents, the third (3rd) Business Day after the Creditor' s receipt of such Confidential Information.

(k) Additional Registration Statements. At any time during the Restricted Period, the Company shall not file a registration statement or an offering statement under the 1933 Act or a prospectus under Canadian Securities Laws relating to securities that are not the Registrable Securities (other than (1) a registration statement on Form S-8, (2) such supplements or amendments to registration statements that are outstanding and have been declared effective by the SEC as of the Threshold Date (solely to the extent necessary to keep such registration statements effective and available and not with respect to any Subsequent Placement) or (3) , to the extent not covered by the foregoing subclause (2), a registration statement pursuant to (A) the Hellard Registration Rights Agreement (as defined in the Registration Rights Agreement), (B) the New Investor Registration Rights Agreement (as defined in the Registration Rights Agreement), (C) the Placement Agent Securities or (D) to satisfy the covenant specified in clause (h) on Schedule F.

(l) Additional Issuance of Securities. So long as the Creditor beneficially owns the Note or Warrants, the Company shall not issue any other securities that would cause a breach or default under the Note or the Warrants. The Company agrees that for the period commencing on the Threshold Date (as defined in the Note) and ending on the thirtieth (30th) calendar day after the principal amount outstanding under the Note is less than $50,000,000 (the "**Restricted Period**"), neither the Company nor any of its Subsidiaries shall directly or indirectly issue, offer, sell, grant any option or right to purchase, or otherwise dispose of (or announce any issuance, offer, sale, grant of any option or right to purchase or other disposition of) any equity security or any equity-linked or related security (including any "equity security" (as that term is defined under Rule 405 promulgated under the 1933 Act), any Convertible Securities (as defined below), any preferred shares or any purchase rights) (any such issuance, offer, sale, grant, disposition or announcement (whether occurring during the Restricted Period or at any time thereafter) is referred to as a "**Subsequent Placement**"). Notwithstanding the foregoing, this Section 4(l) shall not apply in respect of the issuance of: (i) Common Shares or options issued to current or former directors, officers or employees of the Company for services rendered to the Company in their capacity as such pursuant to an Approved Share Plan (as defined below); *provided* that (A) all such issuances (taking into account the Common Shares issuable upon exercise of such options) after the date hereof pursuant to this clause (i) do not, in the aggregate, exceed more than 10% of the Common

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Shares issued and outstanding immediately prior to the date hereof and (B) the exercise price of any such options is not lowered, none of such options are amended to increase the number of shares issuable thereunder and none of the terms or conditions of any such options are otherwise materially changed in any manner that materially adversely affects the Creditor; (ii) Common Shares issued upon the conversion or exercise of Convertible Securities (other than options issued pursuant to an Approved Share Plan that are covered by clause (i) above) issued prior to the date hereof; *provided* that the conversion price of any such Convertible Securities is not lowered, none of such Convertible Securities are amended to increase the number of shares issuable thereunder and none of the terms or conditions of any such Convertible Securities are otherwise materially changed in any manner that materially adversely affects the Creditor; (iii) the Common Shares issuable upon conversion of the Note or otherwise pursuant to the terms of the Note; *provided* that the terms of the Note are not amended, modified or changed on or after the date hereof (other than antidilution adjustments pursuant to the terms thereof in effect as of the date hereof), (iv) the Common Shares issuable upon exercise of the Warrants; *provided* that the terms of the Warrants are not amended, modified or changed on or after the date hereof (other than antidilution adjustments pursuant to the terms thereof in effect as of the date hereof); (v) the Placement Agent Securities; *provided* that the terms of such Placement Agent Securities are not amended, modified or changed on or after the date hereof (other than antidilution adjustments pursuant to the terms thereof in effect as of the date hereof); (vi) the New Investor Securities; *provided* that the terms of the New Investor Securities are not amended, modified or changed on or after the date hereof (other than antidilution adjustments pursuant to the terms thereof in effect as of the date hereof); (vii) any securities issued to satisfy the covenant specified in clause (h) on Schedule F (each of the foregoing in clauses (i) through (vi), collectively the "**Excluded Securities**"). "**Approved Share Plan**" means any employee or director benefit plan which has been approved by the board of directors of the Company prior to or subsequent to the date hereof pursuant to which Common Shares and standard options to purchase Common Shares may be issued to any employee, officer or director for services provided to the Company in their capacity as such. "**Convertible Securities**" means any share capital or other security of the Company or any of its Subsidiaries that is at any time and under any circumstances directly or indirectly convertible into, exercisable or exchangeable for, or which otherwise entitles the holder thereof to acquire, any share capital or other security of the Company (including Common Shares) or any of its Subsidiaries.

(m) Reservation of Shares. So long as the Note or Warrants remain outstanding, the Company shall take all action necessary to at all times have authorized, and reserved for the purpose of issuance, no less than 100% of (i) the maximum number of Common Shares issuable upon conversion of the Note then outstanding (assuming for purposes hereof that (x) the Note is convertible at the Alternate Event of Default Conversion Price (as defined in the Note) assuming an Alternate Conversion Date (as defined in the Note) as of the applicable date of determination and (y) any such conversion shall not take into account any limitations on the conversion of the Note set forth in the Note), and (ii) the maximum number of Warrant Shares issuable upon exercise of all the Warrants then outstanding (without regard to any limitations on the exercise of the Warrants set forth therein) (collectively, the "**Required Reserve Amount**"); provided that at no time shall the number of Common Shares reserved pursuant to this Section 4(m) be reduced other than proportionally in connection with any conversion, exercise and/or redemption, as applicable of Note and Warrants. If at any time the number of Common Shares authorized and reserved for issuance is not sufficient to meet the Required Reserve Amount, the Company will promptly take all corporate action necessary to authorize and reserve a sufficient number of shares, including

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calling a special meeting of shareholders to authorize additional shares to meet the Company' s obligations pursuant to the Transaction Documents, in the case of an insufficient number of authorized shares, obtain shareholder approval of an increase in such authorized number of shares, and voting the management shares of the Company in favor of an increase in the authorized shares of the Company to ensure that the number of authorized shares is sufficient to meet the Required Reserve Amount. Notwithstanding anything to the contrary in this Section 4(m), the Company shall be deemed to have satisfied its obligations in connection with such Section 4(m) at all times and for as long as the authorized number of Common Shares available for issuance unlimited.

(n) Conduct of Business. The business of the Company and its Subsidiaries shall not be conducted in violation of any law, ordinance or regulation of any Governmental Authority, except where such violations would not reasonably be expected to result, either individually or in the aggregate, in a Material Adverse Effect.

(o) Variable Securities. So long as the Note remains outstanding, the Company and each Subsidiary shall be prohibited from effecting or entering into an agreement to effect any Subsequent Placement involving a Variable Rate Transaction other than a transaction with respect to the New Investor Securities or the Placement Agent Securities (provided that the terms of the New Investor Securities or the Placement Agent Securities are not amended, modified or changed on or after the date here (other than antidilution adjustments pursuant to the terms thereof in effect as of the date hereof)). "**Variable Rate Transaction**" means a transaction in which the Company or any Subsidiary (i) issues or sells any Convertible Securities either (A) at a conversion, exercise or exchange rate or other price that is based upon and/or varies with the trading prices of or quotations for the Common Shares at any time after the initial issuance of such Convertible Securities, or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such Convertible Securities or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the Common Shares, other than pursuant to a customary "weighted average" anti-dilution provision or (ii) enters into any agreement (including an equity line of credit but excluding any "at-the-market" offering) whereby the Company or any Subsidiary may sell securities at a future determined price (other than standard and customary "preemptive" or "participation" rights). The Creditor shall be entitled to obtain injunctive relief against the Company and its Subsidiaries to preclude any such issuance, which remedy shall be in addition to any right to collect damages.

(p) Participation Right. At any time on or prior to the earlier of (x) the three-month anniversary of the Threshold Date and (y) the date the Note is not outstanding, neither the Company nor any of its Subsidiaries shall, directly or indirectly, effect any Subsequent Placement unless the Company shall have first complied with this Section 4(p).

(i) At least five (5) Trading Days prior to any proposed or intended Subsequent Placement, the Company shall deliver to the Creditor a written notice (each such notice, a "**Pre-Notice**"), which Pre-Notice shall not contain any information (including material, non-public information) other than: (A) if the proposed Offer Notice constitutes or contains material, non-public information, a statement asking whether the Creditor is willing to accept material non-public information or (B) if the proposed Offer Notice does not constitute or contain material, non-public information, (x) a statement that the Company

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proposes or intends to effect a Subsequent Placement, (y) a statement that the statement in clause (x) above does not constitute material, non-public information and (z) a statement informing the Creditor that it is entitled to receive an Offer Notice with respect to such Subsequent Placement upon its written request. Upon the written request of the Creditor within three (3) Trading Days after the Company' s delivery to the Creditor of such Pre-Notice, and only upon a written request by the Creditor, the Company shall promptly, but no later than one (1) Trading Day after such request, deliver to the Creditor an irrevocable written notice (the "**Offer Notice**") of any proposed or intended issuance or sale or exchange (the "**Offer**") of the securities being offered (the "**Offered Securities**") in a Subsequent Placement, which Offer Notice shall (A) identify and describe the Offered Securities, (B) describe the approximate price (if known, but in no event later than twelve hours prior to the end of the Offer Period (which Offer Period shall be extended, as necessary, on an hour-by-hour basis, to comply with the foregoing)) and other terms upon which they are to be issued, sold or exchanged, and the approximate number or amount of the Offered Securities to be issued, sold or exchanged, (C) identify the Persons (if known) to which or with which the Offered Securities are to be offered, issued, sold or exchanged and (D) offer to issue and sell to or exchange with the Creditor in accordance with the terms of the Offer 10% of the Offered Securities (the "**Basic Amount**").

(ii) To accept an Offer, in whole or in part, the Creditor must deliver a written notice to the Company prior to the end of the fifth (5th) Business Day after the Creditor' s receipt of the Offer Notice (the "**Offer Period**"), setting forth the portion of the Creditor' s Basic Amount that the Creditor elects to purchase (the "**Notice of Acceptance**"). At the election of the Creditor, in its sole discretion, as specified in such Notice of Acceptance, the Creditor may apply all, or any part, of the Conversion Amount (as defined in the Note) (each, an "**Application Amount**") of the Note of the Creditor against the purchase price of the Offered Securities to be purchased by the Creditor in such Subsequent Placement (on a dollar-for-dollar basis) pursuant to such Notice of Acceptance and, upon the consummation of such Subsequent Placement, the Company shall be deemed to have purchased the Application Amount of the Note of the Creditor for cash immediately prior to the time of consummation of such Subsequent Placement and the Creditor shall be deemed to have reinvested such cash proceeds into the Company as payment of such portion of the purchase price of the Creditor in such Subsequent Placement equal to such Application Amount. Notwithstanding the foregoing, if the Company desires to modify or amend the terms and conditions of the Offer in any material respect, as determined in good faith by the Creditor, prior to the expiration of the Offer Period, the Company may deliver to the Creditor a new Offer Notice and the Offer Period shall expire on the fifth (5th) Business Day after the Creditor' s receipt of such new Offer Notice.

(iii) The Company shall have five (5) Business Days from the expiration of the Offer Period above (A) to offer, issue, sell or exchange all or any part of such Offered Securities as to which a Notice of Acceptance has not been given by the Creditor (the "**Refused Securities**") pursuant to a definitive agreement(s) (the "**Subsequent Placement Agreement**"), but only to the offerees described in the Offer Notice (if so described therein) and only upon terms and conditions (including unit prices and interest rates) that are not more favorable to the acquiring Person or Persons or less favorable to the Company than those set forth in the Offer Notice and (B) to publicly announce (x) the execution of

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such Subsequent Placement Agreement, and (y) either (I) the consummation of the transactions contemplated by such Subsequent Placement Agreement or (II) the termination of such Subsequent Placement Agreement, which shall be filed with the SEC on a Report of Foreign Issuer on Form 6-K with such Subsequent Placement Agreement and any documents contemplated therein filed as exhibits thereto.

(iv) In the event the Company shall propose to sell less than all the Refused Securities (any such sale to be in the manner and on the terms specified in Section 4(p)(iii) above), then the Creditor may, at its sole option and in its sole discretion, withdraw its Notice of Acceptance or reduce the number or amount of the Offered Securities specified in its Notice of Acceptance to a number or amount that shall be not less than the number or amount of the Offered Securities that the Creditor elected to purchase pursuant to Section 4(p)(ii) above multiplied by a fraction, (i) the numerator of which shall be the number or amount of Offered Securities the Company actually proposes to issue, sell or exchange (including Offered Securities to be issued or sold the Creditor pursuant to this Section 4(p) prior to such reduction) and (ii) the denominator of which shall be the original amount of the Offered Securities. In the event that the Creditor so elects to reduce the number or amount of Offered Securities specified in its Notice of Acceptance, the Company may not issue, sell or exchange more than the reduced number or amount of the Offered Securities unless and until such securities have again been offered to the Creditor in accordance with Section 4(p)(i) above.

(v) Upon the closing of the issuance, sale or exchange of all or less than all of the Refused Securities, the Creditor shall acquire from the Company, and the Company shall issue to the Creditor, the number or amount of Offered Securities specified in its Notice of Acceptance, as reduced pursuant to Section 4(p)(iv) above if the Creditor has so elected, upon the terms and conditions specified in the Offer. The purchase by the Creditor of any Offered Securities is subject in all cases to the preparation, execution and delivery by the Company and the Creditor of a separate purchase agreement relating to such Offered Securities reasonably satisfactory in form and substance to the Creditor and its counsel.

(vi) Any Offered Securities not acquired by the Creditor or other Persons in accordance with this Section 4(p) may not be issued, sold or exchanged until they are again offered to the Creditor under the procedures specified in this Agreement.

(vii) The Company and the Creditor agree that if the Creditor elects to participate in the Offer, (x) neither the Subsequent Placement Agreement with respect to such Offer nor any other transaction documents related thereto (collectively, the "**Subsequent Placement Documents**") shall include any term or provision whereby the Creditor shall be required to agree to any restrictions on trading as to any securities of the Company (other than customary "lock-up" restrictions applicable to all participants in the Subsequent Offering) or be required to consent to any amendment to or termination of, or grant any waiver, release or the like under or in connection with, any agreement previously entered into with the Company or any instrument received from the Company or require representations or warranties in excess of the representation and warranties of the Creditor provided hereunder, and (y) any registration rights set forth in such Subsequent Placement

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Documents shall be similar in all material respects to the registration rights contained in the Registration Rights Agreement.

(viii) Notwithstanding anything to the contrary in this Section 4(p) and unless otherwise agreed to by the Creditor, the Company shall either confirm in writing to the Creditor that the transaction with respect to the Subsequent Placement has been abandoned or shall publicly disclose its intention to issue the Offered Securities, in either case, in such a manner such that the Creditor will not be in possession of any material, non-public information, by the fifth (5th) Business Day following delivery of the Offer Notice. If by such fifth (5th) Business Day, no public disclosure regarding a transaction with respect to the Offered Securities has been made, and no notice regarding the abandonment of such transaction has been received by the Creditor, such transaction shall be deemed to have been abandoned and the Creditor shall not be in possession of any material, non-public information with respect to the Company or any of its Subsidiaries. Should the Company decide to pursue such transaction with respect to the Offered Securities, the Company shall provide the Creditor with another Offer Notice and the Creditor will again have the right of participation set forth in this Section 4(p). The Company shall not be permitted to deliver more than two such Offer Notices to the Creditor in any sixty (60) day period, except as expressly contemplated by the last sentence of Section 4(p)(ii).

(ix) The restrictions contained in this Section 4(p) shall not apply in connection with the issuance of any Excluded Securities.

(q) Dilutive Issuances. Except for the New Investor Securities and the Placement Agent Securities, for so long as the Note or Warrants remain outstanding, the Company shall not, in any manner, enter into or affect any Dilutive Issuance (as defined in the Note) if the effect of such Dilutive Issuance is to cause the Company to be required to issue upon conversion of the Note or exercise of any Warrant any Common Shares in excess of that number of Common Shares which the Company may issue upon conversion of the Note and exercise of the Warrants without breaching the Company' s obligations under the rules or regulations of the Principal Market.

(r) Passive Foreign Investment Company. The Company shall conduct its business, and shall cause its Subsidiaries to conduct their respective businesses, in such a manner as will ensure that the Company will not be deemed to constitute a passive foreign investment company within the meaning of Section 1297 of the Code.

(s) Restriction on Redemption and Cash Dividends. So long as the Note is outstanding, the Company shall not, directly or indirectly, redeem, or declare or pay any cash dividend or distribution on, any securities of the Company without the prior express written consent of the Creditor, other than New Investor Securities, the Placement Agent Securities and as described on Schedule 4(s) attached hereto or in compliance with the applicable provisions of the Note and the Warrants.

(t) Corporate Existence. So long as the Creditor beneficially owns the Note or Warrants, the Company shall not be party to any Fundamental Transaction (as defined in the Note) unless the Company is in compliance with the applicable provisions governing Fundamental Transactions set forth in the Note and the Warrants.

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(u) Share Splits. Until the Note are no longer outstanding, the Company shall not effect any share combination, reverse share split or other similar transaction (or make any public announcement or disclosure with respect to any of the foregoing) without the prior written consent of the Creditor, except as may be required by an Eligible Market to provide for the eligibility or continued eligibility of the Common Shares for listing or quotation on such market or otherwise in compliance with the applicable provisions of the Note and the Warrants.

(v) Conversion and Exercise Procedures. Each of the form of Exercise Notice (as defined in the Warrants) included in the Warrants and the form of Conversion Notice (as defined in the Note) included in the Note set forth the totality of the procedures required of the Creditor in order to exercise the Warrants or convert the Note. Except as provided in Section 5(d), no additional legal opinion, other information or instructions shall be required of the Creditor to exercise the Warrants or convert the Note. The Company shall honor exercises of the Warrants and conversions of the Note and shall deliver the Conversion Shares and Warrant Shares in accordance with the terms, conditions and time periods set forth in the Note and Warrants.

(w) Regulation M. The Company will not take any action prohibited by Regulation M under the 1934 Act, in connection with the distribution of the Securities contemplated hereby.

(x) Integration. None of the Company, any of its affiliates (as defined in Rule 501(b) under the 1933 Act), or any person acting on behalf of the Company or such affiliate will sell, offer for sale, or solicit offers to buy or otherwise negotiate in respect of any security (as defined in the 1933 Act) which will be integrated with the issuance of the Securities in a manner which would require the registration of the Securities under the 1933 Act or require shareholder approval under the rules and regulations of the Principal Market and the Company will take all action that is appropriate or necessary to assure that its offerings of other securities will not be integrated for purposes of the 1933 Act or the rules and regulations of the Principal Market, with the issuance of Securities contemplated hereby.

(y) Additional Covenants. The Company hereby covenants to comply with all of the covenants set out in **Schedule F**, unless the Creditor otherwise consents in writing, each such covenant and agreement to remain in full force and effect for so long as any amount owing under the Note remains unpaid or, in the case of provisions stated to survive termination of this Agreement as described in Section F, until the discharge thereof by the Creditor in writing. The covenants and agreements set forth in Schedule F are without limitation to any covenants, undertakings or agreements elsewhere contained herein or in any of the other Transaction Documents.

(z) Closing Documents. On or prior to thirty (30) calendar days after the Closing Date, the Company agrees to deliver, or cause to be delivered by electronic mail, file sharing or similar means, to the Creditor and Stikeman Elliott LLP a complete closing set of the executed Transaction Documents, Securities and any other document required to be delivered to any party pursuant to Section 7 hereof or otherwise.

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5. REGISTER; TRANSFER AGENT INSTRUCTIONS; LEGEND.

(a) Register. The Company shall maintain at its principal executive offices (or such other office or agency of the Company as it may designate by notice to each holder of Securities), a register for the Note and the Warrants in which the Company shall record the name and address of the Person in whose name the Note and the Warrants have been issued (including the name and address of each transferee), the principal amount of the Note held by such Person, the number of Conversion Shares issuable pursuant to the terms of the Note, the number of Warrant Shares issuable upon exercise of the Warrants held by such Person and any other info required under the Note or the Warrants. The Company shall keep the register open and available at all times during business hours for inspection of the Creditor or its legal representatives.

(b) Transfer Agent Instructions. The Company shall issue a treasury direction to its transfer agent and any subsequent transfer agent (as applicable, the "**Transfer Agent**") to issue certificates or credit shares to the applicable balance accounts at The Depository Trust Company ("**DTC**"), registered in the name of the Creditor or its respective nominee(s), for the Conversion Shares and the Warrant Shares in such amounts as specified from time to time by the Creditor to the Company upon conversion of the Note or the exercise of the Warrants (as the case may be). The Company represents and warrants that the Securities shall otherwise be freely transferable on the books and records of the Company, as applicable, to the extent provided in this Agreement, the other Transaction Documents and in accordance with Applicable Law. If the Creditor effects a sale, assignment or transfer of the Securities in accordance with Section 2(h), the Company shall permit the transfer and shall promptly instruct the Transfer Agent to issue one or more certificates or credit shares to the applicable balance accounts at DTC in such name and in such denominations as specified by the Creditor to effect such sale, transfer or assignment. In the event that such sale, assignment or transfer involves Conversion Shares or Warrant Shares sold, assigned or transferred pursuant to an effective registration statement or in compliance with Rule 144, Regulation S or otherwise (including Canadian Securities Laws) without registration or qualification under applicable securities laws, the Company shall instruct the Transfer Agent to issue such shares to the Creditor, assignee or transferee (as the case may be) without any restrictive legend in accordance with Section 5(d) below. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Creditor. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section 5(b) will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section 5(b), that the Creditor shall be entitled, in addition to all other available remedies, to an order and/or injunction restraining any breach and requiring immediate issuance and transfer, without the necessity of showing economic loss and without any bond or other security being required. Any fees (with respect to the Transfer Agent, counsel to the Company or otherwise) associated with the issuance of any legal opinion to the Transfer Agent or with respect to the issuance of such Securities or the removal of any legends on any of the Securities shall be borne by the Company.

(c) Legends. The Creditor understands that the Securities have been issued (or will be issued in the case of the Conversion Shares and the Warrant Shares) pursuant to an exemption from registration or qualification under the 1933 Act and applicable state securities laws and a prospectus exemption pursuant to NI 45-106, and except as set forth below, the Securities shall bear any legend as required by the "blue sky" laws of any state and a restrictive legend

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in substantially the following form (and a stop-transfer order may be placed against transfer of such share certificates) as well as applicable legends pursuant to Canadian Securities Laws, as follows:

"[NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE [CONVERTIBLE] [EXERCISABLE] HAVE BEEN][THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN] REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL TO THE HOLDER (IF REQUESTED BY THE COMPANY), IN A FORM REASONABLY ACCEPTABLE TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD OR ELIGIBLE TO BE SOLD PURSUANT TO RULE 144, REGULATION S OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES."

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE DISTRIBUTION DATE]"

(d) Removal of Legends**.** Certificates evidencing Securities shall not be required to contain the U.S. legend set forth in Section 5(c) above or any other legend (i) upon the sale of such Securities pursuant to an effective registration statement under the 1933 Act (including a Registration Statement) covering the resale of such Securities or a Canadian Prospectus (as defined in the Registration Rights Agreement) for which a receipt or a decision document has been received from the applicable Canadian securities commission, (ii) following any sale of such Securities pursuant to Rule 144 (assuming the transferor is not an affiliate of the Company), (iii) if such Securities are eligible to be sold, assigned or transferred under Rule 144 (provided that the Creditor provides the Company with a reasonable assurances (including customary representation letters) that such Securities are eligible for sale, assignment or transfer under Rule 144 which shall not include an opinion of Creditor' s counsel) (each such time, an "**Eligible 144 Sale Time**"), (iv) in connection with a sale, assignment or other transfer (other than under Rule 144), provided that the Creditor provides the Company with an opinion of counsel to the Creditor, in a generally acceptable form, to the effect that such sale, assignment or transfer of the Securities may be made without registration under the applicable requirements of the 1933 Act, (v) if such legend is not required under applicable requirements of the 1933 Act (including controlling judicial interpretations and pronouncements issued by the SEC) or Canadian Securities Laws or (vi) if the Securities are being sold pursuant to Regulation S, such legend may be removed by providing a declaration to the Company that such shares may be sold pursuant to Regulation S; however, applicable Canadian Securities Laws must also be considered in relation to the Canadian legend

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set forth in Section 5(c) above. If a legend is not required pursuant to the foregoing, the Company shall no later than two (2) Trading Days (as defined in the Note) following the delivery by the Creditor to the Company or the Transfer Agent (with notice to the Company) of a legended certificate representing such Securities (endorsed or with share powers attached, signatures guaranteed, and otherwise in form necessary to affect the reissuance and/or transfer, if applicable), together with any other deliveries from the Creditor as may be required above in this Section 5(d), as directed by the Creditor, either: (A) provided that the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program and such Securities are Conversion Shares or Warrant Shares either (x) available to be sold pursuant to an effective and available registration statement under the 1933 Act or not restricted for sale under Canadian Securities Laws or (y) at an Eligible 144 Sale Time (as applicable, the "**Required Unrestricted Conditions**"), credit the aggregate number of Common Shares to which the Creditor shall be entitled to the Creditor' s or its designee' s balance account with DTC through its Deposit/Withdrawal at Custodian system or (B) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or the Required Unrestricted Conditions are not satisfied, issue and deliver (via reputable overnight courier) to the Creditor, a certificate representing such Securities that is free from all restrictive and other legends, registered in the name of the Creditor or its designee (the date by which such credit is so required to be made to the balance account of the Creditor or its designee with DTC or such certificate is required to be delivered to the Creditor pursuant to the foregoing is referred to herein as the "**Required Delivery Date**", and the date such Common Shares are actually delivered without any restrictive legend to the Creditor or its desigee with DTC, as applicable, the "**Share Delivery Date**"). The Company shall be responsible for any Transfer Agent fees or DTC fees with respect to any issuance of Securities or the removal of any legends with respect to any Securities in accordance herewith.

(e) Failure to Timely Deliver; Buy-In. If the Company fails, for any reason or for no reason, to issue and deliver (or cause to be delivered) to the Creditor (or its designee) by the Required Delivery Date, either (I) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or the Required Unrestricted Conditions are not satisfied, a certificate for the number of Conversion Shares or Warrant Shares (as the case may be) to which the Creditor is entitled and register such Conversion Shares or Warrant Shares (as the case may be) on the Company' s share register or, if the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program and the Required Unrestricted Conditions are satisfied, to credit the balance account of the Creditor or the Creditor' s designee with DTC for such number of Conversion Shares or Warrant Shares (as the case may be) submitted for legend removal by the Creditor pursuant to Section 5(d) above or (II) if the Registration Statement covering the resale of the Conversion Shares or Warrant Shares (as the case may be) submitted for legend removal by the Creditor pursuant to Section 5(d) above (the "**Unavailable Shares**") is not available for the resale of such Unavailable Shares and the Company fails to promptly, but in no event later than as required pursuant to the Registration Rights Agreement (x) so notify the Creditor and (y) deliver the Conversion Shares or Warrant Shares, as applicable, electronically without any restrictive legend by crediting such aggregate number of Conversion Shares or Warrant Shares (as the case may be) submitted for legend removal by the Creditor pursuant to Section 5(d) above to the Creditor' s or its designee' s balance account with DTC through its Deposit/Withdrawal At Custodian system (the event described in the immediately foregoing clause (II) is hereinafter referred as a "**Notice Failure**" and together with the event described in clause (I) above, a "**Delivery Failure**"), then, in addition to all other remedies available to the Creditor, the Company

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shall pay in cash to the Creditor on each day after the Share Delivery Date and during such Delivery Failure an amount equal to 1% of the product of (A) the sum of the number of Common Shares not issued to the Creditor on or prior to the Required Delivery Date and to which the Creditor is entitled, and (B) any trading price of the Common Shares selected by the Creditor in writing as in effect at any time during the period beginning on the date of the delivery by the Creditor to the Company of the applicable Conversion Shares or Warrant Shares (as the case may be) and ending on the applicable Share Delivery Date. In addition to the foregoing, if on or prior to the Required Delivery Date either (I) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, the Company shall fail to issue and deliver a certificate to the Creditor and register such Common Shares on the Company' s share register or, if the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program, credit the balance account of the Creditor or the Creditor' s designee with DTC for the number of Common Shares to which the Creditor submitted for legend removal by the Creditor pursuant to Section 5(d) above (ii) below or (II) a Notice Failure occurs, and if on or after such Trading Day the Creditor purchases (in an open market transaction or otherwise) Common Shares to deliver in satisfaction of a sale by the Creditor of Common Shares submitted for legend removal by the Creditor pursuant to Section 5(d) above that the Creditor is entitled to receive from the Company, then the Company shall, within two (2) Trading Days after the Creditor' s request and in the Creditor' s discretion, either (i) pay cash to the Creditor in an amount equal to the Creditor' s total purchase price (including brokerage commissions and other out-of-pocket expenses, if any, for the Common Shares so purchased) (the "**Buy-In Price**"), at which point the Company' s obligation to so deliver such certificate or credit the Creditor' s balance account shall terminate and such shares shall be cancelled, or (ii) promptly honor its obligation to so deliver to the Creditor a certificate or certificates or credit the balance account of the Creditor or the Creditor' s designee with DTC representing such number of Common Shares that would have been so delivered if the Company timely complied with its obligations hereunder and pay cash to the Creditor in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of shares of Conversion Shares or Warrant Shares (as the case may be) that the Company was required to deliver to the Creditor by the Required Delivery Date multiplied by (B) the lowest Closing Sale Price (as defined in the Warrants) of the Common Shares on any Trading Day during the period commencing on the date of the delivery by the Creditor to the Company of the applicable Conversion Shares or Warrant Shares (as the case may be) and ending on the date of such delivery and payment under this clause (ii). Nothing shall limit the Creditor' s right to pursue any other remedies available to it hereunder, at law or in equity, including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company' s failure to timely deliver certificates representing Common Shares (or to electronically deliver such Common Shares) as required pursuant to the terms hereof. Notwithstanding anything herein to the contrary, with respect to any given Notice Failure and/or Delivery Failure, this Section 5(e) shall not apply to the Creditor to the extent the Company has already paid such amounts in full to the Creditor with respect to such Notice Failure and/or Delivery Failure, as applicable, pursuant to the analogous sections of the Note or Warrant, as applicable, held by the Creditor.

(g) FAST Compliance. While any of the Note or Warrants remain outstanding, the Company shall maintain a transfer agent that participates in the DTC Fast Automated Securities Transfer Program.

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6. COMPANY' S CONDITIONS.

(a) The obligation of the Company hereunder to complete the Transaction, including to issue the Note and the related Warrants to the Creditor at the Closing, is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for the Company' s sole benefit and may be waived by the Company at any time in its sole discretion by providing the Creditor with prior written notice thereof:

(i) The Creditor shall have executed each of the Transaction Documents to which it is a party and delivered the same to the Company.

(ii) The representations and warranties of the Creditor shall be true and correct in all material respects as of the date when made and as of the Closing Date as though originally made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specific date), and the Creditor shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Creditor at or prior to the Closing Date.

(iii) The Creditor shall have delivered to the Company such other documents, instruments or certificates relating to the transactions contemplated by this Agreement as the Company or its counsel may reasonably request.

(iv) Hudson Bay Master Fund Ltd., the Company, ATB Financial and the Bank of Montreal shall have duly executed and delivered that certain first lien side letter agreement, dated the date hereof (the "**New Investor First Lien Side Letter Agreement**"), in the form attached hereto as **Exhibit C-1**; and Hudson Bay Master Fund Ltd., the Company and the Creditor shall have duly executed and delivered that certain first lien side letter agreement, dated the date hereof (the "**New Investor Second Lien Side Letter Agreement**" and, together with the New Investor First Lien Side Letter Agreement, the "**New Investor Side Letter Agreements**"), in the form attached hereto as **Exhibit C-2**.

7. CREDITOR' S CONDITIONS.

(a) The obligation of the Creditor hereunder to complete the Transaction, including to acquire the Note and the Warrants at the Closing, is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for the Creditor' s sole benefit and may be waived by the Creditor at any time in its sole discretion by providing the Company with prior written notice thereof:

(i) The Company and each other Note Party shall have duly executed and delivered to the Creditor each of the Transaction Documents to which it is a party and the Company shall have duly executed and delivered to the Creditor (A) the Note and (B) the Warrants initially exercisable for such aggregate number of Warrant Shares as is set forth across from the Creditor' s name in column (3) of Schedule "A", in each case, as being acquired by the Creditor at the Closing pursuant to this Agreement.

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(ii) The Creditor shall have received the opinion of Shearman & Sterling LLP, the Company' s counsel, dated as of the Closing Date, addressed to the Creditor in a form typical for transactions of this nature. The Creditor shall have received the opinion of McCarthy Tétrault LLP, the Company' s Canadian counsel, dated as of the Closing date and addressed to the Creditor relating to Canadian prospectus exemption and first trade matters with respect to the Securities, the status and capacity of Company and each other Note Party, the due authorization, execution and delivery and the validity and enforceability of the Transaction Documents to which Company and each other Note Party is a party, and perfection of the security granted pursuant to the Transaction Documents to which Company and each other Note Party is a party in the jurisdiction of incorporation of Company and each other Note Party, in the Province of Alberta and in any other relevant jurisdiction, and such other matters as the Creditor may reasonably request.

(iii) The Company shall have provided evidence of any exemption for, or to, qualify the Securities for issuance to the Creditor under applicable securities or "Blue Sky" laws of the United States.

(iv) The Company shall have delivered to the Creditor a certificate evidencing the existence and good standing of Company and each other Note Party issued by the appropriate governmental authority of the jurisdiction of its incorporation as of a date within two (2) days of the Closing Date.

(v) The Company shall have delivered to the Creditor certified copies of (i) the constating documents, bylaws and other organizational documents of the Company and each other Note Party, (ii) all resolutions of the board of directors or shareholders, as the case may be, of Company and each other Note Party approving the matters contemplated by the Restructuring and Novation Agreement, this Agreement and the other Transaction Documents, and (iii) a list of the officers and directors authorized to sign agreements together with their specimen signatures.

(vi) Each and every representation and warranty of the Company in this Agreement and of the Company and the other Note Parties in each of the other Transaction Documents shall be true and correct as of the Closing Date (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specific date) and each Note Party shall have performed, satisfied and complied in all respects with the covenants, agreements and conditions required to be performed, satisfied or complied with by the Company at or prior to the Closing Date. The Creditor shall have received a certificate, duly executed by the Chief Executive Officer of the Company, dated as of the Closing Date, to the foregoing effect and as to such other matters as may be reasonably requested by the Creditor in the form acceptable to the Creditor.

(vii) The Company shall have delivered to the Creditor a letter from the Transfer Agent certifying the number of Common Shares outstanding on the Closing Date immediately prior to the Closing.

(viii) The Creditor shall have received:

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(1) (i) all documents, instruments, financing statements and notices of security shall have been properly registered, recorded and filed in all places which, (ii) searches shall have been conducted in all jurisdictions which, and (iii) deliveries of all consents, approvals, acknowledgements, confirmations, undertakings, subordinations, discharges, waivers, directions, negotiable documents of title and other documents and instruments to the Creditor shall have been made which, in each case, are desirable or required to make effective the Security (as defined in the Note) and to ensure the perfection and the first-ranking priority of such Security subject only to Permitted Encumbrances which rank by law in priority; and

(2) certificates of insurance, dated no later than the Closing Date, showing the Creditor as additional insured (in the case of liability insurance) and second loss payee with respect to insurance required to be maintained by Company and its Subsidiaries pursuant to the Note;

(ix) The Common Shares (A) shall be designated for quotation or listed (as applicable) on the Principal Market and (B) shall not have been suspended, as of the Closing Date, by the SEC or the Principal Market from trading on the Principal Market nor shall suspension by the SEC or the Principal Market have been threatened, as of the Closing Date, in writing by the SEC or the Principal Market (other than with respect to the Minimum Bid Price Requirement).

(x) The Company and each other Note Party shall have obtained all governmental, regulatory or third party consents and approvals which are required to be obtained by Company and each other Note Party in order to complete the transactions contemplated by the Restructuring and Novation Agreement, this Agreement and any other Transaction Document and to perform its obligations under the Restructuring and Novation Agreement, this Agreement and any other Transaction Document to which it is a party, including for the issuance of the Securities and those required by the Principal Market, if any.

(xi) No statute, rule, regulation, executive order, decision, decree, ruling or injunction shall have been enacted, entered, promulgated, endorsed or entered into by any court or Governmental Authority of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Restructuring and Novation Agreement and the Transaction Documents.

(xii) Since the date of execution of this Agreement, no event or series of events shall have occurred that reasonably would have or result in a Material Adverse Effect.

(xiii) No Default or Event of Default (each as defined in the Note) has occurred or is continuing or would arise immediately after giving effect to or as a result of the amendment and restatement of the Parent Obligations Outstanding or the issuance of any of the Securities.

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(xiv) The Company shall have obtained approval of the Principal Market to list or designate for quotation (as the case may be) the Conversion Shares and the Warrant Shares.

(xv) The Holder shall have received evidence, satisfactory to the Creditor, in its sole discretion, that the Company has raised gross cash proceeds in the amount of not less than U.S. $15,000,000 pursuant to the New Investor Convertible Notes (which shall be on terms and conditions satisfactory to the Creditor in its sole discretion), and the Creditor shall have received an officer' s certificate executed by a senior officer of the Company (in form and substance satisfactory to the Creditor in its sole discretion) certifying the same to the Creditor and attaching thereto a true and complete copy of the HB Convertible Notes and any other New Investor Documents requested by the Creditor.

(xvi) The Company, ATB Financial and the Bank of Montreal, as lenders, and the ATB Financial, as administrative agent, shall have duly executed and delivered the Amended and Restated Credit Agreement, in the form attached hereto as **Exhibit A** (the "**First Lien Credit Agreement**"), and shall have consummated the transactions contemplated thereby (collectively, the "**First Lien Restructuring Transactions**"), and the Creditor shall have received an officer' s certificate executed by a senior officer of the Company (in form and substance satisfactory to the Creditor in its sole discretion) certifying the same to the Creditor and attaching thereto a true and complete copy of the First Lien Credit Agreement and any other First Lien Documents requested by the Creditor.

(xvii) The Company and the New Investors shall have duly executed and delivered the New Investor Securities Purchase Agreement and the New Investor Documents (including the issuance of the New Investor Securities), in the forms attached hereto as **Exhibit B**, and shall have consummated the transactions contemplated thereby (collectively, the "**New Investor Transactions**", and together with the First Lien Restructuring Transactions, the "**Contemporaneous Transactions**"), and the Creditor shall have received an officer' s certificate executed by a senior officer of the Company (in form and substance satisfactory to the Creditor in its sole discretion) certifying the same to the Creditor and attaching thereto a true and complete copy of the New Investor Securities Purchase Agreement and the New Investor Documents requested by the Creditor.

(xviii) Hudson Bay Master Fund Ltd., the Company, ATB Financial and the Bank of Montreal shall have duly executed and delivered the New Investor First Lien Side Letter Agreement, and the Creditor shall have received an officer' s certificate executed by a senior officer of the Company (in form and substance satisfactory to the Creditor in its sole discretion) attaching thereto a true and complete copy of the New Investor First Lien Side Letter Agreement.

(xix) Hudson Bay Master Fund Ltd., the Company and the Creditor have duly executed and delivered the New Investor Second Lien Letter Agreement.

(xx) The forms of the warrants to purchase Common Shares to be issued to the Placement Agents (the "**Placement Agent Securities**") and the forms of the subordinated convertible note (the "**New Investor Note**") and warrants to purchase Common Shares to

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be issued to the buyers (the "**New Investors**") named in the New Investor Purchase Agreement (the "**New Investor Warrant**", and together with the New Investor Note, the "**New Investor Securities**"), in each case, shall have been delivered to the Creditor, shall not have been amended, modified or waived prior to issuance concurrently with the Closing and shall be in form and substance satisfactory to the Creditor in its sole discretion.

(xxi) The Company and each other Note Party shall have delivered to the Creditor such other documents, instruments or certificates relating to the transactions contemplated by this Agreement as the Creditor or its counsel may reasonably request.

8. SECURITY.

(a) Security. To secure the payment and performance of all of the Secured Obligations, the Company shall execute and deliver, and shall cause each other Note Party to execute and deliver, to the Creditor, the following documents (collectively, the "**Security**"), to the extent not already provided:

(i) the Note Party Guarantee;

(ii) demand debentures from the Company in the amount of $320,000,000 (collectively, the "**Debentures**") constituting a first ranking fixed and specific charge (subject only to Permitted Encumbrances which are Permitted Encumbrances subject to the Intercreditor Agreement) over real property owned by the Company, registered in Alberta, British Columbia and any other Canadian jurisdiction where the Company owns real property on the Closing Date and such other collateral mortgages or other real property security required to be delivered by the Note Parties from time to time pursuant to Section 8(g) or Section 8(i);

(iii) the Note Party Security Agreement;

(iv) to the extent any Note Party is the registered owner of any material Intellectual Property, specific security agreements in respect of such material Intellectual Property as may be required by the Creditor, in its sole discretion;

(v) a hypothec on movables granted by each of the Note Parties for an amount of $85,000,000 in favour of the Creditor; and

(vi) such other agreements, documents or instruments reasonably required by the Administrative Agent and the Lenders (or their legal counsel) from time to time.

(b) Form of Security. Without limiting the foregoing, the Security will be in such form or forms as required by the Creditor, acting reasonably, and, subject to Section 8(d), will be registered in such offices in the provinces of Canada or any other jurisdiction as the Creditor may from time to time reasonably require to protect the Security Interests created thereby. Should the Creditor determine at any time and from time to time that the form and nature of the then existing Security is deficient in any way or does not fully provide the Creditor with the Security Interests and priority to which each is entitled hereunder, the Company will forthwith execute and deliver or cause to be executed and delivered to the Creditor, at the Company' s expense, such amendments

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to the Security or provide such new security as the Creditor may reasonably request, in a form satisfactory to the Creditor, acting reasonably.

(c) Guarantees and Subsidiary Security. Upon a Subsidiary becoming a Material Subsidiary and to secure the payment and performance of all Secured Obligations, the Company shall cause any such Subsidiary to execute and deliver, to the extent not already provided:

(i) an unlimited Guarantee (or a joinder or addition agreement to the Note Party Guarantee) in favour of the Creditor, guaranteeing the Secured Obligations of each other Note Party;

(ii) a general security agreement (or a joinder or addition agreement to the Note Party Security Agreement) in favour of the Creditor granting a first priority Security Interest (subject only to Permitted Encumbrances which are Permitted Encumbrances subject to the Intercreditor Agreement) over all of such Material Subsidiary' s present and after-acquired personal property of such Material Subsidiary, registered in Alberta, British Columbia and all other Canadian jurisdictions in which each such Material Subsidiary carries on business or owns material Property;

(iii) to the extent such Material Subsidiary owns any fee simple or leasehold interest in any real property, at the request of the Creditor, a collateral mortgage or mortgage of lease, as the case may be, constituting a first ranking fixed and specific charge over such real property, registered each jurisdiction in which such real property is located, and such other collateral mortgages or other real property security required to be delivered by the Note Parties from time to time pursuant to Section 8(g) or Section 8(i) (and, for certainty, such collateral mortgages or other real property security shall be deemed to be part of the "Debentures"); and

(iv) to the extent any Material Subsidiary is the registered owner of any material Intellectual Property, specific security agreements in respect of such material Intellectual Property as may be required by the Creditor, in its sole discretion, each to be in form and substance satisfactory to the Creditor,

together with certified copies of constating documents and resolutions, a certificate of incumbency, a legal opinion of outside counsel with respect to such Material Subsidiary and the Security provided by it and such other documents as the Creditor (or their counsel) may reasonably require, all in a form substantially similar to those provided by the Company and, if applicable, the other Material Subsidiaries on the Closing Date with such changes as may be approved by the Creditor, acting reasonably.

(d) Registrations and Renewals. The Company shall and shall cause each other Note Party, at the Company' s sole cost and expense, to do all such commercially reasonable acts, execute all such instruments and provide such further assurances as the Creditor may reasonably request from time to time to ensure that the priority of the Security Interests created by all of the Security executed and delivered to the Creditor as contemplated hereby is duly protected and perfected by registration, filing or recordation of such Security or a caution, caveat, security notice or other appropriate instrument at all offices where necessary or of advantage to the protection or

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perfection thereof and to cooperate with the Creditor and the Creditor' s counsel in renewing or refiling any registration, filing or recordation required hereby in order to preserve, protect and maintain the priority of such Security Interests, from time to time. The Creditor may, at the Company' s sole cost and expense, effect any or all such registrations, filings and recordings should the Company fail to do so forthwith upon the Creditor' s request as aforesaid.

(e) Security Effective Notwithstanding Date of Advance. The Security Interests constituted by any of the Security or required to be created hereby or thereby shall be effective, and the undertakings as to Security Interests herein or in any Security shall be continuing, whether the monies hereby or thereby secured or any part thereof shall be advanced before or after or at the same time as the creation of any such Security Interest or before or after or upon the date of execution of this Agreement, and shall not be affected by the Secured Obligations fluctuating from time to time or the accounts established by the Creditor ceasing to be in debit balance.

(f) Extensions, Etc. The Creditor may grant extensions, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with any Note Party or any other Persons, sureties or securities as the Creditor, in its sole discretion, may see fit, all without prejudice to the liability of any Note Party under the Secured Documents or the rights of the Creditor under the Secured Documents.

(g) Notices. The Company shall notify the Creditor of any details, as soon as available, of any: (i) decision to change the name of any Note Party or the location of its chief executive office, (ii) movement of Property to, or the acquisition of Property in, a jurisdiction where the Security is not registered or the Security Interests of the Security do not have the benefit of any existing registration, and (ii) acquisition of real property (fee simple or leasehold) which is not already subject to the Security Interests granted in favour of the Creditor pursuant to the Debenture, and in any event not less than ten (10) Business Days prior to any such change, movement or acquisition. Upon receiving such information, the Creditor may, at the Company' s cost and expense, request additional Security pursuant to Section 8(i), effect any or all such registrations, filings and recordings in such additional jurisdictions at any applicable personal property registry office or land titles office, as applicable, and obtain local counsel opinions in respect thereof and the Company shall, and shall cause each other Note Party to, at the Company' s sole cost and expense, do all such commercially reasonable acts, execute all such instruments and provide such further information and assurances as the Creditor may require to promptly effect all such registrations, filings and recordings.

(h) No Merger. The taking of any Security as provided under this Agreement or any Transaction Document shall not operate by way of merger of any of the Secured Obligations of any Note Party or any successor of any Note Party under any Transaction Document, or of any Security Interest, Guarantee, contract, promissory note, bill of exchange or security in any other form, whether or not similar to the foregoing, and no judgment recovered by the Creditor shall operate by way of merger or in any way affect the Security provided for in this Agreement, which shall be in addition to and not in substitution for any other security now or hereafter held by the Creditor whether for the Secured Obligations hereunder or under any Security. For greater certainty, no judgment recovered by the Creditor shall operate by way of merger or in any way affect the obligations of any Note Party to pay interest at the rates, times and manner as provided in the Transaction Documents.

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(i) Further Assurances – Security. The Company shall, forthwith and from time to time on the reasonable request of the Creditor, grant and cause each other Note Party to grant to the Creditor all such further rights and Security Interests necessary or of advantage to the Administrative Agent to permit it to operate the Business of the Note Parties in a liquidation of Property or as a going concern following the occurrence of an Event of Default. Without limiting the foregoing:

(i) if, at any time, the aggregate value of all inventory, equipment and other Property of the Note Parties located on the premises of any real property leased by a Note Party (other than the real property described in subparagraph (n) of Schedule F) exceeds $2,000,000, the Company shall (or shall cause the applicable Note Party to) promptly execute and deliver a leasehold mortgage in favour of the Creditor, constituting a first ranking fixed and specific charge over all real property leased by such Note Party, registered in Alberta and each other jurisdiction where such Note Party leases real property;

(ii) if, at any time, a Note Party acquires any real property contemplated in Section 8(g)(iii) above, such Note Party shall, at the request of the Creditor at the sole discretion of the Creditor, be required to promptly execute any mortgages, amendments, supplements or addendums to the Debenture or other documents necessary to ensure that such newly acquired real property is subject to a Security Interest in favour of the Creditor (and, for certainty, such mortgages, amendments, supplements addendums or other documents shall be deemed to be part of the "Debenture");

(iii) notwithstanding paragraph (ii) above or anything else contained herein, if at any time after the Closing Date a Note Party or any other Subsidiary of the Company grants or executes, or intends to grant or execute, in favour of the First Lien Creditors, any additional security documents (the "**New First Lien Security**"), such Note Party or other Subsidiary shall promptly and concurrently with the provision of such New First Lien Security to the First Lien Creditors, but in any event, within 15 Business Days, execute and deliver to the Creditor such additional Security hereunder as required to give the Creditor the same, or better, rights, interests and advantages given to the First Lien Creditors under the applicable New First Lien Security; and

(iv) without limiting the foregoing, the Company shall and shall cause each other Note Party to, forthwith and from time to time on the reasonable request of the Creditor, execute and do or cause to be executed and done all assurances and things which, in the opinion of the Creditor, may be necessary or of advantage to give the Creditor the Security Interests and the priority intended hereunder to be created by the Security.

(j) Permitted Encumbrances and Permitted Indebtedness. None of:

(i) the fact that any Person is permitted to create or suffer to exist any Permitted Encumbrance or Permitted Indebtedness;

(ii) the fact that any representation, warranty or covenant herein may make an exception for the existence of Permitted Encumbrances or Permitted Indebtedness; or

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(iii) the fact that the Security Interests created pursuant to the Transaction Documents are stated to be subject to, or are not required to rank in priority to, Permitted Encumbrances;

shall in any manner, nor in any cause or proceeding, directly or indirectly, be taken to constitute a subordination of any Security Interest created pursuant to the Transaction Documents to any Permitted Encumbrance or to any other Security Interest or other obligation whatsoever, or that any of the Secured Obligations are in any way subordinate or junior in right of payment to any Permitted Indebtedness, it being the intention of the parties that all Security Interests created pursuant to the Transaction Documents shall at all times, to the maximum extent permitted by Applicable Law, rank as first priority Security Interests in priority to Permitted Encumbrances and all other Security Interests or other obligations whatsoever and that the Secured Obligations will rank in right of payment at all times at least equally with such Permitted Indebtedness, subject to the Intercreditor Agreements as applicable.

(k) Delivery of Investment Property. For the purposes of Section 2.3(3) of the Note Party Security Agreement, at all time after the First Lien Documents have been discharged, the Creditor shall be deemed to have requested the delivery of the items enumerated in paragraphs (a)-(c), inclusive of such Section, issued from time to time by or in respect of the Note Parties (other than the Company and the Non-Material Foreign Subsidiaries). For certainty, such request shall be deemed to be a continuous request from the Creditor to the Note Parties for delivery by the Note Parties of all of such items and Equity Interests issued by, or outstanding in respect of, the Note Parties (other than the Company and the Non-Material Foreign Subsidiaries); provided that, notwithstanding the foregoing and without limitation to Section 2.3(3) of the Note Party Security Agreement, the Creditor, may request delivery of such items and Equity Interests in respect of the Non-Material Foreign Subsidiaries at any time and from time to time.

9. DEFINITIONS. Unless otherwise defined therein or herein, the capitalized terms used in the Transaction Documents, including this Agreement, shall have the meanings ascribed to such terms as specified on **Schedule G**.

10. MISCELLANEOUS.

(a) Governing Law; Jurisdiction; Jury Trial. This Agreement shall be construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Agreement shall be governed by, the laws of the Province of Alberta, without giving effect to any choice of law or conflict of law provision or rule (whether of the Province of Alberta or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the Province of Alberta.

(b) Counterparts. This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. In the event that any signature is delivered by facsimile transmission or by an e-mail which contains a portable document format (.pdf) file of an executed signature page, such signature page shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such signature page were an original thereof.

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(c) Headings; Gender. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement. Unless the context clearly indicates otherwise, each pronoun herein shall be deemed to include the masculine, feminine, neuter, singular and plural forms thereof. The terms "including," "includes," "include" and words of like import shall be construed broadly as if followed by the words "without limitation." The terms "herein," "hereunder," "hereof" and words of like import refer to this entire Agreement instead of just the provision in which they are found.

(d) Severability; Maximum Payment Amounts. If any provision of this Agreement is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Agreement so long as this Agreement as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s). Notwithstanding anything to the contrary contained in this Agreement or any other Transaction Document (and without implication that the following is required or applicable), it is the intention of the parties that in no event shall amounts and value paid by the Company and/or any of its Subsidiaries (as the case may be), or payable to or received by the Creditor, under the Transaction Documents (including without limitation, any amounts that would be characterized as "interest" under Applicable Law) exceed amounts permitted under any Applicable Law. Accordingly, if any obligation to pay, payment made to the Creditor, or collection by the Creditor pursuant the Transaction Documents is finally judicially determined to be contrary to any such Applicable Law, such obligation to pay, payment or collection shall be deemed to have been made by mutual mistake of the Creditor, the Company and its Subsidiaries and such amount shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by the Applicable Law. Such adjustment shall be effected, to the extent necessary, by reducing or refunding, at the option of the Creditor, the amount of interest or any other amounts which would constitute unlawful amounts required to be paid or actually paid to the Creditor under the Transaction Documents. For greater certainty, to the extent that any interest, charges, fees, expenses or other amounts required to be paid to or received by the Creditor under any of the Transaction Documents or related thereto are held to be within the meaning of "interest" or another applicable term to otherwise be violative of Applicable Law, such amounts shall be pro-rated over the period of time to which they relate.

(e) Entire Agreement; Amendments. This Agreement and the schedules and exhibits attached hereto contain the entire understanding of the parties solely with respect to the matters covered herein. For clarification purposes, the Recitals are part of this Agreement. No provision of this Agreement may be amended other than by an instrument in writing signed by all of the parties.

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(f) Notices. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party) or electronic mail (provided that such sent email is kept on file (whether electronically or otherwise) by the sending party and the sending party does not receive an automatically generated message from the recipient' s email server that such e-mail could not be delivered to such recipient); or (iii) one (1) Business Day after deposit with an overnight courier service with next day delivery specified, in each case, properly addressed to the party to receive the same. The addresses, facsimile numbers and e-mail addresses for such communications shall be:

If to the Company:

Sundial Growers Inc.
919 - 11 Avenue SW, Suite 200
Calgary, AB, Canada T2R 1P3
Telephone: (403) 948-5227
Attention: Chief Executive Officer, Chief Financial Officer,
General Counsel and Vice President Finance
E-Mail: *[Redacted: Confidential Information]*

With a copy (for informational purposes only) to:

Shearman & Sterling LLP
599 Lexington Avenue
New York, NY 10022-6069
Telephone: (212) 848-4000
Attention: Jason Lehner, Esq. and Merritt Johnson, Esq.
E-Mail: JLehner@Shearman.com and
Merritt.Johnson@Shearman.com

And to:

McCarthy Tétrault LLP
Suite 4000, 421 7th Avenue SW
Calgary, AB T2P 4K9
Telephone: (403) 260-3500
Attention: Gregory Turnbull and Nathan Robb
E-Mail: gturnbull@mccarthy.ca and nrobb@mccarthy.ca

or to such other address, e-mail address and/or facsimile number and/or to the attention of such other Person as the Company has specified by written notice given to each other party five (5) days prior to the effectiveness of such change.

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If to the Transfer Agent:

Odyssey Trust Company

1230 – 300 5th Ave SW
Telephone: (587) 392-6062
Attention Gail Hibbs
E-Mail: ghibbs@odysseytrust.com

If to the Creditor, to its address, e-mail address and facsimile number set forth in Schedule "A", with copies to the Creditor' s representatives as set forth in Schedule "A",

with a copy (for informational purposes only) to:

SAF Jackson II LP
1900, 333 7th Avenue S.W.
Calgary, Alberta T2P 2Z1
Attention: Ryan Dunfield
E-mail: *[Redacted: Confidential Information]*

And to:

Stikeman Elliott LLP
4300 Bankers Hall West
888 - 3rd Street S.W.
Calgary, Alberta T2P 5C5
Attention: Leland Corbett and Brad Ashkin
E-mail: LCorbett@stikeman.com and BAshkin@stikeman.com

or to such other address, e-mail address and/or facsimile number and/or to the attention of such other Person as the recipient party has specified by written notice given to each other party five (5) days prior to the effectiveness of such change. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender' s facsimile machine or e-mail containing the time, date, recipient facsimile number or e-mail address and, with respect to each facsimile transmission, an image of the first page of such transmission or (C) provided by an overnight courier service shall be rebuttable evidence of personal service, receipt by facsimile or e-mail or receipt from an overnight courier service in accordance with clause (i), (ii) or (iii) above, respectively.

(g) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns, including any purchasers of any of the Note and Warrants. The Company shall not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Creditor, including by way of a Fundamental Transaction (as defined in the Warrants) (unless the Company is in compliance with the applicable provisions governing Fundamental Transactions set forth in the Warrants) or a Fundamental Transaction (as defined in the Note) (unless the Company is in compliance with the applicable provisions governing Fundamental Transactions set forth in the Note). The Creditor

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may assign this Agreement and any rights or obligations hereunder without the consent of the Company.

(h) No Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, other than the Indemnitees referred to in Section 10(k).

(i) Survival. The representations, warranties, agreements and covenants in this Agreement shall survive the Closing.

(j) Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as any other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

(k) Indemnification. In consideration of Creditor' s execution and delivery of the Transaction Documents and acquiring the Securities thereunder and in addition to all of the Company' s other obligations under the Transaction Documents, the Company shall defend, protect, indemnify and hold harmless the Creditor and each holder of any Securities and all of their shareholders, partners, members, officers, directors, employees and direct or indirect investors and any of the foregoing Persons' agents or other representatives (including those retained in connection with the transactions contemplated by this Agreement) (collectively, the "**Indemnitees**") from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (irrespective of whether any such Indemnitee is a party to the action for which indemnification hereunder is sought), and including reasonable attorneys' fees and disbursements (the "**Indemnified Liabilities**"), incurred by any Indemnitee as a result of, or arising out of, or relating to (i) any misrepresentation or breach of any representation or warranty made by the Company or any Subsidiary in any of the Transaction Documents, (ii) any breach of any covenant, agreement or obligation of the Company or any Subsidiary contained in any of the Transaction Documents or (iii) any cause of action, suit, proceeding or claim brought or made against such Indemnitee by a third party (including for these purposes a derivative action brought on behalf of the Company or any Subsidiary) or which otherwise involves such Indemnitee that arises out of or results from (A) the execution, delivery, performance or enforcement of any of the Transaction Documents, (B) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of the issuance of the Securities, (C) any disclosure properly made by the Creditor pursuant to Section 4(j), or (D) the status of the Creditor or holder of the Securities either as an investor in the Company pursuant to the transactions contemplated by the Transaction Documents or as a party to this Agreement (including as a party in interest or otherwise in any action or proceeding for injunctive or other equitable relief). To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under Applicable Law. Except as otherwise set forth herein, the mechanics and procedures with respect to the rights and obligations under this Section 10(k) shall be the same as those set forth in the Registration Rights Agreement.

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(m) Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party. No specific representation or warranty shall limit the generality or applicability of a more general representation or warranty. Each and every reference to share prices, Common Shares and any other numbers in this Agreement that relate to the Common Shares shall be automatically adjusted for any share splits, share dividends, share combinations, recapitalizations or other similar transactions that occur with respect to the Common Shares after the date of this Agreement. Notwithstanding anything in this Agreement to the contrary, for the avoidance of doubt, nothing contained herein shall constitute a representation or warranty against, or a prohibition of, any actions with respect to the borrowing of, arrangement to borrow, identification of the availability of, and/or securing of, securities of the Company in order for the Creditor (or its broker or other financial representative) to effect short sales or similar transactions in the future.

(n) Remedies. The Creditor and in the event of assignment by the Creditor of its rights and obligations hereunder, each holder of Securities, shall have all rights and remedies set forth in the Transaction Documents and all rights and remedies which such holders have been granted at any time under any other agreement or contract and all of the rights which such holders have under any law. Any Person having any rights under any provision of this Agreement shall be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law. Furthermore, the Company recognizes that in the event that it or any Subsidiary fails to perform, observe, or discharge any or all of its or such Subsidiary' s (as the case may be) obligations under the Transaction Documents, any remedy at law would inadequate relief to the Creditor. The Company therefore agrees that the Creditor shall be entitled to specific performance and/or temporary, preliminary and permanent injunctive or other equitable relief from any court of competent jurisdiction in any such case without the necessity of proving actual damages and without posting a bond or other security. The remedies provided in this Agreement and the other Transaction Documents shall be cumulative and in addition to all other remedies available under this Agreement and the other Transaction Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief).

(o) Currency. Unless otherwise specified, all dollar amounts referred to in this Agreement are in Canadian dollars.

[signature pages follow]

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IN WITNESS WHEREOF, the Creditor and the Company have caused their respective signature page to this Agreement to be duly executed as of the date first written above.

COMPANY:

SUNDIAL GROWERS INC.

By: /s/ Jim Keough
Name: Jim Keough
Title: Chief Financial Officer

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IN WITNESS WHEREOF, the Creditor and the Company have caused their respective signature page to this Agreement to be duly executed as of the date first written above.

CREDITOR:

SAF JACKSON II LP, by its general partner,
SAF JACKSON II INC.

By: /s/ Aaron Bunting
Name: Aaron Bunting
Title: Chief Financial Officer

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SCHEDULE "A"

SCHEDULE OF THE CREDITOR

(1) Creditor	(2) Address and Facsimile Number	(3) Aggregate Number of Warrant Shares and Exercise Price	(4) Legal Representative' s Address and Facsimile Number
SAF JACKSON II LP SAF JACKSON II LP	SAF Jackson II LP 1900 Dome Tower – 333 7th Avenue SW Calgary, AB T2P 2Z1 Attention: Principal, Chief Executive Officer and Principal, General Counsel	Up to 17,500,000 at $1.20 and 17,500,000 at $1.00	Stikeman Elliott LLP 4300 Bankers Hall West 888 - 3rd Street S.W. Calgary, Alberta T2P 5C5 Attention: Leland Corbett and Brad Ashkin E-mail: LCorbett@stikeman.com and BAshkin@stikeman.com
TOTAL		35,000,000	

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The Creditor is (please check the applicable box):

___ an "insider" of the Company (as such term is defined in the *Securities Act* (Alberta))

___ a "registrant" (as such term is defined in the *Securities Act* (Alberta))

___ neither of the above

Register the Note and Warrants as Set Forth Below:

_____

(NAME)

_____

ADDRESS

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SCHEDULE "B"
FORM OF NOTE

SECURED SECOND LIEN CONVERTIBLE NOTE

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE CONVERTIBLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL TO THE HOLDER (IF REQUESTED BY THE COMPANY), IN A FORM REASONABLY ACCEPTABLE TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD OR ELIGIBLE TO BE SOLD PURSUANT TO RULE 144, REGULATION S OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

ANY TRANSFEREE OF THIS NOTE SHOULD CAREFULLY REVIEW THE TERMS OF THIS NOTE, INCLUDING SECTIONS 3(c)(iii) AND 18(a) HEREOF. THE PRINCIPAL AMOUNT REPRESENTED BY THIS NOTE AND, ACCORDINGLY, THE SECURITIES ISSUABLE UPON CONVERSION HEREOF MAY BE LESS THAN THE AMOUNTS SET FORTH ON THE FACE HEREOF PURSUANT TO SECTION 3(c)(iii) OF THIS NOTE.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE DISTRIBUTION DATE].

SUNDIAL GROWERS INC.

SECURED SECOND LIEN CONVERTIBLE NOTE

Issuance Date: June 5, 2020 (the "**Issuance Date**") **Original Principal Amount:** C$73,227,465.75

FOR VALUE RECEIVED, Sundial Growers Inc., a company existing under the laws of the Province of Alberta, Canada (the "**Company**"), hereby promises to pay to the order of SAF JACKSON II LP or its permitted assigns (the "**Holder**") the amount set forth above as the Original Principal Amount (as increased or reduced pursuant to the terms hereof pursuant to PIK, redemption, conversion or otherwise, the "**Principal**") when due, whether upon the Maturity Date, or upon acceleration, redemption or otherwise (in each case in accordance with the terms hereof) and, upon any Triggering Event, to pay interest ("**Interest**") on any outstanding Principal at the

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applicable Triggering Event Rate until the same becomes due and payable, whether upon the Maturity Date or upon acceleration, conversion, redemption or otherwise (in each case in accordance with the terms hereof). This Secured Second Lien Convertible Note (including all Secured Second Lien Convertible Notes issued in exchange, transfer or replacement hereof, this "**Note**") is issued pursuant to the securities restructuring agreement (the "**Securities Restructuring Agreement**") dated as of the Issuance Date between the Company and the Holder, as amended from time to time. Certain capitalized terms used herein are defined in Section 31. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Securities Restructuring Agreement.

The Company acknowledges to the Holder as of the date hereof that:

(1) the Parent Obligations Outstanding are amended, modified and restated in their entirety on the terms and conditions, and in the form, of this Note and, as so amended, modified and restated, are ratified and confirmed; and

(2) the Parent Obligations Outstanding shall, subject only to the effect of the amendments and modifications to the Original Credit Agreement, as assumed by the Company pursuant to the Restructuring and Novation Agreement, effected by this Note, continue in full force and effect as rights, obligations and indebtedness under this Note, all in accordance with and subject to the provisions herein set forth; provided that nothing in this Note shall constitute a new loan or loans or the provision of new credit or the effective repayment and readvance or replacement of the Parent Obligations Outstanding as of the date hereof, and the liability of the Company in respect of Parent Obligations Outstanding shall be and be deemed to be continued under and governed by this Note from and after the date hereof.

1. PAYMENTS OF PRINCIPAL. On the Maturity Date, the Company shall pay to the Holder an amount in cash representing all outstanding Principal, accrued and unpaid Interest (if any) on such Principal and Interest. The Company may prepay any portion of the outstanding Principal, accrued and unpaid Interest on Principal and Interest, if any, at any time prior to the Maturity Date in its sole discretion subject to the Intercreditor Agreement.

2. INTEREST; INTEREST RATE.

(a) This Note shall not bear Interest except upon the occurrence (and during the continuance) of a Triggering Event (as defined below), in which case this Note shall bear interest at a rate of three percent (3.0%) per annum (the "**Triggering Event Rate**") of the then outstanding Principal. In the event that such Triggering Event is subsequently cured or waived in accordance with the terms of this Note (and no other Triggering Event then exists (including for the Company' s failure to pay such Interest at the Triggering Event Rate on the applicable Interest Date (as defined below))), Interest hereunder shall cease to accrue as of the calendar day immediately following the date of such cure or waiver; *provided* that the Interest as calculated and unpaid during the continuance of such Triggering Event shall continue to apply to the extent relating to the days after the occurrence of such Triggering Event through and including the date of such cure or waiver of such Triggering Event.

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(b) Interest on this Note shall (i) commence accruing upon the occurrence of a Triggering Event, (ii) be computed on the basis of a 360-day year and twelve 30-day months, (iii) compound each calendar month, (iv) be payable on the first Trading Day of each such calendar month in which Interest accrues hereunder (each, an "**Interest Date**") in accordance with the terms of this Note and (v) if unpaid on an Interest Date, shall compound on such Interest Date. Interest shall be paid on such Interest Date, at the option of the Company, in cash or by PIK. Prior to the payment of Interest on an Interest Date, Interest on this Note shall be payable by way of inclusion of such Interest in the Conversion Amount (as defined below) on each Conversion Date (as defined below) in accordance with Section 3(b)(i) or upon any redemption in accordance with Section 11 or any required payment upon any Bankruptcy Event of Default (as defined in Section 4(a) below).

(c) For purposes of the Interest Act (Canada), (i) whenever any Interest under this Note is calculated using a rate based on a year of 360 days the rate determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate based on a year of 360 days (y) multiplied by the actual number of days in the calendar year in which the period for which such Interest is payable (or compounded) ends, and (z) divided by 360, (ii) the principle of deemed reinvestment of interest does not apply to any Interest calculation under this Note, and (iii) the rates of Interest stipulated in this Note are intended to be nominal rates and not effective rates or yields.

(d) If any provision of this Note or of any of the other Transaction Documents would obligate any Note Party to make any payment of Interest or other amount payable to the Holder in an amount or calculated at a rate which would be prohibited by Applicable Law or would result in a receipt by the Holder of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)) then, notwithstanding such provisions, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by Applicable Law or so result in a receipt by the Holder of interest at a criminal rate, such adjustment to be effected, to the extent necessary, as follows: firstly, by reducing the amount or rate of interest required to be paid to the Holder under the applicable Transaction Document, and thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to the Holder which would constitute "interest" for purposes of Section 347 of the Criminal Code (Canada).

3. CONVERSION OF NOTES. At any time after the earlier of (the "**Threshold Date**"): (x) the date upon which the aggregate amount of New Investor Indebtedness outstanding under the New Investor Convertible Notes is less than *[Redacted: Commercially sensitive]* and (y) February 1, 2021, this Note shall be convertible, in whole or in part, into validly issued, fully paid and non-assessable Common Shares, on the terms and conditions set forth in this Section 3. The Company will provide prompt written notice to the Holder upon the threshold in clause (x) of the immediately preceding sentence being satisfied and specifying the date thereof.

(a) Conversion Right. Subject to the provisions of Section 3(d), at any time or times on or after the Threshold Date, the Holder shall be entitled to convert any portion of the outstanding and unpaid Conversion Amount (as defined below) into validly issued, fully paid and non-assessable Common Shares in accordance with Section 3(c), at the

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Conversion Rate (as defined below). The Company shall not issue any fraction of a Common Share upon any conversion. If the issuance would result in the issuance of a fraction of a Common Share, the Company shall round such fraction of a Common Share up to the nearest whole share. The Company shall pay any and all transfer, stamp, issuance and similar taxes, costs and expenses (including fees and expenses of the Transfer Agent) that may be payable with respect to the issuance and delivery of Common Shares upon conversion of any Conversion Amount.

(b) Conversion Rate. The number of Common Shares issuable upon conversion of any Conversion Amount pursuant to Section 3(a) shall be determined by dividing (x) such Conversion Amount by (y) the Conversion Price (the "**Conversion Rate**").

(i) "**Conversion Amount**" means the sum of (x) the portion of the Principal to be converted, redeemed or otherwise with respect to which this determination is being made and (y) all accrued and unpaid Interest with respect to such portion of the Principal amount, if any.

(ii) "**Conversion Price**" means, as of any Conversion Date or other date of determination, US$1.00, subject to adjustment as provided herein.

(c) Mechanics of Conversion.

(i) Optional Conversion. To convert any Conversion Amount into Common Shares on any date (a "**Conversion Date**"), the Holder shall deliver (whether via electronic mail or otherwise), for receipt on or prior to 5:00 p.m., New York time, on such date, a copy of an executed notice of conversion in the form attached hereto as Exhibit I (the "**Conversion Notice**") to the Company. If required by Section 3(c)(iii), within two (2) Trading Days following a conversion of this Note as aforesaid, the Holder shall surrender this Note to a nationally recognized overnight delivery service for delivery to the Company (or an indemnification undertaking with respect to this Note in the case of its loss, theft or destruction as contemplated by Section 18(b)). On or before the first (1st) Trading Day following the date of receipt of a Conversion Notice, the Company shall transmit by electronic mail or otherwise a treasury direction and acknowledgment of confirmation and representation as to whether or not such Common Shares may then be resold pursuant to Rule 144 without limitations with respect to the volume or manner of sale restrictions set forth therein or an effective and available registration statement, and as to whether or not such Common Shares are subject to any restricted or hold periods under applicable Canadian Securities Laws or a Canadian Prospectus (as defined in the Registration Rights Agreement) qualifying their distribution has been filed and a receipt or a decision document from the applicable Canadian Securities Commissions (as defined in the Registration Rights Agreement) in connection therewith has been obtained, in the form attached hereto as Exhibit II, of receipt of such Conversion Notice to the Holder and the Transfer Agent which confirmation shall constitute an instruction to the Transfer Agent to process such Conversion Notice in accordance with the terms herein. On or before the second (2nd) Trading Day following the date on which the Company has received a Conversion

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Notice (the "**Share Delivery Deadline**"), the Company shall (1) provided that the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program and the Required Unrestricted Conditions are satisfied, credit such aggregate number of Common Shares to which the Holder shall be entitled pursuant to such conversion to the Holder' s or its designee' s balance account with DTC through its Deposit/Withdrawal at Custodian system or (2) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or the Required Unrestricted Conditions are not satisfied, upon the request of the Holder, issue and deliver (via reputable overnight courier) to the address as specified in the Conversion Notice, a certificate, registered in the name of the Holder or its designee, for the number of Common Shares to which the Holder shall be entitled pursuant to such conversion. If this Note is physically surrendered for conversion pursuant to Section 3(c)(iii) and the outstanding Principal of this Note is greater than the Principal portion of the Conversion Amount being converted, then the Company shall as soon as practicable and in no event later than two (2) Business Days after receipt of this Note and at its own expense, issue and deliver to the Holder (or its designee) a new Note (in accordance with Section 18(d)) representing the outstanding Principal not converted. The Person or Persons entitled to receive the Common Shares issuable upon a conversion of this Note shall be treated for all purposes as the record holder or holders of such Common Shares on the Conversion Date. Notwithstanding anything to the contrary contained in this Note or the Registration Rights Agreement, after the Effective Date (as defined in the Registration Rights Agreement) of the Registration Statement (as defined in the Registration Rights Agreement) and after a receipt or a decision document from the applicable Canadian Securities Commissions has been obtained in relation to the equivalent Canadian Prospectus (as defined in the Registration Rights Agreement), but prior to the Holder' s receipt of a notice of a Suspension (as defined in the Registration Rights Agreement), the Company shall cause the Transfer Agent to deliver unlegended Common Shares to the Holder (or its designee) in connection with any sale of Registrable Securities (as defined in the Registration Rights Agreement) with respect to which the Holder has been named in the Registration Statement and has certified that such Holder has entered into a contract for sale, an arrangement with a broker for sale or a 10b5-1 plan and delivered a copy of the prospectus included as part of the particular Registration Statement to the extent applicable, and for which the Holder has not yet settled.

(ii) Company' s Failure to Timely Convert. If the Company shall fail, for any reason or for no reason, on or prior to the applicable Share Delivery Deadline, either (I) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or the Required Unrestricted Conditions are not satisfied, to issue and deliver to the Holder (or its designee) a certificate for the number of Common Shares to which the Holder is entitled and register such Common Shares on the Company' s share register or, if the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program and the Required Unrestricted Conditions are satisfied, to credit the balance account of the Holder or the Holder' s designee with DTC for such number of Common Shares to which the Holder is entitled upon the Holder' s conversion of this Note (as the case may be) or (II) if after the Effective Date (as defined in the Registration Rights Agreement), the Registration

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Statement covering the resale of the Common Shares that are the subject of the Conversion Notice (the "**Unavailable Conversion Shares**") is not available for the resale of such Unavailable Conversion Shares and the Company fails to promptly, but in no event later than as required pursuant to the Registration Rights Agreement (x) so notify the Holder and (y) deliver the Common Shares electronically without any restrictive legend by crediting such aggregate number of Common Shares to which the Holder is entitled pursuant to such exercise to the Holder' s or its designee' s balance account with DTC through its Deposit/Withdrawal At Custodian system (the event described in the immediately foregoing clause (II) is hereinafter referred as a "**Notice Failure**" and together with the event described in clause (I) above, a "**Conversion Failure**"), then, in addition to all other remedies available to the Holder, (1) the Company shall pay in cash to the Holder on each day after such Share Delivery Deadline that the issuance of such Common Shares is not timely effected an amount equal to 0.75% of the product of (A) the sum of the number of Common Shares not issued to the Holder on or prior to the Share Delivery Deadline and to which the Holder is entitled, multiplied by (B) any trading price of the Common Shares selected by the Holder in writing as in effect at any time during the period beginning on the applicable Conversion Date and ending on the applicable Share Delivery Deadline and (2) the Holder, upon written notice to the Company, may void its Conversion Notice with respect to, and retain or have returned (as the case may be) any portion of this Note that has not been converted pursuant to such Conversion Notice, provided that the voiding of a Conversion Notice shall not affect the Company' s obligations to make any payments which have accrued prior to the date of such notice pursuant to this Section 3(c)(ii) or otherwise. In addition to the foregoing, if on or prior to the Share Delivery Deadline either (A) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or the Required Unrestricted Conditions are not satisfied, the Company shall fail to issue and deliver to the Holder (or its designee) a certificate and register such Common Shares on the Company' s share register or, if the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program and the Required Unrestricted Conditions are satisfied, the Transfer Agent shall fail to credit the balance account of the Holder or the Holder' s designee with DTC for the number of Common Shares to which the Holder is entitled upon the Holder' s conversion hereunder or pursuant to the Company' s obligation pursuant to clause (II) below or (B) a Notice Failure occurs, and if on or after such Share Delivery Deadline the Holder purchases (in an open market transaction or otherwise) Common Shares corresponding to all or any portion of the number of Common Shares issuable upon such conversion that the Holder is entitled to receive from the Company and has not received from the Company in connection with such Conversion Failure or Notice Failure, as applicable (a "**Buy-In**"), then, in addition to all other remedies available to the Holder, the Company shall, within two (2) Business Days after receipt of the Holder' s request and in the Holder' s discretion, either: (I) pay cash to the Holder in an amount equal to the Holder' s total purchase price (including brokerage commissions and other out-of-pocket expenses, if any) for the Common Shares so purchased (including by any other Person in respect, or on behalf, of the Holder) (the "**Buy-In Price**"), at which point the Company' s obligation to so issue and deliver such certificate (and to issue such Common Shares) or credit the balance account of such

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Holder or such Holder' s designee, as applicable, with DTC for the number of Common Shares to which the Holder is entitled upon the Holder' s conversion hereunder (as the case may be) (and to issue such Common Shares) shall terminate, or (II) promptly honor its obligation to so issue and deliver to the Holder a certificate or certificates representing such Common Shares or credit the balance account of such Holder or such Holder' s designee, as applicable, with DTC for the number of Common Shares to which the Holder is entitled upon the Holder' s conversion hereunder (as the case may be) and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (x) such number of Common Shares multiplied by (y) the lowest Closing Sale Price of the Common Shares on any Trading Day during the period commencing on the date of the applicable Conversion Notice and ending on the date of such issuance and payment under this clause (II) (the "**Buy-In Payment Amount**"). Nothing shall limit the Holder' s right to pursue any other remedies available to it hereunder, at law or in equity, including a decree of specific performance and/or injunctive relief with respect to the Company' s failure to timely deliver certificates representing Common Shares (or to electronically deliver such Common Shares) upon the conversion of this Note as required pursuant to the terms hereof. Notwithstanding anything herein to the contrary, with respect to any given Notice Failure and/or Conversion Failure, this Section 3(c)(ii) shall not apply to the Holder to the extent the Company has already paid such amounts in full to such Holder with respect to such Notice Failure and/or Conversion Failure, as applicable, pursuant to the analogous sections of the Securities Restructuring Agreement.

(iii) Registration; Book-Entry. The Company shall maintain a register (the "**Register**") for the recordation of the names and addresses of the holders of each Note and the principal amount of the Notes held by such holders (the "**Registered Notes**"). The entries in the Register shall be conclusive and binding for all purposes absent manifest error. The Company and the holders of the Notes shall treat each Person whose name is recorded in the Register as the owner of a Note for all purposes (including the right to receive payments of Principal and Interest hereunder) notwithstanding notice to the contrary. A Registered Note may be assigned, transferred or sold in whole or in part only by registration of such assignment or sale on the Register. Upon its receipt of a written request to assign, transfer or sell all or part of any Registered Note by the holder thereof, the Company shall record the information contained therein in the Register and issue one or more new Registered Notes in the same aggregate principal amount as the principal amount of the surrendered Registered Note to the designated assignee or transferee pursuant to Section 18, provided that if the Company does not so record an assignment, transfer or sale (as the case may be) of all or part of any Registered Note within two (2) Business Days of such a request, then the Register shall be automatically deemed updated to reflect such assignment, transfer or sale (as the case may be). Notwithstanding anything to the contrary set forth in this Section 3, following conversion of any portion of this Note in accordance with the terms hereof, the Holder shall not be required to physically surrender this Note to the Company unless (A) the full Conversion Amount represented by this Note is being converted (in which event this Note shall be delivered to the Company following conversion thereof as contemplated by Section 3(c)) or (B) the Holder has provided the Company with prior written notice (which notice may be included in a Conversion

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Notice) requesting reissuance of this Note upon physical surrender of this Note. The Holder and the Company shall maintain records showing the Principal, Interest converted and/or paid (as the case may be) and the dates of such conversions and/or payments (as the case may be) or shall use such other method, reasonably satisfactory to the Holder and the Company, so as not to require physical surrender of this Note upon conversion. If the Company does not update the Register to record such Principal, Interest converted and/or paid (as the case may be) and the dates of such conversions, and/or payments (as the case may be) within two (2) Business Days of such occurrence, then the Register shall be automatically deemed updated to reflect such occurrence.

(d) Limitations on Conversions. The Company shall not effect the conversion of any portion of this Note, and the Holder shall not have, and irrevocably and unconditionally waives, the right to convert any portion of this Note pursuant to the terms and conditions of this Note and any such conversion shall be null and void and treated as if never made, to the extent that after giving effect to such conversion (i) the Holder together with the other Attribution Parties collectively would beneficially own, or (ii) the Holder would have beneficial ownership of, or control or direction over, whether direct or indirect, or a combination of beneficial ownership of, and control or direction over, whether direct or indirect, Common Shares in excess of 9.99% (the "**Maximum Percentage**") of the outstanding Common Shares immediately after giving effect to such conversion. For purposes of the foregoing sentence, the aggregate number of Common Shares beneficially owned or beneficially owned, or controlled or directed, as applicable, by the applicable Person(s) shall include the number of Common Shares held by the applicable Person(s) plus the number of Common Shares issuable upon conversion of this Note with respect to which the determination of such sentence is being made, but shall exclude Common Shares which would be issuable in excess of the Maximum Percentage upon (A) conversion of the remaining, nonconverted portion of this Note and (B) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including any convertible notes or convertible preferred shares or warrants, including the Warrants) that are subject to a limitation on conversion or exercise analogous to the limitation contained in this Section 3(d). For purposes of Section 3(d)(i), beneficial ownership shall be calculated in accordance with Section 13(d) of the 1934 Act and for purposes of Section 3(d)(ii), beneficial ownership, or control or direction over, shall be determined in accordance with NI 55-104 and NI 62-104, and, in each case, having regard to the Maximum Percentage. For purposes of determining the number of outstanding Common Shares the Holder may acquire upon the conversion of this Note without exceeding the Maximum Percentage, the Holder may rely on the number of outstanding Common Shares as reflected in (x) the Company' s most recent Annual Report on Form 20-F, Report of Foreign Issuer on Form 6-K or other public filing with the SEC, as the case may be, (y) a more recent public announcement by the Company, or (z) any other written notice by the Company or the Transfer Agent, if any, setting forth the number of Common Shares outstanding (the "**Reported Outstanding Share Number**"). If the Company receives a Conversion Notice from the Holder at a time when the actual number of outstanding Common Shares is less than the Reported Outstanding Share Number, the Company shall (i) notify the Holder in writing of the number of Common Shares then outstanding and, to the extent that such Conversion Notice would otherwise cause the Holder' s beneficial ownership, as determined pursuant to this Section 3(d), to exceed the Maximum

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Percentage, the Holder must notify the Company of a reduced number of Common Shares to be purchased pursuant to such Conversion Notice (the number of Common Shares by which such conversion is reduced, the "**Reduction Shares**") and (ii) as soon as reasonably practicable, return the Conversion Amount related to the Reduction Shares to the Holder. For any reason at any time, upon the written or oral request of the Holder, the Company shall within one (1) Business Day confirm orally and in writing or by electronic mail to the Holder the number of Common Shares then outstanding. In any case, the number of outstanding Common Shares shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Note, by the applicable Person(s) since the date as of which the Reported Outstanding Share Number was reported. In the event that the issuance of Common Shares to the Holder upon conversion of this Note results in the applicable Person(s) being deemed to beneficially own or beneficially own, or have control or direction over, as applicable, in the aggregate, more than the Maximum Percentage of the number of outstanding Common Shares (as determined under Section 13(d) of the 1934 Act or NI 55-104 and NI 62-104, as applicable), the number of Common Shares so issued by which the applicable Person(s')' s aggregate beneficial ownership or beneficial ownership, or control or direction over, as applicable exceeds the Maximum Percentage (the "**Excess Shares**") shall be deemed null and void and shall be cancelled ab initio, and the Holder shall not have the power to vote or to transfer the Excess Shares and the Holder irrevocably and unconditionally waives its right to vote and to transfer the Excess Shares. As soon as reasonably practicable after the issuance of the Excess Shares has been deemed null and void, the Company shall return the Conversion Amount related to the Excess Shares to the Holder. Upon delivery of a written notice to the Company, the Holder may from time to time decrease or, following any such decrease, increase (with such increase not effective until the sixty-first (61st) day after delivery of such notice) the Maximum Percentage to any other percentage not in excess of 9.99% as specified in such notice; *provided* that (x) any such increase in the Maximum Percentage will not be effective until the sixty-first (61st) day after such notice is delivered to the Company and (y) any such increase or decrease will apply only to the applicable Person(s) of the Holder. For purposes of clarity, the Common Shares issuable pursuant to the terms of this Note in excess of the Maximum Percentage shall not be deemed to be beneficially owned or beneficially owned, or controlled or directed, as applicable, by the Holder for any purpose including for purposes of Section 13(d) or Rule 16a-1(a)(1) of the 1934 Act or NI 55-104 and NI 62-104, as applicable. No prior inability to convert this Note pursuant to this Section 3(d) shall have any effect on the applicability of the provisions of this Section 3(d) with respect to any subsequent determination of convertibility. The provisions of this Section 3(d) shall not be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 3(d) to the extent necessary to correct this Section 3(d) (or any portion of this Section 3(d)) which may be defective or inconsistent with the intended beneficial ownership or beneficial ownership, or control or direction of limitations contained in this Section 3(d) or to make changes or supplements necessary or desirable to properly give effect to such limitations. The limitations contained in this Section 3(d) may not be waived and shall apply to a successor holder of this Note and the Holder affirms the Company' s right to enforce such limitations.

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(e) Right of Alternate Conversion.

(i) General.

(1) Alternate Optional Conversion. On the first day of each calendar month commencing on the Threshold Date, an additional C$10,000,000 of Conversion Amount of this Note shall become eligible for an Alternate Optional Conversion hereunder (such accumulated portion of the Conversion Amount of this Note available for an Alternate Optional Conversion hereunder (or such greater amount agreed to by the Company and the Holder from time to time), collectively, the "**Available Optional Conversion Amount**"); provided, that the Company acknowledges and agrees that at the time of effectiveness of such voluntary increase, such voluntary increase shall not constitute material non-public information. Subject to Section 3(d), at any time, at the option of the Holder, the Holder may convert (each, an "**Alternate Optional Conversion**", and the date of such Alternate Optional Conversion, an "**Alternate Optional Conversion Date**") all, or any part, of the Available Optional Conversion Amount, if any, of this Note into Common Shares (such portion of the Conversion Amount subject to such Alternate Optional Conversion, the "**Alternate Optional Conversion Amount**") at the Alternate Optional Conversion Price. For the avoidance of doubt, any portion of the Available Optional Conversion Amount that is not converted in an Alternate Optional Conversion in the calendar month that it becomes part of the Available Optional Conversion Amount will be available for conversion in an Alternate Optional Conversion by the Holder at any time in any subsequent calendar month thereafter.

(2) Alternate Conversion Upon a Triggering Event. Following the Threshold Date and subject to Section 3(d), at any time after the occurrence of a Triggering Event, the Holder may, at the Holder' s option, convert (each, an "**Alternate Triggering Event Conversion**" and together with each Alternate Optional Conversion, each, an "**Alternate Conversion**", and the date of such Alternate Triggering Event Conversion, each, an "**Alternate Triggering Event Conversion Date**", and together with each Alternate Optional Conversion Date, each, an "**Alternate Conversion Date**") all, or any part of, the outstanding and unpaid Conversion Amount (such portion of the Conversion Amount subject to such Alternate Conversion, the "**Alternate Triggering Event Conversion Amount**" and together with each Alternate Optional Conversion Amount, each, an "**Alternate Conversion Amount**") into Common Shares at the Alternate Triggering Event Conversion Price.

(ii) Mechanics of Alternate Conversion. On any Alternate Conversion Date, the Holder may voluntarily convert any Alternate Conversion Amount pursuant to Section 3(c) (except (A) in any Alternate Optional Conversion, with "Alternate Optional Conversion Price" replacing "Conversion Price" for all purposes hereunder with respect to such Alternate Optional Conversion and, (B) in any Alternate Triggering Event Conversion, with "Alternate Triggering Event Conversion Price" replacing "Conversion Price" for all purposes hereunder with respect to such Alternate Triggering Event Conversion and "Redemption Premium

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of the Conversion Amount" replacing "Conversion Amount" in clause (x) of the definition of Conversion Rate above with respect to such Alternate Triggering Event Conversion), in either case, by designating in the Conversion Notice delivered pursuant to this Section 3(e) that the Holder is electing to use the Alternate Triggering Event Conversion Price or Alternate Optional Conversion Price, as applicable, for such conversion. Notwithstanding anything to the contrary in this Section 3(e), but subject to Section 3(d), until the Company delivers Common Shares representing the applicable Alternate Conversion Amount to the Holder, such Alternate Conversion Amount may be converted by the Holder into Common Shares pursuant to Section 3(c) without regard to this Section 3(e).

4. RIGHTS UPON TRIGGERING EVENT AND EVENT OF DEFAULT.

(a) Triggering Events and Events of Default. Each of the following events shall constitute an "**Triggering Event**", each of the events in clauses (ix) and (x) shall also constitute a "**Bankruptcy Event of Default**", and each of the events in clauses (iii), (vi), (viii), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xviii), (xix), (xx), (xxi), (xxii), (xxiii), (xxiv) and (xxv) together with each Bankruptcy Event of Default and, if the Holder delivers a written notice to the Company that any other Triggering Event has become an Event of Default hereunder, each such other Triggering Event, shall also constitute an "**Event of Default**":

(i) the failure of the applicable Registration Statement to be declared effective by the SEC, or the failure of the applicable Canadians Securities Commissions to have provided a receipt or a decision document in relation to the equivalent Canadian Prospectus, each on or prior to the date that is fifteen (15) days after the applicable Effectiveness Deadline (as defined in the Registration Rights Agreement);

(ii) while the applicable Registration Statement or the equivalent Canadian Prospectus, as the case may be, is required to be maintained effective pursuant to the terms of the Registration Rights Agreement, the effectiveness of the applicable Registration Statement or the equivalent Canadian Prospectus, as the case may be, lapses for any reason (including the issuance of a stop order or the revocation of a receipt or decision document) or such Registration Statement (or the prospectus contained therein) is unavailable to any holder of Registrable Securities (as defined in the Registration Rights Agreement) for sale of all of such holder' s Registrable Securities in accordance with the terms of the Registration Rights Agreement, in either case, only if such lapse or unavailability remains uncured for a period of at least five (5) consecutive Trading Days;

(iii) (a) the suspension from trading or the failure of the Common Shares to be trading or listed (as applicable) on an Eligible Market for a period of five (5) consecutive Trading Days; or (b) an order to cease or suspend trading in the Common Shares or to restrict or prohibit any trading in the Common Shares is made, or proceedings are announced or commenced for the making of any such order, by any of the Canadian Securities Commissions;

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(iv) the Company' s (A) failure to cure a Conversion Failure or a Delivery Failure (as defined in the Warrants) by delivery of the required number of Common Shares within five (5) Trading Days after the applicable Conversion Date or exercise date (as the case may be) or (B) notice, written or oral, to any holder of the Notes or Warrants, including by way of public announcement or through any of its agents, at any time, of its intention not to comply, as required, with a request for conversion of any Notes into Common Shares that is requested in accordance with the provisions of the Notes, other than pursuant to Section 3(d), or a request for exercise of any Warrants for Common Shares in accordance with the provisions of the Warrants;

(v) except to the extent the Company is in compliance with Section 10(b) below, at any time following the tenth (10th) consecutive day that the Holder' s Authorized Share Allocation (as defined in Section 10(a) below) is less than (A) the number of Common Shares that the Holder would be entitled to receive upon a conversion of the full Conversion Amount of this Note (without regard to any limitations on conversion set forth in Section 3(d) or otherwise), and (B) the number of Common Shares that the Holder would be entitled to receive upon exercise in full of the Holder' s Warrants (without regard to any limitations on exercise set forth in the Warrants);

(vi) the Company' s or any Subsidiary' s failure to pay to the Holder any amount of Principal, Interest, or other amounts when and as due under this Note (including the Company' s or any Subsidiary' s failure to pay any redemption payments or amounts hereunder) or any other Transaction Document or any other agreement, document, certificate or other instrument delivered in connection with the transactions contemplated hereby and thereby, except, in the case of a failure to pay Interest when and as due, in which case only if such failure remains uncured for a period of at least three (3) Trading Days;

(vii) the Company fails to remove any restrictive legend on any certificate or any Common Shares issued to the Holder upon conversion or exercise (as the case may be) of any Securities acquired by the Holder under the Securities Restructuring Agreement (including this Note) as and when required by such Securities or the Securities Restructuring Agreement, unless otherwise then prohibited by applicable federal securities laws, and any such failure remains uncured for at least five (5) Trading Days;

(viii) if:

(1) a "Default" (as such term or equivalents are defined under the First Lien Credit Agreement) occurs and such "Default" is not waived or cured within any applicable cure or grace period or if an "Event of Default" (as such term and/or equivalents are defined under the First Lien Credit Agreement) occurs;

(2) a "Default" (as such term or equivalents are defined under the New Investor Convertible Notes) occurs and such "Default" is not waived or cured within any applicable cure or grace period or if an "Event of Default" (as such term and/or equivalents are

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defined under the New Investor Convertible Notes) occurs;

(3) any Note Party or the Person primarily liable or jointly and/or severally liable, in the case of any contingent or joint and/or several obligation of any Note Party (A) fails to pay when due (whether at stated maturity or by required prepayment, acceleration, demand or otherwise) any Indebtedness between itself and any Person (other than any Indebtedness under this Agreement) or (B) is in breach or default under any term or provision of any other document, instrument or agreement evidencing or securing any other Indebtedness between itself and any Person (other than this Agreement) if in the case of (A) or (B) above, such breaches or defaults (in the aggregate) are in respect of an amount which, taken together with (x) any other such breaches or defaults in respect of such other Indebtedness, and (y) any accelerated amounts in respect of such other Indebtedness, exceeds C$700,000, in the aggregate; and, in either case, such breach or default is not remedied within the lesser of ten (10) Business Days or the grace period otherwise applicable thereto (to the extent such breach or default is capable of being cured);

(ix) if any Note Party shall:

(1) apply for or consent to the appointment of a receiver, trustee or liquidator of itself or of all or substantially all of its assets or undertaking;

(2) make or threaten to make a general assignment for the benefit of creditors or make or threaten to make a bulk sale of its assets; or be unable, or admit in writing its inability or failure, to pay its debts generally as they become due;

(3) commence any case, proceeding or other action under any Debtor Relief Laws seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts or an arrangement with creditors or taking advantage of any Debtor Relief Law or proceeding for the relief of debtors, or file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding;

(4) take corporate or partnership action for the purpose of effecting any of the foregoing; or

(5) commit or threaten to commit an act which, if committed by a corporation, would constitute bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) or any statute passed in substitution therefor, as amended from time to time;

(x) if any case, proceeding or other action shall be instituted in any court of competent jurisdiction against any Note Party seeking in respect of it an adjudication in bankruptcy, reorganization, dissolution, winding-up, liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or the like of such Note Party or of all or substantially all of its assets, or any other like relief in respect of such Note Party under any Debtor Relief Law and, if such case, proceeding or other action is being contested by the Company in good faith, the same shall continue undismissed or unstayed and in effect

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for any period of 30 consecutive days; provided that if an order, decree or judgment is granted (whether or not entered or subject to appeal) against a Note Party thereunder or a trustee, receiver or liquidator is appointed in the interim and such order, decree, judgment or appointment is not stayed or discharged within ten (10) Business Days of it being granted, such grace period shall cease to apply;

(xi) other than as specifically set forth in another clause of this Section 4(a), if any representation or warranty made or deemed to be made by the Company or any other Note Party in any Transaction Document, certificate or document shall prove to have been incorrect in any material respect when made or deemed to be made or repeated hereunder or thereunder; provided that if the matter, defect or deficiency which is the subject matter of the misrepresentation is capable of correction or remedy (and not merely by changing the representation made), then if it is not corrected or remedied to the satisfaction of the Holder, acting reasonably, within 20 Business Days after written notice thereof by the Holder to the Company;

(xii) other than as specifically set forth in another clause of this Section 4(a), any covenant or other term or condition of any Transaction Document, except, in the case of a breach of a covenant or other term or condition that is curable, only if such breach remains uncured for a period of five (5) consecutive Trading Days;

(xiii) a materially false or inaccurate certification (including a false or inaccurate deemed certification) by the Company as to whether any Triggering Event or Event of Default has occurred; or

(xiv) any breach or failure in any respect by the Company or any Subsidiary to comply with any provision of clauses 13(b), 13(c), 13(d), 13(e), 13(f), 13(g), 13(h), 13(n), 13(o), 13(v), 13(x), 13(y), 13(z), 13(aa), 13(bb), 13(cc), 13(dd), 13(ee) of Section 13 of this Note, clause 4(d) of the Securities Restructuring Agreement and clauses (a), (b), (f), (h), (i), (n) and (o) of Schedule "F" of the Securities Restructuring Agreement;

(xv) if any Note Party ceases or threatens to cease to carry on business except as permitted pursuant to a Fundamental Transaction;

(xvi) if a final judgment or judgments for the payment of money shall be rendered against any Note Party in an amount in excess of C$1,500,000 and the same shall remain undischarged for a period of twenty (20) Business Days during which such judgment or judgments shall not be on appeal or execution thereof shall not be effectively stayed;

(xvii) if writs, executions, attachments or similar processes are issued or levied against any of the Property of any Note Party in an aggregate amount which is in excess of C$1,500,000 and such writ, execution, attachment or similar process remains undischarged or unreleased for a period of twenty (20) Business Days;

(xviii) if encumbrancers or lienors lawfully take any action against

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a Note Party to take possession or enforce proceedings against any Property of such Note Party having a value in an aggregate amount which is in excess of C$1,500,000, unless subject to a Permitted Contest;

(xix) if any material provision of any Transaction Document continues to be invalid or unenforceable in whole or in a material part, or any of the Security Interests in and to any material Collateral constituted by the Security fails to attach thereto or to have the priority intended thereby, and, in either case, the same is not cured to the satisfaction of the Holder, acting reasonably, within five (5) Business Days after notice thereof by the Holder to the Company;

(xx) if the audited financial statements that are required to be delivered to the Holder pursuant to Section 4(d) of the Securities Restructuring Agreement contain a qualification that is not acceptable to the Holder, acting reasonably, and, if unacceptable, such qualification is not rectified or otherwise dealt with to the satisfaction of the Holder within a period of twenty (20) Business Days after the delivery of such financial statements;

(xxi) if any of the following shall have occurred: (i) any default under any term or provision of any Material Agreement or any other event entitling any counterparty under any Material Agreement to terminate or suspend such Material Agreement, or (ii) any termination, suspension or other loss of any Material License;

(xxii) if the Cannabis Act is repealed and not replaced with similar legislation; or

(xxiii) any Material Adverse Effect occurs.

(b) Notice of a Triggering Event: Event of Default; Redemption Right. Upon the occurrence of a Triggering Event or an Event of Default with respect to this Note, the Company shall within one (1) Business Day deliver written notice thereof via electronic mail and overnight courier (with next day delivery specified) (an "**Default Notice**") to the Holder. At any time after the earlier of the Holder' s receipt of a Default Notice and the Holder becoming aware of an Event of Default and ending (such ending date, the "**Event of Default Right Expiration Date**") on the twentieth (20th) Trading Day after the later of (x) the date such Event of Default is cured and (y) the Holder' s receipt of a Default Notice that includes (I) a reasonable description of the applicable Event of Default, (II) a certification as to whether, in the opinion of the Company, such Event of Default is capable of being cured and, if applicable, a reasonable description of any existing plans of the Company to cure such Event of Default and (III) a certification as to the date the Event of Default occurred and, if cured on or prior to the date of such Default Notice, the applicable Event of Default Right Expiration Date, the Holder may require the Company to redeem (regardless of whether such Event of Default has been cured on or prior to the Event of Default Right Expiration Date) all or any portion of this Note by delivering written notice thereof (the "**Event of Default Redemption Notice**") to the Company, which Event of Default Redemption Notice shall indicate the portion of this Note the Holder is electing to require the Company to redeem. Each portion of this Note subject to redemption by the

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Company pursuant to this Section 4(b) shall be redeemed by the Company at a price equal to the greater of (i) the product of (A) the Conversion Amount to be redeemed multiplied by (B) the Redemption Premium and (ii) the product of (X) the Conversion Rate with respect to the Conversion Amount to be redeemed in effect at such time as the Holder delivers an Event of Default Redemption Notice multiplied by (Y) the product of (1) the Redemption Premium multiplied by (2) the greatest Closing Sale Price of the Common Shares on any Trading Day during the period commencing on the date immediately preceding such Event of Default and ending on the Trading Day immediately prior to the date on which the Company makes the entire payment required to be made under this Section 4(b)(the "**Event of Default Redemption Price**"). Redemptions required by this Section 4(b) shall be made in accordance with the provisions of Section 11. To the extent redemptions required by this Section 4(b) are deemed or determined by a court of competent jurisdiction to be prepayments of this Note by the Company, such redemptions shall be deemed to be voluntary prepayments, which will be permitted by this Note. Notwithstanding anything to the contrary in this Section 4, but subject to Section 3(d), until the Event of Default Redemption Price is paid in full, the Conversion Amount submitted for redemption under this Section 4(b) may be converted, in whole or in part, by the Holder into Common Shares pursuant to the terms of this Note. In the event of the Company' s redemption of any portion of this Note under this Section 4(b), the Holder' s damages would be uncertain and difficult to estimate because of the parties' inability to predict future interest rates and the uncertainty of the availability of a suitable substitute investment opportunity for the Holder. Accordingly, any redemption premium due under this Section 4(b) is intended by the parties to be, and shall be deemed, a reasonable estimate of the Holder' s actual loss of its investment opportunity and not as a penalty. Any redemption upon an Event of Default shall not constitute an election of remedies by the Holder, and all other rights and remedies of the Holder shall be preserved.

(c) Mandatory Redemption upon Bankruptcy Event of Default. Notwithstanding anything to the contrary herein, and notwithstanding any conversion that is then required or in process, upon any Bankruptcy Event of Default, whether occurring prior to or following the Maturity Date, the Company shall immediately pay to the Holder an amount in cash representing (i) all outstanding Principal and accrued and unpaid Interest, multiplied by (ii) the Redemption Premium, in addition to any and all other amounts due hereunder, without the requirement for any notice or demand or other action by the Holder or any other person or entity; provided that the Holder may, in its sole discretion, waive such right to receive payment upon a Bankruptcy Event of Default, in whole or in part, and any such waiver shall not affect any other rights of the Holder hereunder, including any other rights in respect of such Bankruptcy Event of Default, any right to conversion, and any right to payment of the Event of Default Redemption Price or any other Redemption Price, as applicable.

5. RIGHTS UPON FUNDAMENTAL TRANSACTION.

(a) Assumption. The Company shall not enter into or be party to a Fundamental Transaction unless (i) the Successor Entity assumes in writing all of the obligations of the Company under this Note and the other Transaction Documents in accordance with the provisions of this Section 5(a) pursuant to written agreements in form

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and substance satisfactory to the Holder and approved by the Holder prior to such Fundamental Transaction, including agreements to deliver to each holder of Notes in exchange for such Notes a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to the Notes, including having a principal amount and interest rate equal to the principal amounts then outstanding and the interest rates of the Notes, respectively, held by such holder, having similar conversion rights as the Notes and having similar ranking and security to the Notes, and satisfactory to the Holder and (ii) the Successor Entity (including its Parent Entity) is a publicly traded corporation whose common equity is quoted on or listed for trading on an Eligible Market or, with respect to a Change of Control in compliance with the terms of this Note, a Canadian Market. Upon the occurrence of any Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Note and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Note and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein. Upon consummation of a Fundamental Transaction, the Successor Entity shall deliver to the Holder confirmation that there shall be issued upon conversion or redemption of this Note at any time after the consummation of such Fundamental Transaction, in lieu of the Common Shares (or other securities, cash, assets or other property (except such items still issuable under Sections 6 and 15, which shall continue to be receivable thereafter) issuable upon the conversion or redemption of the Notes prior to such Fundamental Transaction), such shares of the publicly traded common stock (or their equivalent) of the Successor Entity (including its Parent Entity) which the Holder would have been entitled to receive upon the happening of such Fundamental Transaction had this Note been converted immediately prior to such Fundamental Transaction (without regard to any limitations on the conversion of this Note for this purpose only), as adjusted in accordance with the provisions of this Note. Notwithstanding the foregoing, the Holder may elect, at its sole option, by delivery of written notice to the Company to waive this Section 5(a) to permit the Fundamental Transaction without the assumption of this Note. The provisions of this Section 5(a) shall apply similarly and equally to successive Fundamental Transactions and shall be applied without regard to any limitations on the conversion of this Note for this purpose only. The Company shall not consummate any Change of Control unless, upon consummation of such Change of Control, the Company has either (x) paid off, in full, all of the First Lien Indebtedness or (y) obtained the written consent of the holders of all First Lien Indebtedness that will remain outstanding thereafter to the payments to the Holder set forth in Section 5(b) below without regard to any subordination thereof to such First Lien Indebtedness or any other term or condition in the Intercreditor Agreements.

(b) Notice of a Change of Control; Redemption Right. No sooner than twenty (20) Trading Days nor later than ten (10) Trading Days prior to the consummation of a Change of Control (or, if the Company has no knowledge of the occurrence of a Change of Control, no later than the first (1st) Trading Day after the Company becomes aware of such Change of Control), but not prior to the public announcement of such Change of Control, the Company shall deliver written notice thereof via electronic mail or overnight courier to the Holder (a "**Change of Control Notice**"). At any time during the

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period beginning after the Holder' s receipt of a Change of Control Notice or the Holder becoming aware of a Change of Control if a Change of Control Notice is not delivered to the Holder in accordance with the immediately preceding sentence (as applicable) and ending on the later of twenty (20) Trading Days after (A) consummation of such Change of Control or (B) the date of receipt of such Change of Control Notice, the Holder may require the Company to redeem all or any portion of this Note by delivering written notice thereof ("**Change of Control Redemption Notice**") to the Company, which Change of Control Redemption Notice shall indicate the Conversion Amount the Holder is electing to redeem. The portion of this Note subject to redemption pursuant to this Section 5 shall be redeemed by the Company in cash at a price equal to the greatest of (i) the product of (x) the Change of Control Redemption Premium multiplied by (y) the Conversion Amount being redeemed, (ii) the product of (x) the Change of Control Redemption Premium multiplied by (y) the product of (A) the Conversion Amount being redeemed multiplied by (B) the quotient determined by dividing (I) the greatest Closing Sale Price of the Common Shares during the period beginning on the date immediately preceding the earlier to occur of (1) the consummation of the applicable Change of Control and (2) the public announcement of such Change of Control and ending on the date the Holder delivers the Change of Control Redemption Notice by (II) the Conversion Price then in effect and (iii) the product of (y) the Change of Control Redemption Premium multiplied by (z) the product of (A) the Conversion Amount being redeemed multiplied by (B) the quotient of (I) the aggregate cash consideration and the aggregate cash value of any non-cash consideration per Common Share to be paid to the holders of the Common Shares upon consummation of such Change of Control (any such non-cash consideration constituting publicly-traded securities shall be valued at the highest of the Closing Sale Price of such securities as of the Trading Day immediately prior to the consummation of such Change of Control, the Closing Sale Price of such securities on the Trading Day immediately following the public announcement of such proposed Change of Control and the Closing Sale Price of such securities on the Trading Day immediately prior to the public announcement of such proposed Change of Control) divided by (II) the Conversion Price then in effect (the "**Change of Control Redemption Price**"). Redemptions required by this Section 5 shall be made in accordance with the provisions of Section 11 and shall have priority to payments to shareholders in connection with such Change of Control. To the extent redemptions required by this Section 5(b) are deemed or determined by a court of competent jurisdiction to be prepayments of this Note by the Company, such redemptions shall be deemed to be voluntary prepayments, which are permitted by this Note. Notwithstanding anything to the contrary in this Section 5(b), but subject to Section 3(d), following the Threshold Date, until the Change of Control Redemption Price is paid in full, the Conversion Amount submitted for redemption under this Section 5(b) may be converted, in whole or in part, by the Holder into Common Shares pursuant to Section 3. In the event of the Company' s redemption of any portion of this Note under this Section 5(b), the Holder' s damages would be uncertain and difficult to estimate because of the parties' inability to predict future interest rates and the uncertainty of the availability of a suitable substitute investment opportunity for the Holder. Accordingly, any redemption premium due under this Section 5(b) is intended by the parties to be, and shall be deemed, a reasonable estimate of the Holder' s actual loss of its investment opportunity and not as a penalty.

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6. RIGHTS UPON ISSUANCE OF PURCHASE RIGHTS AND OTHER CORPORATE EVENTS.

(a) Purchase Rights. In addition to any adjustments pursuant to Section 7 below, if at any time the Company grants, issues or sells any Options, Convertible Securities or rights to purchase shares, warrants, securities or other property pro rata to all or substantially all of the record holders of any class of Common Shares (the "**Purchase Rights**"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of Common Shares acquirable upon complete conversion of this Note (without taking into account any limitations or restrictions on the convertibility of this Note for this purpose only and assuming for such purpose that the Note was converted at the Alternate Triggering Event Conversion Price as of the applicable record date) immediately prior to the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Shares are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that to the extent that the Holder' s right to participate in any such Purchase Right would result in the applicable Person(s) exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Purchase Right to the extent of any such excess (and shall not be entitled to beneficial ownership or beneficial ownership, or control or direction over, as applicable, of such Common Shares as a result of such Purchase Right (and beneficial ownership or beneficial ownership, or control or direction over, as applicable) to the extent of any such excess) and such Purchase Right to such extent shall be held in abeyance (and, if such Purchase Right has an expiration date, maturity date or other similar provision, such term shall be extended by such number of days held in abeyance, if applicable) for the benefit of the Holder until such time or times, if ever, as its right thereto would not result in the applicable Person(s) exceeding the Maximum Percentage, at which time or times the Holder shall be granted such right (and any Purchase Right granted, issued or sold on such initial Purchase Right or on any subsequent Purchase Right held similarly in abeyance (and, if such Purchase Right has an expiration date, maturity date or other similar provision, such term shall be extended by such number of days held in abeyance, if applicable)) to the same extent as if there had been no such limitation).

(b) Other Corporate Events. In addition to and not in substitution for any other rights hereunder, prior to the consummation of any Fundamental Transaction pursuant to which holders of Common Shares are entitled to receive securities or other assets with respect to or in exchange for Common Shares (a "**Corporate Event**"), the Company shall make appropriate provision to ensure that the Holder will thereafter have the right to receive upon a conversion of this Note, at the Holder' s option (i) in addition to the Common Shares receivable upon such conversion, such securities or other assets to which the Holder

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would have been entitled with respect to such Common Shares had such Common Shares been held by the Holder upon the consummation of such Corporate Event (without taking into account any limitations or restrictions on the convertibility of this Note for this purpose only) or (ii) in lieu of the Common Shares otherwise receivable upon such conversion, such securities or other assets received by the holders of Common Shares in connection with the consummation of such Corporate Event in such amounts as the Holder would have been entitled to receive had this Note initially been issued with conversion rights for the form of such consideration (as opposed to Common Shares) at a conversion rate for such consideration commensurate with the Conversion Rate. Provision made pursuant to the preceding sentence shall be in a form and substance satisfactory to the Holder. The provisions of this Section 6(b) shall apply similarly and equally to successive Corporate Events and shall be applied without regard to any limitations on the conversion or redemption of this Note for this purpose only.

7. RIGHTS UPON ISSUANCE OF OTHER SECURITIES.

(a) Adjustment of Conversion Price upon Issuance of Common Shares. If and whenever on or after the Issuance Date, the Company grants, issues or sells (or enters into any agreement to grant, issue or sell), or in accordance with this Section 7(a) is deemed to have issued or sold, any Common Shares (including the issuance or sale of Common Shares owned or held by or for the account of the Company, but excluding any Excluded Securities issued or sold or deemed to have been issued or sold) for a consideration per share (the "**New Issuance Price**") less than a price equal to the Conversion Price in effect immediately prior to such issuance or sale or deemed issuance or sale (such Conversion Price then in effect is referred to herein as the "**Applicable Price**") (the foregoing a "**Dilutive Issuance**"), then, immediately after such Dilutive Issuance, the Conversion Price then in effect shall be reduced to an amount equal to the product of (A) the Conversion Price in effect immediately prior to such Dilutive Issuance and (B) the quotient determined by dividing (1) the sum of (I) the product derived by multiplying the Conversion Price in effect immediately prior to such Dilutive Issuance and the number of Common Shares Deemed Outstanding immediately prior to such Dilutive Issuance plus (II) the net consideration per Common Share, if any, received by the Company upon such Dilutive Issuance (as determined and, if applicable, adjusted, pursuant to Section 7(a)(iv) below), by (2) the product derived by multiplying (I) the Conversion Price in effect immediately prior to such Dilutive Issuance by (II) the sum of (x) the number of Common Shares Deemed Outstanding immediately prior to such Dilutive Issuance and (y) the number of Common Shares issued (or deemed issued) in such Dilutive Issuance pursuant to Sections 7(a)(i) and 7(a)(ii) below, regardless of whether such Options or Convertible Securities are actually convertible or exercisable at such time, but excluding any Common Shares issued (or deemed issued pursuant to Sections 7(a)(i) and 7(a)(ii) below) under any Secondary Securities (as defined below), if any). For all purposes of the foregoing (including determining the adjusted Conversion Price and the New Issuance Price under this Section 7(a)), the following shall be applicable:

(i) Issuance of Options. If the Company in any manner grants, issues or sells (or enters in to any agreement to grant, issue or sell) any Options and the lowest price per share for which one Common Share is at any time issuable upon the exercise of any such Option or upon conversion, exercise or exchange of any Convertible Securities issuable upon exercise of any such Option or otherwise pursuant to the terms thereof is less than the Applicable Price, then such Common Share shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the granting, issuance or sale (or the time of execution of such agreement to grant, issue or sell, as applicable) of such Option for such price per share. For purposes

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of this Section 7(a)(i), the "lowest price per share for which one Common Share is at any time issuable upon the exercise of any such Option or upon conversion, exercise or exchange of any Convertible Securities issuable upon exercise of any such Option or otherwise pursuant to the terms thereof" shall be equal to (1) the lower of (x) the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to any one Common Share upon the granting, issuance or sale (or pursuant to the agreement to grant, issue or sell, as applicable) of such Option, upon exercise of such Option and upon conversion, exercise or exchange of any Convertible Security issuable upon exercise of such Option or otherwise pursuant to the terms thereof and (y) the lowest exercise price or conversion price (as the case may be) set forth in such Option for which one Common Share is issuable (or may become issuable assuming all possible market conditions) upon the exercise of any such Options or upon conversion, exercise or exchange of any Convertible Securities issuable upon exercise of any such Option or otherwise pursuant to the terms thereof, minus (2) the sum of all amounts paid or payable to the holder of such Option (or any other Person) with respect to any one Common Share upon the granting, issuance or sale (or the agreement to grant, issue or sell, as applicable) of such Option, upon exercise of such Option and upon conversion, exercise or exchange of any Convertible Security issuable upon exercise of such Option or otherwise pursuant to the terms thereof plus the value of any other consideration consisting of cash, debt forgiveness, assets or any other property received or receivable by, or benefit conferred on, the holder of such Option (or any other Person). Except as contemplated below, no further adjustment of the Conversion Price shall be made upon the actual issuance of such Common Share or of such Convertible Securities upon the exercise of such Options or otherwise pursuant to the terms thereof or upon the actual issuance of such Common Shares upon conversion, exercise or exchange of such Convertible Securities.

(ii) Issuance of Convertible Securities. If the Company in any manner issues or sells (or enters in to any agreement to issue or sell) any Convertible Securities and the lowest price per share for which one Common Share is at any time issuable upon the conversion, exercise or exchange thereof or otherwise pursuant to the terms thereof is less than the Applicable Price, then such Common Share shall be deemed to be outstanding and to have been issued and sold (or the time of execution of such agreement to issue or sell, as applicable) by the Company at the time of the issuance or sale of such Convertible Securities for such price per share. For the purposes of this Section 7(a)(ii), the "lowest price per share for which one Common Share is at any time issuable (or may become issuable assuming all possible market conditions) upon the conversion, exercise or exchange thereof or otherwise pursuant to the terms thereof" shall be equal to (1) the lower of (x) the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to one Common Share upon the issuance or sale (or pursuant to the agreement to issue or sell, as applicable) of the Convertible Security and upon conversion, exercise or exchange of such Convertible Security or otherwise pursuant to the terms thereof and (y) the lowest conversion price set forth in such Convertible Security for which one Common Share is issuable upon conversion, exercise or exchange thereof or otherwise pursuant to the terms thereof minus (2) the sum of all amounts paid or payable to the holder of such Convertible Security (or any other Person) with respect to any one Common Share

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upon the issuance or sale (or the agreement to issue or sell, as applicable) of such Convertible Security plus the value of any other consideration received or receivable consisting of cash, debt forgiveness, assets or other property by, or benefit conferred on, the holder of such Convertible Security (or any other Person). Except as contemplated below, no further adjustment of the Conversion Price shall be made upon the actual issuance of such Common Shares upon conversion, exercise or exchange of such Convertible Securities or otherwise pursuant to the terms thereof, and if any such issuance or sale of such Convertible Securities is made upon exercise of any Options for which adjustment of the Conversion Price has been or is to be made pursuant to other provisions of this Section 7(a), except as contemplated below, no further adjustment of the Conversion Price shall be made by reason of such issuance or sale.

(iii) Change in Option Price or Rate of Conversion. If the purchase or exercise price provided for in any Options, the additional consideration, if any, payable upon the issue, conversion, exercise or exchange of any Convertible Securities, or the rate at which any Convertible Securities are convertible into or exercisable or exchangeable for Common Shares increases or decreases at any time (other than proportional changes in conversion or exercise prices, as applicable, in connection with an event referred to in Section 7(b) below), the Conversion Price in effect at the time of such increase or decrease shall be adjusted to equal the Conversion Price which would have been in effect at such time had such Options or Convertible Securities provided for such increased or decreased purchase price, additional consideration or increased or decreased conversion rate (as the case may be) at the time initially granted, issued or sold. For purposes of this Section 7(a)(iii), if the terms of any Option or Convertible Security that was outstanding as of the Issuance Date are increased or decreased in the manner described in the immediately preceding sentence, then such Option or Convertible Security and the Common Shares deemed issuable upon exercise, conversion or exchange thereof shall be deemed to have been issued as of the date of such increase or decrease. No adjustment pursuant to this Section 7(a) shall be made if such adjustment would result in an increase of the Conversion Price then in effect.

(iv) Calculation of Consideration Received. If any Option and/or Convertible Security and/or Adjustment Right is issued in connection with the issuance or sale or deemed issuance or sale of any other securities of the Company (as determined by the Holder, the "**Primary Security**", and such Option and/or Convertible Security and/or Adjustment Right, the "**Secondary Securities**" and together with the Primary Security, each a "**Unit**"), together comprising one integrated transaction, the aggregate consideration per Common Share with respect to such Primary Security shall be deemed to be the lower of (x) the purchase price of such Unit, (y) if such Primary Security is an Option and/or Convertible Security, the lowest price per share for which one Common Share is at any time issuable upon the exercise or conversion of the Primary Security in accordance with Section 7(a)(i) or 7(a)(ii) above and (z) the lowest VWAP of the Common Shares on any Trading Day during the four (4) Trading Day period (the "**Adjustment Period**") immediately following the public announcement of such Dilutive Issuance (for the avoidance of doubt, if such public announcement is released prior to the opening of the Principal Market on a Trading

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Day, such Trading Day shall be the first Trading Day in such four (4) Trading Day period and if this Note is converted, on any given Conversion Date during any such Adjustment Period, solely with respect to such portion of this Note converted on such applicable Conversion Date, such applicable Adjustment Period shall be deemed to have ended on, and included, the Trading Day immediately prior to such Conversion Date). If any Common Shares, Options or Convertible Securities are issued or sold or deemed to have been issued or sold for cash, the consideration received therefor will be deemed to be the net amount of consideration received by the Company therefor. If any Common Shares, Options or Convertible Securities are issued or sold for a consideration other than cash, the amount of such consideration received by the Company will be the fair value of such consideration, except where such consideration consists of publicly traded securities, in which case the amount of consideration received by the Company for such securities will be the arithmetic average of the VWAPs of such security for each of the five (5) Trading Days immediately preceding the date of receipt. If any Common Shares, Options or Convertible Securities are issued to the owners of the non-surviving entity in connection with any merger in which the Company is the surviving entity, the amount of consideration therefor will be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such Common Shares, Options or Convertible Securities (as the case may be) on a per security basis. The fair value of any consideration other than cash or publicly traded securities will be determined jointly by the Company and the Holder. If such parties are unable to reach agreement within ten (10) days after the occurrence of an event requiring valuation (the "**Valuation Event**"), the fair value of such consideration will be determined within five (5) Trading Days after the tenth (10^{th}) day following such Valuation Event by an independent, reputable appraiser jointly selected by the Company and the Holder, each acting reasonably. The determination of such appraiser shall be final and binding upon all parties absent manifest error and the fees and expenses of such appraiser shall be borne by the Company.

(v) Record Date. If the Company takes a record of the holders of Common Shares for the purpose of entitling them (A) to receive a dividend or other distribution payable in Common Shares, Options or in Convertible Securities or (B) to subscribe for or purchase Common Shares, Options or Convertible Securities, then such record date will be deemed to be the date of the issuance or sale of the Common Shares deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase (as the case may be).

(b) Adjustment of Conversion Price and Floor Price upon Subdivision or Combination of Common Shares. Without limiting any provision of Section 4(c), Section 7(a) or Section 7(d), if the Company at any time on or after the Issuance Date subdivides (by any share split, share dividend, share combination, recapitalization or other similar transaction) one or more classes of its outstanding Common Shares into a greater number of shares, the Conversion Price and the Floor Price in effect immediately prior to such subdivision will be proportionately reduced. Without limiting any provision of Section 4(c), Section 7(a) or Section 7(d), if the Company at any time on or after the Issuance Date combines (by any share split, share dividend, share combination, recapitalization or other

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similar transaction) one or more classes of its outstanding Common Shares into a smaller number of shares, the Conversion Price and the Floor Price, in each case, in effect immediately prior to such combination will be proportionately increased. Any adjustment pursuant to this Section 7(b) shall become effective immediately after the effective date of such subdivision or combination. If any event requiring an adjustment under this Section 7(b) occurs during the period that a Conversion Price or a Floor Price, as the case may be, is calculated hereunder, then the calculation of such Conversion Price or a Floor Price, as the case may be, shall be adjusted appropriately to reflect such event.

(c) Holder' s Right of Adjusted Conversion Price. In addition to and not in limitation of the other provisions of this Section 7, if the Company in any manner issues or sells or enters into any agreement to issue or sell, any Common Shares, Options or Convertible Securities (any such securities, "**Variable Price Securities**") after the Issuance Date that are issuable pursuant to such agreement or convertible into or exchangeable or exercisable for Common Shares at a price which varies or may vary with the market price of the Common Shares, including by way of one or more reset(s) to a fixed price, but exclusive of such formulations reflecting customary anti-dilution provisions (such as share splits, share combinations, share dividends and similar transactions) (each of the formulations for such variable price being herein referred to as, the "**Variable Price**"), the Company shall provide written notice thereof via electronic mail or overnight courier to the Holder on the date of such agreement and each issuance of such Variable Price Securities. From and after the date the Company enters into such agreement or issues any such Variable Price Securities, the Holder shall have the right, but not the obligation, in its sole discretion to substitute the Variable Price for the Conversion Price upon conversion of this Note by designating in the Conversion Notice delivered upon any conversion of this Note that solely for purposes of such conversion the Holder is relying on the Variable Price rather than the Conversion Price then in effect. The Holder' s election to rely on a Variable Price for a particular conversion of this Note shall not obligate the Holder to rely on a Variable Price for any future conversion of this Note.

(d) Share Combination Event Adjustments. If, at any time and from time to time on or after the Issuance Date, there occurs any share split, share dividend, share combination recapitalization or other similar transaction involving the Common Shares (each, a "**Share Combination Event**", and such date thereof, the "**Share Combination Event Date**") and the Event Market Price is less than the Conversion Price then in effect (after giving effect to the adjustment in Section 7(b) above), then on the sixteenth (16th) Trading Day immediately following such Share Combination Event Date, the Conversion Price then in effect on such sixteenth (16th) Trading Day (after giving effect to the adjustment in Section 7(b) above) shall be reduced (but in no event increased) to the Event Market Price. For the avoidance of doubt, if the adjustment in the immediately preceding sentence would otherwise result in an increase in the Conversion Price hereunder, no adjustment shall be made.

(e) Other Events. In the event that the Company (or any Subsidiary) shall take any action to which the provisions hereof are not strictly applicable, or, if applicable, would not operate to protect the Holder from dilution or if any event occurs of the type contemplated by the provisions of this Section 7, but not expressly provided for by such

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provisions (including the granting of share appreciation rights, phantom share rights or other rights with equity features (but excluding any Excluded Securities)), then the Company' s board of directors shall in good faith determine and implement an appropriate adjustment in the Conversion Price and the Floor Price so as to protect the rights of the Holder; provided that no such adjustment pursuant to this Section 7(e) will increase the Conversion Price and the Floor Price as otherwise determined pursuant to this Section 7; provided further that if the Holder does not accept such adjustments as appropriately protecting its interests hereunder against such dilution, then the Company' s board of directors and the Holder shall agree, in good faith, upon an independent investment bank of nationally recognized standing to make such appropriate adjustments, whose determination shall be final and binding absent manifest error and whose fees and expenses shall be borne by the Company.

(f) Calculations. All calculations under this Section 7 shall be made by rounding to the nearest cent or the nearest 1/100th of a share, as applicable. The number of Common Shares outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Shares.

(g) Voluntary Adjustment by Company. Subject to the rules and regulations of the Principal Market, the Company may at any time during the term of this Note, with the prior written consent of the Holder, reduce the then current Conversion Price and Floor Price of each of the Notes to any amount and for any period of time deemed appropriate by the board of directors of the Company.

8. **[**RESERVED**].**

9. NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of the Company' s constating documents, bylaws or through any reorganization, transfer of assets, consolidation, merger, arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Note, and will at all times in good faith carry out all of the provisions of this Note and take all action as may be required to protect the rights of the Holder of this Note. Without limiting the generality of the foregoing or any other provision of this Note or the other Transaction Documents, the Company shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable Common Shares upon the conversion of this Note. Notwithstanding anything herein to the contrary, if after the sixty (60) calendar day anniversary of the Threshold Date, the Holder is not permitted to convert this Note in full for any reason (other than pursuant to restrictions set forth in Section 3(d) hereof), the Company shall use its best efforts to promptly remedy such failure, including obtaining such consents or approvals as necessary to permit such conversion into Common Shares.

10. RESERVATION OF AUTHORIZED SHARES.

(a) Reservation. So long as any Notes remain outstanding, the Company shall at all times reserve at least 200% of the number of Common Shares as shall from time

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to time be necessary to effect the conversion, including Alternate Conversions, of all of the Notes then outstanding (without regard to any limitations on conversions and assuming such Notes remain outstanding until the Maturity Date) as if the Alternate Triggering Event Conversion Price was then in effect (the "**Required Reserve Amount**"). The Required Reserve Amount (including each increase in the number of shares so reserved) shall be allocated pro rata among the holders of the Notes based on the original principal amount of the Notes held by each holder on the Closing Date or increase in the number of reserved shares, as the case may be (the "**Authorized Share Allocation**"). In the event that a holder shall sell or otherwise transfer any of such holder' s Notes, each transferee shall be allocated a pro rata portion of such holder' s Authorized Share Allocation. Any Common Shares reserved and allocated to any Person which ceases to hold any Notes shall be allocated to the remaining holders of Notes, pro rata based on the principal amount of the Notes then held by such holders.

(b) Insufficient Authorized Shares. If, notwithstanding Section 10(a), and not in limitation thereof, at any time while any of the Notes remain outstanding the Company does not have a sufficient number of authorized and unreserved Common Shares to satisfy its obligation to reserve for issuance upon conversion of the Notes at least a number of Common Shares equal to the Required Reserve Amount (an "**Authorized Share Failure**"), then the Company shall immediately take all action necessary to increase the Company' s authorized Common Shares to an amount sufficient to allow the Company to reserve the Required Reserve Amount for the Notes then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than sixty (60) days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting or obtain the written consent of its shareholders for the approval of an increase in the number of authorized Common Shares. In connection with such meeting or consent, the Company shall provide each shareholder with a proxy statement and shall use its best efforts to solicit its shareholders' approval of such increase in authorized Common Shares and to cause its board of directors to recommend to the shareholders that they approve such proposal. In the event that the Company is prohibited from issuing Common Shares pursuant to the terms of this Note due to the failure by the Company to have sufficient Common Shares available out of the authorized but unissued Common Shares (such unavailable number of Common Shares, the "**Authorized Failure Shares**"), in lieu of delivering such Authorized Failure Shares to the Holder, the Company shall pay cash in exchange for the redemption of such portion of the Conversion Amount convertible into such Authorized Failure Shares at a price equal to the sum of (i) the product of (x) such number of Authorized Failure Shares and (y) the greatest Closing Sale Price of the Common Shares on any Trading Day during the period commencing on the date the Holder delivers the applicable Conversion Notice with respect to such Authorized Failure Shares to the Company and ending on the date of such issuance and payment under this Section 10(b); and (ii) to the extent the Holder purchases (in an open market transaction or otherwise) Common Shares to deliver in satisfaction of a sale by the Holder of Authorized Failure Shares, any brokerage commissions and other out-of-pocket expenses, if any, of the Holder incurred in connection therewith. Nothing contained in Section 10(a) or this Section 10(b) shall limit any obligations of the Company under any provision of the Securities Restructuring Agreement.

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(c) Notwithstanding Sections 10(a) and 10(b) above, the Company shall be deemed to have satisfied its obligations in connection with such Sections, and an Authorized Share Failure shall not occur, at all times and for as long as the authorized number of Common Shares available for issuance unlimited.

11. REDEMPTIONS.

(a) Mechanics. The Company shall deliver the applicable Event of Default Redemption Price to the Holder in cash within five (5) Business Days after the Company' s receipt of the Holder' s Event of Default Redemption Notice. If the Holder has submitted a Change of Control Redemption Notice in accordance with Section 5(b), the Company shall deliver the applicable Change of Control Redemption Price to the Holder in cash concurrently with the consummation of such Change of Control if such notice is received prior to the consummation of such Change of Control and within five (5) Business Days after the Company' s receipt of such notice otherwise. Notwithstanding anything herein to the contrary, in connection with any redemption hereunder at a time the Holder is entitled to receive a cash payment under any of the other Transaction Documents, at the option of the Holder delivered in writing to the Company, the applicable Redemption Price hereunder shall be increased by the amount of such cash payment owed to the Holder under such other Transaction Document and, upon payment in full or conversion in accordance herewith, shall satisfy the Company' s payment obligation under such other Transaction Document. In the event of a redemption of less than all of the Conversion Amount of this Note, the Company shall promptly cause to be issued and delivered to the Holder a new Note (in accordance with Section 18(d)) representing the outstanding Principal which has not been redeemed. In the event that the Company does not pay the applicable Redemption Price to the Holder within the time period required, at any time thereafter and until the Company pays such unpaid Redemption Price in full, the Holder shall have the option, in lieu of redemption, to require the Company to promptly return to the Holder all or any portion of this Note representing the Conversion Amount that was submitted for redemption and for which the applicable Redemption Price has not been paid. Upon the Company' s receipt of such notice, (x) the applicable Redemption Notice shall be null and void with respect to such Conversion Amount, (y) the Company shall immediately return this Note, or issue a new Note (in accordance with Section 18(d)), to the Holder, and in each case the principal amount of this Note or such new Note (as the case may be) shall be increased by an amount equal to the difference between (1) the applicable Redemption Price (as the case may be, and as adjusted pursuant to this Section 11, if applicable) minus (2) the Principal portion of the Conversion Amount submitted for redemption and (z) the Conversion Price of this Note or such new Notes (as the case may be) shall be automatically adjusted with respect to each conversion effected thereafter by the Holder to the lowest of (A) the Conversion Price as in effect on the date on which the applicable Redemption Notice is voided, (B) the greater of (x) the Floor Price and (y) 98% of the lowest Closing Bid Price of the Common Shares during the period beginning on and including the date on which the applicable Redemption Notice is delivered to the Company and ending on and including the date on which the applicable Redemption Notice is voided and (C) the greater of (x) the Floor Price and (y) 98% of the quotient of (I) the sum of the five (5) lowest VWAPs of the Common Shares during the twenty (20) consecutive Trading Day period ending and including the Trading Day immediately preceding the applicable Conversion

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Date divided by (II) five (5) (it being understood and agreed that all such determinations shall be appropriately adjusted for any share dividend, share split, share combination or other similar transaction during such period). For the avoidance of doubt, redemptions cannot be settled for anything other than cash.

12. VOTING RIGHTS. The Holder shall have no voting rights as the holder of this Note, except as required by law (including the *Business Corporations Act* (Alberta)) and as expressly provided in this Note.

13. COVENANTS. Until all of the Notes have been converted, redeemed or otherwise satisfied in accordance with their terms:

(a) Rank. All payments due under this Note shall be senior to all other Indebtedness of the Company and its Subsidiaries in right of payment (other than First Lien Indebtedness).

(b) Incurrence of Indebtedness. The Company shall not, and shall ensure that each other Note Party shall not, issue, create, incur, assume, permit or suffer to exist or directly or indirectly be or become in any way liable for or in respect of any Indebtedness, other than Permitted Indebtedness.

(c) Existence of Liens. The Company shall not, and shall ensure that each other Note Party shall not, create, incur, assume, permit or suffer to exist any Security Interest upon or with respect to any of its Property other than Permitted Encumbrances.

(d) Distributions. The Company shall not, and shall ensure that each other Note Party shall not, make, give effect to or implement any steps or procedures to make any Distributions, or otherwise reduce the Company' s equity, other than pursuant to a Permitted Distribution or as specifically permitted pursuant to Section 13(w).

(e) Restriction on Financial Assistance. The Company shall not, and shall ensure that each other Note Party shall not, provide any form of Financial Assistance to any Person other than Permitted Financial Assistance.

(f) Principal Market. The Common Shares shall not cease trading or be de-listed from the Principal Market without prior written consent from the Holder unless the Principal is less than $30,000,000.

(g) Restrictions on Dispositions and Acquisitions.

(i) The Company shall, and shall ensure that each other Note party shall not, not Dispose of any or all of its right, title, estate and interest in or to all or any part of its Property, other than Permitted Dispositions.

(ii) The Company shall not, and shall ensure that each other Note Party shall not, make any Acquisition.

(h) Change in Nature of Business. The Company shall not, and the Company shall cause each of Subsidiaries to not:

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(i) engage in any business or make any material investments or enter into any material ventures other than the Business and other activities directly related to the foregoing, nor make or enter into any acquisitions, investments, joint ventures or partnerships which are not in the ordinary course of, and made for the purpose of, conducting the Business of the Note Parties as described aforesaid; and

(i) own assets or carry on, or permit any of its Subsidiaries to own assets or carry on, the Business in any jurisdiction other than in a Qualified Jurisdiction.

(j) Preservation of Existence, Etc. The Company shall and shall cause each other Note Party to maintain its corporate, partnership or trust existence, as applicable, in good standing and duly register and qualify and remain duly registered and qualified to do business or own or lease Property in each jurisdiction in which the nature of its Business or the character of any Property owned or leased by it, requires such registration or qualification.

(k) Maintenance of Properties, Etc. The Company shall maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its material properties which are necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear and tear excepted, and comply, and cause each of its Subsidiaries to comply, at all times with the provisions of all leases to which it is a party as lessee or under which it occupies property in all material respects, so as to prevent any loss or forfeiture thereof or thereunder.

(l) Maintenance of Intellectual Property. The Company will, and will cause each of its Subsidiaries to, take all action necessary or advisable to maintain all of the Intellectual Property Rights of the Company and/or any of its Subsidiaries that are necessary or material to the conduct of its business in full force and effect.

(m) Maintenance of Insurance. The Company shall and shall cause each other Note Party to maintain in full force and effect such policies of insurance issued by insurers of recognized standing, acceptable to the Holder, insuring such Property and operations and providing such coverages as would be maintained by Persons engaged in the same or similar business to the Business in the localities where such Property and operations are located, including all-risk property insurance, comprehensive general liability insurance, construction/builder' s all risk insurance, business interruption insurance and crop loss and export insurance, in each case, as advised by and to the extent deemed appropriate by the Holder, such insurance to be otherwise on such terms and conditions and with such deductibles as deemed acceptable by the Holder and provide, by its terms that no such insurance will be cancellable except upon 30 days' prior written notice to the Holder and shall include a standard mortgage clause in favour of the Holder. The Company shall, if required, furnish the Holder with certificates or other evidence satisfactory to the Holder demonstrating compliance with the foregoing provisions and, in respect of insurance policies maintained by any of the Note Parties, the Holder shall be added as a loss payee and as an additional insured, as its interest may appear;

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(n) Transactions with Affiliates. The Company shall not, and shall ensure that each other Note Party shall not, enter into directly or indirectly any transaction or group of related transactions (including the purchase, lease, sale or exchange of Property of any kind or the rendering of any service) with any Affiliate (other than another Note Party), except in the ordinary course and pursuant to the reasonable requirements of the Business and upon fair and reasonable terms no less favourable to it than would be obtainable in a comparable arm' s-length transaction with a Person not an Affiliate.

(o) Restricted Issuances. The Company shall not, directly or indirectly, without the prior written consent of the Holder issue any other securities that would cause a breach or default under the Notes or the Warrants.

(p) Independent Investigation. At the request of the Holder either (x) at any time when a Triggering Event has occurred and is continuing, (y) upon the occurrence of an event that with the passage of time or giving of notice would constitute a Triggering Event or an Event of Default or (z) at any time the Holder reasonably believes a Triggering Event or an Event of Default may have occurred or be continuing, the Company shall hire an independent, reputable investment bank selected by the Company and approved by the Holder to investigate as to whether any breach of this Note has occurred (the "**Independent Investigator**"). If the Independent Investigator determines that such breach of this Note has occurred, the Independent Investigator shall notify the Company of such breach and the Company shall deliver written notice to each holder of a Note of such breach. In connection with such investigation, the Independent Investigator may, during normal business hours, inspect all contracts, books, records, personnel, offices and other facilities and properties of the Company and its Subsidiaries and, to the extent available to the Company after the Company uses reasonable efforts to obtain them, the records of its legal advisors and accountants (including the accountants' work papers) and any books of account, records, reports and other papers not contractually required of the Company to be confidential or secret, or subject to attorney-client or other evidentiary privilege, and the Independent Investigator may make such copies and inspections thereof as the Independent Investigator may reasonably request. The Company shall furnish the Independent Investigator with such financial and operating data and other information with respect to the business and properties of the Company as the Independent Investigator may reasonably request. The Company shall permit the Independent Investigator to discuss the affairs, finances and accounts of the Company with, and to make proposals and furnish advice with respect thereto to, the Company' s officers, directors, key employees and independent public accountants or any of them (and by this provision the Company authorizes said accountants to discuss with such Independent Investigator the finances and affairs of the Company and any Subsidiaries), all at such reasonable times, upon reasonable notice, and as often as may be reasonably requested.

(q) Maintenance of and Access to Books and Records. The Company shall and shall cause each other Note Party to keep proper and adequate records and books of account in which true and complete entries will be made in a manner sufficient to enable the preparation of financial statements in accordance with IFRS, and shall permit and shall cause each other Note Party to permit the Holder or its representatives upon reasonable notice and from time to time during normal business hours to enter its premises and to

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inspect its books of accounts and operations thereof, and the Company shall and shall cause each other Note Party to afford access to the Holder or its representatives at any time and from time to time upon reasonable notice and during normal business hours to inspect the Note Parties' Property and operations and, in particular, to review documents, books, studies, reports and records relating to the Collateral and its Business in relation thereto.

(r) Taxes. The Company shall and shall cause each other Note Party to file all income tax returns which are required to be filed, pay or make provision for payment (in accordance with IFRS) of all Taxes which are due and payable, and provide adequate reserves (in accordance with IFRS) for the payment of any Tax the payment of which is subject to a Permitted Contest, and shall provide the Holder upon request with evidence of such payment, in form and substance satisfactory to the Holder, acting reasonably.

(s) Compliance With Laws and Regulations; Maintenance of Material Licenses; Material Agreements. The Company shall and shall cause each other Note Party to:

(i) comply with and manage and operate the applicable Note Party' s Property in compliance with the requirements of all Applicable Laws, rules, regulations and orders of Governmental Authorities, including all Environmental Laws in all material respects and all Cannabis Laws in all respects;

(ii) observe and conform to all valid requirements, in all material respects, including Governmental Actions, of any Governmental Authority relative to any applicable Note Party' s Property and all covenants, terms and conditions of all agreements upon or under which any of such Property is held;

(iii) keep, maintain in effect and comply with all Material Licenses and all other permits, approvals, licences and authorizations required in connection with its Business and ensure that all Cannabis-Related Activities occur solely in accordance with the terms of the Material Licenses;

(iv) perform and observe in all respects all terms and provisions of each Material Agreement to be performed or observed by it or such other Note Party and maintain each Material Agreement in full force and effect;

(v) maintain in all material respects the employment of any Person whose retention is required as a term of a Health Canada License or any other license issued under the Cannabis Act or the Cannabis Regulations including a senior person in charge, qualified person in charge, master grower, responsible person, head of security and quality assurance person or such alternate individual appointed within the timelines set forth under Cannabis Act or the Cannabis Regulations, as applicable; and

(vi) store, treat, transport or otherwise handle and dispose of all hazardous materials and waste owned, managed or controlled by the applicable Note Party in compliance with all Environmental Laws, in all material respects.

(t) Defence of Title. If the Security Interests granted in any Transaction

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Document or the title to or the rights of the Holder in or to any Collateral (including material Intellectual Property) or any part thereof shall be endangered or shall be attacked, directly or indirectly, or if any legal proceedings are instigated against any Note Party with respect thereto, the Company shall promptly give written notice thereof to the Holder and the Company shall and shall cause each applicable Note Party to:

(i) conduct itself diligently to cure any such deficiency that is discovered or validly claimed;

(ii) take all necessary and proper steps for the defence of title to such Collateral and the security granted thereunder or under any Security; and

(iii) take such action, including employment of legal counsel, as is reasonably appropriate to the prosecution or defence of litigation with the view to the release or discharge of claim made against the title to any such Collateral.

(u) Operational Covenants. The Company shall and shall cause each applicable Note Party to maintain all Property in good repair and working condition and in accordance with good industry practice and to carry on, conduct, manage and operate its Business in a proper and businesslike manner, in accordance with sound industry practice, solely within a Qualified Jurisdiction, in accordance with all Applicable Laws and shall ensure that:

(i) all cultivation, production and processing of Cannabis and Cannabis-related products occur solely in facilities licensed by the applicable Governmental Authorities in Qualified Jurisdictions, in accordance with all Applicable Laws; and

(ii) all activities relating to the sale of Cannabis and Cannabis-related products occur solely in facilities licensed by Governmental Authorities in Qualified Jurisdictions or between entities licensed by Governmental Authorities in Qualified Jurisdictions.

(v) Material Subsidiary Guarantees and Security. Unless otherwise agreed to by the Holder in writing, the Company shall ensure that each Material Subsidiary is at all times a party to the Note Party Guarantee (or that has granted a similar unlimited Guarantee in respect of the Secured Obligations of the other Note Parties in form and substance satisfactory to the Holder), and shall ensure that each Material Subsidiary has provided the other Security required by the Securities Restructuring Agreement.

(w) Payment and Performance. The Company shall and shall cause each other Note Party to duly and punctually pay all indebtedness and liabilities as and when due by it hereunder and perform all other obligations on its part to be performed under the terms of the Transaction Documents at the times and places and in the manner provided for therein.

(x) Change of Fiscal Year. The Company shall not, and shall ensure that each Note Party shall not, change the fiscal year end of a Note Party from December 31 or the basis on which the financial records of a Note Party are now maintained unless 30 Business Days prior written notice has been provided to the Holder.

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(y) Permitted Subordinated Debt and First Lien Indebtedness. Notwithstanding the terms of any Permitted Subordinated Debt Document or First Lien Document, the Company shall not, and shall ensure that each Note Party shall not:

(i) other than in respect of the New Investor Documents, make, give effect to or implement any steps or procedures to make any cash payment, repayment, prepayment or redemption (voluntary or involuntary) of any Permitted Subordinated Debt, including any principal, interest, fees or other amounts owing in respect of any Permitted Subordinated Debt;

(ii) with respect to the New Investor Documents, make, give effect to or implement any steps or procedures to make any cash payment, repayment, prepayment or redemption (voluntary or involuntary) under any of the New Investor Documents, except as permitted by the New Investor Second Lien Side Letter Agreement;

(iii) amend, restate, supplement or otherwise modify any Permitted Subordinated Debt Document, other than, in respect of the New Investor Documents, as provided for in the New Investor Second Lien Side Letter Agreement; or

(iv) amend, restate, supplement or otherwise modify any First Lien Document, other than, in respect of the First Lien Documents, as provided for in the Intercreditor Agreement.

(z) Swaps. The Company shall not, and shall ensure that each Note Party shall not, enter into any Swap outside the ordinary course of its business or for speculative purposes (determined, where relevant, by reference to IFRS); provided that, without limiting the generality of the foregoing, the following shall be considered to be Swaps entered into outside of the ordinary course of business or entered into for speculative purposes:

(i) any Interest Swap if the notional amount of indebtedness under such Interest Swap together with the notional amount of all other Interest Swaps then in effect in respect of the Note Parties exceeds the underlying exposure to the risk hedged or sought to be hedged by such Interest Swap at the time such Interest Swap is entered into;

(ii) any Currency Swap or Commodity Swap;

(iii) any Interest Swap or Currency Swap having a term from its inception to maturity exceeding two (2) years; and

(iv) any Swap in respect of which a Security Interest is granted.

(aa) Partnerships. The Company shall not, and shall ensure that each Note Party shall not, (i) add any Person as a partner to a Material Subsidiary which is a partnership if such Person is not a Note Party, (ii) transfer any Voting Shares, units or other Equity Interests in any Material Subsidiary which is a partnership if the transferee is not a Note Party, or (iii) make any changes, amendments or supplements to the partnership agreement relating to such partnership which would reasonably be expected to adversely

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affect the Holder in a material manner.

(bb) Material Agreements. The Company shall not, and shall ensure that each Note Party shall not, (i) amend, vary or alter any Material Agreement unless, in each case, the same is solely administrative or, in the opinion of the Holder, such amendment, variation or alteration would not have, or would not reasonably be expected to have, a Material Adverse Effect, (ii) terminate, surrender or consent to any assignment or transfer of its rights or entitlements under any Material Agreement, or (iii) enter into any new Material Agreement.

(cc) Pension Plan. The Company shall not enter into or permit any other Note Party to enter into any Pension Plan or collective bargaining agreement.

(dd) Cannabis Operations. The Company shall not undertake or offer to undertake, or cause or permit any other Note Party to undertake or offer to undertake, any Cannabis-Related Activities, which could directly or indirectly result in the Company or such other Note Party becoming subject to the laws of any jurisdiction other than a Qualified Jurisdiction.

(ee) Non-Material Foreign Subsidiaries.

(i) The Company shall not do any of the following, and shall ensure that each other Note Party shall not:

(1) create, incorporate, organize or otherwise form any Non-Material Foreign Subsidiary (other than the Non-Material Foreign Subsidiaries in existence on the date hereof which are specifically named in the definition of "Non-Material Foreign Subsidiaries");

(2) provide Financial Assistance to a Non-Material Foreign Subsidiary; or

(3) subject to the Securities Restructuring Agreement, permit any Non-Material Foreign Subsidiary to hold or own any Property.

(ii) The Company shall, and shall cause each Note Party to, cause the prompt Distribution of cash held by the Non-Material Foreign Subsidiaries from time to time to a Note Party.

14. SUBORDINATION. This Note shall be subordinated in accordance with the terms of the New Investor Second Lien Side Letter Agreement and the Intercreditor Agreement.

15. SPECIAL DISTRIBUTION OF ASSETS. In addition to any adjustments pursuant to Section 7, if the Company shall declare or make any dividend or other distributions of its assets or evidence of indebtedness (or rights to acquire its assets or evidence of indebtedness) to any or all holders of securities of the Company, by way of return of capital or otherwise (including any distribution of cash, shares or other securities, property, evidence of indebtedness or options by way of dividend, spin off, reclassification, corporate rearrangement, arrangement or

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other similar transaction) (the "**Special Distributions**"), then the Holder will be entitled to such Special Distribution as if the Holder had held the number of Common Shares acquirable upon complete conversion of this Note (assuming a conversion at the Alternate Triggering Event Conversion Price then in effect and without taking into account any limitations or restrictions on the convertibility of this Note for this purpose only) immediately prior to the date on which a record is taken for such Special Distribution or, if no such record is taken, the date as of which the record holders of Common Shares are to be determined for such Special Distribution (provided, however, that to the extent that the Holder' s right to participate in any such Special Distribution would result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Special Distribution to the extent of the Maximum Percentage (and shall not be entitled to beneficial ownership of such Common Shares as a result of such Special Distribution (and beneficial ownership) to the extent of any such excess) and the portion of such Special Distribution shall be held in abeyance for the benefit of the Holder until such time or times, if ever, as its right thereto would not result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, at which time or times the Holder shall be granted such Special Distribution (and any Special Distributions declared or made on such initial Special Distribution or on any subsequent Special Distribution held similarly in abeyance) to the same extent as if there had been no such limitation).

16. AMENDING THE TERMS OF THIS NOTE. Except for Section 3(d), which may not be amended, modified or waived by the parties hereto, the prior written consent of the Holder shall be required for any change, modification, waiver or amendment to this Note. Any change, amendment, modification or waiver so approved shall be binding upon all existing and future holders of this Note; provided, however, that no such change, waiver or, as applied to any of the Notes held by any particular holder of Notes, shall, without the written consent of that particular holder, (i) reduce the amount of Principal, reduce the amount of accrued and unpaid Interest, or extend the Maturity Date, of the Notes, (ii) disproportionally and adversely affect any rights under the Notes of any holder of Notes; or (iii) modify any of the provisions of, or impair the right of any holder of Notes under, this Section 16.

17. TRANSFER. This Note and any Common Shares issued upon conversion of this Note may be offered, sold, assigned or transferred by the Holder without the consent of the Company, subject only to the provisions of Section 2(h) of the Securities Restructuring Agreement.

18. REISSUANCE OF THIS NOTE.

(a) Transfer. If this Note is to be transferred, the Holder shall surrender this Note to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Note (in accordance with Section 18(d)), registered as the Holder may request, representing the outstanding Principal being transferred by the Holder and, if less than the entire outstanding Principal is being transferred, a new Note (in accordance with Section 18(d)) to the Holder representing the outstanding Principal not being transferred. The Holder and any assignee, by acceptance of this Note, acknowledge and agree that, by reason of the provisions of Section 3(c)(iii) following conversion or redemption of any portion of this Note, the outstanding Principal represented by this Note may be less than the Principal stated on the face of this Note.

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(b) Lost, Stolen or Mutilated Note. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Note (as to which a written certification and the indemnification contemplated below shall suffice as such evidence), and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary and reasonable form and, in the case of mutilation, upon surrender and cancellation of this Note, the Company shall execute and deliver to the Holder a new Note (in accordance with Section 18(d)) representing the outstanding Principal.

(c) Note Exchangeable for Different Denominations. This Note is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Note or Notes (in accordance with Section 18(d) and in principal amounts of at least C$1,000) representing in the aggregate the outstanding Principal of this Note, and each such new Note will represent such portion of such outstanding Principal as is designated by the Holder at the time of such surrender.

(d) Issuance of New Notes. Whenever the Company is required to issue a new Note pursuant to the terms of this Note, such new Note (i) shall be of like tenor with this Note, (ii) shall represent, as indicated on the face of such new Note, the Principal remaining outstanding (or in the case of a new Note being issued pursuant to Section 18(a) or Section 18(c), the Principal designated by the Holder which, when added to the principal represented by the other new Notes issued in connection with such issuance, does not exceed the Principal remaining outstanding under this Note immediately prior to such issuance of new Notes), (iii) shall have an issuance date, as indicated on the face of such new Note, which is the same as the Issuance Date of this Note, (iv) shall have the same rights and conditions as this Note, and (v) shall represent accrued and unpaid Interest from the Issuance Date.

19. REMEDIES, CHARACTERIZATIONS, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note and any of the other Transaction Documents at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the Holder' s right to pursue actual and consequential damages for any failure by the Company to comply with the terms of this Note. No failure on the part of the Holder to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Holder of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. In addition, the exercise of any right or remedy of the Holder at law or equity or under this Note or any of the documents shall not be deemed to be an election of Holder' s rights or remedies under such documents or at law or equity. The Company covenants to the Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments, conversion and the like (and the computation thereof) shall be the amounts to be received by the Holder and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or

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threatened breach, the Holder shall be entitled, in addition to all other available remedies, to specific performance and/or temporary, preliminary and permanent injunctive or other equitable relief from any court of competent jurisdiction in any such case without the necessity of proving actual damages and without posting a bond or other security. The Company shall provide all information and documentation to the Holder that is requested by the Holder to enable the Holder to confirm the Company' s compliance with the terms and conditions of this Note (including compliance with Section 7). If at any time required under the terms and conditions of this Note with respect to Interest due and payable hereunder, or, subject to the prior written consent of the Holder, any other amount then due to be paid to the Holder (or its designee) hereunder, as applicable, shall be paid in additional Notes (such amount to be paid in additional Notes hereunder, each, a "**PIK Amount**", on the date any such PIK Amount is due hereunder, the Principal of this Note shall automatically increase by such PIK Amount (each, a "**PIK**")). For purposes of Rule 144(d) promulgated under the 1933 Act, and applicable Canadian Securities Laws, as in effect on the Issuance Date, it is intended that the Common Shares issued upon conversion of any PIK Amount shall be deemed to have been acquired by the Holder, and the holding period for the Common Shares shall be deemed to have commenced, on the date this Note was originally issued pursuant to the Securities Restructuring Agreement.

20. PAYMENT OF COLLECTION, ENFORCEMENT AND OTHER COSTS. If (a) this Note is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding or the Holder otherwise takes action to collect amounts due under this Note or to enforce the provisions of this Note or (b) there occurs any bankruptcy, reorganization, receivership of the Company or other proceedings affecting the Holder' s rights and involving a claim under this Note, then the Company shall pay the costs incurred by the Holder for such collection, enforcement or action or in connection with such bankruptcy, reorganization, receivership or other proceeding, including attorneys' fees and disbursements. The Company expressly acknowledges and agrees that no amounts due under this Note shall be affected, or limited, by the fact that the purchase price paid for this Note was less than the original Principal amount hereof.

21. CONSTRUCTION; HEADINGS. This Note shall be deemed to be jointly drafted by the Company and the initial Holder and shall not be construed against any such Person as the drafter hereof. The headings of this Note are for convenience of reference and shall not form part of, or affect the interpretation of, this Note. Unless the context clearly indicates otherwise, each pronoun herein shall be deemed to include the masculine, feminine, neuter, singular and plural forms thereof. The terms "including," "includes," "include" and words of like import shall be construed broadly as if followed by the words "without limitation." The terms "herein," "hereunder," "hereof" and words of like import refer to this entire Note instead of just the provision in which they are found. Unless expressly indicated otherwise, all section references are to sections of this Note.

22. FAILURE OR INDULGENCE NOT WAIVER. No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege. No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party. Notwithstanding the foregoing, nothing contained in this Section 22 shall permit any waiver of

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any provision of Section 3(d).

23. DISPUTE RESOLUTION.

(a) Submission to Dispute Resolution.

(i) In the case of a dispute relating to a Closing Bid Price, a Closing Sale Price, a Conversion Price, a Floor Price, an Alternate Optional Conversion Price, an Alternate Triggering Event Conversion Price, a VWAP or a fair market value or the arithmetic calculation of a Conversion Rate, or the applicable Redemption Price (as the case may be) (including a dispute relating to the determination of any of the foregoing), the Company or the Holder (as the case may be) shall submit the dispute to the other party via electronic mail or otherwise (A) if by the Company, within five (5) Business Days after the occurrence of the circumstances giving rise to such dispute or (B) if by the Holder within five (5) Business Days after the Holder learned of the circumstances giving rise to such dispute. If the Holder and the Company are unable to promptly resolve such dispute relating to such Closing Bid Price, such Closing Sale Price, such Conversion Price, such Floor Price, such Alternate Optional Conversion Price, such Alternate Triggering Event Conversion Price, such VWAP or such fair market value, or the arithmetic calculation of such Conversion Rate or such applicable Redemption Price (as the case may be), at any time after the second (2nd) Business Day following such initial notice by the Company or the Holder (as the case may be) of such dispute to the Company or the Holder (as the case may be), then the Company shall select an independent, reputable investment bank acceptable to the Holder, acting reasonably, to resolve such dispute and the Company shall promptly send written confirmation of such joint selection to the Holder.

(ii) The Holder and the Company shall each deliver to such investment bank (A) a copy of the initial dispute submission so delivered in accordance with the first sentence of this Section 23 and (B) written documentation supporting its position with respect to such dispute, in each case, no later than 5:00 p.m. (Calgary time) by the fifth (5th) Business Day immediately following the date on which the Company provided notice to the Holder of the joint selection of such investment bank (the "**Dispute Submission Deadline**") (the documents referred to in the immediately preceding clauses (A) and (B) are collectively referred to herein as the "**Required Dispute Documentation**") (it being understood and agreed that if either the Holder or the Company fails to so deliver all of the Required Dispute Documentation by the Dispute Submission Deadline, then the party who fails to so submit all of the Required Dispute Documentation shall no longer be entitled to (and hereby waives its right to) deliver or submit any written documentation or other support to such investment bank with respect to such dispute and such investment bank shall resolve such dispute based solely on the Required Dispute Documentation that was delivered to such investment bank prior to the Dispute Submission Deadline). Unless otherwise agreed to in writing by both the Company and the Holder or otherwise requested by such investment bank, neither the Company nor the Holder shall be entitled to deliver or submit any written

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documentation or other support to such investment bank in connection with such dispute (other than the Required Dispute Documentation). Any and all communications between the Company, on the one hand, and the Holder, on the other hand, and such investment bank shall be made in writing and a copy provided simultaneously to the Company and the Holder and no meeting between such investment bank and the Company or the Holder shall take place unless each of the Company and the Holder are in attendance.

(iii) The Company and the Holder shall cause such investment bank to determine the resolution of such dispute and notify the Company and the Holder of such resolution no later than ten (10) Business Days immediately following the Dispute Submission Deadline. The fees and expenses of such investment bank shall be shared equally between the Company and the Holder, and such investment bank' s resolution of such dispute shall be final and binding upon all parties absent manifest error.

24. NOTICES; CURRENCY; PAYMENTS.

(a) Notices. Whenever notice is required to be given under this Note, unless otherwise provided herein, such notice shall be given in accordance with Section 9(f) of the Securities Restructuring Agreement. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Note, including in reasonable detail a description of such action and the reason therefore. Without limiting the generality of the foregoing, the Company will give written notice to the Holder (i) immediately upon any adjustment of the Conversion Price, setting forth in reasonable detail, and certifying, the calculation of such adjustment and (ii) at least fifteen (15) days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the Common Shares, (B) with respect to any grant, issuances, or sales of any Options, Convertible Securities or rights to purchase shares, warrants, securities or other property to holders of Common Shares (other than Excluded Securities) or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation, provided in each case that any material non-public information in any such notice shall be made known to the public prior to or in conjunction with such notice being provided to the Holder.

(b) Currency. Unless otherwise specified or the context otherwise requires (including in connection with calculating the Conversion Price, the Floor Price and the trading price of the Common Shares (if in connection with any Eligible Market where the Common Shares trade in United States Dollars ("**U.S. Dollars**")), which will be determined in U.S. Dollars), all dollar amounts referred to in this Note are in Canadian Dollars ("**CAD Dollars**"). All amounts denominated in U.S. Dollars or other currencies (if any) shall be converted into the CAD Dollar equivalent amount in accordance with the Exchange Rate on the date of calculation. "**Exchange Rate**" means, in relation to any amount of currency to be converted into CAD Dollars pursuant to this Note, the CAD Dollar daily exchange rate as published on the Bank of Canada website pertaining to the relevant date of calculation (it being understood and agreed that where an amount is calculated with reference to, or over, a period of time, the date of calculation shall be the

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final date of such period of time).

(c) Payments. Whenever any payment of cash is to be made by the Company to any Person pursuant to this Note, unless otherwise expressly set forth herein, such payment shall be made in lawful money of Canada via wire transfer of immediately available funds by providing the Company with prior written notice setting out such request and the Holder' s wire transfer instructions. Whenever any amount expressed to be due by the terms of this Note is due on any day which is not a Business Day, the same shall instead be due on the next succeeding day which is a Business Day.

25. CANCELLATION. After all Principal, accrued Interest, and other amounts at any time owed on this Note have been paid in full, this Note shall automatically be deemed canceled, shall be surrendered to the Company for cancellation and shall not be reissued.

26. WAIVER OF NOTICE. To the extent permitted by law, the Company hereby irrevocably waives demand, notice, presentment, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note and the Securities Restructuring Agreement.

27. GOVERNING LAW. This Note shall be construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Note shall be governed by, the laws of the Province of Alberta and the federal laws of Canada applicable therein, without giving effect to any choice of law or conflict of law provision or rule (whether of the Province of Alberta or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the Province of Alberta.

28. JUDGMENT CURRENCY.

(a) If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due to the Holder in any currency (the "**Original Currency**") into another currency (the "**Other Currency**"), the parties agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Holder could purchase the Original Currency with the Other Currency on the Business Day preceding the day on which final judgment is given or, if permitted by Applicable Law, on the day on which the judgment is paid or satisfied.

(b) The obligations of the Company in respect of any sum due in the Original Currency from it to the Holder under any of the Transaction Documents shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by the Holder of any sum adjudged to be so due in the Other Currency, the Holder may, in accordance with normal banking procedures, purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due to the Holder in the Original Currency, the Company agrees, as a separate obligation and notwithstanding the judgment, to indemnify the Holder, against any loss, and, if the amount of the Original Currency so purchased exceeds the sum originally due to the Holder in the Original Currency, the Holder shall remit such excess to the Company.

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29. SEVERABILITY. If any provision of this Note is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Note so long as this Note as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

30. MAXIMUM PAYMENTS. Without limiting Section 9(d) of the Securities Restructuring Agreement, nothing contained herein shall be deemed to establish or require the payment of a rate of interest or other charges in excess of the maximum permitted by Applicable Law. In the event that the rate of interest required to be paid or other charges hereunder exceed the maximum permitted by such Applicable Law, any payments in excess of such maximum shall be credited against amounts owed by the Company to the Holder and thus refunded to the Company.

31. CERTAIN DEFINITIONS. For purposes of this Note, the following terms shall have the following meanings:

(a) "**1933 Act**" means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

(b) "**1934 Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

(c) "**Adjustment Right**" means any right granted with respect to any securities issued in connection with, or with respect to, any issuance or sale (or deemed issuance or sale in accordance with Section 7) of Common Shares (other than rights of the type described in Section 6(a) hereof) that could result in a decrease in the net consideration received by the Company in connection with, or with respect to, such securities (including any cash settlement rights, cash adjustment or other similar rights).

(d) "**Affiliate**" means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person, it being understood for purposes of this definition that "control" of a Person means the power directly or indirectly either to vote 10% or more of the shares having ordinary voting power for the election of directors of such Person or direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

(e) "**Alternate Optional Conversion Price**" means, with respect to any given Alternate Optional Conversion, that price which shall be the lower of (i) the applicable Conversion Price as in effect on such Alternate Optional Conversion Date, and (ii) the greater of (x) the Floor Price and (y) 92% of the lowest VWAP of the Common

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Shares during the eight (8) consecutive Trading Day period ending and including the date of the delivery of the applicable Conversion Notice with respect to such Alternate Optional Conversion (such period, the "**Alternate Optional Conversion Measuring Period**"). All such determinations to be appropriately adjusted for any share dividend, share split, share combination, reclassification or similar transaction that proportionately decreases or increases the Common Shares during such Alternate Optional Conversion Measuring Period.

(f) "**Alternate Triggering Event Conversion Price**" means, with respect to any Alternate Triggering Event Conversion that price which shall be the lower of (i) the applicable Conversion Price as in effect on the applicable Conversion Date of the applicable Alternate Triggering Event Conversion, and (ii) the greater of (x) the Floor Price and (y) 92% of the lowest VWAP of the Common Shares during the eight (8) consecutive Trading Day period ending and including the date of the delivery of the applicable Conversion Notice with respect to such Alternate Triggering Event Conversion (such period, the "**Alternate Triggering Event Conversion Measuring Period**"). All such determinations to be appropriately adjusted for any share dividend, share split, share combination, reclassification or similar transaction that proportionately decreases or increases the Common Shares during such Alternate Triggering Event Conversion Measuring Period.

(g) "**Approved Share Plan**" means any employee or director benefit plan which has been approved by the board of directors of the Company prior to or subsequent to the Issuance Date pursuant to which Common Shares and standard options to purchase Common Shares may be issued to any employee, officer or director for services provided to the Company in their capacity as such.

(h) "**Attribution Parties**" means, collectively, the following Persons and entities: (i) any investment vehicle, including, any funds, feeder funds or managed accounts, currently, or from time to time after the Issuance Date, directly or indirectly managed or advised by the Holder' s investment manager or any of its Affiliates or principals, (ii) any direct or indirect Affiliates of the Holder or any of the foregoing, (iii) any Person acting or who could be deemed to be acting as a Group together with the Holder or any of the foregoing and (iv) any other Persons whose beneficial ownership of the Company' s Common Shares would or could be aggregated with the Holder' s and the other Attribution Parties for purposes of Section 13(d) of the 1934 Act. For clarity, the purpose of the foregoing is to subject collectively the Holder and all other Attribution Parties to the Maximum Percentage.

(i) "**Bloomberg**" means Bloomberg, L.P.

(j) "**Bridge Farm Disposition**" means the sale by Sundial UK Limited of all of the issued and outstanding shares and loan notes of Project Seed Topco Limited pursuant to the terms of the Bridge Farm PSA.

(k) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York or the Province of Alberta are

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authorized or required by law to remain closed; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to "stay at home", "shelter-in-place", "non-essential employee" or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York or the Province of Alberta generally are open for use by customers on such day.

(l) "**Canadian Market**" means the Toronto Stock Exchange, the TSX Venture Exchange or the Canadian Securities Exchange.

(m) "**Change of Control**" means any Fundamental Transaction other than (i) any merger of the Company or any of its, direct or indirect, wholly-owned Subsidiaries with or into any of the foregoing Persons, (ii) any reorganization, recapitalization or reclassification of the Common Shares or Excluded Disposition in which holders of the Company' s voting power immediately prior to such reorganization, recapitalization or reclassification or Excluded Disposition continue after such reorganization, recapitalization or reclassification to hold publicly traded securities and, directly or indirectly, are, in all material respects, the holders of the voting power of the surviving entity (or entities with the authority or voting power to elect the members of the board of directors (or their equivalent if other than a corporation) of such entity or entities) after such reorganization, recapitalization or reclassification and (iii) pursuant to a migratory merger effected solely for the purpose of changing the jurisdiction of incorporation of the Company or any of its Subsidiaries.

(n) "**Change of Control Redemption Premium**" means 103%; *provided* that, if, during the 12-month period following the Issuance Date, the Holder delivers a Change of Control Redemption Notice and at the time of such delivery, the Redemption Market Price is below the then Exercise Price (as defined in the Warrants) of the Warrants, then the Change of Control Redemption Premium will be 115%.

(o) "**Closing Bid Price**" and "**Closing Sale Price**" means, for any security as of any date, the last closing bid price and last closing trade price, respectively, for such security on the Principal Market, as reported by Bloomberg, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing bid price or the closing trade price (as the case may be) then the last bid price or last trade price, respectively, of such security prior to 4:00:00 p.m., New York time, as reported by Bloomberg, or, if the Principal Market is not the principal securities exchange or trading market for such security, the last closing bid price or last trade price, respectively, of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing do not apply, the last closing bid price or last trade price, respectively, of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no closing bid price or last trade price, respectively, is reported for such security by Bloomberg, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported in the "pink sheets" by OTC Markets Group Inc. (formerly Pink Sheets LLC). If the Closing Bid Price or the Closing Sale Price cannot be calculated for a security

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on a particular date on any of the foregoing bases, the Closing Bid Price or the Closing Sale Price (as the case may be) of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 23. All such determinations shall be appropriately adjusted for any share splits, share dividends, share combinations, recapitalizations or other similar transactions during such period.

(p) "**Common Shares**" means (i) the Company' s common shares, no par value per share, and (ii) any share capital into which such common shares shall have been changed or any share capital resulting from a reclassification of such common shares.

(q) "**Common Shares Deemed Outstanding**" means, at any given time, the number of Common Shares actually outstanding at such time, but excluding any Common Shares owned or held by or for the account of the Company.

(r) "**Convertible Securities**" means any shares or other security (other than Options) that is at any time and under any circumstances, directly or indirectly, convertible into, exercisable or exchangeable for, or which otherwise entitles the holder thereof to acquire, any Common Shares.

(s) "**Debtor Relief Laws**" means the Bankruptcy and Insolvency Act (Canada), the Companies Creditors' Arrangement Act (Canada), the Business Corporations Act (Alberta), the Canada Business Corporations Act and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization or similar debtor relief laws of Canada or other applicable jurisdictions from time to time in effect.

(t) "**Eligible Market**" means the New York Stock Exchange, the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market or the Principal Market.

(u) "**Event Market Price**" means, with respect to any Share Combination Event Date, the quotient determined by dividing (x) the sum of the VWAP of the Common Shares for each of the five (5) Trading Days with the lowest VWAP of the Common Shares during the fifteen (15) consecutive Trading Day period ending and including the Trading Day immediately preceding the sixteenth (16th) Trading Day after such Share Combination Event Date, divided by (y) five (5).

(v) "**Excluded Disposition**" means any of (i) Bridge Farm Disposition, (ii) the disposition of the property legally described as Lot 2 Sections 23 and 24 Township 91 Kamloops Division Yale, District Plan EPP 44524 Legal Notations, (iii) the disposition of the property legally described as Plan 7410408 Block 6 excepting thereout all mines and minerals area: 6.96 hectares (17.2 acres) more or less and municipally described as 273209 Range Road 20, M.D. of Rocky View #44, Alberta T4B 2A3, (iv) the disposition of no

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more than 30 of the Company' s proprietary custom-built cannabis cultivation modules, and (v) dispositions of licenses and/or agreements related to any of the foregoing.

(w) "**Excluded Securities**" means (i) Common Shares or Options issued to current or former directors, officers or employees of the Company for services rendered to the Company in their capacity as such pursuant to an Approved Share Plan (as defined above); *provided* that (A) all such issuances (taking into account the Common Shares issuable upon exercise of such options) after the Issuance Date pursuant to this clause (i) do not, in the aggregate, exceed more than 10% of the Common Shares issued and outstanding immediately prior to the Issuance Date and (B) the exercise price of any such options is not lowered, none of such options are amended to increase the number of shares issuable thereunder and none of the terms or conditions of any such options are otherwise materially changed in any manner that materially adversely affects the Holder; (ii) Common Shares issued upon the conversion or exercise of Convertible Securities or Options (other than Options issued pursuant to an Approved Share Plan that are covered by clause (i) above) issued prior to the Issuance Date; *provided* that the conversion price of any such Convertible Securities or Options is not lowered, none of such Convertible Securities or Options are amended to increase the number of shares issuable thereunder and none of the terms or conditions of any such Convertible Securities or Options are otherwise materially changed in any manner that materially adversely affects the Holder; (iii) the Common Shares issuable upon conversion of the Notes or otherwise pursuant to the terms of the Notes; *provided* that the terms of the Notes are not amended, modified or changed on or after the Issuance Date (other than antidilution adjustments pursuant to the terms thereof in effect as of the Issuance Date), (iv) the Common Shares issuable upon exercise of the Warrants; *provided* that the terms of the Warrants are not amended, modified or changed on or after the Issuance Date (other than antidilution adjustments pursuant to the terms thereof in effect as of the Issuance Date); (v) the Placement Agent Securities; *provided* that the terms of the Placement Agent Securities are not amended, modified or changed on or after the Issuance Date (other than antidilution adjustments pursuant to the terms thereof in effect as of the Issuance Date); and (vi) the New Investor Securities; *provided* that the terms of the New Investor Securities are not amended, modified or changed on or after the Issuance Date (other than antidilution adjustments pursuant to the terms thereof in effect as of the Issuance Date).

(x) "**Floor Price**" means US$0.1624; provided that such amount shall be adjusted for any share splits, share dividends, share combinations, recapitalizations or other
similar transactions occurring after the Issuance Date.

(y) "**Fundamental Transaction**" means (A) that the Company shall, directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more related transactions, (i) consolidate, amalgamate or merge with or into (whether or not the Company is the surviving corporation) another Subject Entity, or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company or any of its "significant subsidiaries" (as defined in Rule 1-02 of Regulation S-X) to one or more Subject Entities, or (iii) make, or allow one or more Subject Entities to make, or allow the Company to be subject to or have its Common Shares be subject to or party to one or more Subject Entities making, a purchase, tender or exchange

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offer (including any take-over bid) that is accepted by the holders of at least either (x) 50% of the outstanding Common Shares, (y) 50% of the outstanding Common Shares calculated as if any Common Shares held by all Subject Entities making or party to, or Affiliated with any Subject Entities making or party to, such purchase, tender or exchange offer were not outstanding; or (z) such number of Common Shares such that all Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such purchase, tender or exchange offer, become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding Common Shares, or (iv) consummate a stock or share purchase agreement or other business combination (including a reorganization, recapitalization, spin-off or arrangement) with one or more Subject Entities whereby all such Subject Entities, individually or in the aggregate, acquire, either (x) at least 50% of the outstanding Common Shares, (y) at least 50% of the outstanding Common Shares calculated as if any Common Shares held by all the Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such stock or share purchase agreement or other business combination were not outstanding; or (z) such number of Common Shares such that the Subject Entities become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding Common Shares, or (v) reorganize, recapitalize or reclassify its Common Shares, (B) that the Company shall, directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more related transactions, becomes subject to or allow any Subject Entity individually or the Subject Entities in the aggregate to be or become the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, whether through acquisition, purchase, assignment, conveyance, tender, tender offer, exchange, reduction in outstanding Common Shares, merger, consolidation, business combination, reorganization, recapitalization, spin-off, scheme of arrangement, reorganization, recapitalization or reclassification or otherwise in any manner whatsoever, of either (x) at least 50% of the aggregate ordinary voting power represented by issued and outstanding Common Shares, (y) at least 50% of the aggregate ordinary voting power represented by issued and outstanding Common Shares not held by all such Subject Entities as of the date of this Note calculated as if any Common Shares held by all such Subject Entities were not outstanding, or (z) a percentage of the aggregate ordinary voting power represented by issued and outstanding Common Shares or other equity securities of the Company sufficient to allow such Subject Entities to effect a statutory short form merger or other transaction requiring other shareholders of the Company to surrender their Common Shares without approval of the shareholders of the Company, (C) directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more related transactions, the issuance of or the entering into any other instrument or transaction structured in a manner to circumvent, or that circumvents, the intent of this definition in which case this definition shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this definition to the extent necessary to correct this definition or any portion of this definition which may be defective or inconsistent with the intended treatment of such instrument or transaction or (D) any transaction substantially similar to (or having an effect substantially similar to) any of the foregoing transactions as otherwise recognized or determined under Applicable Law, including Canadian Securities Laws.

(z) "**Group**" means a "group" as that term is used in Section 13(d) of the 1934 Act and as defined in Rule 13d-5 thereunder, and, as applicable, any similar or

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corresponding concept under Applicable Laws, including Canadian Securities Laws.

(aa) "**IFRS**" means International Financial Reporting Standards, consistently applied.

(bb) "**Maturity Date**" shall mean June 5, 2022; provided, however, the Maturity Date may be extended at the option of the Holder (i) in the event that, and for so long as, a Triggering Event shall have occurred and be continuing or any event shall have occurred and be continuing that with the passage of time and the failure to cure would result in a Triggering Event or (ii) through the date that is twenty (20) Business Days after the consummation of a Fundamental Transaction in the event that a Fundamental Transaction is publicly announced or a Change of Control Notice is delivered prior to the Maturity Date; *provided further* that if a Holder elects to convert some or all of this Note pursuant to Section 3 hereof, and the Conversion Amount would be limited pursuant to Section 3(d) hereunder, the Maturity Date shall automatically be extended until such time as such provision shall not limit the conversion of this Note.

(cc) "**NI 55-104**" means National Instrument 55-104 – *Insider Reporting Requirements and Exemptions* of the Canadian Securities Administrators, as amended and the rules and regulations thereunder.

(dd) "**NI 62-104**" means National Instrument 62-104 – *Take-Over Bids and Issuer Bids* of the Canadian Securities Administrators, as amended and the rules and regulations thereunder.

(ee) "**Options**" means any rights, warrants or options to subscribe for or purchase Common Shares or Convertible Securities.

(ff) "**Original Credit Agreement**" means the credit agreement dated June 27, 2019 among SGI Partnership, as borrower, SAF Jackson II LP and the other Persons set forth on the signature pages thereto as lenders, and SAF Jackson II LP, as administrative agent.

(gg) "**Parent Entity**" of a Person means an entity that, directly or indirectly, controls the applicable Person and whose common stock or equivalent equity security is quoted or listed on an Eligible Market, or, if there is more than one such Person or Parent Entity, the Person or Parent Entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

(hh) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity or a government or any department or agency thereof.

(ii) "**Principal Market**" means the Nasdaq Global Select Market.

(jj) "**Redemption Market Price**" means, with respect to the date of delivery of any Redemption Notice, the quotient determined by dividing (x) the sum of the VWAP of the Common Shares for each of the five (5) Trading Days immediately preceding

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the date of delivery of such Redemption Notice, divided by (y) five (5).

(kk) "**Redemption Notices**" means, collectively, the Event of Default Redemption Notices and the Change of Control Redemption Notices, and each of the foregoing, individually, a "**Redemption Notice**."

(ll) "**Redemption Premium**" means 103%; *provided* that, if, during the 12-month period following the Issuance Date, the Holder delivers a Redemption Notice and at the time of such delivery, the Redemption Market Price is below the then Exercise Price (as defined in the Warrants) of the Warrants, then the Redemption Premium will be 115%.

(mm) "**Redemption Prices**" means, collectively, Event of Default Redemption Prices and the Change of Control Redemption Prices, and each of the foregoing, individually, a "**Redemption Price**."

(nn) "**Registration Rights Agreement**" means that certain registration rights agreement, dated as of the Issuance Date, by and among the Company and the Holder relating to, among other things, the registration of the resale of the Common Shares issuable upon conversion of the Notes or otherwise pursuant to the terms of the Notes and exercise of the Warrants, as may be amended from time to time.

(oo) "**Restructuring and Novation Agreement**" means the restructuring and novation agreement dated as of the date hereof among, *inter alios*, the Company, SAF Jackson II LP and the other Persons set forth on the signature pages to the Original Credit Agreement as lenders, and SAF Jackson II LP, as administrative agent.

(pp) "**SEC**" means the United States Securities and Exchange Commission or the successor thereto.

(qq) "**Subject Entity**" means any Person, Persons or Group or any Affiliate or associate of any such Person, Persons or Group.

(rr) "**Successor Entity**" means the Person (or, if so elected by the Holder, the Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or the Person (or, if so elected by the Holder, the Parent Entity) with which such Fundamental Transaction shall have been entered into.

(ss) "**Trading Day**" means, as applicable, (x) with respect to all price or trading volume determinations relating to the Common Shares, any day on which the Common Shares are traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Shares, then on the principal securities exchange or securities market on which the Common Shares are then traded, provided that "Trading Day" shall not include any day on which the Common Shares are scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Shares are suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York time) unless such day is otherwise designated as a Trading Day in writing by the Holder or (y) with

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respect to all determinations other than price determinations relating to the Common Shares, any day on which the Principal Market (or any successor thereto) is open for trading of securities.

(tt) "**VWAP**" means, for any security as of any date, the dollar volume-weighted average price for such security on the Principal Market (or, if the Principal Market is not the principal trading market for such security, then on the principal securities exchange or securities market on which such security is then traded), during the period beginning at 9:30 a.m., New York time, and ending at 4:00 p.m., New York time, as reported by Bloomberg through its "VAP" function (set to 09:30 start time and 16:00 end time) or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30 a.m., New York time, and ending at 4:00 p.m., New York time, as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the "pink sheets" by OTC Markets Group Inc. (formerly Pink Sheets LLC). If the VWAP cannot be calculated for such security on such date on any of the foregoing bases, the VWAP of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 23. All such determinations shall be appropriately adjusted for any share dividend, share split, share combination, recapitalization or other similar transaction during such period.

32. DISCLOSURE. Upon delivery by the Company to the Holder (or receipt by the Company from the Holder) of any notice in accordance with the terms of this Note, unless the Company has in good faith determined that the matters relating to such notice do not constitute material, non-public information relating to the Company or any of its Subsidiaries, the Company shall on or prior to 9:00 am, New York city time on the Business Day immediately following such notice delivery date, publicly disclose such material, non-public information on a Report of Foreign Private Issuer on Form 6-K or otherwise. In the event that the Company believes that a notice contains material, non-public information relating to the Company or any of its Subsidiaries, the Company so shall indicate to the Holder explicitly in writing in such notice (or immediately upon receipt of notice from the Holder, as applicable), and in the absence of any such written indication in such notice (or notification from the Company immediately upon receipt of notice from the Holder), the Holder shall be entitled to presume that information contained in the notice does not constitute material, non-public information relating to the Company or any of its Subsidiaries. Nothing contained in this Section 32 shall limit any obligations of the Company, or any rights of the Holder, under Section 4(i) of the Securities Restructuring Agreement.

33. ABSENCE OF TRADING AND DISCLOSURE RESTRICTIONS. The Company acknowledges and agrees that the Holder is not a fiduciary or agent of the Company and that the Holder shall have no obligation to (a) maintain the confidentiality of any information provided by the Company or (b) refrain from trading any securities while in possession of such information in the absence of a written non-disclosure agreement signed by an officer of the Holder that explicitly provides for such confidentiality and trading restrictions. In the absence of such an

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executed, written non-disclosure agreement, the Company acknowledges that the Holder may freely trade in any securities issued by the Company, may possess and use any information provided by the Company in connection with such trading activity, and may disclose any such information to any third party.

[signature page follows]

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IN WITNESS WHEREOF, the Company has caused this Note to be duly executed as of the Issuance Date set out above.

SUNDIAL GROWERS INC.

By: _____
Name:
Title:

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EXHIBIT I

[Redacted: Commercially Sensitive]

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EXHIBIT II

[Redacted: Commercially Sensitive]

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SCHEDULE "C"

FORM OF WARRANT

[FORM OF WARRANT]

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL TO THE HOLDER (IF REQUESTED BY THE COMPANY), IN A FORM REASONABLY ACCEPTABLE TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD OR ELIGIBLE TO BE SOLD PURSUANT TO RULE 144, REGULATION S OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

THE NUMBER OF COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT MAY BE LESS THAN THE AMOUNTS SET FORTH ON THE FACE HEREOF PURSUANT TO SECTION 1(a) OF THIS WARRANT.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE DISTRIBUTION]

SUNDIAL GROWERS INC.

WARRANT TO PURCHASE COMMON SHARES

Warrant No.: [ ]

Date of Issuance: June 5, 2020 ("**Issuance Date**")

Sundial Growers Inc., a company existing under the laws of the Province of Alberta, Canada (the "**Company**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, SAF JACKSON II LP, the registered holder hereof or its permitted assigns (the "**Holder**"), is entitled, subject to the terms set forth below, to purchase from the Company, at the Exercise Price (as defined below) then in effect, upon exercise of this Warrant to Purchase Common Shares (including any Warrants to Purchase Common Shares issued in exchange, transfer or replacement hereof, the "**Warrant**"), at any time or times on or after the Threshold Date (as defined below), but not after 5:00 p.m., New York time, on the Expiration Date (as defined below), _____ (subject to adjustment as provided herein) fully paid and non-assessable Common Shares (as defined below) (the "**Warrant Shares**", and such number of Warrant Shares, the "**Warrant Number**"). Except as otherwise defined herein, capitalized terms in this Warrant shall have the meanings set forth in Section 19. This Warrant is one of the Warrants to Purchase Common Shares (the "**SRA Warrants**") issued

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pursuant to Section 1 of that certain securities restructuring agreement, dated as of the Issuance Date, by and among the Company and SAF Jackson II LP, as amended from time to time (the "**Securities Restructuring Agreement**"). Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Securities Restructuring Agreement, including the schedules thereto.

1. EXERCISE OF WARRANT.

(a) Mechanics of Exercise. Subject to the terms and conditions hereof (including the limitations set forth in Section 1(f)), this Warrant may be exercised by the Holder at any time after the earlier of (the "**Threshold Date**"): (x) the date upon which the aggregate amount of New Investor Indebtedness is less than *[Redacted: Commercially sensitive]*; and (y) February 1, 2021 (an "**Exercise Date**"), in whole or in part, by delivery (whether via facsimile, electronic mail or otherwise), for receipt on or prior to 5:00 p.m., New York City time, on such date, of a written notice, in the form attached hereto as Exhibit A (the "**Exercise Notice**"), of the Holder' s election to exercise this Warrant. The Company will provide prompt written notice to the Holder upon the threshold in clause (x) of the immediately preceding sentence being satisfied and specifying the date thereof. Subject to Section 1(f), within one (1) Trading Day following an exercise of this Warrant as aforesaid, the Holder shall deliver payment to the Company of an amount equal to the Exercise Price in effect on the date of such exercise multiplied by the number of Warrant Shares as to which this Warrant was so exercised (the "**Aggregate Exercise Price**") in cash or via wire transfer of immediately available funds if the Holder did not notify the Company in such Exercise Notice that such exercise was made pursuant to a Cashless Exercise (as defined in Section 1(d)). The Holder shall not be required to deliver the original of this Warrant in order to effect an exercise hereunder. Execution and delivery of an Exercise Notice with respect to less than all of the Warrant Shares shall have the same effect as cancellation of the original of this Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Warrant Shares. Execution and delivery of an Exercise Notice for all of the then-remaining Warrant Shares shall have the same effect as cancellation of the original of this Warrant after delivery of the Warrant Shares in accordance with the terms hereof. On or before the first (1st) Trading Day following the date on which the Company has received an Exercise Notice, the Company shall transmit by facsimile or electronic mail a treasury direction and acknowledgment of confirmation of receipt of such Exercise Notice, in the form attached hereto as Exhibit B, to the Holder and the Company' s transfer agent (the "**Transfer Agent**"), which confirmation shall constitute an instruction to the Transfer Agent to process such Exercise Notice in accordance with the terms herein. On or before the second (2nd) Trading Day following the date on which the Company has received such Exercise Notice (or such earlier date as required pursuant to the 1934 Act or other applicable law, rule or regulation for the settlement of a trade of such Warrant Shares initiated on the applicable Exercise Date), the Company shall (i) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program and the Required Unrestricted Conditions are satisfied, upon the request of the Holder, credit such aggregate number of Common Shares to which the Holder is entitled pursuant to such exercise to the Holder' s or its designee' s balance account with DTC through its Deposit/Withdrawal at Custodian system, or (ii) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or the Required Unrestricted Conditions are not satisfied, upon the request of the Holder, issue and deliver (via reputable overnight courier) to the address as specified in the Exercise Notice, a certificate, registered in the

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name of the Holder or its designee, for the number of Common Shares to which the Holder shall be entitled pursuant to such exercise. Upon delivery of an Exercise Notice, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date such Warrant Shares are credited to the Holder' s DTC account or the date of delivery of the certificates evidencing such Warrant Shares (as the case may be). If this Warrant is submitted in connection with any exercise pursuant to this Section 1(a) and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the number of Warrant Shares being acquired upon an exercise and upon surrender of this Warrant to the Company by the Holder, then, at the request of the Holder, the Company shall as soon as practicable and in no event later than two (2) Business Days after any exercise and at its own expense, issue and deliver to the Holder (or its designee) a new Warrant (in accordance with Section 7(d)) representing the right to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised. No fractional Common Shares are to be issued upon the exercise of this Warrant, but rather the number of Common Shares to be issued shall be rounded up to the nearest whole number. The Company shall pay any and all transfer, stamp, issuance and similar taxes, costs and expenses (including fees and expenses of the Transfer Agent) that may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant. Notwithstanding the foregoing, except in the case where an exercise of this Warrant is validly made pursuant to a Cashless Exercise, the Company' s failure to deliver Warrant Shares to the Holder on or prior to the later of (A) two (2) Trading Days after receipt of the applicable Exercise Notice (or such earlier date as required pursuant to the 1934 Act or other applicable law, rule or regulation for the settlement of a trade of such Warrant Shares initiated on the applicable Exercise Date) and (B) one (1) Trading Day after the Company' s receipt of the Aggregate Exercise Price (or valid notice of a Cashless Exercise) (such later date, the "**Share Delivery Date**") shall not be deemed to be a breach of this Warrant. From the Issuance Date through and including the Expiration Date, the Company shall maintain a transfer agent that participates in the DTC' s Fast Automated Securities Transfer Program. Notwithstanding anything to the contrary contained in this Warrant or the Registration Rights Agreement, after the effective date of a Registration Statement (as defined in the Registration Rights Agreement), the Company shall cause the Transfer Agent to deliver unlegended Common Shares to the Holder (or its designee) in connection with any sale of Registrable Securities (as defined in the Registration Rights Agreement) with respect to which the Holder has entered into a contract for sale, an arrangement with a broker for sale or a 10b5-1 plan and delivered a copy of the prospectus included as part of the particular Registration Statement (as defined in the Registration Rights Agreement) to the extent applicable, and for which the Holder has not yet settled.

(b) Exercise Price. For purposes of this Warrant, "**Exercise Price**" means US$[_], subject to adjustment as provided herein.

(c) Company' s Failure to Timely Deliver Securities. If the Company shall fail, for any reason or for no reason, on or prior to the Share Delivery Date, either (I) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or the Required Unrestricted Conditions are not satisfied, to issue and deliver to the Holder (or its designee) a certificate for the number of Warrant Shares to which the Holder is entitled and register such Warrant Shares on the Company' s share register or, if the Transfer Agent is participating in the

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DTC Fast Automated Securities Transfer Program and the Required Unrestricted Conditions are satisfied, to credit the balance account of the Holder or the Holder' s designee with DTC for such number of Warrant Shares to which the Holder is entitled upon the Holder' s exercise of this Warrant (as the case may be) or (II) if after the Effective Date (as defined in the Registration Rights Agreement), the Registration Statement (as defined in the Registration Rights Agreement) covering the resale of the Warrant Shares that are the subject of the Exercise Notice (the "**Unavailable Warrant Shares**") is not available for the issuance of such Unavailable Warrant Shares and the Company fails to promptly, but in no event later than as required by the Registration Rights Agreement (x) so notify the Holder and (y) deliver the Warrant Shares electronically without any restrictive legend by crediting such aggregate number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the Holder' s or its designee' s balance account with DTC through its Deposit/Withdrawal At Custodian system (the event described in the immediately foregoing clause (II) is hereinafter referred as a "**Notice Failure**" and together with the event described in clause (I) above, a "**Delivery Failure**"), then, in addition to all other remedies available to the Holder, (X) the Company shall pay in cash to the Holder on each day after the Share Delivery Date and during such Delivery Failure an amount equal to 1.0% of the product of (A) the sum of the number of Common Shares not issued to the Holder on or prior to the Share Delivery Date and to which the Holder is entitled, multiplied by (B) any trading price of the Common Shares selected by the Holder in writing as in effect at any time during the period beginning on the applicable Exercise Date and ending on the applicable Share Delivery Date, and (Y) the Holder, upon written notice to the Company, may void its Exercise Notice with respect to, and retain or have returned, as the case may be, any portion of this Warrant that has not been exercised pursuant to such Exercise Notice; provided that the voiding of an Exercise Notice shall not affect the Company' s obligations to make any payments which have accrued prior to the date of such notice pursuant to this Section 1(c) or otherwise. In addition to the foregoing, if on or prior to the Share Delivery Date either (I) the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or the Required Unrestricted Conditions are not satisfied, the Company shall fail to issue and deliver to the Holder (or its designee) a certificate and register such Common Shares on the Company' s share register or, if the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program and the Required Unrestricted Conditions are satisfied, the Transfer Agent shall fail to credit the balance account of the Holder or the Holder' s designee with DTC for the number of Common Shares to which the Holder is entitled upon the Holder' s exercise hereunder or pursuant to the Company' s obligation pursuant to clause (ii) below or (II) a Notice Failure occurs, and if on or after such Share Delivery Date the Holder purchases (in an open market transaction or otherwise) Common Shares corresponding to all or any portion of the number of Common Shares issuable upon such exercise that the Holder is entitled to receive from the Company and has not received from the Company in connection with such Delivery Failure or Notice Failure, as applicable, then, in addition to all other remedies available to the Holder, the Company shall, within two (2) Business Days after the Holder' s request and in the Holder' s discretion, either (i) pay cash to the Holder in an amount equal to the Holder' s total purchase price (including brokerage commissions and other out-of-pocket expenses, if any) for the Common Shares so purchased (including by any other Person in respect, or on behalf, of the Holder) (the "**Buy-In Price**"), at which point the Company' s obligation to so issue and deliver such certificate (and to issue such Common Shares) or credit the balance account of such Holder or such Holder' s designee, as applicable, with DTC for the number of Warrant Shares to which the Holder is entitled upon the Holder' s exercise

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hereunder (as the case may be) (and to issue such Warrant Shares) shall terminate, or (ii) promptly honor its obligation to so issue and deliver to the Holder a certificate or certificates representing such Warrant Shares or credit the balance account of such Holder or such Holder' s designee, as applicable, with DTC for the number of Warrant Shares to which the Holder is entitled upon the Holder' s exercise hereunder (as the case may be) and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of Warrant Shares multiplied by (B) the lowest Closing Sale Price of the Common Shares on any Trading Day during the period commencing on the date of the applicable Exercise Notice and ending on the date of such issuance and payment under this clause (ii). Nothing shall limit the Holder' s right to pursue any other remedies available to it hereunder, at law or in equity, including a decree of specific performance and/or injunctive relief with respect to the Company' s failure to timely deliver certificates representing Common Shares (or to electronically deliver such Common Shares) upon the exercise of this Warrant as required pursuant to the terms hereof. In addition to the foregoing rights, (i) if the Company fails to deliver the applicable number of Warrant Shares upon an exercise pursuant to Section 1(a) by the applicable Share Delivery Date, then the Holder shall have the right to rescind such exercise in whole or in part and retain and/or have the Company return, as the case may be, any portion of this Warrant that has not been exercised pursuant to such Exercise Notice; provided that the rescission of an exercise shall not affect the Company' s obligation to make any payments that have accrued prior to the date of such notice pursuant to this Section 1(c) or otherwise, and (ii) if after the Effective Date a Registration Statement covering the resale of the Warrant Shares that are subject to an Exercise Notice is not available for the issuance or resale, as applicable, of such Exercise Notice Warrant Shares and the Holder has submitted an Exercise Notice prior to receiving notice of the non-availability of such Registration Statement and the Company has not already delivered the Warrant Shares underlying such Exercise Notice electronically without any restrictive legend by crediting such aggregate number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the Holder' s or its designee' s balance account with DTC through its Deposit / Withdrawal At Custodian system, the Holder shall have the option, by delivery of notice to the Company, to (x) rescind such Exercise Notice in whole or in part and retain or have returned, as the case may be, any portion of this Warrant that has not been exercised pursuant to such Exercise Notice; provided that the rescission of an Exercise Notice shall not affect the Company' s obligation to make any payments that have accrued prior to the date of such notice pursuant to this Section 1(c) or otherwise, and/or (y) switch some or all of such Exercise Notice from a cash exercise to a Cashless Exercise.

(d) Cashless Exercise. Notwithstanding anything contained herein to the contrary (other than Section 1(f) below), if at the time of exercise hereof, at any time on or after the later of (x) the six month anniversary of the Issuance Date and (y) the Threshold Date, a Registration Statement is not effective (or the prospectus contained therein is not available for use) for the resale by the Holder of all of the Warrant Shares, then the Holder may, in its sole discretion, exercise this Warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the Aggregate Exercise Price, elect instead to receive upon such exercise the "Net Number" of Warrant Shares determined according to the following formula (a "**Cashless Exercise**"):

Net Number = *[Redacted: Commercially sensitive]*

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For purposes of the foregoing formula:

A= the total number of shares with respect to which this Warrant is then being exercised.

B = as applicable: (i) the Closing Sale Price of the Common Shares on the Trading Day immediately preceding the date of the applicable Exercise Notice if such Exercise Notice is (1) both executed and delivered pursuant to Section 1(a) hereof on a day that is not a Trading Day or (2) both executed and delivered pursuant to Section 1(a) hereof on a Trading Day prior to the opening of "regular trading hours" (as defined in Rule 600(b)(64) of Regulation NMS promulgated under the U.S. federal securities laws) on such Trading Day, (ii) the Bid Price of the Common Shares as of the time of the Holder' s execution of the applicable Exercise Notice if such Exercise Notice is executed during "regular trading hours" on a Trading Day and is delivered within two (2) hours thereafter pursuant to Section 1(a) hereof, or (iii) the Closing Sale Price of the Common Shares on the date of the applicable Exercise Notice if the date of such Exercise Notice is a Trading Day and such Exercise Notice is both executed and delivered pursuant to Section 1(a) hereof after the close of "regular trading hours" on such Trading Day.

C = the Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

If the Warrant Shares are issued in a Cashless Exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the 1933 Act, the Warrant Shares take on the registered characteristics of the Warrants being exercised. For purposes of Rule 144(d) promulgated under the 1933 Act, as in effect on the Issuance Date, it is intended that the Warrant Shares issued in a Cashless Exercise shall be deemed to have been acquired by the Holder, and the holding period for the Warrant Shares shall be deemed to have commenced, on the Issuance Date.

(e) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the number of Warrant Shares to be issued pursuant to the terms hereof, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 15.

(f) Limitations on Exercises. The Company shall not effect the exercise of any portion of this Warrant, and the Holder shall not have, and irrevocably and unconditionally waives, the right to exercise any portion of this Warrant pursuant to the terms and conditions of this Warrant and any such exercise shall be null and void and treated as if never made, to the extent that after giving effect to such exercise (i) the Holder together with the other Attribution Parties collectively would beneficially own, or (ii) the Holder would have beneficial ownership of, or control or direction over, whether direct or indirect, or a combination of beneficial ownership of, and control or direction over, whether direct or indirect, Common Shares in excess of 9.99% (the "**Maximum Percentage**") of the outstanding Common Shares immediately after giving effect to such exercise. For purposes of the foregoing sentence, the aggregate number of Common Shares beneficially

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owned or beneficially owned, or controlled or directed, as applicable, by the applicable Person(s) shall include the number of Common Shares held by the applicable Person(s) plus the number of Common Shares issuable upon exercise of this Warrant with respect to which the determination of such sentence is being made, but shall exclude Common Shares which would be issuable in excess of the Maximum Percentage upon (A) exercise of the remaining, unexercised portion of this Warrant and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company (including any convertible notes or convertible preferred shares or warrants, including other SRA Warrants and the Note) that are subject to a limitation on conversion or exercise analogous to the limitation contained in this Section 1(f). For purposes of Section 1(f)(i) beneficial ownership shall be calculated in accordance with Section 13(d) of the 1934 Act and for purposes of Section 1(f)(ii), beneficial ownership, or control or direction over, shall be determined in accordance with NI 55-104 and NI 62-104, and, in each case, having regard to the Maximum Percentage. For purposes of determining the number of outstanding Common Shares the Holder may acquire upon the exercise of this Warrant without exceeding the Maximum Percentage, the Holder may rely on the number of outstanding Common Shares as reflected in (x) the Company' s most recent Annual Report on Form 20-F, Report of Foreign Issuer on Form 6-K or other public filing with the SEC, as the case may be, (y) a more recent public announcement by the Company or (z) any other written notice by the Company or the Transfer Agent, if any, setting forth the number of Common Shares outstanding (the "**Reported Outstanding Share Number**"). If the Company receives an Exercise Notice from the Holder at a time when the actual number of outstanding Common Shares is less than the Reported Outstanding Share Number, the Company shall (i) notify the Holder in writing of the number of Common Shares then outstanding and, to the extent that such Exercise Notice would otherwise cause the Holder' s beneficial ownership, as determined pursuant to this Section 1(f), to exceed the Maximum Percentage, the Holder must notify the Company of a reduced number of Warrant Shares to be acquired pursuant to such Exercise Notice (the number of Warrant Shares by which such exercise is reduced, the "**Reduction Shares**") and (ii) as soon as reasonably practicable, return the Aggregate Exercise Price related to the Reduction Shares to the Holder. For any reason at any time, upon the written or oral request of the Holder, the Company shall within one (1) Business Day confirm orally and in writing or by electronic mail to the Holder the number of Common Shares then outstanding. In any case, the number of outstanding Common Shares shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the applicable Person(s) since the date as of which the Reported Outstanding Share Number was reported. In the event that the issuance of Common Shares to the Holder upon exercise of this Warrant results in the applicable Person(s) being deemed to beneficially own or beneficially own, or have control or direction over, as applicable, in the aggregate, more than the Maximum Percentage of the number of outstanding Common Shares (as determined under Section 13(d) of the 1934 Act or NI 55-104 and NI 62-104, as applicable), the number of Common Shares so issued by which the applicable Person(s)')' s aggregate beneficial ownership or beneficial ownership, or control or direction over, as applicable, exceeds the Maximum Percentage (the "**Excess Shares**") shall be deemed null and void and shall be cancelled *ab initio*, and the Holder shall not have the power to vote or to transfer the Excess Shares. As soon as reasonably practicable after the issuance of the Excess Shares has been deemed null and void, the Company shall return to the Holder the Aggregate Exercise Price paid by the Holder for the Excess Shares and the Holder irrevocably and unconditionally waives its right to vote and to transfer the Excess Shares. Upon delivery of a written notice to the Company, the Holder may from time to time decrease or, following such decrease, increase (with such increase

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not effective until the sixty-first (61st) day after delivery of such notice) the Maximum Percentage to any other percentage not in excess of 9.99% as specified in such notice; provided that (x) any such increase in the Maximum Percentage will not be effective until the sixty-first (61st) day after such notice is delivered to the Company and (y) any such increase or decrease will apply only to the applicable Person(s) of the Holder. For purposes of clarity, the Common Shares issuable pursuant to the terms of this Warrant in excess of the Maximum Percentage shall not be deemed to be beneficially owned or beneficially owned, or controlled or directed, as applicable, by the Holder for any purpose including for purposes of Section 13(d) or Rule 16a-1(a)(1) of the 1934 Act or NI 55-104 and NI 62-104, as applicable. No prior inability to exercise this Warrant pursuant to this Section 1(f) shall have any effect on the applicability of the provisions of this Section 1(f) with respect to any subsequent determination of exercisability. The provisions of this Section 1(f) shall not be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 1(f) to the extent necessary to correct this Section 1(f) (or any portion of this Section 1(f)) which may be defective or inconsistent with the intended beneficial ownership or beneficial ownership, or control or direction over, limitations contained in this Section 1(f) or to make changes or supplements necessary or desirable to properly give effect to such limitations. The limitations contained in this Section 1(f) may not be waived and shall apply to a successor holder of this Warrant and the Holder affirms the Company' s right to enforce such limitations.

(g) [Reserved].

(h) Forced Exercise.

(i) General. Subject to Section 1(f), commencing on the twentieth (20) Trading Day after the Threshold Date, if at any time (x) the VWAP of the Common Shares listed on the Principal Market exceeds US$2.00 (as adjusted for stock splits, stock dividends, recapitalizations and similar events) (the "**Forced Exercise Minimum Price**") for twenty (20) consecutive Trading Days (each, a "**Forced Exercise Measuring Period**") and (y) no Equity Conditions Failure then exists (unless waived in writing by the Holder) (collectively, the "**Forced Exercise Conditions**"), the Company shall have the right to require the Holder to exercise this Warrant into up to such aggregate number of fully paid, validly issued and non-assessable Warrant Shares equal to the lesser of (I) the aggregate number of Warrant Shares then permitted to be issued to the Holder in compliance with Section 1(f) above, (II) the Warrant Number then in effect and (III) 15% of the aggregate trading volume of the Common Shares (as reported by Bloomberg) during Forced Exercise Measuring Period (such lesser number of Warrant Shares, the "**Maximum Forced Exercise Share Amount**") as designated in the applicable Forced Exercise Notice (as defined below) to be issued and delivered in accordance with Section 1(a) hereof (each, a "**Forced Exercise**").

(ii) Mechanics. The Company may exercise its right to require a Forced Exercise under this Section 1(h) on the Trading Day immediately following any Forced Exercise Measuring Period by delivering a written notice thereof, at one, or more times, by facsimile or electronic mail to all, but not less than all, of the holders of SRA Warrant (each, a "**Forced Exercise Notice**", and the date thereof, each a "**Forced Exercise Notice Date**"). For purposes of Section 1(a) hereof, "Forced Exercise Notice" shall be deemed to replace "Exercise Notice" for all purposes thereunder as if the Holder delivered an Exercise

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Notice to the Company on the Forced Exercise Notice Date, *mutatis mutandis*. Each Forced Exercise Notice shall be irrevocable. Each Forced Exercise Notice shall (x) state that the Company is electing to effect a Forced Exercise on the second (2nd) Trading Day following the applicable Forced Exercise Notice Date (the "**Forced Exercise Date**"), (y) state the aggregate number of Warrant Shares to be forced exercised (not in excess of the Maximum Forced Exercise Share Amount) and all of the holders of the SRA Warrants on the Forced Exercise Date (subject to any adjustments thereto pursuant to Section 2 that may occur prior to the Forced Exercise Date), and (z) contain a certification from an officer or director of the Company that the Forced Exercise Conditions shall have been satisfied as of the Forced Exercise Notice Date. Notwithstanding anything herein to the contrary, if the VWAP of the Common Shares listed on the Principal Market fails to exceed the Forced Exercise Minimum Price for each Trading Day commencing on the Forced Exercise Notice Date and ending and including the Trading Day immediately prior to the applicable Forced Exercise Date (a "**Forced Exercise Price Failure**") or an Equity Conditions Failure occurs at any time prior to the Forced Exercise Date, (A) the Company shall provide the Holder a subsequent notice to that effect and (B) unless the Holder waives the applicable Equity Conditions Failure and/or Forced Exercise Price Failure, as applicable, the Forced Exercise shall be cancelled and the applicable Forced Exercise Notice shall be null and void.

(iii) Pro Rata Exercise Requirement. If the Company elects to cause a Forced Exercise of this Warrant pursuant to this Section 1(h), then it must simultaneously take the same action in the same proportion with respect to all of the SRA Warrants.

2. ADJUSTMENT OF EXERCISE PRICE, FORCED EXERCISE MINIMUM PRICE AND NUMBER OF WARRANT SHARES.

The Exercise Price, Forced Exercise Minimum Price and number of Warrant Shares issuable upon exercise of this Warrant are subject to adjustment from time to time as set forth in this Section 2. The adjustments from time to time set forth in this Section 2 are cumulative and such adjustments shall be made successively whenever any of the relevant events referred to herein shall occur.

(a) Share Dividends and Splits. Without limiting any provision of Section 2(b), Section 3 or Section 4, if the Company, at any time on or after the Issuance Date, (i) pays a share dividend on one or more classes of its then outstanding Common Shares or otherwise makes a distribution on any class of share capital that is payable in Common Shares, (ii) subdivides (by any share split, share dividend, recapitalization or otherwise) one or more classes of its then outstanding Common Shares into a larger number of shares or (iii) combines (by combination, reverse share split or otherwise) one or more classes of its then outstanding Common Shares into a smaller number of shares, then in each such case the Exercise Price and the Forced Exercise Minimum Price shall be multiplied by a fraction of which the numerator shall be the number of Common Shares outstanding immediately before such event and of which the denominator shall be the number of Common Shares outstanding immediately after such event. Any adjustment made pursuant to clause (i) of this paragraph shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution, and any adjustment pursuant to clause (ii) or (iii) of this paragraph shall become effective immediately after the effective date of such subdivision or combination. If any event requiring an adjustment under this Section 2(a) occurs during the period that an Exercise Price or a Forced Exercise Minimum Price

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is calculated hereunder, then the calculation of such Exercise Price or Forced Exercise Minimum Price shall be adjusted appropriately to reflect such event.

(b) Adjustment Upon Issuance of Common Shares. If and whenever on or after the Issuance Date, the Company grants, issues or sells (or enters into any agreement to grant, issue or sell), or in accordance with this Section 2(b) is deemed to have issued or sold, any Common Shares (including the issuance or sale of Common Shares owned or held by or for the account of the Company, but excluding any Excluded Securities issued or sold or deemed to have been issued or sold) for a consideration per share (the "**New Issuance Price**") less than a price equal to the Exercise Price in effect immediately prior to such issuance or sale or deemed issuance or sale (such Exercise Price then in effect is referred to herein as the "**Applicable Price**") (the foregoing a "**Dilutive Issuance**"), then, immediately after such Dilutive Issuance, the Exercise Price then in effect shall be reduced to an amount equal to the New Issuance Price. For all purposes of the foregoing (including determining the adjusted Exercise Price and the New Issuance Price under this Section 2(b)), the following shall be applicable:

(i) Issuance of Options. If the Company in any manner grants, issues or sells (or enters into any agreement to grant, issue or sell) any Options and the lowest price per share for which one Common Share is at any time issuable upon the exercise of any such Option or upon conversion, exercise or exchange of any Convertible Securities issuable upon exercise of any such Option or otherwise pursuant to the terms thereof is less than the Applicable Price, then such Common Share shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the granting, issuance or sale (or the time of execution of such agreement to grant, issue or sell, as applicable) of such Option for such price per share. For purposes of this Section 2(b)(i), the "lowest price per share for which one Common Share is at any time issuable upon the exercise of any such Options or upon conversion, exercise or exchange of any Convertible Securities issuable upon exercise of any such Option or otherwise pursuant to the terms thereof" shall be equal to (1) the lower of (x) the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to any one Common Share upon the granting, issuance or sale (or pursuant to the agreement to grant, issue or sell, as applicable) of such Option, upon exercise of such Option and upon conversion, exercise or exchange of any Convertible Security issuable upon exercise of such Option or otherwise pursuant to the terms thereof and (y) the lowest exercise or conversion price (as the case may be) set forth in such Option for which one Common Share is issuable (or may become issuable assuming all possible market conditions) upon the exercise of any such Options or upon conversion, exercise or exchange of any Convertible Securities issuable upon exercise of any such Option or otherwise pursuant to the terms thereof minus (2) the sum of all amounts paid or payable to the holder of such Option (or any other Person) with respect to any one Common Share upon the granting, issuance or sale (or the agreement to grant, issue or sell, as applicable) of such Option, upon exercise of such Option and upon conversion, exercise or exchange of any Convertible Security issuable upon exercise of such Option or otherwise pursuant to the terms thereof plus the value of any other consideration received or receivable by, or benefit conferred on, the holder of such Option (or any other Person). Except as contemplated below, no further adjustment of the Exercise Price shall be made upon the actual issuance of such Common Shares or of such Convertible Securities upon the exercise of such Options or otherwise pursuant to the terms thereof or upon the actual

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issuance of such Common Shares upon conversion, exercise or exchange of such Convertible Securities.

(ii) Issuance of Convertible Securities. If the Company in any manner issues or sells (or enters into any agreement to issue or sell) any Convertible Securities and the lowest price per share for which one Common Share is at any time issuable upon the conversion, exercise or exchange thereof or otherwise pursuant to the terms thereof is less than the Applicable Price, then such Common Share shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the issuance or sale (or the time of execution of such agreement to issue or sell, as applicable) of such Convertible Securities for such price per share. For the purposes of this Section 2(b)(ii), the "lowest price per share for which one Common Share is at any time issuable upon the conversion, exercise or exchange thereof or otherwise pursuant to the terms thereof" shall be equal to (1) the lower of (x) the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to one Common Share upon the issuance or sale (or pursuant to the agreement to issue or sell, as applicable) of the Convertible Security and upon conversion, exercise or exchange of such Convertible Security or otherwise pursuant to the terms thereof and (y) the lowest conversion price set forth in such Convertible Security for which one Common Share is issuable (or may become issuable assuming all possible market conditions) upon conversion, exercise or exchange thereof or otherwise pursuant to the terms thereof minus (2) the sum of all amounts paid or payable to the holder of such Convertible Security (or any other Person) with respect to any one Common Share upon the issuance or sale (or the agreement to issue or sell, as applicable) of such Convertible Security plus the value of any other consideration received or receivable by, or benefit conferred on, the holder of such Convertible Security (or any other Person). Except as contemplated below, no further adjustment of the Exercise Price shall be made upon the actual issuance of such Common Shares upon conversion, exercise or exchange of such Convertible Securities or otherwise pursuant to the terms thereof, and if any such issuance or sale of such Convertible Securities is made upon exercise of any Options for which adjustment of this Warrant has been or is to be made pursuant to other provisions of this Section 2(b)(ii), except as contemplated below, no further adjustment of the Exercise Price shall be made by reason of such issuance or sale.

(iii) Change in Option Price or Rate of Conversion. If the purchase or exercise price provided for in any Options, the additional consideration, if any, payable upon the issue, conversion, exercise or exchange of any Convertible Securities, or the rate at which any Convertible Securities are convertible into or exercisable or exchangeable for Common Shares increases or decreases at any time (other than proportional changes in conversion or exercise prices, as applicable, in connection with an event referred to in Section 2(a)), the Exercise Price in effect at the time of such increase or decrease shall be adjusted to the Exercise Price which would have been in effect at such time had such Options or Convertible Securities provided for such increased or decreased purchase price, additional consideration or increased or decreased conversion rate, as the case may be, at the time initially granted, issued or sold. For purposes of this Section 2(b)(iii), if the terms of any Option or Convertible Security that was outstanding as of the Issuance Date are increased or decreased in the manner described in the immediately preceding sentence, then such Option or Convertible Security and the Common Shares deemed issuable upon exercise,

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conversion or exchange thereof shall be deemed to have been issued as of the date of such increase or decrease. No adjustment pursuant to this Section 2(b)(iii) shall be made if such adjustment would result in an increase of the Exercise Price then in effect.

(iv) Calculation of Consideration Received. If any Option and/or Convertible Security and/or Adjustment Right is issued in connection with the issuance or sale or deemed issuance or sale of any other securities of the Company (as determined by the Holder, the "**Primary Security**", and such Option and/or Convertible Security and/or Adjustment Right, the "**Secondary Securities**" and together with the Primary Security, each a "**Unit**"), together comprising one integrated transaction, the aggregate consideration per Common Share with respect to such Primary Security shall be deemed to be the lower of (x) the purchase price of such Unit, (y) if such Primary Security is an Option and/or Convertible Security, the lowest price per share for which one Common Share is at any time issuable upon the exercise or conversion of the Primary Security in accordance with Section 2(b)(i) or 2(b)(ii) above and (z) the lowest VWAP of the Common Shares on any Trading Day during the four (4) Trading Day period (the "**Adjustment Period**") immediately following the public announcement of such Dilutive Issuance (for the avoidance of doubt, if such public announcement is released prior to the opening of the Principal Market on a Trading Day, such Trading Day shall be the first Trading Day in such four (4) Trading Day period and if this Warrant is exercised, on any given Exercise Date during any such Adjustment Period, solely with respect to such portion of this Warrant exercised on such applicable Exercise Date, such applicable Adjustment Period shall be deemed to have ended on, and included, the Trading Day immediately prior to such Exercise Date). If any Common Shares, Options or Convertible Securities are issued or sold or deemed to have been issued or sold for cash, the consideration received therefor will be deemed to be the net amount of consideration received by the Company therefor. If any Common Shares, Options or Convertible Securities are issued or sold for a consideration other than cash, the amount of such consideration received by the Company will be the fair value of such consideration, except where such consideration consists of publicly traded securities, in which case the amount of consideration received by the Company for such securities will be the arithmetic average of the VWAPs of such security for each of the five (5) Trading Days immediately preceding the date of receipt. If any Common Shares, Options or Convertible Securities are issued to the owners of the non-surviving entity in connection with any merger in which the Company is the surviving entity, the amount of consideration therefor will be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such Common Shares, Options or Convertible Securities (as the case may be) on a per security basis. The fair value of any consideration other than cash or publicly traded securities will be determined jointly by the Company and the Holder. If such parties are unable to reach agreement within ten (10) days after the occurrence of an event requiring valuation (the "**Valuation Event**"), the fair value of such consideration will be determined within five (5) Trading Days after the tenth (10^{th}) day following such Valuation Event by an independent, reputable appraiser jointly selected by the Company and the Holder. The determination of such appraiser shall be final and binding upon all parties absent manifest error and the fees and expenses of such appraiser shall be borne by the Company.

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(v) Record Date. If the Company takes a record of the holders of Common Shares for the purpose of entitling them (A) to receive a dividend or other distribution payable in Common Shares, Options or in Convertible Securities or (B) to subscribe for or purchase Common Shares, Options or Convertible Securities, then such record date will be deemed to be the date of the issuance or sale of the Common Shares deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase (as the case may be).

(c) Number of Warrant Shares. Simultaneously with any adjustment to the Exercise Price pursuant to Section 2(a), the number of Warrant Shares that may be purchased upon exercise of this Warrant shall be increased or decreased proportionately, so that after such adjustment the aggregate Exercise Price payable hereunder for the adjusted number of Warrant Shares shall be the same as the aggregate Exercise Price in effect immediately prior to such adjustment (without regard to any limitations on exercise contained herein).

(d) Holder' s Right of Alternative Exercise Price Following Issuance of Certain Options or Convertible Securities. In addition to and not in limitation of the other provisions of this Section 2, if the Company in any manner issues or sells or enters into any agreement to issue or sell, any Common Shares, Options or Convertible Securities (any such securities, "**Variable Price Securities**"), after the Issuance Date that are issuable pursuant to such agreement or convertible into or exchangeable or exercisable for Common Shares at a price which varies or may vary with the market price of the Common Shares, including by way of one or more reset(s) to a fixed price, but exclusive of such formulations reflecting customary anti-dilution provisions (such as share splits, share combinations, share dividends and similar transactions) (each of the formulations for such variable price being herein referred to as, the "**Variable Price**"), the Company shall provide written notice thereof via electronic mail or overnight courier to the Holder on the date of such agreement and each issuance of such Variable Price Securities. From and after the date the Company enters into such agreement or issues any such Variable Price Securities, the Holder shall have the right, but not the obligation, in its sole discretion to substitute the Variable Price for the Exercise Price upon exercise of this Warrant by designating in the Exercise Notice delivered upon any exercise of this Warrant that solely for purposes of such exercise the Holder is relying on the Variable Price rather than the Exercise Price then in effect. The Holder' s election to rely on a Variable Price for a particular exercise of this Warrant shall not obligate the Holder to rely on a Variable Price for any future exercises of this Warrant.

(e) Share Combination Event Adjustment. If at any time and from time to time on or after the Issuance Date there occurs any share split, share dividend, share combination recapitalization or other similar transaction involving the Common Shares (each, a "**Share Combination Event**", and such date thereof, the "**Share Combination Event Date**") and the Event Market Price is less than the Exercise Price then in effect (after giving effect to the adjustment in clause 2(a) above), then on the sixteenth (16th) Trading Day immediately following such Share Combination Event, the Exercise Price then in effect on such sixteenth (16th) Trading Day (after giving effect to the adjustment in clause 2(b) above) shall be reduced (but in no event increased) to the Event Market Price. For the avoidance of doubt, if the adjustment in the immediately preceding sentence would otherwise result in an increase in the Exercise Price hereunder, no adjustment shall be made.

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(f) Other Events. In the event that the Company (or any Subsidiary) shall take any action to which the provisions hereof are not strictly applicable, or, if applicable, would not operate to protect the Holder from dilution or if any event occurs of the type contemplated by the provisions of this Section 2 but not expressly provided for by such provisions (including the granting of share appreciation rights, phantom share rights or other rights with equity features), then the Company' s board of directors shall in good faith determine and implement an appropriate adjustment in the Exercise Price, the Forced Exercise Minimum Price and the number of Warrant Shares (if applicable) so as to protect the rights of the Holder, provided that no such adjustment pursuant to this Section 2(f) will increase the Exercise Price or the Forced Exercise Minimum Price or decrease the number of Warrant Shares as otherwise determined pursuant to this Section 2, provided further that if the Holder does not accept such adjustments as appropriately protecting its interests hereunder against such dilution, then the Company' s board of directors and the Holder shall agree, in good faith, upon an independent investment bank of nationally recognized standing to make such appropriate adjustments, whose determination shall be final and binding absent manifest error and whose fees and expenses shall be borne by the Company.

(g) Calculations. All calculations under this Section 2 shall be made by rounding to the nearest cent or the nearest 1/100th of a share, as applicable. The number of Common Shares outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issuance or sale of Common Shares.

(h) Voluntary Adjustment By Company. Subject to the rules and regulations of the Principal Market, the Company may at any time during the term of this Warrant, with the prior written consent of the Holder, reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the board of directors of the Company.

3. RIGHTS UPON DISTRIBUTION OF ASSETS. In addition to any adjustments pursuant to Section 2 and 4 herein, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of Common Shares, by way of return of capital or otherwise (including any distribution of cash, shares or other securities, property, options, evidence of indebtedness or any other assets by way of a dividend, spin off, reclassification, corporate rearrangement, arrangement or other similar transaction) (a "**Special Distribution**"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Special Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of Common Shares acquirable upon complete exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant, including the Maximum Percentage for this purpose only and assuming for such purpose that the Warrant was exercised at the Exercise Price as of the applicable date) immediately before the date on which a record is taken for such Special Distribution, or, if no such record is taken, the date as of which the record holders of Common Shares are to be determined for the participation in such Special Distribution (provided, however, that to the extent that the Holder' s right to participate in any such Special Distribution would result in the applicable Person(s) exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Special Distribution to the extent of the Maximum Percentage (and shall not be entitled to beneficial ownership or beneficial ownership, or control or direction over, as applicable, of such Common Shares as a result of such Special Distribution (and beneficial

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ownership or beneficial ownership, or control or direction over, as applicable) to the extent of any such excess) and the portion of such Special Distribution shall be held in abeyance (and, if such Purchase Right has an expiration date, maturity date or other similar provision, such term shall be extended by such number of days held in abeyance, if applicable) for the benefit of the Holder until such time or times, if ever, as its right thereto would not result in the applicable Person(s) exceeding the Maximum Percentage, at which time or times the Holder shall be granted such Special Distribution (and any Special Distributions declared or made on such initial Special Distribution or on any subsequent Special Distribution held similarly in abeyance (and, if such Purchase Right has an expiration date, maturity date or other similar provision, such term shall be extended by such number of days held in abeyance, if applicable)) to the same extent as if there had been no such limitation).

4. PURCHASE RIGHTS; FUNDAMENTAL TRANSACTIONS.

(a) Purchase Rights. In addition to any adjustments pursuant to Section 2 and 3 herein, if at any time the Company grants, issues or sells any Options, Convertible Securities or rights to purchase shares, warrants, securities or other property pro rata to the record holders of any class of Common Shares (the "**Purchase Rights**"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of Common Shares acquirable upon complete exercise of this Warrant (assuming an exercise at the Exercise Price and without regard to any limitations or restrictions on exercise of this Warrant for this purpose only, including the Maximum Percentage) immediately before the date on which a record is taken for such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Shares are to be determined such Purchase Rights (provided, however, that to the extent that the Holder' s right to participate in any such Purchase Right would result in the applicable Person(s) exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Purchase Right to the extent of the Maximum Percentage (and shall not be entitled to beneficial ownership of such Common Shares as a result of such Purchase Right (and beneficial ownership) to the extent of any such excess) and the portion of such Purchase Right to such extent shall be held in abeyance for the benefit of the Holder until such time or times, if ever, as its right thereto would not result in the applicable Person(s) exceeding the Maximum Percentage, at which time or times the Holder shall be granted such Purchase Right (and any Purchase Right granted, issued or sold on such initial Purchase Right or on any subsequent Purchase Right held similarly in abeyance) to the same extent as if there had been no such limitation).

(b) Fundamental Transactions. The Company shall not enter into or be party to a Fundamental Transaction unless (i) the Successor Entity assumes in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 4(b) pursuant to written agreements in form and substance satisfactory to the Holder and approved by the Holder prior to such Fundamental Transaction, including agreements to deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant, including which is exercisable for a corresponding number of shares of share capital equivalent to the Common Shares acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant for this purpose only) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares

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of share capital (but taking into account the relative value of the Common Shares pursuant to such Fundamental Transaction and the value of such shares of share capital, such adjustments to the number of shares of share capital and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction) and (ii) the Successor Entity (including its Parent Entity) is a publicly traded corporation whose common equity or common shares, as applicable, is quoted on or listed for trading on an Eligible Market. Upon the consummation of each Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of the applicable Fundamental Transaction, the provisions of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein. Upon consummation of each Fundamental Transaction, the Successor Entity shall deliver to the Holder confirmation that there shall be issued upon exercise of this Warrant at any time after the consummation of the applicable Fundamental Transaction, in lieu of the Common Shares (or other securities, cash, assets or other property (except such items still issuable under Sections 3 and 4(a) above, which shall continue to be receivable thereafter)) issuable upon the exercise of this Warrant prior to the applicable Fundamental Transaction, such shares of publicly traded common equity (or its equivalent) of the Successor Entity (including its Parent Entity) which the Holder would have been entitled to receive upon the happening of the applicable Fundamental Transaction had this Warrant been exercised immediately prior to the applicable Fundamental Transaction (without regard to any limitations on the exercise of this Warrant for this purpose only), as adjusted in accordance with the provisions of this Warrant. Notwithstanding the foregoing, and without limiting Section 1(f) hereof, the Holder may elect, at its sole option, by delivery of written notice to the Company to waive this Section 4(b) to permit the Fundamental Transaction without the assumption of this Warrant. In addition to and not in substitution for any other rights hereunder, prior to the consummation of each Fundamental Transaction pursuant to which holders of Common Shares are entitled to receive securities or other assets with respect to or in exchange for Common Shares (a "**Corporate Event**"), the Company shall make appropriate provision to ensure that the Holder will thereafter have the right to receive upon an exercise of this Warrant at any time after the consummation of the applicable Fundamental Transaction but prior to the Expiration Date, in lieu of the Common Shares (or other securities, cash, assets or other property (except such items still issuable under Sections 3 and 4(a) above, which shall continue to be receivable thereafter)) issuable upon the exercise of the Warrant prior to such Fundamental Transaction, such shares, securities, cash, assets or any other property whatsoever (including warrants or other purchase or subscription rights) (the "**Corporate Event Consideration**") which the Holder would have been entitled to receive upon the happening of the applicable Fundamental Transaction had this Warrant been exercised immediately prior to the applicable Fundamental Transaction (without regard to any limitations on the exercise of this Warrant for this purpose only). Provision made pursuant to the preceding sentence shall be in a form and substance reasonably satisfactory to the Holder.

(c) Change of Control Provisions. Notwithstanding the foregoing and the provisions of Section 4(b) above, at the request of the Holder delivered at any time commencing on the earliest to occur of (A) the public disclosure of any Change of Control, (B) the consummation of any Change of Control and (C) the Holder first becoming aware of any Change of Control through the date that is ninety (90) days after the public disclosure of the consummation of such Change of

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Control by the Company pursuant to a Report of Foreign Private Issuer on Form 6-K filed with the SEC, the Company or the Successor Entity (as the case may be) shall exchange this Warrant for consideration equal to the Black Scholes Value of such portion of this Warrant subject to exchange (collectively, the "**Aggregate Black Scholes Value**") in the form of, at the Company' s election (such election to pay in cash or by delivery of the Rights (as defined below), a "**Consideration Election**"), either (I) rights (with a beneficial ownership limitation in the form of Section 1(f) hereof, mutatis mutandis) (collectively, the "**Rights**"), convertible in whole, or in part, at any time, without the requirement to pay any additional consideration, at the option of the Holder, into such Corporate Event Consideration applicable to such Change of Control equal in value to the Aggregate Black Scholes Value (as determined in accordance with Section 2(b)(iv) above, but with the aggregate number of Successor Shares (as defined below) issuable upon conversion of the Rights to be determined in increments of 10% (or such greater percentage as the Holder may notify the Company from time to time) of the portion of the Aggregate Black Scholes Value attributable to such Successor Shares (the "**Successor Share Value Increment**"), with the aggregate number of Successor Shares issuable upon exercise of the Rights with respect to the first Successor Share Value Increment determined based on 70% of the Closing Bid Price of the Successor Shares on the date the Rights are issued and on each of the nine (9) subsequent Trading Days, in each case, the aggregate number of additional Successor Shares issuable upon exercise of the Rights shall be determined based upon a Successor Share Value Increment at 70% of the Closing Bid Price of the Successor Shares in effect for such corresponding Trading Day (such ten (10) Trading Day period commencing on, and including, the date the Rights are issued, the "**Rights Measuring Period**")), or (II) in cash; provided, that the Company shall not consummate a Change of Control if the Corporate Event Consideration includes share capital or other equity interest (including Common Shares) (the "**Successor Shares**") either in an entity that is not listed on an Eligible Market or an entity in which the daily share volume for the applicable Successor Shares for each of the twenty (20) Trading Days prior to the date of consummation of such Change of Control is less than the aggregate number of Successor Shares issuable to the Holder upon conversion in full of the applicable Rights (without regard to any limitations on conversion therein, assuming the exercise in full of the Rights on the date of issuance of the Rights and assuming the Closing Bid Price of the Successor Shares for each Trading Day in the Rights Measuring Period is the Closing Bid Price on the Trading Day ended immediately prior to the time of consummation of the Change of Control). The Company shall give the Holder written notice of each Consideration Election at least twenty (20) Trading Days prior to the time of consummation of such Change of Control. Payment of such amounts or delivery of the Rights, as applicable, shall be made by the Company (or at the Company' s direction) to the Holder on the later of (x) the second (2nd) Trading Day after the date of such request and (y) the date of consummation of such Change of Control (or, with respect to any Right, if applicable, such later time that holders of Common Shares are initially entitled to receive Corporate Event Consideration with respect to the Common Shares of such holder). Any Corporate Event Consideration included in the Right, if any, pursuant to this Section 4(c) is pari passu with the Corporate Event Consideration to be paid to holders of Common Shares and the Company shall not permit a payment of any Corporate Event Consideration to the holders of Common Shares without on or prior to such time delivering the Right to the Holder hereunder. The Company shall not consummate any Change of Control unless, upon consummation of such Change of Control, the Company has either (x) paid off, in full, all of the First Lien Indebtedness or (y) obtained the written consent of the holders of all First Lien Indebtedness that will remain outstanding thereafter to the payments to the Holder set forth in

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Section 4(c) below without regard to any subordination thereof to such First Lien Indebtedness or any other term or condition in the Intercreditor Agreements.

(d) Application. The provisions of this Section 4 shall apply similarly and equally to successive Fundamental Transactions and Corporate Events and shall be applied as if this Warrant (and any such subsequent warrants) were fully exercisable and without regard to any limitations on the exercise of this Warrant for this purpose only (provided that the Holder shall continue to be entitled to the benefit of the Maximum Percentage, applied however with respect to shares of share capital registered under the 1934 Act and thereafter receivable upon exercise of this Warrant (or any such other warrant)).

5. NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its constating documents, bylaws or through any reorganization, transfer of assets, consolidation, merger, arrangement, dissolution, issuance or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (a) shall not increase the par value of any Common Shares receivable upon the exercise of this Warrant above the Exercise Price then in effect, and (b) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable Common Shares upon the exercise of this Warrant. Notwithstanding anything herein to the contrary, if after the sixty (60) calendar day anniversary of the Threshold Date, the Holder is not permitted to exercise this Warrant in full for any reason (other than pursuant to restrictions set forth in Section 1(f) hereof), the Company shall use its best efforts to promptly remedy such failure, including obtaining such consents or approvals as necessary to permit such exercise into Common Shares.

6. HOLDER NOT DEEMED A SHAREHOLDER. Except as otherwise specifically provided herein, the Holder, solely in its capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of share capital of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in its capacity as the Holder of this Warrant, any of the rights of a shareholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of shares, reclassification of shares, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which it is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a shareholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 6, the Company shall provide the Holder with copies of the same notices and other information given to the shareholders of the Company generally, contemporaneously with the giving thereof to the shareholders.

7. REISSUANCE OF WARRANTS.

(a) Transfer of Warrant. If this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 7(d)), registered as the Holder may

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request, representing the right to purchase the number of Warrant Shares being transferred by the Holder and, if less than the total number of Warrant Shares then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 7(d)) to the Holder representing the right to purchase the number of Warrant Shares not being transferred.

(b) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant (as to which a written certification and the indemnification contemplated below shall suffice as such evidence), and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary and reasonable form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 7(d)) representing the right to purchase the Warrant Shares then underlying this Warrant.

(c) Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 7(d)) representing in the aggregate the right to purchase the number of Warrant Shares then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Shares as is designated by the Holder at the time of such surrender; provided, however, no warrants for fractional Common Shares shall be given.

(d) Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Shares then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 7(a) or Section 7(c), the Warrant Shares designated by the Holder which, when added to the number of Common Shares underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Shares then underlying this Warrant), (iii) shall have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date, and (iv) shall have the same rights and conditions as this Warrant.

8. NOTICES. Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with Section 9(f) of the Securities Restructuring Agreement. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Warrant (other than the issuance of Common Shares upon exercise in accordance with the terms hereof), including in reasonable detail a description of such action and the reason therefor. Without limiting the generality of the foregoing, the Company will give written notice to the Holder (i) immediately upon each adjustment of the Exercise Price or the Forced Exercise Minimum Price and the number of Warrant Shares, setting forth in reasonable detail, and certifying, the calculation of such adjustment(s), (ii) at least fifteen (15) Trading Days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the Common Shares, (B) with respect to any grants, issuances or sales of any Options, Convertible Securities or rights to purchase shares, warrants, securities or other property to holders of Common Shares (other than Excluded Securities) or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation, provided in each case that such information shall be made known to the public prior to or in

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conjunction with such notice being provided to the Holder, and (iii) at least ten (10) Trading Days prior to the consummation of any Fundamental Transaction. It is expressly understood and agreed that the time of execution specified by the Holder in each Exercise Notice shall be definitive and may not be disputed or challenged by the Company.

9. DISCLOSURE. Upon delivery by the Company to the Holder (or receipt by the Company from the Holder) of any notice in accordance with the terms of this Warrant, unless the Company has in good faith determined that the matters relating to such notice do not constitute material, non-public information relating to the Company or any of its Subsidiaries, the Company shall on or prior to 9:00 am, New York city time on the Business Day immediately following such notice delivery date, publicly disclose such material, non-public information on a Report of Foreign Private Issuer on Form 6-K or otherwise. In the event that the Company believes that a notice contains material, non-public information relating to the Company or any of its Subsidiaries, the Company so shall indicate to the Holder explicitly in writing in such notice (or immediately upon receipt of notice from the Holder, as applicable), and in the absence of any such written indication in such notice (or notification from the Company immediately upon receipt of notice from the Holder), the Holder shall be entitled to presume that information contained in the notice does not constitute material, non-public information relating to the Company or any of its Subsidiaries.

10. ABSENCE OF TRADING AND DISCLOSURE RESTRICTIONS. The Company acknowledges and agrees that the Holder is not a fiduciary or agent of the Company and that the Holder shall have no obligation to (a) maintain the confidentiality of any information provided by the Company or (b) refrain from trading any securities while in possession of such information in the absence of a written non-disclosure agreement signed by an officer of the Holder that explicitly provides for such confidentiality and trading restrictions. In the absence of such an executed, written non-disclosure agreement, the Company acknowledges that the Holder may freely trade in any securities issued by the Company, may possess and use any information provided by the Company in connection with such trading activity, and may disclose any such information to any third party.

11. AMENDMENT AND WAIVER. Except as otherwise provided herein, the provisions of this Warrant (other than Section 1(f)) may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Holder. No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party.

12. SEVERABILITY. If any provision of this Warrant is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Warrant so long as this Warrant as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations

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to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

13. GOVERNING LAW. This Warrant shall be governed by and construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Warrant shall be governed by, the laws of the Province of Alberta and the federal laws of Canada applicable therein, without giving effect to any choice of law or conflict of law provision or rule (whether of the Province of Alberta or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the Province of Alberta.

14. CONSTRUCTION; HEADINGS. This Warrant shall be deemed to be jointly drafted by the Company and the initial Holder and shall not be construed against any such Person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant. Unless the context clearly indicates otherwise, each pronoun herein shall be deemed to include the masculine, feminine, neuter, singular and plural forms thereof. The terms "including," "includes," "include" and words of like import shall be construed broadly as if followed by the words "without limitation." The terms "herein," "hereunder," "hereof" and words of like import refer to this entire Warrant instead of just the provision in which they are found. Unless expressly indicated otherwise, all section references are to sections of this Warrant.

15. DISPUTE RESOLUTION.

(a) Submission to Dispute Resolution.

(i) In the case of a dispute relating to the Exercise Price, the Forced Exercise Minimum Price, the Closing Sale Price, the Bid Price, Black Scholes Value or fair market value or the arithmetic calculation of the number of Warrant Shares (as the case may be) (including a dispute relating to the determination of any of the foregoing), the Company or the Holder (as the case may be) shall submit the dispute to the other party via facsimile or electronic mail or otherwise (A) if by the Company, within five (5) Business Days after the occurrence of the circumstances giving rise to such dispute or (B) if by the Holder within five (5) Business Days after the Holder learned of the circumstances giving rise to such dispute. If the Holder and the Company are unable to promptly resolve such dispute relating to such Exercise Price, such Forced Exercise Minimum Price, such Closing Sale Price, such Bid Price, such Black Scholes Value or such fair market value or such arithmetic calculation of the number of Warrant Shares (as the case may be), at any time after the second (2nd) Business Day following such initial notice by the Company or the Holder (as the case may be) of such dispute to the Company or the Holder (as the case may be), then the Company shall select an independent, reputable investment bank acceptable to the Holder, acting reasonably, to resolve such dispute and the Company shall promptly send written confirmation of such joint selection to the Holder.

(ii) The Holder and the Company shall each deliver to such investment bank (A) a copy of the initial dispute submission so delivered in accordance with the first sentence of Section 15 and (B) written documentation supporting its position with respect to such dispute, in each case, no later than 5:00 p.m. (Calgary time) by the fifth (5th)

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Business Day immediately following the date on which the Company provided notice to the Holder of the joint selection of such investment bank (the "**Dispute Submission Deadline**") (the documents referred to in the immediately preceding clauses (A) and (B) are collectively referred to herein as the "**Required Dispute Documentation**") (it being understood and agreed that if either the Holder or the Company fails to so submit all of the Required Dispute Documentation by the Dispute Submission Deadline, then the party who fails to so submit all of the Required Dispute Documentation shall no longer be entitled to (and hereby waives its right to) deliver or submit any written documentation or other support to such investment bank with respect to such dispute and such investment bank shall resolve such dispute based solely on the Required Dispute Documentation that was delivered to such investment bank prior to the Dispute Submission Deadline). Unless otherwise agreed to in writing by both the Company and the Holder or otherwise requested by such investment bank, neither the Company nor the Holder shall be entitled to deliver or submit any written documentation or other support to such investment bank in connection with such dispute (other than the Required Dispute Documentation). Any and all communications between the Company, on the one hand, and the Holder, on the other hand, and such investment bank shall be made in writing and a copy provided simultaneously to the Company and the Holder and no meeting between such investment bank and the Company or the Holder shall take place unless each of the Company and the Holder are in attendance.

(iii) The Company and the Holder shall cause such investment bank to determine the resolution of such dispute and notify the Company and the Holder of such resolution no later than ten (10) Business Days immediately following the Dispute Submission Deadline. The fees and expenses of such investment bank shall be shared equally between the Company and the Holder, and such investment bank' s resolution of such dispute shall be final and binding upon all parties absent manifest error.

16. REMEDIES, CHARACTERIZATION, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant and the other Transaction Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the right of the Holder to pursue actual and consequential damages for any failure by the Company to comply with the terms of this Warrant. The Company covenants to the Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments, exercises and the like (and the computation thereof) shall be the amounts to be received by the Holder and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the holder of this Warrant shall be entitled, in addition to all other available remedies, to specific performance and/or temporary, preliminary and permanent injunctive or other equitable relief from any court of competent jurisdiction in any such case without the necessity of proving actual damages and without posting a bond or other security. The Company shall provide all information and documentation to the Holder that is requested by the Holder to enable the Holder to confirm the Company' s compliance with the terms and conditions of this Warrant (including

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compliance with Section 2 hereof). The issuance of shares and certificates for shares as contemplated hereby upon the exercise of this Warrant shall be made without charge to the Holder or such shares for any issuance tax or other costs in respect thereof, provided that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than the Holder or its agent on its behalf.

17. PAYMENT OF COLLECTION, ENFORCEMENT AND OTHER COSTS. If (a) this Warrant is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding or the holder otherwise takes action to collect amounts due under this Warrant or to enforce the provisions of this Warrant or (b) there occurs any bankruptcy, reorganization, receivership of the company or other proceedings affecting company creditors' rights and involving a claim under this Warrant, then the Company shall pay the costs incurred by the Holder for such collection, enforcement or action or in connection with such bankruptcy, reorganization, receivership or other proceeding, including attorneys' fees and disbursements.

18. TRANSFER. This Warrant and any Warrant Shares issued upon exercise of this Warrant may be offered for sale, sold, transferred or assigned without the consent of the Company.

19. CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

(a) "**1933 Act**" means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

(b) "**1934 Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

(c) "**Adjustment Right**" means any right granted with respect to any securities issued in connection with, or with respect to, any issuance or sale (or deemed issuance or sale in accordance with Section 2) of Common Shares (other than rights of the type described in Section 3 and 4 hereof) that could result in a decrease in the net consideration received by the Company in connection with, or with respect to, such securities (including any cash settlement rights, cash adjustment or other similar rights).

(d) "**Affiliate**" means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person, it being understood for purposes of this definition that "control" of a Person means the power directly or indirectly either to vote 10% or more of the shares having ordinary voting power for the election of directors of such Person or direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

(e) "**Approved Share Plan**" means any employee benefit plan which has been approved by the board of directors of the Company prior to or subsequent to the date hereof pursuant to which Common Shares and standard options to purchase Common Shares may be issued to any employee, officer or director for services provided to the Company in their capacity as such.

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(f) "**Attribution Parties**" means, collectively, the following Persons and entities: (i) any investment vehicle, including, any funds, feeder funds or managed accounts, currently, or from time to time after the Issuance Date, directly or indirectly managed or advised by the Holder' s investment manager or any of its Affiliates or principals, (ii) any direct or indirect Affiliates of the Holder or any of the foregoing, (iii) any Person acting or who could be deemed to be acting as a Group together with the Holder or any of the foregoing and (iv) any other Persons whose beneficial ownership of the Common Shares would or could be aggregated with the Holder' s and the other Attribution Parties for purposes of Section 13(d) of the 1934 Act. For clarity, the purpose of the foregoing is to subject collectively the Holder and all other Attribution Parties to the Maximum Percentage.

(g) "**Bid Price**" means, for any security as of the particular time of determination, the bid price for such security on the Principal Market as reported by Bloomberg as of such time of determination, or, if the Principal Market is not the principal securities exchange or trading market for such security, the bid price of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg as of such time of determination, or if the foregoing does not apply, the bid price of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg as of such time of determination, or, if no bid price is reported for such security by Bloomberg as of such time of determination, the average of the bid prices of any market makers for such security as reported in the "pink sheets" by OTC Markets Group Inc. (formerly Pink Sheets LLC) as of such time of determination. If the Bid Price cannot be calculated for a security as of the particular time of determination on any of the foregoing bases, the Bid Price of such security as of such time of determination shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 15. All such determinations shall be appropriately adjusted for any share dividend, share split, share combination or other similar transaction during such period.

(h) "**Black Scholes Value**" means the value of the unexercised portion of this Warrant remaining on the date of the Holder' s request pursuant to Section 4(c) which value is calculated using the Black Scholes Option Pricing Model obtained from the "OV" function on Bloomberg utilizing (i) an underlying price per share equal to the greater of (1) the highest Closing Sale Price of the Common Shares during the period beginning on the Trading Day immediately preceding the announcement of the applicable Change of Control (or the consummation of the applicable Change of Control, if earlier) and ending on the Trading Day of the Holder' s request pursuant to Section 4(c) and (2) the sum of the price per share being offered in cash in the applicable Change of Control (if any) plus the value of the non-cash consideration being offered in the applicable Change of Control (if any), (ii) a strike price equal to the Exercise Price in effect on the date of the Holder' s request pursuant to Section 4(c), (iii) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the greater of (1) the remaining term of this Warrant as of the date of the Holder' s request pursuant to Section 4(c) and (2) the remaining term of this Warrant as of the date of consummation of the applicable Change of Control or as of the date of the Holder' s request pursuant to Section 4(c) if such request is prior to the date of the consummation of the applicable Change of Control, (iv) a zero cost of borrow and (v) an expected volatility equal to the greater of 100% and the 30 day volatility obtained from the "HVT" function on Bloomberg (determined utilizing a 365 day annualization factor) as of the Trading Day immediately following

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the earliest to occur of (A) the public disclosure of the applicable Change of Control, (B) the consummation of the applicable Change of Control and (C) the date on which the Holder first became aware of the applicable Change of Control.

(i) "**Bloomberg**" means Bloomberg, L.P.

(j) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York or the Province of Alberta are authorized or required by law to remain closed.

(k) "**Change of Control**" means any Fundamental Transaction other than (i) any merger of the Company or any of its, direct or indirect, wholly-owned Subsidiaries with or into any of the foregoing Persons, (ii) any reorganization, recapitalization or reclassification of the Common Shares in which holders of the Company' s voting power immediately prior to such reorganization, recapitalization or reclassification continue after such reorganization, recapitalization or reclassification to hold publicly traded securities and, directly or indirectly, are, in all material respects, the holders of the voting power of the surviving entity (or entities with the authority or voting power to elect the members of the board of directors (or their equivalent if other than a corporation) of such entity or entities) after such reorganization, recapitalization or reclassification and (iii) pursuant to a migratory merger effected solely for the purpose of changing the jurisdiction of incorporation of the Company or any of its Subsidiaries.

(l) "**Closing Bid Price**" and "**Closing Sale Price**" means, for any security as of any date, the last closing trade price for such security on the Principal Market, as reported by Bloomberg, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing trade price, then the last trade price of such security prior to 4:00:00 p.m., New York time, as reported by Bloomberg, or, if the Principal Market is not the principal securities exchange or trading market for such security, the last trade price of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing does not apply, the last trade price of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no last trade price is reported for such security by Bloomberg, the average of the ask prices of any market makers for such security as reported in the "pink sheets" by OTC Markets Group Inc. (formerly Pink Sheets LLC). If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 15. All such determinations shall be appropriately adjusted for any share dividend, share split, share combination or other similar transaction during such period.

(m) "**Common Shares**" means (i) the Company' s common shares, no par value per share, and (ii) any share capital into which such common shares shall have been changed or any share capital resulting from a reclassification of such common shares.

(n) "**Convertible Securities**" means any shares or other security (other than Options) that is at any time and under any circumstances, directly or indirectly, convertible into, exercisable

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or exchangeable for, or which otherwise entitles the holder thereof to acquire, any Common Shares.

(o) "**Eligible Market**" means the Nasdaq Global Select Market, the New York Stock Exchange, the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Toronto Stock Exchange, the TSX Venture Exchange or the Canadian Securities Exchange.

(p) "**Equity Conditions**" means, with respect to an given date of determination: (i) on such applicable date of determination one or more registration statements (each, the "**Forced Exercise Registration Statement**") shall be effective and the prospectus contained therein shall be available on such applicable date of determination (with, for the avoidance of doubt, any Common Shares previously issued pursuant to such prospectus deemed unavailable) for the issuance of all the Common Shares issuable upon exercise of this Warrant and the SRA Warrants in connection with the event requiring determination (such applicable aggregate number of Common Shares, each, a "**Required Minimum Securities Amount**"); (ii) the Warrant Shares are not subject to any restricted or hold periods under any Canadian securities laws; (iii) on each day during the period beginning twenty (20) calendar days prior to the applicable date of determination and ending on and including the applicable date of determination (the "**Equity Conditions Measuring Period**"), the Common Shares (including the Common Shares to be issued in the event requiring this determination) are listed or designated for quotation (as applicable) on an Eligible Market and shall not have been suspended from trading on an Eligible Market (other than suspensions of not more than two (2) days and occurring prior to the applicable date of determination due to business announcements by the Company) nor shall delisting or suspension by an Eligible Market have been threatened (with a reasonable prospect of delisting occurring after giving effect to all applicable notice, appeal, compliance and hearing periods) or reasonably likely to occur or pending as evidenced by (A) a writing by such Eligible Market or (B) the Company falling below the minimum listing maintenance requirements of the Eligible Market on which the Common Shares are then listed or designated for quotation (as applicable); (iv) during the Equity Conditions Measuring Period, the Company shall have delivered all Warrant Shares issuable upon exercise of this Warrant on a timely basis as set forth in Section 1(a) hereof and all other shares of capital stock required to be delivered by the Company on a timely basis as set forth in the other Transaction Documents; (v) the Required Minimum Securities Amount of Common Shares to be issued in connection with the event requiring determination may be issued in full without violating the rules or regulations of the Eligible Market on which the Common Shares are then listed or designated for quotation (as applicable); (vi) on each day during the Equity Conditions Measuring Period, no public announcement of a pending, proposed or intended Fundamental Transaction shall have occurred which has not been abandoned, terminated or consummated; (vii) the Company shall have no knowledge of any fact that would reasonably be expected to cause the applicable Forced Exercise Registration Statement to not be effective or the prospectus contained therein to not be available for the issuance of the Required Minimum Securities Amount of Common Shares in connection with the event requiring such determination; (viii) on each day during the Equity Conditions Measuring Period, the Holder shall not be in possession of any material, non-public information; (ix) on each day during the Equity Conditions Measuring Period, the Company otherwise shall have been in compliance with (and no event of default thereunder has occurred and is continuing) each, and shall not have breached any representation or warranty in any material respect (other than representations or warranties subject to material adverse effect or materiality, which may not be breached in any respect) or any covenant or other term or condition of any

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Transaction Document, including the Company shall not have failed to timely make any payment pursuant to any Transaction Document; (x) there shall not have occurred any Volume Failure as of such applicable date of determination; (xi) any Common Shares to be issued in connection with the event requiring determination may be issued in full without violating Section 1(e) hereof (or the equivalent provisions of any other applicable SRA Warrants), (xii) on each day during the Equity Conditions Measuring Period, no bone fide dispute shall exist, by and between any holder of SRA Warrants, the Company, the Principal Market (or such applicable Eligible Market in which the Common Shares of the Company is then principally trading) and/or FINRA with respect to any term or provision of this Warrant or any other Transaction Document and (xiii) on each day during the Equity Conditions Measuring Period, the Common Shares issuable upon exercise of the SRA Warrants are duly authorized and listed and eligible for trading without restriction on an Eligible Market.

(q) "**Equity Conditions Failure**" means that on each day during the period commencing twenty (20) Trading Days prior to the applicable Forced Exercise Notice Date through and including the applicable Forced Exercise Date, the Equity Conditions have not been satisfied (or waived in writing by the Holder).

(r) "**Event Market Price**" means, with respect to any Share Combination Event Date, the quotient determined by dividing (x) the sum of the VWAP of the Common Shares for each of the five (5) lowest Trading Days during the fifteen (15) consecutive Trading Day period ending and including the Trading Day immediately preceding the sixteenth (16th) Trading Day after such Share Combination Event Date, divided by (y) five (5).

(s) "**Excluded Securities**" means (i) Common Shares or Options issued to current or former directors, officers or employees of the Company for services rendered to the Company in their capacity as such pursuant to an Approved Share Plan; *provided* that (A) all such issuances (taking into account the Common Shares issuable upon exercise of such Options) after the Issuance Date pursuant to this clause (i) do not, in the aggregate, exceed more than 10% of the Common Shares issued and outstanding immediately prior to the Issuance Date and (B) the exercise price of any such Options is not lowered, none of such Options are amended to increase the number of Common Shares issuable thereunder and none of the terms or conditions of any such Options are otherwise materially changed in any manner that materially adversely affects the Holder, (ii) Common Shares issued upon the conversion or exercise of Convertible Securities or Options (other than Options issued pursuant to an Approved Share Plan that are covered by clause (i) above) issued prior to the Issuance Date; *provided* that the conversion price of any such Convertible Securities or Options is not lowered, none of such Convertible Securities or Options are amended to increase the number of Common Shares issuable thereunder and none of the terms or conditions of any such Convertible Securities or Options are otherwise materially changed in any manner that materially adversely affects the Holder, (iii) the Common Shares issuable upon conversion of the Note or otherwise pursuant to the terms of the Note; *provided* that the terms of the Note are not amended, modified or changed on or after the Issuance Date (other than anti-dilution adjustments pursuant to the terms thereof in effect as of the Issuance Date), (iv) the Common Shares issuable upon exercise of the SRA Warrants; *provided* that the terms of the SRA Warrants are not amended, modified or changed on or after the Issuance Date (other than antidilution adjustments pursuant to the terms thereof in effect as of the Issuance Date) and (v) the New Investor Securities and the Placement Agent Securities; *provided* that the terms of the New Investor Securities or the

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Placement Agent Securities, as the case may be, are not amended, modified or changed on or after the Issuance Date (other than anti-dilution adjustments pursuant to the terms thereof in effect as of the Issuance Date).

(t) "**Expiration Date**" means the date that is the thirty-six month anniversary of the Issuance Date or, if such date falls on a day other than a Trading Day or on which trading does not take place on the Principal Market (a "**Holiday**"), the next date that is not a Holiday.

(u) "**Fundamental Transaction**" means (A) that the Company shall, directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more related transactions, (i) consolidate, amalgamate or merge with or into (whether or not the Company is the surviving corporation) another Subject Entity, or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company or any of its "significant subsidiaries" (as defined in Rule 1-02 of Regulation S-X) to one or more Subject Entities, or (iii) make, or allow one or more Subject Entities to make, or allow the Company to be subject to or have its Common Shares be subject to or party to one or more Subject Entities making, a purchase, tender or exchange offer (including any takeover bid) that is accepted by the holders of at least either (x) 50% of the outstanding Common Shares, (y) 50% of the outstanding Common Shares calculated as if any Common Shares held by all Subject Entities making or party to, or Affiliated with any Subject Entities making or party to, such purchase, tender or exchange offer were not outstanding; or (z) such number of Common Shares such that all Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such purchase, tender or exchange offer, become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding Common Shares, or (iv) consummate a stock or share purchase agreement or other business combination (including a reorganization, recapitalization, spin-off or arrangement) with one or more Subject Entities whereby all such Subject Entities, individually or in the aggregate, acquire, either (x) at least 50% of the outstanding Common Shares, (y) at least 50% of the outstanding Common Shares calculated as if any Common Shares held by all the Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such stock or share purchase agreement or other business combination were not outstanding; or (z) such number of Common Shares such that the Subject Entities become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding Common Shares, or (v) reorganize, recapitalize or reclassify its Common Shares, (B) that the Company shall, directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more related transactions, becomes subject to or allow any Subject Entity individually or the Subject Entities in the aggregate to be or become the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, whether through acquisition, purchase, assignment, conveyance, tender, tender offer, exchange, reduction in outstanding Common Shares, merger, consolidation, business combination, reorganization, recapitalization, spin-off, arrangement, reorganization, recapitalization or reclassification or otherwise in any manner whatsoever, of either (x) at least 50% of the aggregate ordinary voting power represented by issued and outstanding Common Shares, (y) at least 50% of the aggregate ordinary voting power represented by issued and outstanding Common Shares not held by all such Subject Entities as of the date of this Warrant calculated as if any Common Shares held by all such Subject Entities were not outstanding, or (z) a percentage of the aggregate ordinary voting power represented by issued and outstanding Common Shares or other equity securities of the Company sufficient to allow such Subject Entities to effect a statutory short form merger or other transaction requiring other shareholders of the

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Company to surrender their Common Shares without approval of the shareholders of the Company, (C) directly or indirectly, including through Subsidiaries, Affiliates or otherwise, in one or more related transactions, the issuance of or the entering into any other instrument or transaction structured in a manner to circumvent, or that circumvents, the intent of this definition in which case this definition shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this definition to the extent necessary to correct this definition or any portion of this definition which may be defective or inconsistent with the intended treatment of such instrument or transaction or (D) any transaction substantially similar to (or having an effect substantially similar to) any of the foregoing transactions as otherwise recognized or determined under applicable law, including Canadian securities law.

(v) "**Group**" means a "group" as that term is used in Section 13(d) of the 1934 Act and as defined in Rule 13d-5 thereunder, and, as applicable, any similar or corresponding concept under applicable laws, including Canadian securities laws.

(w) "**NI 55-104**" means National Instrument 55-104 – *Insider Reporting Requirements and Exemptions* of the Canadian Securities Administrators, as amended and the rules and regulations thereunder.

(x) "**NI 62-104**" means National Instrument 62-104 – *Take-Over Bids and Issuer Bids* of the Canadian Securities Administrators, as amended and the rules and regulations thereunder.

(y) "**Options**" means any rights, warrants or options to subscribe for or purchase Common Shares or Convertible Securities.

(z) "**Parent Entity**" of a Person means an entity that, directly or indirectly, controls the applicable Person and whose common shares or equivalent equity security is quoted or listed on an Eligible Market, or, if there is more than one such Person or Parent Entity, the Person or Parent Entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

(aa) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity or a government or any department or agency thereof.

(bb) "**Principal Market**" means Nasdaq Global Select Market or any other Eligible Market, whichever is at the time the principal trading exchange or market for the Common Shares.

(cc) "**Registration Rights Agreement**" means that certain registration rights agreement, dated as of the Issuance Date, by and among the Company and the initial holder of the Note relating to, among other things, the registration of the resale of the Common Shares issuable upon conversion of the Note and the SRA Warrants or otherwise pursuant to the terms of the Note and exercise of the SRA Warrants, as may be amended from time to time.

(dd) "**SEC**" means the United States Securities and Exchange Commission or the successor thereto.

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(ee) "**Subject Entity**" means any Person, Persons or Group or any Affiliate or associate of any such Person, Persons or Group.

(ff) "**Successor Entity**" means the Person (or, if so elected by the Holder, the Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or the Person (or, if so elected by the Holder, the Parent Entity) with which such Fundamental Transaction shall have been entered into.

(gg) "**Trading Day**" means, as applicable, (x) with respect to all price or trading volume determinations relating to the Common Shares, any day on which the Common Shares are traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Shares, then on the principal securities exchange or securities market on which the Common Shares are then principally trading, provided that "Trading Day" shall not include any day on which the Common Shares are scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Shares are suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00 p.m., New York time) unless such day is otherwise designated as a Trading Day in writing by the Holder or (y) with respect to all determinations other than price or trading volume determinations relating to the Common Shares, any day on which Principal Market (or any successor thereto) is open for trading of securities.

(hh) "**Volume Failure**" means, with respect to a particular date of determination, the aggregate daily dollar trading volume (as reported on Bloomberg) of the Common Shares on the Principal Market on any Trading Days during the twenty (20) Trading Day period ending on the Trading Day immediately preceding such date of determination, is less than US$1 million.

(ii) "**VWAP**" means, for any security as of any date, the dollar volume-weighted average price for such security on the Principal Market (or, if the Principal Market is not the principal trading market for such security, then on the principal securities exchange or securities market on which such security is then principally trading), during the period beginning at 9:30 a.m., New York time, and ending at 4:00 p.m., New York time, as reported by Bloomberg through its "VAP" function (set to 09:30 start time and 16:00 end time) or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30 a.m., New York time, and ending at 4:00 p.m., New York time, as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the "pink sheets" by OTC Markets Group Inc. (formerly Pink Sheets LLC). If the VWAP cannot be calculated for such security on such date on any of the foregoing bases, the VWAP of such security on such date shall be the price as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 15. All such determinations shall be appropriately adjusted for any share dividend, share split, share combination, recapitalization or other similar transaction during such period.

[*signature page follows*]

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IN WITNESS WHEREOF, the Company has caused this Warrant to Purchase Common Shares to be duly executed as of the Issuance Date set out above.

SUNDIAL GROWERS INC.

By: _____
Name:
Title:

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EXHIBIT A

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EXHIBIT B

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SCHEDULE "D"

FORM OF REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT is made as of the 5th day of June, 2020 between Sundial Growers Inc., a company existing under the laws of the Province of Alberta (the "**Company**"), SAF Jackson II LP, a limited partnership organized in the Province of Alberta (the "**Investor**") and each additional Person who becomes, from time to time, a holder of Registrable Securities and agrees to be a party and bound by this Agreement.

RECITALS

WHEREAS, in connection with the securities restructuring agreement by and among the parties hereto, dated as of the date hereof (the "**Securities Restructuring Agreement**"), the Company has agreed, upon the terms and subject to the conditions of the Securities Restructuring Agreement, to issue to the Investor (i) the Note which will be convertible into Conversion Shares in accordance with the terms of the Note and (ii) the Warrants which will be exercisable to purchase Warrant Shares in accordance with the terms of the Warrants;

AND WHEREAS, to induce the Investor to consummate the transactions contemplated by the Securities Restructuring Agreement, the Company has agreed to provide certain registration rights under the Securities Act and applicable state securities laws and certain distribution rights under Canadian Securities Laws;

AND WHEREAS, the parties believe that it is in the best interests of the Company and the Investor to set forth their agreements regarding the Investor' s registration rights and distribution rights in the Company;

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

1. Definitions.

For purposes of this Agreement:

"**Affiliate**" means, with respect to any specified Person, any other Person which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. For purposes of this definition, a Person is "**controlled**" by another Person or other Persons if: (i) in the case of a company or other body corporate wherever or however incorporated: (A) securities entitled to vote in the election of directors carrying in the aggregate at least a majority of the votes for the election of directors and representing in the aggregate at least a majority of the participating (equity) securities are held, other than by way of security only, directly or indirectly, by or solely for the benefit of the other Person or Persons; and (B) the votes carried in the aggregate by such securities are entitled, if exercised, to elect a majority of the board of directors of such company or other body corporate; or (ii) in the case of a Person that is not a company or other body corporate, at least a majority of the participating (equity) and voting interests of such Person are held, directly or indirectly, by or solely for the benefit of the other Person

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or Persons; and "**controls**", "**controlling**" and "**under common control with**" shall be interpreted accordingly.

"**Agreement**" means this registration rights agreement, as amended.

"**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in the City of Calgary, in the Province of Alberta, are authorized or required by law to remain closed or the principal securities exchange or securities market on which the Common Shares are then principally trading is closed.

"**Canadian Prospectus**" means a (final) Prospectus (including a Canadian Shelf Prospectus) filed by the Company under Canadian Securities Laws, as such document may be amended or supplement by an amendment or prospectus supplement, including post-effective amendments, and all material incorporated by reference in such prospectus.

"**Canadian Securities Commissions**" means the securities commissions or other securities regulatory authorities in each of the provinces and territories of Canada, other than Québec (unless the Company is a Reporting Issuer in such province at any applicable time).

"**Canadian Securities Laws**" means all securities laws in each of the applicable provinces or territories of Canada, other than Québec (unless the Company is a Reporting Issuer in such province at any applicable time) and the respective regulations and rules under such laws together with applicable published policy statements, notices and orders of the Canadian Securities Commissions.

"**Canadian Shelf Prospectus**" means a base shelf prospectus prepared in the form contemplated by National Instrument 44-102 - *Shelf Distributions* of the Canadian Securities Administrators, as amended.

"**Common Shares**" means the common shares in the capital of the Company.

"**Company**" has the meaning given to it in the Preamble.

"**Conversion Shares**" has the meaning given to it in the Securities Restructuring Agreement.

"**Damages**" means any loss, damage, claim, expense or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, Canadian Securities Laws or other federal, provincial or state law, insofar as such loss, damage, or liability (or any action in respect thereof) arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or Prospectus of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto (including any documents incorporated by reference in any Prospectus); (ii) an omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or (iii) any violation or alleged violation by the indemnifying party (or any of its agents or Affiliates) of the Securities Act, the Exchange

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Act, Canadian Securities Laws, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, Canadian Securities Laws or any state securities law.

"**Demand Notice**" has the meaning given to it in Section 2.1(a).

"**Effective Date**" means the effective date of the applicable Registration Statement or qualification.

"**Effectiveness Deadline**" has the meaning given to it in Section 2.1(a).

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"**Excluded Registration**" means (i) a registration relating to the sale of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, or similar plan; (ii) a registration relating to an SEC Rule 145 transaction; or (iii) a registration on any form that does not include substantially the same information as would be required to be included in a Registration Statement or Prospectus covering the sale of the Registrable Securities.

"**Form F-1**" means a registration statement on Form F-1 as promulgated under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC.

"**Form F-3/10**" means either a registration statement on Form F-3 or Form F-10 as promulgated under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits incorporation of substantial information by reference to other documents filed by the Company with the SEC or the Canadian Securities Commissions, as applicable.

"**Hellard Registration Rights Agreement**" means the registration rights agreement, dated *[Redacted: Confidential information]*, between the Company and *[Redacted: Confidential information]*, as may be amended, modified or restated from time to time.

"**Holder**" means (i) the Investor, as long as it holds, directly or indirectly, including through any Affiliate, any Common Shares (or securities convertible into Common Shares); (ii) any direct or indirect transferee of the Investor who agrees to be a party and bound by this Agreement in accordance with Section 3.4 and (iii) any Permitted Transferee.

"**Initiating Holders**" means Holders of at least five percent (5%) of the Registrable Securities then outstanding, on a non-diluted basis, who initiate a registration request pursuant to Section 2.1(a) of this Agreement.

"**Investor**" has the meaning given to it in the Preamble.

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"**Members of the Immediate Family**" means with respect to any individual, each parent (whether by birth or adoption), spouse (whether by marriage or civil union) or common law partner (as defined in the *Income Tax Act* (Canada)) or child or other descendants (whether by birth or adoption) of such individual, each spouse (whether by marriage or civil union) or common law partner (as defined in the *Income Tax Act* (Canada)) of any of the aforementioned Persons, each trust created solely for the benefit of such individual and/or one or more of the aforementioned Persons, and each legal representative of such individual or of any aforementioned Persons (including without limitation a tutor, curator, mandatary due to incapacity, custodian, guardian or testamentary executor), acting in such capacity under the authority of the law, an order from a competent tribunal, a will or a mandate in case of incapacity or similar instrument. For the purposes of this definition, a Person shall be considered the spouse of an individual if such Person is legally married to such individual, lives in a civil union with such individual or is the common law partner (as defined in the *Income Tax Act* (Canada) as amended from time to time) of such individual. A Person who was the spouse of an individual within the meaning of this paragraph immediately before the death of such individual shall continue to be considered a spouse of such individual after the death of such individual.

"**New Investor Registration Rights Agreement**" means the registration rights agreement, dated the date hereof, between the Company and the New Investors (as defined in the Securities Restructuring Agreement), as may be amended, modified or restated from time to time.

"**Note**" has the meaning given to it in the Securities Restructuring Agreement.

"**Permitted Holder**" means, in respect of a Holder that is an individual, the Members of the Immediate Family of such individual and any Person controlled, directly or indirectly, by any such Holder, and in respect of a Holder that is not an individual, an Affiliate of that Holder.

"**Permitted Transferee**" means, in each case to the extent such Person agrees to be bound by the terms of this Agreement, any Permitted Holder.

"**Person**" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

"**Prospectus**" means, with respect to a public offering or distribution in the United States, the prospectus included in any Registration Statement, as such document may be amended or supplemented by an amendment or prospectus supplement, including post-effective amendments, and all material incorporated by reference in such prospectus, or, with respect to a public offering or distribution in Canada, a Canadian Prospectus.

"**Registrable Securities**" means any Conversion Shares, Warrant Shares and other Common Shares that are beneficially owned by a Holder or its Affiliates, provided that such Common Shares shall cease to be Registrable Securities: (i) when their registration has become effective and such Common Shares have been disposed of pursuant to such registration; (ii) when such Common Shares have been distributed from the holdings of a

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Holder or its Affiliates to the public in Canada pursuant to a Canadian Prospectus, or otherwise in compliance with Canadian Securities Laws; (iii) when such Common Shares may be sold pursuant to SEC Rule 144 without limitations with respect to the volume or manner of sale restrictions set forth therein; (iv) when new certificates for the Common Shares are not required to bear a legend restricting further transfer under Canadian Securities Laws or under the Securities Act and are delivered by the Company and such Common Shares are also not subject to resale restrictions in any province or territory in Canada or the United States; or (v) when such Common Shares cease to be outstanding. For purposes of this Agreement, a Person will be deemed to be the holder of Registrable Securities whenever such Person has the right to acquire such Registrable Securities (upon conversion, exchange, exercise or otherwise, but disregarding any restrictions or limitations upon exercise of such right), whether or not the acquisition has actually been effected, and such Person will be entitled to exercise the rights of a holder of Registrable Securities hereunder.

"**Registrable Securities then outstanding**" means the number of shares determined by adding (without duplication) the number of outstanding Common Shares that are Registrable Securities and the number of Common Shares issuable (directly or indirectly) pursuant to then exercisable and/or convertible securities that, when issued, will be Registrable Securities.

"**Registration Statement**" means with respect to a public offering in the United States, a Registration Statement filed by the Company with the SEC for a public offering and sale of securities of the Company for cash in which the Registrable Securities may be included, other than a Registration Statement on Form S-8, Form S-4 or Form F-4, or their successors, or any form for a similar limited purpose, or any Registration Statement covering only securities proposed to be issued in exchange for securities or assets of another corporation.

"**Reporting Issuer**" means a "reporting issuer" (or equivalent) as defined in Canadian Securities Laws.

"**SEC**" means the Securities and Exchange Commission.

"**SEC Rule 144**" means Rule 144 promulgated by the SEC under the Securities Act.

"**SEC Rule 145**" means Rule 145 promulgated by the SEC under the Securities Act.

"**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Securities Restructuring Agreement**" has the meaning given to it in the Recitals.

"**Selling Expenses**" means all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities, and fees and disbursements of counsel for any Holder, except for the fees and disbursements of the Selling Holder Counsel borne and paid by the Company as provided in Section 2.6.

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"**Selling Holder Counsel**" has the meaning given to it in Section 2.6.

"**Staff**" has the meaning given to it in Section 2.1(e).

"**Suspension**" has the meaning given to it in Section 2.1(b).

"**Transaction**" has the meaning given to it in Section 3.19.

"**Warrant Shares**" has the meaning given to it in the Securities Restructuring Agreement.

"**Warrants**" has the meaning given to it in the Securities Restructuring Agreement.

2. Registration Rights.

The Company covenants and agrees as follows:

2.1 **Demand Registration**.

(a) **Delivering Demand Notice**. If at any time following the Threshold Date (as defined in the Note), the Initiating Holders request the Company to prepare and to file with respect to all or any portion of such Holders' Registrable Securities, a Registration Statement and/or a Canadian Prospectus with respect to Registrable Securities having an anticipated aggregate offering price, excluding Selling Expenses, of at least $2,000,000, then upon receipt of such request, the Company shall (i) within ten (10) days after the date such request is given, give notice thereof (the "**Demand Notice**") to all Holders other than the Initiating Holders; (ii) as expeditiously as reasonably practical, and in any event within thirty (30) days after the date such request is given by the Initiating Holders, use reasonable commercial efforts to file a Form F-1 and/or a Canadian Prospectus, as applicable, or, if eligible, a Form F-3/10 Registration Statement, covering all Registrable Securities that the Initiating Holders requested to be registered or qualified for distribution and any additional Registrable Securities requested to be included in such registration or qualification by any other Holders, as specified by notice given by each such Holder to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Section 2.1(b) and Section 2.5; and (iii) as expeditiously as reasonably practical, and in any event within sixty (60) days after the date such request is given by the Initiating Holders, use reasonable commercial efforts to cause such Registration Statement to become effective and obtain a receipt from the applicable Canadian Securities Commissions in respect of any Canadian Prospectus (the "**Effectiveness Deadline**").

(b) **Notwithstanding**. Notwithstanding the foregoing obligations, if the Company furnishes to Holders requesting a registration or qualification pursuant to this Section 2.1 a certificate signed by the Company' s chief executive officer stating that in the good faith judgment of the Company' s Board of Directors it would be materially detrimental to the Company and its shareholders for such Registration Statement or Prospectus to either become effective or remain effective for as long as such Registration Statement or Prospectus otherwise would be required to remain

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effective, because such action would (i) materially adversely interfere with a bona fide significant acquisition, corporate reorganization, or other similar transaction involving the Company; (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or (iii) render the Company unable to comply with requirements under the Securities Act, the Exchange Act, or Canadian Securities Laws, then the Company shall have the right to defer taking action with respect to such filing, and any time periods with respect to filing or effectiveness thereof shall be tolled correspondingly (a "**Suspension**"), for a period of not more than sixty (60) days after the request of the applicable Holders is given; *provided*, *however*, that the Company may not invoke this right more than once in any twelve (12) month period; and *provided further* that the Company shall not register or qualify any securities for its own account or that of any other securityholder during such sixty (60) day period other than pursuant to an Excluded Registration.

(c) **Further Limitations**. The Company shall not be obligated to effect, or to take any action to effect, any registration or qualification pursuant to Section 2.1(a) (i) during the period that is sixty (60) days before the Company' s good faith estimate of the date of filing of, and ending on a date that is one hundred eighty (180) days after the effective date of, a Company-initiated registration or qualification, provided, that the Company is actively employing in good faith commercially reasonable efforts to cause such Registration Statement or Prospectus to become effective; or (ii) after the Company has effected four registrations or qualifications pursuant to Section 2.1(a) in any calendar year, provided, however, that any registrations or qualifications completed by way of prospectus supplement will not count towards any such limit. A registration or qualification shall not be counted as "effected" for purposes of this Section 2.1(c) until such time as the applicable Registration Statement or Prospectus has been declared effective or final receipt therefor has been provided by the applicable securities regulators, unless the Holders withdraw their request for such registration or qualification, elect not to pay the expenses therefor, and forfeit their right to one demand Registration Statement or Prospectus qualification pursuant to Section 2.6, in which case such withdrawn Registration Statement or Prospectus shall be counted as "effected" for purposes of this Section 2.1(c).

(d) **Company Registration**. After receipt of a Demand Notice, the Company shall itself determine whether it wishes to distribute Common Shares in connection with the demand registration or qualification related to such Demand Notice, provided that if the lead underwriter or lead underwriters, acting in good faith, advise the Initiating Holders and the Company in writing that, in its or their judgment, the number of Common Shares to be distributed in the demand registration or qualification should be limited (i) due to market conditions, or (ii) because the number of Common Shares to be distributed or qualified is likely to have a significant adverse effect on the successful marketing of the distribution (including the price range acceptable to the Investor), then the maximum number of Common Shares that the lead underwriter or lead underwriters advise should be distributed will be allocated (A) first, to the number of Registrable Securities requested to be

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distributed pursuant to the demand registration or qualification on a pro rata basis based on the number of Registrable Securities held by all such Holders, and (B) second, subject to clause (A) above, to the number of Common Shares to be distributed by the Company and any other Persons that have registration or distribution rights that may have been exercised in connection therewith, if any, that may be accommodated in such distribution.

(e) **Staff or SEC Characterization**. Notwithstanding anything to the contrary contained in this Agreement, in the event the staff of the SEC (the "**Staff**") or the SEC seeks to characterize any offering pursuant to a Registration Statement filed pursuant to this Agreement as constituting an offering of securities by, or on behalf of, the Company, or in any other manner, such that the Staff or the SEC do not permit such Registration Statement to become effective and used for resales in a manner that does not constitute such an offering and that permits the continuous resale at the market by the Holders participating therein (or as otherwise may be acceptable to each Holder) without being named therein as an "underwriter," then the Company shall reduce the number of Common Shares to be included in such Registration Statement by all Holders until such time as the Staff and the SEC shall so permit such Registration Statement to become effective as aforesaid. In making such reduction, the Company shall reduce the number of Common Shares to be included by all Holders on a *pro rata* basis (based upon the number of Registrable Securities otherwise required to be included for each Holder) unless the inclusion of Common Shares by a particular Holder or a particular group of Holders are resulting in the Staff or the SEC' s "by or on behalf of the Company" offering position, in which event the Common Shares held by such Holder or group of Holders shall be the only Common Shares subject to reduction (and if by a group of Holders on a *pro rata* basis by such Holders or on such other basis as would result in the exclusion of the least number of Common Shares by all such Holders); *provided*, that, with respect to such *pro rata* portion allocated to any Holder, such Holders may elect the allocation of such *pro rata* portion among the Registrable Securities of such Holder. In addition, in the event that the Staff or the SEC requires any Holder seeking to sell securities under a Registration Statement filed pursuant to this Agreement to be specifically identified as an "underwriter" in order to permit such Registration Statement to become effective, and such Holder does not consent to being so named as an underwriter in such Registration Statement, then, in each such case, the Company shall reduce the total number of Registrable Securities to be registered on behalf of such Holder, until such time as the Staff or the SEC does not require such identification or until such Investor accepts such identification and the manner thereof. Any reduction pursuant to this paragraph will first reduce all Registrable Securities other than those issued pursuant to the Securities Restructuring Agreement (which, for the avoidance of doubt, will be reduced as follows: first, any Common Shares issuable upon exercise of any Placement Agent Securities (as defined in the Securities Restructuring Agreement), second, any Common Shares issuable upon exercise of any New Investor Securities (as defined in the Securities Restructuring Agreement) (as allocated among such New Investor Securities as elected by the holders of such New Investor Securities at such time),

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third, any Common Shares subject to the Hellard Registration Rights Agreement and, lastly, any Registrable Securities).

2.2 **Piggy-Back Registration**.

If, following the Threshold Date, the Company proposes to register or qualify (including, for this purpose, a Registration Statement effected or Prospectus filed by the Company for securityholders other than the Holders) any of its securities under the Securities Act or Canadian Securities Laws in connection with the public offering of such securities solely for cash (other than in an Excluded Registration), the Company shall, at such time promptly give each Holder notice of such registration or qualification which notice must in any event be given as soon as the Company has a reasonable expectation that such a registration or qualification may occur. Upon the request of each Holder given within twenty (20) days after such notice is given by the Company, the Company shall, subject to the provisions of Section 2.5, use reasonable commercial efforts to cause to be registered or qualified all of the Registrable Securities that each such Holder has requested to be included in such Registration Statement or Prospectus subject to any customary cut-back or similar rights. The Company shall have the right to terminate or withdraw any registration or qualification initiated by it under this Section 2.3 before the Effective Date, whether or not any Holder has elected to include Registrable Securities in such registration or qualification. The expenses of such withdrawn registration or qualification shall be borne by the Company in accordance with Section 2.6.

2.3 **Underwriting Requirements**.

(a) If, pursuant to Section 2.1, the participating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to Section 2.1, and the Company shall include such information in the Demand Notice. The underwriter(s) will be selected by the Company and shall be reasonably acceptable to a majority in interest (by number of securities) of the Holders. In such event, the right of any Holder to include such Holder' s Registrable Securities in such registration or qualification shall be conditioned upon such Holder' s participation in such underwriting and the inclusion of such Holder' s Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in Section 2.4(f)) enter into an underwriting agreement in customary form with the underwriter(s) selected for such underwriting. Notwithstanding any other provision of this Section 2.3, if the managing underwriter(s) advise(s) the Holders initiating a demand registration in writing that marketing factors require a limitation on the number of Common Shares to be underwritten, then the Holders shall so advise all Holders of Registrable Securities that otherwise would be underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be allocated among such Holders of Registrable Securities, including the Holders, in proportion (as nearly as practicable) to the number of Registrable Securities owned by each selling Holder or in such other proportion as shall mutually be agreed to by all such selling Holders. To facilitate the allocation

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of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest 100 shares.

(b) In connection with any offering involving an underwriting of securities of the Company pursuant to Section 2.2, the Company shall not be required to include any of the Holders' Registrable Securities in such underwriting unless the Holders accept the terms of the underwriting as agreed upon between the Company and its underwriters, and then only in such quantity as the underwriters in their sole discretion determine will not jeopardize the success of the offering by the Company. If the total number of securities, including Registrable Securities, requested by shareholders to be included in such offering exceeds the number of securities to be sold (other than by the Company) that the underwriters in their reasonable discretion determine is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters and the Company in their sole discretion determine will not jeopardize the success of the offering. If the underwriters determine that less than all of the Registrable Securities requested to be registered or qualified for distribution can be included in such offering, then the Registrable Securities that are included in such offering shall be allocated among the selling Holders in proportion (as nearly as practicable) to the number of Registrable Securities owned by each selling Holder or in such other proportions as shall mutually be agreed to by all such selling Holders. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest 100 shares.

(c) For purposes of the provision in this Section 2.3 concerning apportionment, for any selling Holder that is a partnership, limited liability company, or corporation, the partners, members, retired partners, retired members, shareholders, and Affiliates of such Holder, or the estates and Members of the Immediate Family of any such partners, retired partners, members, and retired members and any trusts for the benefit of any of the foregoing Persons, shall be deemed to be a single "selling Holder", and any pro rata reduction with respect to such selling Holder shall be based upon the aggregate number of Registrable Securities owned by all Persons included in such selling Holder, as defined in this sentence.

2.4 **Obligations of the Company**. Whenever required under this Section 2 to effect the registration or qualification of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) in connection with the preparation and filing of a Registration Statement or Prospectus in connection with such registration or qualification, the Company will give each selling Holder and its counsel(s) and other agents the opportunity to review and fully participate in the preparation of the Registration Statement or Prospectus, and each amendment thereof or supplement thereto, and will give each of them such access to its books and records and such opportunities to discuss the business of the Company with its officers and the independent public accountants

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who have issued a report on its financial statements as shall be necessary, in the opinion of such selling Holders and such underwriters or their respective counsel(s), to conduct a reasonable investigation;

(b) in the case of a registration under the Securities Act:

(i) prepare and file with the SEC a Registration Statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such Registration Statement to become effective by the Effectiveness Deadline and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such Registration Statement effective for a period of up to one hundred twenty (120) days or, if earlier, until the distribution contemplated in the Registration Statement has been completed; provided, however, that (i) such one hundred twenty (120) day period shall be extended for a period of time equal to the period the Holder refrains, at the request of an underwriter of Common Shares (or other securities) of the Company, from selling any securities included in such registration, and (ii) in the case of any registration of Registrable Securities on Form F-3/10 that are intended to be offered on a continuous or delayed basis, subject to compliance with applicable SEC rules, such one hundred twenty (120) day period shall be extended for up to sixty (60) days, if necessary, to keep the Registration Statement effective until all such Registrable Securities are sold; and

(ii) prepare and file with the SEC such amendments and supplements to such Registration Statement, and the prospectus used in connection with such Registration Statement, as may be necessary to comply with the Securities Act in order to enable the disposition of all securities covered by such Registration Statement;

(c) in the case of the qualification under Canadian Securities Laws:

(i) prepare and file (in any event within thirty (30) days after the applicable request has been delivered) with each of the Canadian Securities Commission, in each province and territory of Canada (other than Québec unless the Company is a Reporting Issuer in such province at such time) a Canadian Prospectus with respect to the distribution of such Registrable Securities and use its best efforts to obtain a receipt or a decision document from such Canadian Securities Commissions in respect of such Canadian Prospectus and, in so doing, act as expeditiously as is reasonably practicable and in good faith to settle all deficiencies and obtain those receipts, decision documents and clearances and provide those undertakings and commitments as may be reasonably required by any Canadian Securities Commission, all as may be necessary to comply with the applicable provisions of Canadian Securities Laws;

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(ii) prepare and file with the Canadian Securities Commissions with whom a Canadian Prospectus has been filed pursuant to Section 2.4(c)(i) such amendments and supplements to such Canadian Prospectus as may be necessary to comply with the applicable provisions of Canadian Securities Laws with respect to the distribution of all securities qualified by such Canadian Prospectus (provided that all Registrable Securities qualified by such Canadian Prospectus are distributed within ninety (90) days of the date of such final Canadian Prospectus);

(iii) subject to applicable laws, keep the Canadian Prospectus filed pursuant to Section 2.4(c)(i) effective until the selling Holders have completed the offer and sale or other disposition or distribution to the public described in such Canadian Prospectus provided that the selling Holders and the applicable underwriters use reasonable commercial efforts to complete the offer and sale or other disposition or distribution to the public as soon as reasonably practicable;

(iv) during the period when the Canadian Prospectus filed pursuant to Section 2.4(c)(i) is required to be delivered under Canadian Securities Laws in respect of Registrable Securities, notify the selling Holders promptly of the discovery of, or the happening of any event as a result of which such Canadian Prospectus includes, an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they are made or if it is necessary to amend or supplement such Canadian Prospectus to comply with Canadian Securities Laws, and to promptly prepare and file with the appropriate Canadian Securities Commissions a supplement to or amendment of such Canadian Prospectus as may be necessary to correct such untrue statement or eliminate such omission and so that such Canadian Prospectus, as amended or supplemented, will comply with Canadian Securities Laws, and furnish without charge to the selling Holders as many copies of such supplement or amendment as the selling Holders request; and

(v) use its reasonable commercial efforts to prevent the issuance of any stop order, cease trade order or other order suspending the use of any the Canadian Prospectus filed pursuant to Section 2.4(c)(i) and, if any such order is issued, to seek the withdrawal of any such order at the earliest possible moment;

(d) furnish to the selling Holders such numbers of copies of a Prospectus, including a preliminary prospectus, as required by the Securities Act and/or Canadian Securities Laws, and such other documents as the Holders may reasonably request (including any documents incorporated by reference in any Prospectus) in order to facilitate their disposition of their Registrable Securities;

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(e) use its commercially reasonable efforts to register and qualify the securities covered by such Registration Statement or Prospectus under such other securities or blue-sky laws of such jurisdictions as shall be reasonably requested by the selling Holders; provided that the Company shall not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction;

(f) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the underwriter(s) of such offering;

(g) notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus related thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes, an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(h) subject to the terms of any underwriting agreement entered into in connection with such underwritten public offering, use its commercially reasonable efforts to furnish, on the date that such Registrable Securities are delivered to the underwriters for sale, if such securities are being sold through underwriters, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and (ii) a letter dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering addressed to the underwriters;

(i) use its commercially reasonable efforts to cause all such Registrable Securities covered by such Registration Statement or Prospectus to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(j) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the Effective Date;

(k) promptly make available for inspection by the selling Holders, any managing underwriter(s) participating in any disposition pursuant to such Registration Statement or Prospectus, and any attorney or accountant or other agent retained by any such underwriter or selected by the selling Holders, all financial and other records, pertinent corporate documents, and properties of the Company, and cause the Company' s officers, directors, employees, and independent accountants to supply all information reasonably requested by any such seller, underwriter,

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attorney, accountant, or agent, in each case, as necessary or advisable to verify the accuracy of the information in such Registration Statement or Prospectus and to conduct appropriate due diligence in connection therewith;

(l) in the event of any underwritten public offering, make reasonably available its employees and personnel for participation in "road shows" and other marketing efforts and otherwise provide reasonable assistance to the underwriters in the marketing of Registrable Securities in any underwritten offering;

(m) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such Registration Statement has been declared effective or a supplement to any prospectus forming a part of such Registration Statement has been filed or, in the case of offering in Canada, of the time when a receipt or a decision document from the Canadian Securities Commissions has been received;

(n) after such Registration Statement becomes effective or a receipt or a decision document from the Canadian Securities Commissions has been received in respect of a Prospectus, notify each selling Holder of any request by applicable securities regulators that the Company amend or supplement such Registration Statement or Prospectus; and

(o) take such other actions and execute and deliver such other documents as may be reasonably necessary to give full effect to the rights of each selling Holder under this Agreement.

2.5 **Furnish Information**.

It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as is reasonably required to effect the registration or qualification of such Holder' s Registrable Securities.

2.6 **Expenses of Registration**.

All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to this Section 2 including all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of counsel for the Company; and the reasonable fees and disbursements of counsel to the Holder holding the largest number of Registrable Securities then outstanding ("**Selling Holder Counsel**"), shall be borne and paid by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration or qualification proceeding begun pursuant to Section 2.1 if the registration or qualification request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all selling Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration or qualification), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one registration or qualification pursuant to Section 2.1(a); provided further that if, at the time of such withdrawal, the Holders shall have learned of a material

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adverse change in the condition, business, or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness after learning of such information then the Holders shall not be required to pay any of such expenses and shall not forfeit their right to one registration or qualification pursuant to Section 2.1(a). All Selling Expenses relating to Registrable Securities registered pursuant to this Section 2 shall be borne and paid by the Holders pro rata on the basis of the number of Registrable Securities registered on their behalf.

2.7 **Delay of Registration**.

No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration or qualification pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.8 **Indemnification**.

If any Registrable Securities are included in a Registration Statement or Prospectus under this Section 2:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each selling Holder, and the partners, members, officers, directors, employees, agents, representatives and securityholders of each such Holder; any underwriter (as defined in the Securities Act and under Canadian Securities Laws) for each such Holder; and each Person (including their respective partners, members, officers, directors, employees, agents, representatives and securityholders), if any, who controls such Holder or underwriter within the meaning of the Securities Act, the Exchange Act or Canadian Securities Laws, against any Damages, and the Company will pay to each such Holder, underwriter, controlling Person, or other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Section 2.8(a) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld or delayed, nor shall the Company be liable for any Damages to the extent that they arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of any such Holder, underwriter, controlling Person, or other aforementioned Person expressly for use in connection with such registration or qualification.

(b) To the extent permitted by law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, and each of its directors, each of its officers who has signed the Registration Statement or Prospectus, each Person (if any) who controls the Company within the meaning of the Securities Act, any underwriter (as defined in the Securities Act and under Canadian Securities Laws), any other Holder selling securities in such Registration Statement or Prospectus, and any controlling Person of any such underwriter or other Holder, against any

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Damages, in each case only to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such selling Holder expressly for use in connection with such registration or qualification; and each such selling Holder will pay to the Company and each other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Section 2.8(b) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld or delayed; and provided further that in no event shall the aggregate amounts payable by any Holder by way of indemnity or contribution under Sections 2.8(b) and 2.8(d) exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of fraud or willful misconduct by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 2.8 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.8, give the indemnifying party notice of the commencement thereof. The indemnifying party shall have the right to participate in such action and, to the extent the indemnifying party so desires, participate jointly with any other indemnifying party to which notice has been given, and to assume the defense thereof with counsel reasonably satisfactory to the other parties to the proceeding; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such action. The failure to give notice to the indemnifying party within a reasonable time of the commencement of any such action shall only relieve such indemnifying party of any liability to the indemnified party under this Section 2.8 if, and only to the extent that, the indemnifying party suffers prejudice as a result of such failure.

(d) To provide for just and equitable contribution in any case in which either (i) any party otherwise entitled to indemnification hereunder makes a claim for indemnification pursuant to this Section 2.8 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that this Section 2.8 provides for indemnification in such case, or (ii) contribution under the Securities Act or Canadian Securities Laws may be required on the part of any party hereto for which indemnification is provided under this Section 2.8, then, and in each such case, such parties will contribute to the aggregate losses, claims,

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damages, liabilities, or expenses to which they may be subject in such proportion as is appropriate to reflect the relative fault of each of the indemnifying party and the indemnified party in connection with the statements, omissions, or other actions that resulted in such loss, claim, damage, liability, or expense, as well as to reflect any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact, or the omission or alleged omission of a material fact, relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case, (x) no Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered and sold by such Holder pursuant to such Registration Statement or Prospectus, and (y) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act or the equivalent under Canadian Securities Laws) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation; and provided further that in no event shall a Holder' s liability pursuant to this Section 2.8(d), when combined with the amounts paid or payable by such Holder pursuant to Section 2.8(d) exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of willful misconduct or fraud by such Holder.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and Holders under this Section 2.8 shall survive the completion of any offering of Registrable Securities in a registration or qualification under this Section 2, and otherwise shall survive the termination of this Agreement.

2.9 **Reports Under Exchange Act**.

With a view to making available to the Holders the benefits of SEC Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to registration on Form F-3/10, the Company shall:

(a) make and keep available adequate current public information, as those terms are understood and defined in SEC Rule 144, at all times;

(b) use commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and

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(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) to the extent accurate, a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144, the Securities Act, and the Exchange Act (at any time after the Company has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form F-3/10 (at any time after the Company so qualifies); (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company; and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration (at any time after the Company has become subject to the reporting requirements under the Exchange Act) or pursuant to Form F-3/10 (at any time after the Company so qualifies to use such form).

2.10 **Termination of Agreement with Respect to Any Holder**.

This Agreement shall terminate upon the Note and the Warrants being fully converted and exercised and the Investor and its Affiliates holding no Registrable Securities.

2.11 **Reporting Issuer**

With a view to making available the benefits of certain rules and regulations under Canadian Securities Laws, which may permit the sale of securities to the public without the filing of a Canadian Prospectus, the Company agrees to use its best efforts to maintain its status as a Reporting Issuer not in default of applicable Canadian Securities Laws in each jurisdiction in which the Company is a Reporting Issuer in each of the provinces and territories of Canada, other than Québec (unless the Company is a Reporting Issuer in such province at any applicable time).

2.12 **Ceasing to be a Foreign Private Issuer**.

If the Company ceases to be a foreign private issuer (as defined in Rule 405 promulgated by the SEC under the Securities Act) able to use a registration statement on Form F-1, F-3, or F-10, as the case may be, then all references in this Agreement to any such form shall be deemed to be references to Form S-1 or S-3, as appropriate.

3. Miscellaneous.

3.1 **Superior Registration Rights.**

Other than the New Investor Registration Rights Agreement, any registration rights in respect of the Placement Agent Securities and the respective terms contemplated therein as at the date hereof, the Company shall not grant to any Person with respect to Common Shares, or any securities convertible into or exchangeable or exercisable for any Common Shares, registration rights that have terms more favorable than the registration rights granted to the Investor in this Agreement unless similar rights are granted to the Investor.

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3.2 **Subsequent Registration Rights.**

Other than the New Investor Registration Rights Agreement, any registration rights in respect of the Placement Agent Securities and the respective terms contemplated therein as at the date hereof, the Company shall not grant to any Person registration rights unless the rights are consistent with the provisions of this Agreement. Other than the New Investor Registration Rights Agreement, any registration rights in respect of the Placement Agent Securities and the respective terms contemplated therein as at the date hereof, the Company shall not grant to any Person the right to request the Company to register any securities other than securities of the same class as the Registrable Securities being registered pursuant to a Demand Notice.

3.3 **Further Assurance.**

Each of the parties to this Agreement will promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as any other party to this Agreement may reasonably require from time to time for the purpose of giving effect to this Agreement and will use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

3.4 **Permitted Transferees**.

This Agreement may be assigned in whole or in part by the Investor or its Permitted Transferee (upon notice to each other party to this Agreement) to any transferee of Registrable Securities (and such securities remain Registrable Securities); and, upon the transferee executing an instrument in writing agreeing to be bound by this Agreement, the transferee will be entitled to its benefit and be bound by all of its terms as if it were an original signatory hereto, except that a transferee of Registrable Securities who becomes entitled to the benefit of this Agreement shall be subject to such restrictions on its rights hereunder as may be stipulated in writing by the transferor of such Registrable Securities. A copy of any such restrictions shall be provided to the Company. This Agreement may not be assigned by any other party to this Agreement without the written consent of the Holders unless such assignment is to a Permitted Transferee; *provided*, *however*, that (x) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such Permitted Transferee and the Registrable Securities with respect to which such rights are being transferred; and (y) such Permitted Transferee agrees in a written instrument delivered to the Company to be bound by and subject to the terms and conditions of this Agreement. For the purposes of determining the number of Registrable Securities held by a transferee, the holdings of a Holder of such transferee shall be aggregated together and with those of the transferee; *provided further* that all transferees who would not qualify individually for assignment of rights shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices, or taking any action under this Agreement. The terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

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3.5 **Governing Law**.

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein (without giving effect to any conflicts or choice of law provisions thereof that would cause the application of the domestic substantive laws of any other jurisdiction).

3.6 **Counterparts; Facsimile**.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may also be executed and delivered by facsimile signature and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

3.7 **Titles and Subtitles**.

The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.

3.8 **Notices**.

All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or: (i) personal delivery to the party to be notified; (ii) when sent, if sent by electronic mail or facsimile during the recipient' s normal business hours, and if not sent during normal business hours, then on the recipient' s next Business Day; (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one (1) Business Day after the Business Day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next-day delivery, with written verification of receipt. All communications shall be sent to the respective parties as follows:

If to the Company to:

Sundial Growers Inc.
#200, 919 – 11 Avenue SW
Calgary, Alberta
T2R 1P3

Attention: Chief Executive Officer and Chief Financial Officer
E-Mail: *[Redacted: Confidential information]*

With a copy (for informational purposes only) to:

Shearman & Sterling LLP
599 Lexington Avenue
New York, NY 10022-6069

Attention: Jason Lehner, Esq. and Merritt Johnson, Esq.
E-Mail: JLehner@Shearman.com and Merritt.Johnson@Shearman.com

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And to:

McCarthy Tétrault LLP
Suite 4000, 421 7th Avenue SW
Calgary, AB T2P 4K9

Attention: Gregory Turnbull and Nathan Robb
E-Mail: gturnbull@mccarthy.ca and nrobb@mccarthy.ca

If to the Investor, to:

SAF Jackson II LP
1900 Dome Tower – 333 7th Avenue SW
Calgary, AB T2P 2Z1

Attention: Principal, Chief Executive Officer and Principal, General Counsel
E-mail: *[Redacted: Confidential information]*

3.9 **Amendments and Waivers**.

Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of the Company, Holders holding at least a majority (by number) of the issued and outstanding Common Shares held by all of the Holders; and provided further that any provision hereof may be waived by any waiving party on such party' s own behalf, without the consent of any other party. Except as provided for under Section 2.10 and notwithstanding the foregoing, this Agreement may not be amended or terminated and the observance of any term hereof may not be waived with respect to any party without the written consent of such party, unless such amendment, termination, or waiver applies to all parties hereto in the same fashion. The Company shall give prompt notice of any amendment or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, termination, or waiver. Any amendment, termination, or waiver effected in accordance with this Section 3.9 shall be binding on all parties hereto, regardless of whether any such party has consented thereto. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision.

3.10 **Severability**.

In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

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3.11 **Aggregation of Shares**.

All shares of Registrable Securities held or acquired by Affiliates shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and such Affiliated persons may apportion such rights as among themselves in any manner they deem appropriate.

3.12 **Entire Agreement**.

This Agreement constitutes the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled.

3.13 **Delays or Omissions**.

Other than to the extent specifically contemplated by Section 3.9 (in respect of certain waivers deemed to be provided by the Company pursuant to the terms thereof), no delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power, or remedy of such nonbreaching or non-defaulting party, nor shall it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

3.14 **Currency**.

All denominations and financial information outlined in this Agreement are in Canadian Dollars.

3.15 **Construction; Headings.**

This Agreement shall be deemed to be jointly drafted by the parties and shall not be construed against any such party as the drafter hereof. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement. Unless the context clearly indicates otherwise, each pronoun herein shall be deemed to include the masculine, feminine, neuter, singular and plural forms thereof. The terms "including," "includes," "include" and words of like import shall be construed broadly as if followed by the words "without limitation." The terms "herein," "hereunder," "hereof" and words of like import refer to this entire Agreement instead of just the provision in which they are found. Unless expressly indicated otherwise, all section references are to sections of this Agreement.

3.16 **Non-Merger**

Each party to this Agreement hereby agrees that, except as specifically provided for herein, all provisions of this Agreement shall forever survive the execution and delivery of this Agreement and any and all documents delivered in connection herewith.

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3.17 **Third Party Beneficiaries**

This Agreement is not intended to confer any rights or remedies upon any Person other than the parties to this Agreement.

3.18 **Date for Any Action.**

If any date on which any action is required to be taken hereunder by any of the parties is not a Business Day, such action is required to be taken on the next succeeding day which is a Business Day.

3.19 **Adjustments to Common Shares.**

Wherever in this Agreement there is reference to a specific number of Common Shares, a price per Common Share or consideration received in respect of such Common Shares, then upon the occurrence of any conversion, reclassification, subdivision, consolidation, exchange or other change (whether pursuant to a reorganization, amalgamation, merger, arrangement or otherwise) involving the Common Shares (a "**Transaction**"), the specific number of Common Shares, price per Common Share or consideration received in respect of Common Shares so referenced in this Agreement shall automatically be proportionally adjusted to reflect the effect on the outstanding Common Shares by such Transaction.

3.20 **Independent Legal Advice**.

Each party hereto acknowledges and agrees that he or it has been advised to, and has had sufficient opportunity to, consult with independent legal counsel with respect to this Agreement, understands his or its obligations under this Agreement and the nature of the consequences of this Agreement and is signing this Agreement voluntarily.

[Remainder of page intentionally left blank]

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

SUNDIAL GROWERS INC.

By: _____
Name:
Title:

SAF JACKSON II LP, by its general partner,
SAF JACKSON II INC.

By: _____
Name:
Title:

[*Signature Page to Registration Rights Agreement*]

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SCHEDULE "E"

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Creditor (all of which representations and warranties the Company hereby acknowledges are being relied upon by the Creditor in entering into this Agreement) that as of the Closing Date:

(a) **Existence:** Each Note Party is a duly incorporated and organized corporation or a duly created partnership or trust, as applicable, under the laws of Canada or a Province of Canada, is validly existing under such laws, and is duly registered and qualified as an extra-provincial corporation, partnership or trust, as applicable, under the laws of each jurisdiction in which the nature of any business transacted by it or the character of any Property owned or leased by it requires such registration and qualification.

(b) **Power:** Each Note Party has full corporate, partnership or trust, as applicable, capacity, power and authority to own its Property, to conduct its Business as now conducted and as proposed to be conducted, to execute and deliver each Transaction Document to which it is a party and to perform its obligations thereunder.

(c) **Authorization:** The execution, delivery and performance by each Note Party of each of the Transaction Documents to which it is a party have been duly authorized by all necessary corporate, partnership, trust or other action.

(d) **Execution:** Each Transaction Document to which any Note Party is a party has been duly executed and delivered by it.

(e) **Binding Obligations:** Each Transaction Document to which any Note Party is a party is a legal, valid and binding obligation of each Note Party that is a party thereto enforceable against such Note Party or other party thereto, as applicable, in accordance with its terms except as enforceability may be limited by general principles of equity and by Applicable Laws regarding bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by moratorium laws from time to time in effect.

(f) **Violations and Approvals:** The execution, delivery and performance by each Note Party of each Transaction Document to which it is a party:

(i) does not and will not violate its articles, by-laws, partnership agreement, trust indenture (each as applicable) or other governing documents;

(ii) does not and will not result in a breach of or constitute a default or require any consent under, or result in the creation of any Security Interest, other than a Permitted Encumbrance, upon any of its Property pursuant to any Material

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Agreement or Material License to which it is a party or by which it or its Property may be bound or affected;

(iii) does not require any Governmental Action, licence, consent or approval of or notice to or filing with any Governmental Authority other than such as are necessary with respect to the registration and perfection of the Security and the Security Interests constituted thereby; and

(iv) does not and will not contravene any presently existing provision of Applicable Law or any Governmental Action applicable to it or any of its Property.

(g) **Security:** The Security Interests created by the Security granted by each Note Party to the Creditor rank as first priority Security Interests in priority to all other Security Interests over the Collateral, subject only to Permitted Encumbrances which, under Applicable Law, may rank in priority thereto or are Permitted Encumbrances subject to the Intercreditor Agreement.

(h) **Title to Property:** Each Note Party has good and marketable title to all of its Property free and clear of all Security Interests, claims and encumbrances other than Permitted Encumbrances which are applicable to it and, to the best of its knowledge, information and belief, no Person is asserting or has given notice of its intention to assert any Security Interest other than Permitted Encumbrances relating to any such Property. As at the Closing Date, Schedule (E)(h) sets out all real property (including, for certainty, owned and leased real property) in which the Note Parties have any right, title or interest.

(i) **Intellectual Property:** As of the Closing Date, Schedule (E)(i) sets out all Intellectual Property used in or necessary for the conduct of the Business of the Note Parties as currently conducted as well as the particulars of any registrations thereof with the Canadian Intellectual Property Office. The Company and each of the other Note Parties possesses and is the sole legal and beneficial owner of or has licensed to it on normal commercial terms all the Intellectual Property necessary for the conduct of the Business of the Note Parties, each of which is in good standing and in full force and effect. To the best knowledge of the Company, neither it nor any of the other Note Parties is infringing or is alleged to be infringing on the rights of any Person with respect to any Intellectual Property (or any application or registration in respect thereof or any licence, discovery, improvement, process, formula, know-how, data, plan or specification). The Company and each of the other Note Parties has taken all formal or procedural actions (including payment of fees) required to maintain any material Intellectual Property and licences owned by it.

(j) **Litigation:** Other than the litigation disclosed to the Creditor in Schedule (E)(j), there are no actions, suits or proceedings pending or, to the best of the knowledge, information and belief of any Note Party, threatened against any Note Party at law or in equity by or before any court, tribunal, governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any arbitrator of any kind which would reasonably be expected to result in claims in excess of Cdn.$1,500,000 and no Note Party

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is in default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, tribunal, governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign or any arbitrator of any kind which, in the aggregate, would reasonably be expected to result in claims in excess of Cdn.$1,500,000.

(k) **Books and Records; Financial Condition:** Each Note Party maintains records and books of account in which true and complete entries are made in a manner sufficient to enable the preparation of financial statements in accordance with IFRS. All financial statements of the Note Parties provided to the Creditor by or on behalf of any Note Party fairly reflect, as of the dates thereof, the financial condition of the Note Parties in all material respects and the results of their operations for the periods covered thereby, have been prepared in accordance with IFRS (except that any unconsolidated financial statements of any Subsidiary may be prepared without notes) and, from the date of the latest of such financial statements submitted to the Creditor, no event or circumstance has occurred which would reasonably be expected to have a Material Adverse Effect.

(l) **Taxes:** All income tax and other returns required to be filed prior to the date hereof have been filed by or on behalf of each Note Party to the relevant taxation or other authorities and no Note Party is in default of payment of any taxes of any material amount, except for taxes the payment of which is subject to a Permitted Contest, and no reassessment, appeal or material claim is, to the best of the knowledge, information and belief of any Note Party, being asserted or processed with respect to taxes which is not disclosed in the financial statements referred to in clause (k) of this Schedule (E)(l), in respect of periods to which such financial statements relate.

(m) **Insurance:** Each Note Party has in full force and effect such policies of insurance in such amounts issued by insurers of recognized standing insuring its Property and providing such coverage as would be maintained by Persons engaged in the same or similar business in the localities where its Property is located or, if such insurance is not available on commercially reasonable terms, such other insurance to the satisfaction of the Creditor, acting reasonably.

(n) **Compliance with Applicable Laws:** Each Note Party is in compliance with all Applicable Laws in all material respects. Without limiting the generality of the foregoing, the Company and each of the other Note Parties is in compliance with all Cannabis Laws applicable to it and its Business, except where any failure to do so is capable of being remedied, and is being diligently remedied, within the time periods permitted by the applicable Governmental Authority and specifically, but without limitation, none of (i) the purchase from any Note Party, or import from Canada, of Cannabis by a Person resident (or otherwise located) in a Qualified Jurisdiction, or (ii) the sale to a Person resident (or otherwise located) in a Qualified Jurisdiction, or export to such Qualified Jurisdiction, of Cannabis by any Note Party, will violate or result in a breach of any applicable Cannabis Laws.

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(o) **Environmental Laws:** Each Note Party:

(i) has obtained, made or given all Governmental Actions which are required under all applicable Environmental Laws except to the extent that failure to obtain, make or give the same would not reasonably be expected to have a Material Adverse Effect;

(ii) is in compliance with all Environmental Laws and all terms and conditions of all such Governmental Actions, except to the extent failure to comply would not reasonably be expected to have a Material Adverse Effect; and

(iii) has not received any notice of non-compliance with any Environmental Laws from any Governmental Authority or other Person or that any Release has occurred of, from, around, under or in respect of any of the Collateral which would reasonably be expected to have a Material Adverse Effect.

(p) **Indebtedness:** No Note Party has any Indebtedness other than Permitted Indebtedness.

(q) **Financial Assistance:** No Note Party has provided any Financial Assistance to any Person or Persons other than Permitted Financial Assistance.

(r) **Material Agreements; Material Licenses:** As of the Closing Date: (i) Schedule E(r)(i) contains a true and complete list of all Material Agreements, and (ii) Schedule E(r)(ii) contains a true and complete list of all Material Licenses. Each Material Agreement and each Material License is in good standing and in full force and effect and none of the Note Parties is in breach of any of the terms or conditions of any Material Agreement or Material License to which it is a party (or otherwise applicable to it). Except as disclosed in writing to the Creditor and as permitted hereby, no Material Agreement or Material License has been amended, supplemented or revised since the date of execution thereof.

(s) **Organizational Chart; Subsidiaries and Affiliates:** As of the Closing Date:

(i) the Organizational Chart set forth in Schedule E(s) is true and correct;

(ii) the Company has no Subsidiaries or Affiliates organized under the laws of any jurisdiction in Canada other than SGI Partnership (which shall be wound-up and dissolved pursuant to Schedule F), Sundial Managing Partner Inc. (which shall be wound-up and dissolved pursuant to Schedule F), Kamcan Products Inc., Sprout Technologies Inc. and 2011296 Alberta Inc., and the Company directly or indirectly owns all of the issued and outstanding Voting Shares of SGI Partnership, Sundial Managing Partner Inc., Kamcan Products Inc., Sprout Technologies Inc. and 2011296 Alberta Inc.; and

(iii) all of the issued and outstanding Equity Interests of the Note Parties (other than the Company), SGI Partnership, Sundial Managing Partner Inc., the other Subsidiaries of the Company and Pathway RX Inc. are set forth in Schedule (E)(s), which also

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includes a description of the status of each such entity (e.g. as a Note Party or a Non-Material Foreign Subsidiary, as applicable).

(t) **Note Parties:** As of the Closing Date, the only Note Parties are: the Company, Kamcan Products Inc., Sprout Technologies Inc., 2011296 Alberta Inc.

(u) **Chief Executive Office:** As of the Closing Date, the chief executive office and registered office of the Company and each other Note Party is located in Alberta.

(v) **Location of Business and Collateral:** As of the Closing Date, no Note Party (other than the Company) carries on business in any jurisdictions other than Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Prince Edward Island and Saskatchewan and the only jurisdictions in which the Company carries on business are Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Prince Edward Island and Saskatchewan. As of the Closing Date, all tangible Collateral of the Note Parties, real or personal, is located in Alberta or British Columbia.

(w) **Leased Property:** As of the Closing Date, the aggregate value of all inventory, equipment and other Property of the Note Parties located on the premises of any real property leased by a Note Party (other than the real property described in Schedule (E)(w)) does not exceed $2,000,000.

(x) **Fiscal Year End:** As of the Closing Date, the Company' s Fiscal Year end is on December 31.

(y) **Permitted Subordinated Indebtedness Documents:** No default or event of default under any Permitted Subordinated Indebtedness Documents, has occurred and is continuing.

(z) **Pension Plans; Labour Matters:** Neither the Company nor any of the other Note Parties has any Pension Plans. There are no existing or, to the best knowledge of the Company, threatened strikes, lock-outs or other disputes relating to any collective bargaining agreement to which the Company or any other Note Party is a party and no trade union, council of trade unions or employee bargaining agency has applied or, to the best knowledge of the Company, threatened to apply to be certified as the bargaining agent of any of the employees of the Company or any other Note Party in the last three (3) years. The hours worked and payments made to employees of the Company and each other Note Party have not been in violation of any Applicable Laws, in any material respect.

(aa) **Events of Default:** No Default or Event of Default has occurred and is continuing.

(bb) **Solvency:** The Company and each of the other Note Parties is Solvent. No corporate action, legal proceeding or other procedure or step described in Sections 4(ix) and 4(x) of the Note, or creditors' process described in Sections 4(ix) and 4(x) of the Note has been taken or, to the knowledge of the Company, is threatened in relation to any Note Party, and none of the circumstances described in Sections 4(ix) and 4(x) applies to any Note Party.

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(cc) **Accuracy of Information:** All Appraisals, budgets, economic models and other information (including financial information and cash flow or other projections), materials and documents delivered by or on behalf of the Company or any other Note Party to the Creditor in contemplation of the transactions contemplated by this Agreement or as required by the terms of this Agreement were:

(i) in the case of all such Appraisals, budgets, economic models and other information, materials and documents (but excluding therefrom any projections), true, complete and accurate in all material respects as at their respective dates; and

(ii) in the case of any such projections, prepared in good faith based upon assumptions believed to be reasonable at the time made;

provided that, with respect to any such Appraisals, budgets, economic models and other information, materials and documents provided by a third party, this representation is limited to the knowledge of the Note Parties.

(dd) **Sanctions:** Neither the Company nor any Affiliate of the Company (i) is a Person described or designated under the provisions of the *Special Economic Measures Act* (Canada) or the *United Nations Act* (Canada) or any associated regulations (each a "**Canadian Sanctions Designated Person**"), or (ii) engages in any dealings or transactions with any Canadian Sanctions Designated Person.

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SCHEDULE "F"

Notice of Certain Events:

(a) The Company shall provide the Creditor with prompt (and in any event no less than two (2) Business Days') written notice of the occurrence of any Default or Event of Default.

(b) The Company shall provide the Creditor with all notices required to be delivered by it to the Creditor under the Note and Warrants.

(c) Within five (5) Business Days of receipt by the Company of both (x) a written request from the Creditor to receive the information being requested and (y) a written definitive and binding confidentiality agreement executed by the Creditor and the Company stating that the Creditor has a duty of confidentiality with respect to, and a duty not to trade on the basis of, any material, non-public information regarding the Company or any of its Subsidiaries provided by the Company to the Creditor (the conditions in the foregoing subclauses (x) and (y), the "**Information Provision Conditions**"), the Company shall provide to the Creditor any of the following information requested by the Creditor:

(i) the existence or commencement of any actions, suits, litigation or other proceedings of which the Company has knowledge which are commenced against or adversely which affect any Note Party or any Note Party' s Property and which (together with all other actions, suits, litigation or other proceedings), if adversely determined, would reasonably be expected to have a Material Adverse Effect or result in aggregate liabilities for the Note Parties in excess of the Threshold Amount;

(ii) any claim that has been made by any Person against any Note Party or any Collateral which, if determined adversely, would reasonably be expected to have a Material Adverse Effect;

(iii) any default under, or any other event entitling a counterparty to terminate or suspend any, Material Agreement received or delivered by any Note Party;

(iv) the occurrence of any material Release or other material breach of Environmental Laws in respect of any Property of any Note Party;

(v) any: (A) amendment, modification, suspension or revocation in respect of any Material License, together with a certified copy of all documents relating thereto, and (B) audit by Health Canada (and the result thereof) or warning, document, letter or notice from Health Canada to any Note Party or in respect of its Property or any other requirement of a Governmental Authority or Governmental Action reasonably be expected to have a negative or material impact on any Material License held by the Company or any other Note Party, together with the Company' s or other Note Party' s action plan with respect thereto;

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(vi) any rejection notice in respect of any new or renewal security clearance application for any director or officer of any Note Party or any other Person required to hold a security clearance pursuant to the Cannabis Act or the Cannabis Regulations;

(vii) any hold, quarantine or recall of Cannabis or Cannabis related products produced, distributed or sold by a Note Party above the Threshold Amount;

(viii) any change to the Organizational Chart of the Note Parties set forth in Schedule (E)(s);

(ix) any change in the Intellectual Property of the Note Parties set forth in Schedule 3(x);

(x) any change in the Material Agreements of the Note Parties set forth in Schedule (E)(r);

(xi) any change in the Material Licenses of the Note Parties set forth in Schedule (E)(r);

(xii) any change in the owned or leased real property of the Note Parties set forth in Schedule (E)(w) (including any acquisition of real property contemplated Section 8(g)(ii));

(xiii) without limiting the obligations of the Note Parties in Section 8(k), any change to the issued and outstanding Equity Interests of the Note Parties (other than the Company), SGI Partnership and Sundial Managing Partner Inc. set forth in Schedule (E)(s);

(xiv) notice of any payment, repayment, prepayment or redemption (voluntary or involuntary) under any Permitted Subordinated Indebtedness Documents;

(xv) any information or confirmation that would be contained in a Compliance Certificate; and

(xvi) any other matter, circumstance or event that has had or would reasonably be expected to have a Material Adverse Effect,

concurrently with the written notice required to be delivered pursuant to items (x) - (xiv) above, the Company shall provide the Creditor with a revised Schedule (E)(s), Schedule 3(x), Schedule (E)(r), Schedule E(w), Schedule E(h), as applicable, reflecting such information or change, as applicable, and each such Schedule shall replace the applicable existing Schedule, be incorporated herein by reference and be deemed to form part hereof;

(d) **Environmental Compliance Orders:** subject to the Information Provision Conditions, the Company shall forthwith notify the Creditor and shall cause each other Note Party to make copies available for inspection and review on a confidential basis by representatives of the Creditor upon receipt of all written orders, control orders, directions, action requests,

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claims and complaints from a Governmental Authority relating to non-compliance with any Environmental Law;

(e) **Environmental Audit:** upon the occurrence or discovery of any circumstance, condition or event which, in the opinion of the Creditor, acting reasonably, would reasonably be expected to result in any Environmental Liability to any Note Party which would reasonably be expected to have a Material Adverse Effect or result in liability above the Threshold Amount and, in any event, after the occurrence of an Event of Default which is continuing, the Creditor may, at the expense of the Company, arrange for an environmental audit to be conducted by an independent environmental engineer or other environmental consultant (such engineer or consultant to be chosen in consultation with the Company prior to the occurrence of an Event of Default which is continuing, provided, however, that the ultimate decision is to be that of the Creditor), such audit to be carried out, prior to the occurrence of an Event of Default which is continuing, in consultation with the Company to expedite the completion in a cost-effective manner. The Company shall and shall cause each other Note Party to, upon reasonable notice, and so long as any such engineer or consultant agrees to comply with the health and safety standards generally applicable to the Property to be audited, provide access to its Property in order for such engineer or consultant to conduct such environmental and other inspections as it deems advisable and in that connection to examine the books, records, assets, affairs and business operations of the Note Parties and to make inquiries of government offices concerning compliance by the Note Parties with Environmental Laws;

(f) **Environmental Indemnity:**

(i) the Company shall and shall cause each other Note Party to forthwith on demand fully indemnify, defend and save the Creditor and each of its directors, officers, employees and agents, and any of them (in this clause (d) any one or more or all of such Persons is referred to as the "**Environmental Indemnified Party**"), harmless from and against any and all liabilities, losses, claims, damages and expenses (including all reasonable fees of counsel on a solicitor and his own client basis and accountant fees and reasonable expenses, court costs and all other reasonable out-of-pocket expenses) sustained, paid, incurred or suffered by the Environmental Indemnified Party arising in any manner whatsoever out of or as a result of any environmental claims, liabilities or obligations of any and every nature whatsoever relating to or affecting any Note Party or the Collateral, or the property of others where any Note Party would be reasonably likely to have any liability in respect thereof under Applicable Law (all or any item or part of the foregoing liabilities, losses, claims, damages and expenses are referred to in this clause (d) as "**Environmental Loss**"). Notwithstanding the generality of the foregoing, the Note Parties shall not be obliged to indemnify the Environmental Indemnified Party to the extent any Environmental Loss has been incurred by reason of the gross negligence or wilful misconduct of such Environmental Indemnified Party. The Company acknowledges on behalf of itself and each Note Party that the Creditor is

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entering into the provisions of this clause (d) on its own behalf and as agent and trustee for its directors, officers, employees and agents;

(ii) if any claim (in this clause (d) referred to as a "**Environmental Claim**") shall be asserted by any Person against the Environmental Indemnified Party which may give rise to a Environmental Loss, the Environmental Indemnified Party shall promptly notify the Company of all particulars of such Environmental Claim upon learning of same. The failure to give any such notice, however, shall not affect any Note Party' s liability to indemnify the Environmental Indemnified Party unless such failure adversely and materially affects its ability to defend, object to, oppose or contest that Environmental Claim;

(iii) (A) each Note Party shall at all times have the right, if no Default or Event of Default has occurred and is continuing, but shall not be required, at its sole expense, to resist, defend and compromise any Environmental Claim in the name of the Environmental Indemnified Party, by legal counsel reasonably acceptable to the Environmental Indemnified Party who will cooperate in such defence on a reasonable basis; provided that the Environmental Indemnified Party shall have the right to participate in the defence or compromise of any Environmental Claim by other legal counsel of its choosing if the Environmental Indemnified Party, acting reasonably, determines it should so participate; provided that subject to subclause (B) below, the fees and disbursements of such other counsel shall be paid by the Company. The Environmental Indemnified Party shall not effect any settlement or compromise of any Environmental Claim without the prior written consent of the Company. Notwithstanding anything herein to the contrary, the Company on its own behalf must defend or must cause the applicable Note Party to defend such claim, diligently and reasonably throughout the period while such Claim exists. If any Note Party exercises its rights under this clause (d), the Company shall cause such Note Party not to compromise or otherwise settle a Environmental Claim without the consent of the Environmental Indemnified Party suffering such Claim, which consent shall not be unreasonably withheld or delayed. The inability of the Note Parties to pay such Claim in full shall constitute a sufficient reason to withhold such consent; and

(B) the Note Parties shall not, in connection with any Environmental Loss in the same jurisdiction, be liable for the fees and expenses of more than one separate legal firm for the Environmental Indemnified Parties unless such representation by the same legal counsel would be inappropriate due to actual or potential differing interests or the employment thereof has been specifically authorized by the Company in writing and such firm or firms shall be designated in writing by the Creditor on behalf of each Environmental Indemnified Party;

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(g) **Additional Information:** subject to the Information Provision Conditions, the Company shall, and shall cause each other Note Party to, promptly furnish to the Creditor any additional information regarding the Note Parties' Business and the affairs, operations and financial condition of each Note Party as the Creditor shall reasonably request or which the Company deems material to the Creditor' s continuing due diligence and shall, at all times, ensure the accuracy of all such information in all material respects;

(h) **Subsidiary Ownership:** the Company shall ensure that, at all times, the Company beneficially owns either directly or indirectly through one or more Material Subsidiaries, all of the issued and outstanding Voting Shares in the capital stock of each Material Subsidiary (other than as contemplated by this Agreement);

(i) **Further Assurances:** subject to the Information Provision Conditions, the Company shall do and shall cause each other Note Party to do all such further acts and things and execute and deliver all such further documents as shall be reasonably required by the Creditor in order to ensure the terms and provisions of the Transaction Documents are fully performed and carried out;

(j) **Equity Raise:** on or before December 1, 2020, the Company shall have raised gross cash proceeds in the amount of not less than U.S. $10,000,000 pursuant to issuance of new equity or equity linked securities by the Company, and the Creditor shall have received satisfactory evidence of the same;

(k) **Compliance Certificate:** subject to the Information Provision Conditions, the Company shall furnish to the Creditor a duly executed and completed Compliance Certificate, concurrently with the provision of each of the financial statements pursuant to Section 4(d) of this Agreement and effective as of the last day of the Fiscal Year or Fiscal Quarter, as applicable;

(l) **Insurance:** the Company shall furnish certificate(s) of insurance showing the Creditor as loss payee and additional insured and evidencing compliance with clause (m) of Schedule "E" on an annual basis, and in any event within 90 days after the end of each Fiscal Year;

(m) **Property Taxes:** on an annual basis, no later than August 30 for the Fiscal Year ending December 31, 2020 and June 30 in each year thereafter, the Company shall provide to the Creditor evidence satisfactory that Taxes relating to the real property of the Note Parties then due and payable by the Note Parties have been irrevocably paid in full; provided that if the Company fails to provide such evidence the Creditor may obtain tax certificates in respect of the Note Parties at the expense of the Company;

(n) **Permitted Subordinated Indebtedness Documents:** the Company will furnish to the Creditor copies of: (i) all amendments to any Permitted Subordinated Indebtedness Documents or the First Lien Credit Documents, and (ii) unless otherwise filed or publicly available on EDGAR or SEDAR, and subject to the Information Provision Conditions, all material notices given or received, and all material statements, reports or other documents delivered, by the Company pursuant to or in connection with the Permitted Subordinated

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Indebtedness Documents to the extent not already delivered pursuant to this Agreement within 5 Business Days' execution thereof;

(o) **Provision of Other Information:** without limiting the foregoing, from time to time as soon as practicable after request of the Creditor, and in any event within five (5) days after such request, and subject to the Information Provision Conditions, the Company shall provide to the Creditor:

(i) copies of all financial statements, reports or other documents delivered to (A) the First Lien Creditors or any pursuant to or in connection with the First Lien Credit Agreement and (B) New Investor pursuant to or in connection with the New Investor Convertible Notes;

(ii) copies of all material correspondence and notices received by any Note Party from any Governmental Authority with respect to any Material License, or relating to any regulatory or other investigations into any Note Party' s Cannabis-Related Activities;

(iii) copies of all final prospectuses or other similar offering documents such as private placement memorandums, registration statements, material change reports and annual information forms filed by it with any securities regulatory authorities together with such other information relating to the business, affairs, operations and financial condition of any Note Party as the Creditor may reasonably request provided that, if applicable, the Company may satisfy the foregoing by posting such information on SEDAR, EDGAR or on another website as notified to and agreed to by the Creditor provided that the Creditor is aware of the address of and any relevant password specifications for such website. The Company shall forthwith advise the Creditor promptly upon becoming aware that such website cannot be accessed or if the password specifications change or any existing information posted onto such website is amended. If the Creditor cannot access such information on the relevant website, the information will instead be provided to the Creditor in paper form; and

(iv) such other information in respect of the conduct of business or financial condition of the Note Parties, including an updated Appraisal (or update in respect thereof) relating to the Note Parties' Property relating to the Note Parties' Business as reasonably requested by the Creditor from time to time;

(p) **Post-Closing Covenants**: the Creditor shall have received, in form and substance satisfactory to the Creditor, within 30 days following the Closing Date:

(i) certificates of title in respect of the real property that is subject to the Debentures evidencing the discharge of the Existing Liens and compliance with Section 1.2(g) of the First Lien Credit Agreement. For certainty, any Existing Liens in place after the aforementioned 30 day period shall cease to

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be “Permitted Encumbrances” pursuant to paragraph (q) of the definition thereof; and

(ii) a leasehold mortgage in favour of the Creditor constituting a first ranking fixed and specific charge over the Company’ s Didsbury Property.

(q) **SGI Entities**: Within:

(i) 10 Business Days after the closing of the Bridge Farm PSA, the Company shall cause SGI Partnership and Sundial Managing Partner Inc. to be wound-up and dissolved; and

(ii) 90 days after the closing of the Bridge Farm PSA, the Company shall cause Sundial UK Limited to be wound-up and dissolved.

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SCHEDULE "G"

Definitions

"**Accounts Receivable**" means any right of a Person to payment for services rendered or goods sold in the ordinary course of business classified as an account receivable in accordance with IFRS;

"**Acquisition**" means, with respect to any Person, any purchase or other acquisition, regardless of how accomplished or effected (including any such purchase or other acquisition effected by way of amalgamation, merger, arrangement, business combination or other form of corporate reorganization or by way of purchase, lease or other acquisition arrangements), of: (a) such number of the issued and outstanding securities of, or such portion of an Equity Interest in, such other Person that such other Person becomes a Subsidiary of the purchaser or of any of its Affiliates, (b) all or substantially all of the Property of any other Person, or (c) any division, business or operation of any other Person or of all or substantially all of the Property of any division, business or operation of any other Person;

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

"**Applicable Law**" means, in relation to any Person, Property, transaction or event, all applicable provisions (or mandatory applicable provisions, if so specified) of federal, provincial, state or local laws, statutes, rules, regulations, official directives and orders of all Governmental Authorities and Governmental Actions in actions or proceedings in which the Person in question is a party or by which it is bound or having application to the Person, Property, transaction or event;

"**Appraisal**" means an appraisal performed by a qualified independent appraiser satisfactory to the Creditor and the Company;

"**Bridge Farm Guarantee**" means the guarantee of seller' s obligations granted by the Company pursuant to the Bridge Farm PSA;

"**Bridge Farm PSA**" means the sale and purchase agreement dated May 15, 2020 among Project Giant Bidco Limited, as buyer, David Ball, as buyer' s guarantor, Sundial UK Limited, as seller, and the Company, as seller' s guarantor, pursuant to which all of the issued share capital of Project Seed Topco Limited will be sold to Project Giant Bidco Limited;

"**Business**" means the business of cultivating, producing, processing, packaging, transportation and marketing of Cannabis for distribution and sale, and including, as the case may be, the importation or exportation of such Cannabis products and all other Cannabis-Related Activities related to the foregoing;

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"**Business Day**" means a day, excluding Saturday and Sunday, on which banking institutions are open for the transaction of commercial business in Calgary, Alberta;

"**Canadian Dollars**", "**Cdn. Dollars**" and the symbols "**Cdn. $**" and "**$**" each mean lawful money of Canada;

"**Cannabis**" means:

a. any plant or seed, whether live or dead, from any species or subspecies of genus *Cannabis*, including *Cannabis sativa*, *Cannabis indica* and *Cannabis ruderalis*, Marijuana and Industrial Hemp and any part, whether live or dead, of the plant or seed thereof, including any stalk, branch, root, leaf, flower, or trichome;

b. any material obtained, extracted, isolated, or purified from the plant or seed or the parts contemplated by paragraph (a) of this definition, including any oil, cannabinoid, terpene, genetic material or any combination thereof;

c. any organism engineered to biosynthetically produce the material contemplated by paragraph (b) of this definition, including any micro -organism engineered for such purpose;

d. any biologically or chemically synthesized version of the material contemplated by paragraph (b) of this definition or any analog thereof, including any product made by any organism contemplated by paragraph (c) of this definition;

e. any other meaning ascribed to the term "cannabis" under Applicable Law in any Qualified Jurisdiction, including the Cannabis Act and the *Controlled Drugs and Substances Act* (Canada); and

f. any other meaning ascribed to the term "cannabis" under the *Controlled Substances Act* (United States);

"**Cannabis-Related Activities**" means any activities, or offer to undertake such activities relating to or in connection with the possession, importation, exportation, cultivation, processing, production, packaging, labelling, purchase, distribution, transportation, sale (including the import and export), promotion or advertising of Cannabis or Cannabis-related products;

"**Cannabis Act**" means the *Cannabis Act* (Canada), S.C. 2018, c. 16;

"**Cannabis Laws**" means all Applicable Laws and Governmental Actions with respect to Cannabis-Related Activities or in any way affecting or impacting the operation of Cannabis, including the Cannabis Act and the Cannabis Regulations;

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"**Cannabis Regulations**" means the *Cannabis Regulations* (Canada), SOR/2018-144, and all other regulations from time to time promulgated thereunder or under any other statute in any Qualified Jurisdiction;

"**Collateral**" is a collective reference to all Property of the Note Parties and the proceeds and products thereof, subjected or intended to be subjected from time to time to any Security Interest under any of the Security;

"**Commodity Swap**" means an agreement entered into between a Person and a counterparty on a case by case basis, the purpose and effect of which is to mitigate or eliminate such Person' s exposure to fluctuations in commodity prices, whether physically or financially settled;

"**Compliance Certificate**" means a compliance certificate substantially in the form attached hereto as Schedule I executed by a senior officer of the Company;

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

"**Convertible Debentures**" means any convertible subordinated debentures issued, created, incurred or assumed by the Company which have all of the following characteristics:

a. an initial final maturity or due date in respect of repayment of principal extending beyond the Maturity Date (as defined in the Note);

b. no scheduled or mandatory payment or repurchase of principal thereunder (other than acceleration following an event of default in regard thereto or payment which can be satisfied by the delivery of common shares in the capital stock of the Company as contemplated in paragraph (f) of this definition) prior to the Maturity Date;

c. upon and during the continuance of a Default, an Event of Default or acceleration of the time for repayment of any Principal which has not been rescinded: (i) all amounts payable in respect of principal, premium (if any) or interest under such debentures are subordinate and junior in right of payment to all such Principal; and (ii) no enforcement steps or enforcement proceedings may be commenced in respect of such debentures;

d. upon distribution of the assets of the Company on any dissolution, winding up, total liquidation or reorganization of the Company (whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of such Person, or otherwise), all Principal shall first be paid in full, or provisions made for such payment, before any payment is made on account on principal, premium (if any) or interest payable in regard to such debentures;

e. the occurrence of a Default, an Event of Default or the acceleration of the time for repayment of any of the Principal or enforcement of the rights and remedies of the Creditor shall not in and of themselves:

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i. cause a default or event of default (with the passage of time or otherwise) under such debentures or the indenture or instrument governing the same; or

ii. cause or permit the obligations under such debentures to be due and payable prior to the stated maturity thereof; and

f. except during an "event of default" under and as defined in such debentures and the indenture or agreement governing same, payments of interest or principal due and payable under such debentures can be satisfied, at the option of the Company, by delivering common shares in the capital stock of the Company in accordance with the indenture or agreement governing such debentures (whether such common shares are received by the holders of such debentures as payment or as sold by a trustee or representative under such indenture or agreement to provide cash for payment to holders of such debentures);

"**Currency Swap**" means a contract entered into between a Person and a counterparty on a case by case basis in connection with forward rate, currency swap or currency exchange and other similar currency related transactions, the purpose and effect of which is to mitigate or eliminate such Person' s exposure to fluctuations in exchange rates;

"**Debentures**" means, collectively, a demand debenture dated June 27, 2019 granted by the Company in favour of the Creditor, as amended by an amending agreement dated as of June 5, 2020, governed by Alberta law and a demand debenture dated June 27, 2019 granted by the Company in favour of the Creditor, as amended by an amending agreement dated as of June 5, 2020, governed by British Columbia laws;

"**Default**" shall mean the occurrence of any of the events specified in Section 4 of the Note (other than a Triggering Event (as defined in the Note)), whether or not any requirement for notice or lapse of time or other condition precedent has been satisfied;

"**Didsbury Property**" means, collectively, the *[Redacted: Confidential Information];*

"**Disposition**" means any sale, assignment, transfer, conveyance, lease or other disposition of all or any portion of any Property of any Note Party, including, for greater certainty, pursuant to a Sale/Leaseback, in a single transaction or a series of related transactions and the word "**Dispose**" shall have a correlative meaning;

"**Distribution**" by a Person means:

a. any declaration, payment or setting aside for payment of any dividend, return of capital or other distribution or payment on or in respect of any of the Equity Interests of such Person;

b. any redemption, retraction, purchase, retirement or other acquisition, in whole or in part, of any of the Equity Interests of such Person;

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c. the payment of any principal, interest, fees, redemption amounts or other amounts on or in respect of any loans, advances or other indebtedness owing at any time by such Person to a holder of Equity Interests of such Person or an Affiliate of such holder;

d. any loan, advance, payment of management or consulting fees or reimbursement of costs which is made by the Person to or in favour of a holder of Equity Interests of such Person or an Affiliate of such holder except where any such payment is made to any such holder in such holder' s capacity as an officer, director or employee of such Person in the ordinary course of business; or

e. the transfer by the Person of any Property for consideration of less than its or their fair market value or on non-arms' length terms and conditions to a holder of Equity Interests of such Person or an Affiliate of such holder;

f. whether any of the foregoing is made, paid or satisfied in or for cash, property or both;

"**Environmental Laws**" means all Applicable Laws and Governmental Actions regarding the environment or pursuant to which Environmental Liabilities could arise or have arisen, including all Applicable Laws and Governmental Actions relating to the Release or threatened Release of any contaminant or the generation, use, storage or transportation of any contaminant;

"**Environmental Liabilities**" means any and all liabilities for any Release, any environmental damage, any contamination or any other environmental problem caused or alleged to have been caused to any Person, Property or the environment as a result of any Release or the condition of any Property, whether or not caused by a breach of Applicable Laws, including all liabilities arising from or related to any surface, underground, air, groundwater, or surface water contamination; the abandonment or plugging of any well; restorations and reclamations; the removal of or failure to remove any foundations, structures or equipment; the cleaning up or reclamation of storage sites; any Release; violation of pollution standards; and personal injury (including sickness, disease or death) and property damage arising from the foregoing;

"**Equity Interest**" means:

a. in the case of any corporation, all capital stock and any securities exchangeable for or convertible into capital stock;

b. in the case of an association or business entity, any and all shares, interests, participation rights or other equivalents of corporate stock (however designated) in or to such association or entity;

c. in the case of a partnership, limited liability company or unlimited liability company, partnership or membership interests (whether general or limited), as applicable; and

d. any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distribution of Property of, the issuing Person,

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e. and including, in all of the foregoing cases described in clauses (a), (b), (c) or (d), any warrants, rights or other options to purchase or otherwise acquire any of the interests described in any of the foregoing cases;

"**Equivalent Amount**" in one currency (the "**First Currency**") of an amount in another currency (the "**Other Currency**") means, as of the date of determination, the amount of the First Currency which would be required to purchase such amount of the Other Currency at the spot rate of exchange for such conversion as quoted by the Bank of Canada at 4:30 p.m. (Toronto time) on the Business Day that such conversion is to be made or, if such conversion is to be made before 4:30 p.m. on such Business Day, 4:30 p.m. on the immediately preceding Business Day or, if such date of determination is not a Business Day, on the Business Day immediately preceding such date of determination, and, in either case, if no such rate is quoted, at such other rate as may have been agreed to by the Company and the Creditor;

"**Event of Default**" means any Event of Default (as defined in the Note);

"**Existing Liens**" means, collectively, the liens registered against the real property of the Company in favour of (a) Carbonex Contractors Ltd. registered on March 13, 2020 as instrument no. 201 052 351 in the amount of $365,583.87, (b) Canem Systems Ltd. on March 20, 2020 as instrument no. 201 057 099 in the amount of $253,251.32, and (c) World Class Contracting Ltd. registered on April 9, 2020 as instrument no. 201 069 687 in the amount of $386,253.94;

"**Financial Assistance**" means, with respect to any Person and without duplication, any loan, Guarantee, indemnity, assurance, acceptance, extension of credit, loan purchase, share purchase, equity or capital contribution, equity or capital investment or other form of direct or indirect financial assistance or support by such Person of any other Person or in respect of any obligation of such other Person (contingent or otherwise). The amount of any Financial Assistance is the amount of any loan, investment or other direct or indirect financial assistance or support, without duplication, given, unless the Financial Assistance is limited to a determinable amount, in which case the amount of the Financial Assistance is the determinable amount;

"**Financial Lease**" means any lease of Property, or any similar arrangement which would, in accordance with IFRS, be required to be classified and accounted for as a capital lease on a balance sheet of a lessee, where the lessee is the Company or a Subsidiary of the Company, but for certainty does not include an Operating Lease or a premises lease, in each case entered into in the ordinary course of business (and, for certainty, no Sale/Leaseback shall be considered to be entered into in the ordinary course of business);

"**First Lien Agent**" means ATB Financial and any successor of ATB Financial appointed as administrative agent pursuant to the First Lien Credit Agreement;

"**First Lien Credit Agreement**" means the amended and restated credit agreement dated as of June 5, 2020 among the Company, as borrower, the lenders party from time to time thereto, and ATB Financial, as administrative agent of such lenders, as the same may be amended, modified, supplemented or restated from time to time not in contravention of the terms of the Intercreditor Agreement;

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"**First Lien Creditors**" means the First Lien Agent and the lenders under the First Lien Credit Agreement from time to time;

"**First Lien Documents**" means, collectively, the First Lien Credit Agreement, all Guarantees provided in connection therewith, all documents providing a Security Interest in favour of First Lien Agent and the First Lien Lenders, and all other agreements, instruments and other documents governing or relating thereto as permitted hereunder and under the Intercreditor Agreement;

"**First Lien Indebtedness**" means, collectively (but without duplication), the aggregate amount of Indebtedness (direct or indirect) arising under the terms of the First Lien Credit Agreement or any Guarantee granted in respect thereof (including all Senior Swap Indebtedness, Senior Creditcard Obligations, and all Senior Cash Management Obligations (each as are defined in the Intercreditor Agreement), subject at all times to the terms of the Intercreditor Agreement;

"**Fiscal Year**" means the Company' s fiscal year commencing on January 1 of each year and ending on December 31 of such year;

"**Governmental Action**" means an authorization, consent, approval, waiver, order, decree, licence, exemption, permit, registration, filing, qualification or declaration of or with any Governmental Authority (other than routine reporting requirements) or the giving of notice to any Governmental Authority or any other action in respect of a Governmental Authority;

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

"**Guarantee**" means any undertaking, whether direct or indirect, contingent or otherwise, to assume, guarantee, endorse, contingently agree to purchase or to provide funds for the payment of, or otherwise become liable in respect of, any indebtedness or liability of any Person, or indemnifying any Person against loss in any manner, whether direct or indirect; provided that the amount of each Guarantee shall be deemed to be the amount of the indebtedness or liability guaranteed, indemnified or assured thereby, unless the Guarantee is limited to a specified amount or to realization on specified Property, in which case the amount of such Guarantee shall be deemed to be the lesser of such specified amount or the fair market value of such specified Property, as the case may be, or the amount of such indebtedness or liability;

"**Health Canada Licence**" means, collectively, any licence issued by Health Canada to any of the Note Parties in respect of the Business, including without limitation: (a) licence no. LIC-K8399K3QIB-2018-7 dated effective February 14, 2020 granted to the Company to process and cultivate Cannabis at 6102 48th Avenue, Olds, Alberta, T4H 1V1, as the same may be amended, supplemented or otherwise modified from time to time; and (b) licence no. LIC-4QZ85KDBPT-

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2018-4 dated effective October 24, 2019 granted to the Company to cultivate, process and sell (for medical purposes) Cannabis;

"**Indebtedness**" means, as at any particular time and as determined on a consolidated basis in respect of the Company in accordance with IFRS, all obligations, indebtedness and liabilities (without duplication):

a. for borrowed money, including by way of overdraft or other extensions of credit, and any Permitted Subordinated Indebtedness;

b. arising pursuant to bankers' acceptance facilities, note purchase facilities and commercial paper programs, or the stated amount of letters of credit, letters of guarantee and surety bonds supporting obligations which would otherwise constitute Indebtedness within the meaning of this definition or indemnities issued in connection therewith;

c. evidenced by bonds, debentures, notes or other similar instruments (whether or not with respect to the borrowing of money and whether or not payable by, or convertible into, equity);

d. arising under Guarantees, indemnities, assurances, legally binding comfort letters or other contingent obligations relating to the indebtedness or other obligations of any other Person which would otherwise constitute Indebtedness within the meaning of this definition;

e. incurred for the purpose of or having the effect of providing Financial Assistance relating to obligations of any other Person which would otherwise constitute Indebtedness within the meaning of this definition;

f. secured by a Permitted Encumbrance on any Property of the Note Parties, whether or not assumed by them;

g. arising under or in connection with an absolute or limited recourse sale or factoring of accounts receivable or other asset securitization program (with the amount of Indebtedness thereunder deemed to be equal to the net proceeds received by such Person thereunder);

h. for or in respect of Financial Leases;

i. for or in respect of the deferred purchase or acquisition price of Property or services (including obligations secured by Purchase Money Security Interests and obligations in respect of a Sale/Leaseback);

j. for or in respect of the purchase price of any Property the purchase price in respect of which has been prepaid by the purchaser; and

k. for or in respect of redemption obligations with respect to any shares issued by the Company or a Subsidiary (excluding shares that may be redeemed in whole or in part in

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specie) which are not held by the Company or its Subsidiaries and which are by their terms or pursuant to any contract, agreement or arrangement:

l. redeemable, retractable, payable or required to be purchased or otherwise retired or extinguished, or convertible into Indebtedness in any case, prior to the Maturity Date: a.at a fixed or determinable date, b. at the option of any holder thereof, or upon the occurrence of a condition not solely within the control and discretion of the Company or such Subsidiary; or

m. convertible into any other shares described in (i) above;

"**Indoor Modular Grow Rooms**" means the Company' s proprietary custom-built cannabis cultivation modules;

"**Industrial Hemp**" has the meaning ascribed to such term or the term "hemp" under: (a) the Applicable Law of any Qualified Jurisdiction, including the *Industrial Hemp Regulations* (Canada) issued under the Cannabis Act, or (ii) the *Agricultural Marketing Act* of 1946 (United States);

"**Intellectual Property**" means all patents, trademarks, tradenames, copyrights, technology, software and other Property customarily considered to be intellectual property;

"**Intercreditor Agreement**" means the amended and restated intercreditor agreement made as of June 5, 2020 entered into among, *inter alios*, the First Lien Agent, for and on behalf of the First Lien Lenders, the Creditor and the Note Parties;

"**Interest Swap**" means a contract entered into between a Person and a counterparty, on a case by case basis, in connection with interest rate swap transactions, interest rate options, cap transactions, floor transactions, collar transactions and other similar interest rate related transactions, the purpose and effect of which is to mitigate or eliminate such Person' s exposure to fluctuations in interest rates;

"**Marijuana**" has the meaning ascribed to such term under: (a) the Applicable Law in any Qualified Jurisdiction, or (b) the *Controlled Substances Act* (United States);

"**Material Adverse Effect**" means any event, circumstance, occurrence or change which would reasonably be expected to:

a. impair in any material manner the ability of any Note Party to perform any of its obligations under this Agreement or any other Transaction Document;

b. have any material and adverse effect upon the validity or enforceability of any of the Security or upon the ranking of any of the Security Interests granted thereby or the rights or remedies intended or purported to be granted to the Creditor under or pursuant to the Security; or

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c. be material and adverse to the business, operations, Property, condition (financial or otherwise), results of operations or prospects of the Note Parties, on a consolidated basis and taken as a whole;

provided that the events in respect of the COVID-19 pandemic and related impacts (individually, a "COVID-19 Event") shall not constitute an event giving rise to a Default or Event of Default pursuant to section 4(a)(xxv) of the Note, without limiting any other Event of Default that may arise under any other part of Section 4 of the Note as a direct or indirect consequence of any COVID-19 Event.

"**Material Agreement**" means each agreement listed in Schedule (E)(r) and any other contract, undertaking, agreement or other instrument to which a Note Party is a party or to which any of its Property may be subject: (a) pursuant to which any Note Party is bound or to which it or any of its Property is subject, pursuant to which a Note Party (i) generated revenues or incurred expenditures, in either case, greater than the Threshold Amount during the immediately preceding Fiscal Year, or (ii) is projected to generate revenues or incur expenditures, in either case greater than the Threshold Amount during the then current or immediately succeeding Fiscal Year, or (b) for which breach, non-performance, cancellation, termination or failure to renew could reasonably be expected to have a Material Adverse Effect.

"**Material Licenses**" means each Health Canada License, each licence, permit or approval listed in Schedule E(r) and any other licence, permit, registration, qualification or approval (or application therefor) issued by any Governmental Authority to any Note Party for which breach, non-performance, cancellation, termination or failure to renew could reasonably be expected to have a Material Adverse Effect.

"**Material Subsidiary**" means any direct or indirect Subsidiary of the Company other than the Non-Material Foreign Subsidiaries.

"**Merritt Property**" means the property legally described as *[Redacted: Confidential Information];*

"**New Investor**" means Hudson Bay Master Fund Ltd., a company organized under the laws of the Cayman Islands;

"**New Investor Convertible Notes**" means, collectively, the senior unsecured subordinated convertible notes to be issued by the Company in the aggregate principal amount not exceeding U.S.$18,000,000 (with the gross cash proceeds received therefrom not being less than U.S.$15,000,000) pursuant to the New Investor Securities Purchase Agreement, which at all time must be subject to the New Investor First Lien Side Letter Agreement;

"**New Investor Documents**" means, collectively, the New Investor Convertible Notes, the New Investor First Lien Side Letter Agreement, the New Investor Securities Purchase Agreement, the New Investor Warrants, the New Investor Registration Rights Agreement and all other agreements, instruments and other documents governing or relating thereto as permitted

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hereunder and under the New Investor First Lien Side Letter Agreement; and "**New Investor Document**" means any of them;

"**New Investor Holders**" means collectively, the New Investor and the other investors party to, or that are holders of, an New Investor Convertible Note or a New Investor Warrant;

"**New Investor Indebtedness**" means, collectively (but without duplication), the aggregate amount of Indebtedness (direct or indirect) arising under the terms of the New Investor Convertible Notes;

"**New Investor Registration Rights Agreement**" means the registration rights agreement dated June 5, 2020 among the Company and each of the New Investor Holders;

"**New Investor Securities**" means, collectively, the New Investor Convertible Notes, the New Investor Warrants and the Common Shares of the Company to be issued upon conversion or exercise, as applicable, of the New Investor Convertible Notes or New Investor Warrants;

"**New Investor Securities Purchase Agreement**" means the securities purchase agreement between the Company and New Investor dated as of the Issuance Date with respect to the offer and sale of the New Investor Convertible Notes and New Investor Warrants;

"**New Investor Warrants**" means the warrants to purchase Common Shares to be issued by the Company pursuant to the New Investor Securities Purchase Agreement;

"**Non-Material Foreign Subsidiary**" means (a) Sundial Portugal, Unipessoal LDA, Sundial Deutschland GmbH and any other direct or indirect Subsidiary of the Company incorporated or formed outside of Canada; provided that no such Subsidiary at any time, has any assets located or domiciled in Canada or operations or revenue originating or derived from the Business in Canada at which point such Subsidiary shall cease to be a Non-Material Foreign Subsidiary and (b) subject to Schedule F(o), SGI Partnership, Sundial Managing Partner Inc. and Sundial UK Limited;

"**Note Parties**" means, collectively, the Company and each Material Subsidiary and "**Note Party**" means any of them;

"**Note Party Guarantee**" means the amended and restated guarantee made as of the date hereof executed by each of the Note Parties (other than the Company) in existence on the date hereof in favour of the Creditor, guaranteeing the Secured Obligations of each other Note Party, as amended or supplemented from time to time pursuant to one or more joinder agreements;

"**Note Party Security Agreement**" means the amended and restated security agreement dated as of the date hereof executed by the Note Parties in existence on the date hereof in favour of the Creditor granting a first priority security interest (subject only to Permitted Encumbrances are Permitted Encumbrances subject to the Intercreditor Agreement) over all present and after-acquired personal property of such Note Party, registered in Alberta, British Columbia and all

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other Canadian jurisdictions in which each such Note Party hereafter carries on business or owns material Property;

"**Operating Lease**" means a lease of real or personal property which would have been classified as an operating lease under IFRS as in effect prior to December 31, 2018;

"**Organizational Chart**" means the organizational chart relating to the Note Parties attached hereto as Schedule (E)(s);

"**Pension Plan**" means a plan or arrangement maintained, sponsored or funded by any Note Party or in respect of which any Note Party has any liability, contingent or otherwise, in each case, that is or is intended to be a "registered pension plan" as such term is defined in the *Income Tax Act* (Canada) (including any such plan that contains a "defined benefit provision" as such term is defined in the *Income Tax Act* (Canada));

"**Permitted Contest**" means any action taken by a Note Party in good faith by appropriate proceedings diligently pursued to contest or appeal any Taxes, Security Interests or other claims (each, a "**contest**"), provided that:

a. such Note Party has established reasonable reserves for such contest in accordance with IFRS;

b. proceeding with such contest does not have, and would not reasonably be expected to have a Material Adverse Effect; and

c. proceeding with such contest will not create a material risk of sale, forfeiture or loss of, or interference with the use or operation of, a material part of the Property of such Note Party;

"**Permitted Dispositions**" means, in respect of the Note Parties:

a. a Disposition of inventory in the ordinary course of business and in keeping with prudent industry practice;

b. a Disposition of any tools, implements, Parts, equipment or machinery which may have become worn out, unservable, unserviceable, obsolete, unsuitable or unnecessary in its operations or activities, provided that such Disposition is in the ordinary course of business and in keeping with prudent industry practice;

c. abandonments, surrenders or terminations of immaterial rights or interests effected in the ordinary course of business in accordance with prudent industry practice;

d. a Disposition by a Note Party to another Note Party;

e. the Disposition of the issued share capital of Project Seed Topco Limited pursuant to the Bridge Farm PSA;

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f. the Disposition of the Merritt Property and the Rockyview Property and all associated fixtures;

g. the Disposition of 30 Indoor Modular Grow Rooms;

h. for the period starting 364 days after the Closing Date, any Disposition of Property not otherwise described in paragraphs (a) through (g) above, provided that the aggregate fair market value of the Property so Disposed of in any Fiscal Year does not exceed the Threshold Amount; and

i. any other Disposition to which the Creditor agrees in writing;

j. provided that, in the case of paragraphs (d) – (h) above, no Default or Event of Default has occurred and is continuing or would result therefrom;

"**Permitted Distributions**" means for the Note Parties, Distributions:

(a) to another Note Party; and

(b) solely in the form of Equity Interests;

provided that, in each case, no Default or Event of Default has occurred and is continuing or would reasonably be expected to result therefrom;

"**Permitted Encumbrances**" means any of the following Security Interests or other encumbrances:

a. Security Interests for Taxes, assessments or governmental charges and any other statutory Security Interests which are either not due or delinquent or relate to claims which are subject to a Permitted Contest;

b. any Security Interest arising in connection with worker' s compensation, unemployment insurance, pension and employment laws, or other social benefits laws or regulations which are:

i. not due or delinquent and which have not at such time been filed pursuant to law and no other statutory proceedings have been taken to enforce the same; or

ii. subject to a Permitted Contest;

c. the Security Interest of any judgment rendered, or claim filed, against a Note Party which is subject to a Permitted Contest, provided that no proceedings have been taken to enforce the same or the execution thereof has been stayed;

d. undetermined or inchoate Security Interests arising in the ordinary course of business and incidental to construction or current operations which relate to obligations not due or

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delinquent or which have not at such time been filed pursuant to law, and no other statutory proceedings have been taken to enforce the same;

e. Security Interests arising by operation of law such as builder' s liens, carriers' liens, materialmens' liens and other liens of a similar nature which relate to obligations not due or delinquent;

f. easements, rights-of-way, servitudes or other similar rights in real property (including rights-of-way and servitudes for railways, sewers, drains, pipe lines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other Persons and other minor defects, encumbrances and restrictions which either alone or in the aggregate do not materially detract from the value of such real property or materially impair its use in the operation of the Business of such Note Party;

g. Security Interests given by a Note Party to a public utility or any municipality or governmental or other public authority when required by such public utility or municipality or other Governmental Authority in the ordinary course of the business of such Note Party provided such Security Interests do not either alone or in the aggregate materially detract from the value of the Property affected thereby or materially impair its use in the operation of the Business of such Note Party;

h. inchoate liens or any rights of distress reserved in or exercisable under any real property lease or sublease to which any Note Party is a lessee which secure the payment of rent or compliance with the terms of such lease or sublease, provided that such rent is not then overdue and such Note Party is then in compliance in all material respects with such terms;

i. liens securing the performance of bids, tenders, leases, contracts (other than for the repayment of borrowed money), surety and appeal bonds and performance bonds and other obligations of like nature, incurred as an incident to and in the ordinary course of business;

j. the Security Interests granted under the Security and any Security Interests created in favour of the Creditor pursuant to any of the Transaction Documents;

k. reservations, limitations, provisos and conditions expressed in any original grant from the Crown of any real property or interests therein and statutory exceptions to title;

l. Security Interests constituted by Financial Leases and Sale/Leasebacks, where the principal amount of indebtedness, obligations or liabilities secured thereby does not exceed the Threshold Amount in aggregate at any one time for all Note Parties;

m. Purchase Money Security Interests provided that: (i) such Security Interests are granted at the time of or within 60 days of the acquisition of the Property subject thereto and are limited to the Property so acquired; and (ii) the principal amount of indebtedness, obligations or liabilities secured thereby does not exceed the Threshold Amount in aggregate at any one time for all Note Parties;

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n. Security Interests over specific Property (and for greater certainty excluding general Security Interests such as floating charges and general security agreements with respect to all or substantially all the Property of a Note Party) which are not otherwise Permitted Encumbrances if the value of the Property secured thereby does not exceed the Threshold Amount in aggregate at any one time for all Note Parties;

o. Security Interests granted by a Note Party to another Note Party if such Security Interests have been subordinated and postponed to the Security by a subordination agreement satisfactory to the Creditor acting reasonably;

p. Security Interests granted by a Note Party in favour of the First Lien Creditors pursuant to the terms of the First Lien Documents but subject, at all times, to the Intercreditor Agreement;

q. the Existing Liens, subject to Schedule F(n); and

r. all such other claims and encumbrances as are specifically disclosed by notice in writing from the Company to the Creditor, by specific notice in writing to the Company, consent to such claims and encumbrances as Permitted Encumbrances;

"**Permitted Financial Assistance**" means:

a. Financial Assistance pursuant to the Note Party Guarantee;

b. Financial Assistance provided by a Note Party to, or for the benefit of, another Note Party;

c. Financial Assistance provided by a Note Party to or for the benefit of Pathway RX Inc. in an aggregate amount not exceeding $400,000 per Fiscal Year;

d. a Guarantee provided by a Note Party in connection with the First Lien Credit Agreement (but subject at all times to the Intercreditor Agreement); and

e. Financial Assistance pursuant to the Bridge Farm Guarantee,

f. provided further that, in respect of each of paragraphs (b) and (c) above, no Default or Event of Default has occurred and is continuing or would result therefrom;

"**Permitted Indebtedness**" means:

a. all Indebtedness of a Note Party to the Creditor under the Note;

b. all First Lien Indebtedness at any time not exceeding $100,000,000;

c. all Indebtedness of a Note Party to another Note Party;

d. all Indebtedness of a Note Party secured by a Permitted Encumbrance provided that such Indebtedness is within any applicable limitations provided for in the definition of Permitted

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Encumbrances and the aggregate amount of all such Indebtedness does not, at any time, exceed the Threshold Amount;

e. all Indebtedness of a Note Party to the extent constituting Permitted Financial Assistance, provided that such Indebtedness is within any applicable limitations provided for in the definition of Permitted Financial Assistance;

f. all Permitted Subordinated Indebtedness; and

g. such other Indebtedness of a Note Party which the Creditor have consented to in writing;

"**Permitted Subordinated Indebtedness**" means, collectively:

a. the New Investor Indebtedness in an aggregate principal amount not exceeding U.S.$18,000,000 and any PIK (as defined in the New Investor Documents) amounts thereunder, while the New Investor Side Letter Agreement is in effect;

b. any other Convertible Debentures; and

c. other unsecured Indebtedness of a Note Party to an Affiliate thereof;

provided that, in each case, (i) in respect of paragraph (b) above, the Principal has been reduced to $30,000,000 or less, (ii) such Indebtedness is unsecured, and (iii) such Indebtedness has been fully and absolutely subordinated and postponed in favour of the Secured Obligations pursuant to a written agreement with the Creditor, in form and substance acceptable to the Creditor;

"**Permitted Subordinated Indebtedness Documents**" means, collectively, the New Investor Documents, the Convertible Debentures and all other agreements, security, instruments or other documents governing, securing, evidencing or relating to Permitted Subordinated Indebtedness;

"**Person**" means any natural person, corporation, limited liability company, trust, association, company, partnership, Governmental Authority or other entity;

"**Principal**" has the meaning given to it in the Note;

"**Property**" means, with respect to any Person, all or any portion of its undertaking, property, equipment and assets for the time being, both real and personal, tangible and intangible, and including, for greater certainty, cash, securities, accounts and contract rights;

"**Purchase Money Security Interest**" means:

a. a Security Interest taken or reserved in Property to secure payment of all or part of its purchase price; and

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b. a Security Interest taken in Property by a Person who gives value for the purpose of enabling a Note Party to acquire rights in such Property, to the extent that the value is applied to acquire those rights;

c. but does not include a Financial Lease or an Operating Lease;

"**Qualified Jurisdiction**" means a country in which it is legal in all political subdivisions therein (including for greater certainty on a federal, state, provincial, territorial, municipal and local basis) to undertake any Cannabis-Related Activities and the Business of the Note Parties; provided that in each case: (a) such country has been approved in writing by the Creditor in its discretion, (b) such country does not include the United States of America without the prior written consent of the Creditor, and (c) if required by the Creditor, the ability to undertake Cannabis-Related Activities to the extent permitted by Applicable Law therein is confirmed by a legal opinion provided by the Company' s counsel in such jurisdiction, in form and substance satisfactory to the Creditor. The Creditor may in its discretion from time to time: (i) upon receipt of a written request by the Company, designate any jurisdiction a Qualified Jurisdiction provided that the above-noted criteria are satisfied; and (ii) revoke the designation of any jurisdiction as a Qualified Jurisdiction by written notice to the Company if such criteria are not satisfied. As of the date hereof, Canada and Australia are the only Qualified Jurisdiction;

"**Release**" means any release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, leeching or migration of any element or compound in or into the indoor or outdoor environment (including the abandonment or disposal of any barrels, tanks, containers or receptacles containing any contaminant), or in, into or out of any vessel or facility, including the movement of any contaminant through the air, soil, subsoil, surface, water, groundwater, rock formation or otherwise;

"**Rockyview Property**" means the property legally described as *[Redacted: Confidential Information];*

"**Sale/Leaseback**" means an arrangement under which title to any Property, or an interest therein, is transferred by a Person (the "**First-Mentioned Person**") to some other Person which leases or otherwise gives or grants the right to use such Property therein to the First-Mentioned Person, whether or not in connection therewith the First Mentioned Person also acquires a right or is subject to an obligation to re-acquire the Property and regardless of the accounting treatment of such arrangement;

"**Secured Obligations**" at any time means, in relation to the Transaction Documents, all indebtedness, financial obligations and financial liabilities of each Note Party to the Creditor, direct or indirect, present or future, absolute or contingent and matured or not, including the aggregate at any such time of:

a. the Principal; and

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b. all fees, expenses, reimbursement obligations, indemnities (including environmental indemnities included in the Security) and other amounts of any nature or kind that are payable under this Agreement or any other Transaction Documents but not included in any of the foregoing, whether matured or unmatured;

"**Security**" has the meaning ascribed thereto in Section 9(a) of this Agreement, and, for certainty, includes all documents, instruments or agreements directly or indirectly assuring or securing the Creditor in respect of the Secured Obligations, any amendments to any of the foregoing, any indentures or instruments supplemental to or in implementation of any of the foregoing, and any and all other documents, instruments or agreements pursuant to which the Creditor is assured or granted or receive a Security Interest pursuant to the terms hereof (including and as provided in Sections 9(a), 9(c), 9(g) and 9(i)) or thereof;

"**Security Interest**" means any assignment, mortgage, charge, pledge, lien, hypothec, encumbrance securing or in effect securing an obligation or any indebtedness of any Person, conditional sale, title retention agreement or security interest whatsoever, howsoever created or arising, whether absolute or contingent, fixed or floating, legal or equitable, perfected or not, and includes the rights of a lessor pursuant to a Financial Lease, Sale/Leaseback or any other lease financing (but not under an Operating Lease or a premises lease, in each case entered into in the ordinary course of business, and, for certainty, no Sale/Leaseback shall be considered to be entered into in the ordinary course of business) and the rights of a purchaser under an absolute or limited recourse sale or factoring of Accounts Receivable or other asset securitization program, but does not include a right of set-off or a set-off unless such right of set-off has been created expressly for the purpose of securing Indebtedness;

"**Solvent**" means, with respect to any Person, on a particular date, that on such date, (a) such Person is not for any reason unable to meet its obligations as they generally become due, (b) the aggregate Property of such Person is, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would be sufficient, to enable payment of all its obligations, due and accruing due, and (c) such Person has not ceased paying its current obligations in the ordinary course of business as they generally become due; for purposes of this definition, the amount of any contingent obligation at such time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability;

"**Subsidiary**" means:

a. a Person of which another Person alone or in conjunction with its other Subsidiaries owns an aggregate number of the Voting Shares sufficient to enable the election of a majority of the directors (or other Persons performing similar functions) regardless of the manner in which other Voting Shares are voted;

b. a Person of which another Person alone or in conjunction with its other Subsidiaries has, through the operation of any agreement or otherwise, the ability to elect or cause the

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election of a majority of the directors (or other Persons performing similar functions) or otherwise exercise control over the management and policies of such Person; and

c. any partnership or trust of which any Note Party:

   i. is the general or managing partner or trustee; or

   ii. directly or indirectly owns more than 50% of the Equity Interests or beneficial interest thereof;

d. and shall include any Person in like relation to a Subsidiary (for certainty, Pathway RX Inc. shall not be a "Subsidiary" until such time as the Company directly or indirectly owns more that 50% of the Equity Interests or beneficial interest thereof);

"**Swap**" means a Commodity Swap, Currency Swap or Interest Swap;

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

"**Threshold Amount**" means an amount equal to Cdn. $500,000 (or the Equivalent Amount thereof in any other currency relevant to the context in which such definition is used); and

"**Voting Shares**" means:

a. share capital of any class of any corporation or securities of any other Person which carry voting rights to elect the board of directors or other body exercising similar functions under any circumstances, but shares or other securities which carry the right to so vote conditionally upon the happening of an event shall not be considered Voting Shares until the occurrence of such event; and

b. an interest in a general partnership, limited partnership, trust, joint venture or similar Person which entitles the holder of such interest to receive a share of the profits, or on dissolution or partition, of the Property, of such Person.

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Schedule H

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Schedule I

FORM OF COMPLIANCE CERTIFICATE

TO: SAF JACKSON II LP, as Creditor

RE: Securities restructuring agreement dated June 5, 2020 between **S**undial Growers Inc., as Company (the "**Company**"), and SAF Jackson II LP, as creditor (as it may be amended, supplemented, modified or restated from time to time, referred to as the " **Securities Restructuring Agreement**").

I, _____, of the City of Calgary, in the Province of Alberta, hereby certify as follows:

1. I am the **[insert title of senior officer]** of the Company;
2. This Certificate applies to the **[Fiscal Year/Fiscal Quarter/calendar month]** ending _____;
3. I am familiar with and have examined the provisions of the Securities Restructuring Agreement and have made such reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Company and its agents as I have deemed necessary for purposes of this Compliance Certificate;
4. Except where the context otherwise requires, all capitalized terms used herein have the same meaning as in the Securities Restructuring Agreement;
5. No Default or Event of Default exists;
6. Each of the representations and warranties of the Company made by the Company pursuant to Schedule E of the Securities Restructuring Agreement (other than those made as of a specific date) are, as of the date hereof, true and correct in all material respects;
7. There have been no changes in the information set forth in the other schedules to the Securities Restructuring Agreement **[other than Schedule [ ], a revised copy of which is attached hereto.]**;
8. This Certificate is given by the undersigned officer in his or her capacity as an officer of the Company and not in any personal capacity without any personal liability being assumed by the undersigned officer in respect of the giving of this Certificate.

DATED this _____ day of _____, 20__.

SUNDIAL GROWERS INC.

Per: _____
Name:
Title:

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Exhibit 99.5

EXECUTION VERSION

SECURITIES PURCHASE AGREEMENT

This **SECURITIES PURCHASE AGREEMENT** (this "**Agreement**"), dated as of June 5, 2020, is by and among Sundial Growers Inc., a company incorporated under the laws of the Province of Alberta, Canada (the "**Company**"), and each of the investors listed on the Schedule of Buyers attached hereto (individually, a "**Buyer**" and collectively, the "**Buyers**").

RECITALS

A. The Company and each Buyer is executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by Rule 903 of Regulation S ("**Regulation S**") as promulgated by the SEC under the Securities Act of 1933, as amended (including the rules and regulations promulgated thereunder, the "**1933 Act**"), and in Canada, upon the exemption from the prospectus requirements afforded by Section 4 of the Alberta Securities Commission ("**ASC**") Rule 72-501 – *Distributions to Purchasers Outside Alberta* ("**ASC Rule 72-501**").

B. The Company has authorized a new series of convertible notes with an aggregate principal amount of $18,000,000, substantially in the form attached hereto as **Exhibit A** (the "**Notes**"), which Notes shall be convertible into Common Shares (as defined below) (the Common Shares issuable pursuant to the terms of the Notes, including, without limitation, upon conversion of any principal, interest, late charges or additional amount or otherwise thereunder, collectively, the "**Conversion Shares**"), in accordance with the terms of the Notes.

C. Each Buyer wishes to purchase, and the Company wishes to sell, upon the terms and conditions stated in this Agreement, (i) a Note in the aggregate original principal amount set forth opposite such Buyer' s name in column (3) on the Schedule of Buyers, and (ii) a common share purchase warrant to initially acquire up to that aggregate number of additional Common Shares set forth opposite such Buyer' s name in column (4) on the Schedule of Buyers, substantially in the form attached hereto as **Exhibit B** (the "**Warrants**"; and the Common Shares issuable upon exercise of the Warrants, collectively, the "**Warrant Shares**").

D. At the Closing (as defined below), the parties hereto shall execute and deliver a Registration Rights Agreement, substantially in the form attached hereto as **Exhibit C** (the "**Registration Rights Agreement**"), pursuant to which the Company has agreed to provide certain registration rights with respect to the Registrable Securities (as defined in the Registration Rights Agreement), under the 1933 Act and the rules and regulations promulgated thereunder, and applicable state securities laws.

E. The Notes, the Conversion Shares, the Warrants and the Warrant Shares are collectively referred to herein as the "**Securities**."

F. The Company has engaged Canaccord Genuity LLC and AltaCorp Capital Inc. as the placement agents (the "**Placement Agents**") for the offering of the Notes and the Warrants on a "best efforts" basis.

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AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and each Buyer hereby agree as follows:

1. PURCHASE AND SALE OF NOTES AND WARRANTS.

(a) Purchase of Notes and Warrants. Subject to the satisfaction (or waiver) of the conditions set forth in Sections 6 and 7 below, the Company shall issue and sell to each Buyer, and each Buyer severally, but not jointly, agrees to purchase from the Company on the Closing Date (as defined below) (i) a Note in the original principal amount as is set forth opposite such Buyer' s name in column (3) on the Schedule of Buyers and (ii) Warrants to initially acquire up to that aggregate number of Warrant Shares as is set forth opposite such Buyer' s name in column (4) on the Schedule of Buyers.

(b) Closing. The closing (the "**Closing**") of the purchase of the Notes and the Warrants by the Buyers shall occur at the offices of Kelley Drye & Warren LLP, 101 Park Avenue, New York, NY 10178. The date and time of the Closing (the "**Closing Date**") shall be 10:00 a.m., New York time, on the first (1st) Business Day on which the conditions to the Closing set forth in Sections 6 and 7 below are satisfied or waived (or such other date as is mutually agreed to by the Company and each Buyer). As used herein "**Business Day**" means any day other than Saturday, Sunday or another day on which commercial banks in The City of New York or the Province of Alberta are authorized or required by law to remain closed; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to "stay at home", "shelter-in-place", "non-essential employee" or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York or the Province of Alberta generally are open for use by customers on such day.

(c) Purchase Price. The aggregate purchase price for the Notes and the Warrants to be purchased by each Buyer (the "**Purchase Price**") shall be the aggregate amount as set forth opposite such Buyer' s name in column (5) on the Schedule of Buyers. Each Buyer shall pay approximately $833.33 for each $1,000 of principal amount of Notes and related Warrants to be purchased by such Buyer at the Closing. Each Buyer and the Company agree that the Notes and the Warrants constitute an "investment unit" for purposes of Section 1273(c)(2) of the Internal Revenue Code of 1986, as amended (the "**Code**"). The Buyers and the Company mutually agree that the allocation of the issue price of such investment unit between the Notes and the Warrants in accordance with Section 1273(c)(2) of the Code and Treasury Regulation Section 1.1273-2(h) shall be an aggregate amount of $4,457,400 allocated to the Warrants and the balance of the Purchase Price allocated to the Notes, and neither the Buyers nor the Company shall take any position inconsistent with such allocation in any tax return or in any judicial or administrative proceeding in respect of taxes, unless required by law.

(d) Form of Payment. On the Closing Date, (i) each Buyer shall pay its respective Purchase Price (less, in the case of any Buyer, the amounts withheld pursuant to Section 4(g)) to

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the Company for the Notes and the Warrants to be issued and sold to such Buyer at the Closing, by wire transfer of immediately available funds in accordance with the Flow of Funds Letter (as defined below) and (ii) the Company shall deliver to each Buyer (A) a Note in the aggregate original principal amount as is set forth opposite such Buyer' s name in column (3) of the Schedule of Buyers and (B) a Warrant pursuant to which such Buyer shall have the right to initially acquire up to such aggregate number of Warrant Shares as is set forth opposite such Buyer' s name in column (4) of the Schedule of Buyers, in each case, duly executed on behalf of the Company and registered in the name of such Buyer or its designee.

2. BUYER' S REPRESENTATIONS AND WARRANTIES.

Each Buyer, severally and not jointly, represents and warrants to the Company and each of the Placement Agents with respect to only itself that, as of the date hereof and as of the Closing Date:

(a) Organization; Authority. Such Buyer is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with the requisite power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents (as defined below) to which it is a party and otherwise to carry out its obligations hereunder and thereunder.

(b) No Public Sale or Distribution. Such Buyer (i) is acquiring its Note and Warrants, (ii) upon conversion of its Note will acquire the Conversion Shares issuable upon conversion thereof, and (iii) upon exercise of its Warrants will acquire the Warrant Shares (or such lesser amount pursuant to a Cashless Exercise (as defined in the Warrants)) issuable upon exercise thereof, in each case, for its own account and not with a view towards, or for resale in connection with, the public sale or distribution thereof in violation of applicable securities laws, except pursuant to sales registered or exempted under the 1933 Act or qualified for public distribution or exempted under the securities legislation and regulations of, and the instruments, policies, rules, orders, codes, notices and published interpretation notes of, the securities regulatory authorities of the provinces and territories of Canada (the "**Canadian Securities Laws**"); provided, however, by making the representations herein, such Buyer does not agree, or make any representation or warranty, to hold any of the Securities for any minimum or other specific term and reserves the right to dispose of the Securities at any time in accordance with or pursuant to a registration statement or an exemption from registration under the 1933 Act. Such Buyer does not presently have any agreement or understanding, directly or indirectly, with any Person to distribute any of the Securities in violation of applicable securities laws. For purposes of this Agreement, "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and any Governmental Entity or any department or agency thereof.

(c) Investor Status and Regulation S. (A) Such Buyer is not a "U.S. person" (as defined in Regulation S) and is located outside the United States, (B) such buyer is not an affiliate of the Company, (C) with respect to the Securities, such Buyer is not aware of any "directed selling efforts" (as defined in Regulation S) made in the United States by the Company, any distributor, or any of their respective affiliates, or any person acting on behalf of the foregoing, (D) such Buyer understands and acknowledges that the Securities will be subject to a 40-day distribution

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compliance period (as defined in Regulation S) and that, during such distribution compliance period, the Securities may not be offered or sold in the United States or to U.S. persons (other than distributors) unless the Securities are registered under the 1933 Act, or an exemption from the registration requirements of the 1933 Act is available.

(d) Reliance on Exemptions. Such Buyer understands that the Securities are being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and from the prospectus requirements of Canadian Securities Laws pursuant to the exemption afforded by section 4 of ASC Rule 72-501 and that the Company is relying in part upon the truth and accuracy of, and such Buyer' s compliance with, the representations, warranties, agreements, acknowledgments and understandings of such Buyer set forth herein in order to determine the availability of such exemptions and the eligibility of such Buyer to acquire the Securities.

(e) Information. Such Buyer and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of the Company and materials relating to the offer and sale of the Securities that have been requested by such Buyer and that are sufficient to enable such Buyer to evaluate its investment. Such Buyer and its advisors, if any, have been afforded the opportunity to ask questions of the Company regarding its investment and have been provided access to information about the Company and its financial condition, results of operations, business, properties, management and prospects sufficient to enable it to evaluate its investment. Neither such inquiries nor any other due diligence investigations conducted by such Buyer or its advisors, if any, or its representatives shall modify, amend or affect such Buyer' s right to rely on the Company' s representations and warranties contained herein. Such Buyer understands that its investment in the Securities involves a high degree of risk. Such Buyer has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to its acquisition of the Securities. Such Buyer hereby acknowledges and agrees that it has independently evaluated the merits of its decision to purchase the Securities, and that (i) each of the Placement Agents is acting solely as placement agent in connection with the execution, delivery and performance of the Transaction Documents and is not acting as underwriter or in any other capacity and is not and shall not be construed as a fiduciary for such Buyer, the Company or any other Person in connection with the execution, delivery and performance of the Transaction Documents, and (ii) such Buyer has not relied on the Placement Agents or their respective officers, directors, employees, attorneys or affiliates with respect to the negotiation, execution or performance of the Transaction Documents or any representation or warranty made in, in connection with, or as an inducement to the Transaction Documents.

(f) No Governmental Review. Such Buyer understands that no United States federal or state agency, no Canadian provincial or federal agency, or any other government or governmental agency has passed on or made any recommendation or endorsement of the Securities or the fairness or suitability of the investment in the Securities nor have such authorities passed upon or endorsed the merits of the offering of the Securities.

(g) Transfer or Resale. Such Buyer understands that except as provided in the Registration Rights Agreement and Section 4(h) hereof: (i) the Securities have not been and are not being registered under the 1933 Act or any state securities laws, or qualified for distribution under Canadian Securities Laws, and may not be offered for sale, sold, assigned or transferred

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unless (A) subsequently registered or qualified thereunder or otherwise in accordance with limited exemptions under applicable securities legislation and regulatory policy until expiry of the applicable restricted periods and in compliance with the other requirements of applicable law, (B) such Buyer shall have delivered to the Company (if requested by the Company) an opinion of counsel, in a form reasonably acceptable to the Company, to the effect that such Securities to be sold, assigned or transferred may be sold, assigned or transferred pursuant to an exemption from such registration, (C) outside the United States in accordance with Regulation S under the 1933 Act and in compliance with local laws or (D) such Buyer provides the Company with reasonable assurance (including customary representation letters) that such Securities can be sold, assigned or transferred pursuant to Rule 144 or Rule 144A promulgated under the 1933 Act (or a successor rule thereto) (collectively, "**Rule 144**"); (ii) any sale of the Securities made in reliance on Rule 144 may be made only in accordance with the terms of Rule 144, and further, if Rule 144 is not applicable, any resale of the Securities under circumstances in which the seller (or the Person through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the 1933 Act) may require compliance with some other exemption under the 1933 Act; (iii) neither the Company nor any other Person is under any obligation to register the Securities under the 1933 Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder and (iv) any sale or transfer of the Securities to a purchaser or transferee whose address is in Canada (or who is a resident of Canada) is prohibited unless it is made in compliance with applicable Canadian Securities Laws, including Section 2.5 of National Instrument 45-102 – *Resale of Securities*. Notwithstanding the foregoing, the Securities may be pledged in connection with a bona fide margin account or other loan or financing arrangement secured by the Securities and such pledge of Securities shall not be deemed to be a transfer, sale or assignment of the Securities hereunder, and no Buyer effecting a pledge of Securities shall be required to provide the Company with any notice thereof or otherwise make any delivery to the Company pursuant to this Agreement or any other Transaction Document (as defined in Section 3(b)), including, without limitation, this Section 2(g).

(h) Validity; Enforcement. This Agreement and the Registration Rights Agreement have been duly and validly authorized, executed and delivered on behalf of such Buyer and shall constitute the legal, valid and binding obligations of such Buyer enforceable against such Buyer in accordance with their respective terms, except as such enforceability may be limited by general principles of equity or to applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

(i) No Conflicts. The execution, delivery and performance by such Buyer of this Agreement and the Registration Rights Agreement and the consummation by such Buyer of the transactions contemplated hereby and thereby will not (i) result in a violation of the organizational documents of such Buyer, or (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which such Buyer is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws) applicable to such Buyer, except in the case of clauses (ii) and (iii) above, for such conflicts, defaults, rights or violations which could not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of such Buyer to perform its obligations hereunder.

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(j) Company' s Representation and Warranties. Each Buyer acknowledges and agrees that the Company does not make and has not made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 3 or in the other Transaction Documents.

(k) Anti-avoidance. To the knowledge of the each Buyer, the matters contemplated herein do not constitute a transaction or series of transactions that are part of a plan or scheme to avoid the prospectus requirement in connection with a distribution or other trade to a person or company in Canada.

3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each of the Buyers and each of the Placement Agents that, as of the date hereof and as of the Closing Date:

(a) Organization and Qualification. Each of the Company and each of its Subsidiaries are entities duly organized and validly existing and in good standing under the laws of the jurisdiction in which they are formed, and have the requisite power and authority to own their properties and to carry on their business as now being conducted and as presently proposed to be conducted. Each of the Company and each of its Subsidiaries is duly qualified as a foreign entity to do business and is in good standing in every jurisdiction in which its ownership of property or the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not reasonably be expected to have a Material Adverse Effect (as defined below). As used in this Agreement, "**Material Adverse Effect**" means any material adverse effect on (i) the business, properties, assets, liabilities, operations (including results thereof), condition (financial or otherwise) or prospects of the Company or any Subsidiary, individually or taken as a whole, (ii) the transactions contemplated hereby or in any of the other Transaction Documents or (iii) the authority or ability of the Company or any of its Subsidiaries to perform any of their respective obligations under any of the Transaction Documents (as defined below). Other than the Persons (as defined below) set forth on Schedule 3(a), the Company has no Subsidiaries. "**Subsidiaries**" means any Person in which the Company, directly or indirectly, (I) owns a majority of the outstanding share capital or holds any equity or similar interest of such Person or (II) controls or operates all or any part of the business, operations or administration of such Person, and each of the foregoing, is individually referred to herein as a "**Subsidiary**."

(b) Authorization; Enforcement; Validity. The Company has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and the other Transaction Documents and to issue the Securities in accordance with the terms hereof and thereof. Each Subsidiary has the requisite power and authority to enter into and perform its obligations under the Transaction Documents to which it is a party. The execution and delivery of this Agreement and the other Transaction Documents by the Company, and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the issuance of the Notes and the reservation for issuance and issuance of the Conversion Shares issuable upon conversion of the Notes and the issuance of the Warrants and the reservation for issuance and issuance of the Warrant Shares issuable upon exercise of the Warrants) have been duly authorized by the Company' s board of directors and (other than (i) the filing with the United

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States Securities and Exchange Commission (the "**SEC**") of one or more Registration Statements or Canadian prospectuses in accordance with the requirements of the Registration Rights Agreement, (ii) the filing of any Transaction Documents on SEDAR and any other required filings under Canadian Securities Laws, (iii) the filing or furnishing of any Transaction Documents, including as part of the 6-K Filing (as defined below) with the SEC, (iv) the filing a Listing of Additional Shares Notification with the Principal Market, (v) the filing of a Form 45-106F1 with the ASC pursuant to Canadian Securities Laws and (vi) any other filings as may be required by any state securities agencies) no further filing, consent or authorization is required by the Company, its boards of directors or its shareholders or other governing body. This Agreement has been, and the other Transaction Documents to which it is a party will be on or prior to the Closing Date, duly executed and delivered by the Company, and each constitutes the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with its respective terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies and except as rights to indemnification and to contribution may be limited by federal or state securities law. "**Transaction Documents**" means, collectively, this Agreement, the Notes, the Warrants, the First Lien Intercreditor Side Letter (as defined below), the Second Lien Intercreditor Side Letter (as defined below), the Leak-Out Agreements (as defined below, the Registration Rights Agreement, and each of the other agreements and instruments entered into or delivered by any of the parties hereto in connection with the transactions contemplated hereby and thereby, as may be amended from time to time.

(c) Issuance of Securities. The issuance of the Notes and the Warrants has been duly authorized and, upon issuance in accordance with the terms of the Transaction Documents, shall be validly issued, fully paid and non-assessable and free from all preemptive or similar rights, mortgages, defects, claims, liens, pledges, charges, taxes, rights of first refusal, encumbrances, security interests and other encumbrances (collectively "**Liens**") with respect to the issuance thereof. As of the Closing, the Company shall have reserved from its duly authorized share capital not less than 100% of the sum of (i) the maximum number of Conversion Shares issuable upon conversion of the Notes (assuming for purposes hereof that (x) the Notes are convertible at the initial Conversion Price (as defined in the Notes)) and (y) any such conversion shall not take into account any limitations on the conversion of the Notes set forth in the Notes), and (ii) the maximum number of Warrant Shares initially issuable upon exercise of the Warrants (without taking into account any limitations on the exercise of the Warrants set forth therein); provided, however, that the Company shall be deemed to have satisfied the foregoing by having an unlimited number of Commons Shares authorized for issuance. Upon issuance or conversion in accordance with the Notes or exercise in accordance with the Warrants (as the case may be), the Conversion Shares and the Warrant Shares, respectively, when issued, will be validly issued, fully paid and non-assessable and free from all preemptive or similar rights or Liens with respect to the issue thereof, with the holders being entitled to all rights accorded to a holder of Common Shares. Subject to the accuracy of the representations and warranties of the Buyers in this Agreement, the offer and issuance by the Company of the Securities is exempt from registration under the 1933 Act and exempt from the prospectus requirements under Canadian Securities Laws.

(d) No Conflicts. The execution, delivery and performance of the Transaction Documents and the consummation of the transactions contemplated hereby and thereby (including,

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without limitation, the issuance of the Notes, the Warrants, the Conversion Shares and the Warrant Shares and the reservation for issuance of the Conversion Shares and the Warrant Shares) by the Company will not (i) result in a violation of the Articles (as defined below), bylaws or other organizational documents of the Company, (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) in any respect under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company is a party (after giving effect to any amendments, modifications, waivers or other relief granted pursuant to the Borrower Relief Package (as defined below)), or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including, without limitation, foreign, federal and state securities laws and regulations, the rules and regulations of Nasdaq Global Select Market (the "**Principal Market**") or the laws, rules and regulations of Province of Alberta and Canada, and Canadian Securities Laws) applicable to the Company or by which any property or asset of the Company is bound or affected.

(e) Consents. The Company is not required to obtain any consent from, authorization or order of, or make any filing or registration (other than (i) the filing with the SEC of one or more Registration Statements in accordance with the requirements of the Registration Rights Agreement, (ii) the filing of any Transaction Documents on SEDAR and any other required filings under Canadian Securities Laws, (iii) the filing or furnishing of any Transaction Documents, including as part of the 6-K Filing with the SEC, (iv) a Listing of Additional Shares Notification with the Principal Market, (v) the filing of a Form 45-106F1 with the ASC pursuant to Canadian Securities Laws and (vi) any other filings as may be required by any state securities agencies) with any Governmental Entity (as defined below) or any regulatory or self-regulatory agency or any other Person in order for it to execute, deliver or perform any of its respective obligations under or contemplated by the Transaction Documents, in each case, in accordance with the terms hereof or thereof. All consents, authorizations, orders, filings and registrations which the Company is required to obtain pursuant to the preceding sentence have been or will be obtained or effected on or prior to the Closing Date, and the Company is not aware of any facts or circumstances which might prevent it from obtaining or effecting any of the registration, application or filings contemplated by the Transaction Documents. The Company is not in violation of the requirements of the Principal Market and has no knowledge of any facts or circumstances presently existing which could reasonably lead to delisting or suspension of the Common Shares in the foreseeable future. "**Governmental Entity**" means any nation, state, county, city, town, village, district, or other political jurisdiction of any nature, federal, state, local, municipal, foreign, or other government, governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal), multi-national organization or body; or body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature or instrumentality of any of the foregoing, including any entity or enterprise owned or controlled by a government or a public international organization or any of the foregoing.

(f) Acknowledgment Regarding Buyer' s Purchase of Securities. The Company acknowledges and agrees that each Buyer is acting solely in the capacity of an arm' s length purchaser with respect to the Transaction Documents and the transactions contemplated hereby and thereby and that no Buyer is (i) an officer or director of the Company or any of its Subsidiaries, (ii) an "affiliate" (as defined in Rule 144) of the Company or any of its Subsidiaries or (iii) to its knowledge, a "beneficial owner" of more than 10% of the Common Shares (as defined for purposes

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of Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the "**1934 Act**")). The Company further acknowledges that no Buyer is acting as a financial advisor or fiduciary of the Company or any of its Subsidiaries (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated hereby and thereby, and any advice given by a Buyer or any of its representatives or agents in connection with the Transaction Documents and the transactions contemplated hereby and thereby is merely incidental to such Buyer' s purchase of the Securities. The Company further represents to each Buyer that the Company' s and each Subsidiary' s decision to enter into the Transaction Documents to which it is a party has been based solely on the independent evaluation by the Company and its representatives.

(g) No General Solicitation; Placement Agents' Fees. Neither the Company, nor any of its Subsidiaries or affiliates, nor any Person acting on its or their behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with the offer or sale of the Securities. The Company acknowledges that it has engaged the Placement Agents in connection with the sale of the Notes and the Warrants. The Company shall be responsible for the payment of any placement agent' s fees, financial advisory fees, or brokers' commissions (other than for Persons engaged by any Buyer or its investment advisor) relating to or arising out of the transactions contemplated hereby, including, without limitation, placement agent fees payable to the Placement Agents in connection with the sale of the Securities. The fees and expenses of the Placement Agents to be paid by the Company or any of its Subsidiaries are as set forth on Schedule 3(g) attached hereto. The Company shall pay, and hold each Buyer harmless against, any liability, loss or expense (including, without limitation, attorney' s fees and out-of-pocket expenses) arising in connection with any claim for payment of such fees. Other than the Placement Agents, neither the Company nor any of its Subsidiaries has engaged any placement agent or other agent in connection with the offer or sale of the Securities.

(h) No Integrated Offering. None of the Company, its Subsidiaries or any of their affiliates, nor any Person acting on their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would require registration of the issuance of any of the Securities under the 1933 Act, whether through integration with prior offerings or otherwise, or cause this offering of the Securities to require approval of shareholders of the Company for purposes of the 1933 Act or under any applicable shareholder approval provisions, including, without limitation, under the rules and regulations of any exchange or automated quotation system on which any of the securities of the Company are listed. None of the Company, its Subsidiaries, their affiliates nor any Person acting on their behalf will take any action or steps that would require registration of the issuance of any of the Securities under the 1933 Act (other than pursuant to the Registration Rights Agreement) or cause the offering of any of the Securities to be integrated with other offerings of securities of the Company.

(i) Dilutive Effect. The Company understands and acknowledges that the number of Conversion Shares and Warrant Shares will increase in certain circumstances. The Company further acknowledges that its obligation to issue the Conversion Shares pursuant to the terms of the Notes in accordance with this Agreement and the Notes and the Warrant Shares upon exercise of the Warrants in accordance with this Agreement, the Notes and the Warrants is, in each case, absolute and unconditional regardless of the dilutive effect that such issuance may have on the ownership interests of other shareholders of the Company.

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(j) Application of Takeover Protections; Rights Agreement. The Company and its board of directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, interested shareholder, business combination, poison pill (including, without limitation, any distribution under a rights agreement), shareholder rights plan or other similar anti-takeover provision under the Articles or other organizational documents or the laws of the jurisdiction of its incorporation or otherwise which is or could become applicable to any Buyer as a result of the transactions contemplated by this Agreement, including, without limitation, the Company' s issuance of the Securities and any Buyer' s ownership of the Securities. The Company and its board of directors have taken all necessary action, if any, in order to render inapplicable any shareholder rights plan or similar arrangement relating to accumulations of beneficial ownership of Common Shares or a change in control of the Company or any of its Subsidiaries.

(k) SEC Documents; Financial Statements. Since August 1, 2019, the Company has timely filed or furnished all reports, schedules, forms, proxy statements, statements and other documents required to be filed or furnished by it with the SEC pursuant to the reporting requirements of the 1934 Act (all of the foregoing filed or furnished on or prior to the date hereof and all exhibits and appendices included therein and financial statements, notes and schedules thereto and documents incorporated by reference therein being hereinafter referred to as the "**SEC Documents**"). As of their respective dates, the SEC Documents complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of their respective dates, the financial statements of the Company included in the SEC Documents complied in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto as in effect as of the time of filing. Such financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), consistently applied, during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements) and fairly present in all material respects the financial position of the Company as of the dates thereof and the results of its operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments which will not be material, either individually or in the aggregate). The reserves, if any, established by the Company or the lack of reserves, if applicable, are reasonable based upon facts and circumstances known by the Company on the date hereof and there are no loss contingencies that are required to be accrued by the Statement of Financial Accounting Standard No. 5 of the Financial Accounting Standards Board which are not provided for by the Company in its financial statements or otherwise. No other information provided by or on behalf of the Company to any of the Buyers which is not included in the SEC Documents (including, without limitation, information referred to in Section 2(e) of this Agreement or in the disclosure schedules to this Agreement) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein not misleading, in the light of the circumstance under which they are or were made. The Company is not currently contemplating to amend or restate any of the financial statements (including, without limitation, any notes or any letter of the independent accountants of the Company with respect thereto) included in the SEC Documents (the "**Financial Statements**"), nor is the

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Company currently aware of facts or circumstances which would require the Company to amend or restate any of the Financial Statements, in each case, in order for any of the Financials Statements to be in compliance with IFRS and the rules and regulations of the SEC. The Company has not been informed by its independent accountants that they recommend that the Company amend or restate any of the Financial Statements or that there is any need for the Company to amend or restate any of the Financial Statements. The Company is a reporting issuer (as defined under Canadian Securities Laws) in each of the provinces and territories of Canada, except for Quebec, and is not in material default of any requirement under applicable Canadian Securities Laws.

(l) Absence of Certain Changes. Except as disclosed in the SEC Documents or the Company' s registration statement on Form F-1 (File No. 333-232573) (including all amendments and supplements thereto, the "**IPO Prospectus**"), since the date of the Company' s most recent audited Financial Statements, there has been no material adverse change and no material adverse development in the business, assets, liabilities, properties, operations (including results thereof), condition (financial or otherwise) or prospects of the Company or any of its Subsidiaries. Except as disclosed in the SEC Documents or IPO Prospectus or as disclosed on Schedule 3(l), since the date of the Company' s most recent audited Financial Statements, neither the Company nor any of its Subsidiaries has (i) declared or paid any dividends, (ii) other than Excluded Dispositions (as defined in the Notes), sold any assets, individually or in the aggregate, outside of the ordinary course of business or (iii) made any capital expenditures, individually or in the aggregate, outside of the ordinary course of business. Neither the Company nor any of its Subsidiaries has taken any steps to seek protection pursuant to any law or statute relating to bankruptcy, insolvency, reorganization, receivership, liquidation or winding up, nor does the Company or any Subsidiary have any knowledge or reason to believe that any of their respective creditors intend to initiate involuntary bankruptcy proceedings or any actual knowledge of any fact which would reasonably lead a creditor to do so. The Company and its Subsidiaries, individually and on a consolidated basis, are not as of the date hereof, and after giving effect to the transactions contemplated hereby to occur at the Closing and the Debt Restructuring Transactions will not be, Insolvent (as defined below). For purposes of this Section 3(l), "**Insolvent**" means, (i) with respect to the Company and its Subsidiaries, on a consolidated basis, (A) the present fair saleable value of the Company' s and its Subsidiaries' assets is less than the amount required to pay the Company' s and its Subsidiaries' total Indebtedness (as defined below), (B) the Company and its Subsidiaries are unable to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured or (C) the Company and its Subsidiaries intend to incur or believe that they will incur debts that would be beyond their ability to pay as such debts mature; and (ii) with respect to the Company and each Subsidiary, individually, (A) the present fair saleable value of the Company' s or such Subsidiary' s (as the case may be) assets is less than the amount required to pay its respective total Indebtedness, (B) the Company or such Subsidiary (as the case may be) is unable to pay its respective debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured or (C) the Company or such Subsidiary (as the case may be) intends to incur or believes that it will incur debts that would be beyond its respective ability to pay as such debts mature. Neither the Company nor any of its Subsidiaries has engaged in any business or in any transaction, and is not about to engage in any business or in any transaction, for which the Company' s or such Subsidiary' s remaining assets constitute unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted.

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(m) No Undisclosed Events, Liabilities, Developments or Circumstances. Other than as disclosed in the SEC Documents, the IPO Prospectus or on Schedule 3(m), since the date of the most recent audited Financial Statements, no event, liability, development or circumstance has occurred or exists, or is reasonably expected to exist or occur with respect to the Company, any of its Subsidiaries or any of their respective businesses, properties, liabilities, prospects, operations (including results thereof) or condition (financial or otherwise), that (i) would be required to be disclosed by the Company under applicable securities laws on a registration statement on Form F-1 filed with the SEC relating to an issuance and sale by the Company of its Common Shares and which has not been publicly announced, (ii) could have a material adverse effect on any Buyer' s investment hereunder or (iii) could have a Material Adverse Effect.

(n) Conduct of Business; Regulatory Permits. Neither the Company nor any of its Subsidiaries is in violation of any term of or in default under its Articles, any certificate of designation, preferences or rights of any other outstanding series of preferred shares of the Company or any of its Subsidiaries or bylaws or their organizational charter, certificate of formation, memorandum of association, articles of association, certificate of incorporation or bylaws, respectively. Neither the Company nor any of its Subsidiaries is in violation of any judgment, decree or order or any statute, ordinance, rule or regulation applicable to the Company or any of its Subsidiaries, and neither the Company nor any of its Subsidiaries will conduct its business in violation of any of the foregoing, except in all cases for possible violations which could not, individually or in the aggregate, have a Material Adverse Effect. Without limiting the generality of the foregoing, (i) the Company is not in violation of any of the rules, regulations or requirements of the Principal Market (other than Nasdaq' s minimum bid price requirements for continued listing (the "**Minimum Bid Price Requirement**")) or under Canadian Securities Laws, (ii) the Common Shares have been listed or designated for quotation on the Principal Market since August 1, 2019, (iii) trading in the Common Shares has not been suspended by the SEC or the Principal Market and (iv) the Company has received no communication, written or oral, from the SEC or the Principal Market regarding the suspension or delisting of the Common Shares from the Principal Market (other than with respect to the Minimum Bid Price Requirement). The Company and each of its Subsidiaries possess all certificates, authorizations and permits issued by the appropriate regulatory authorities necessary to conduct their respective businesses, except where the failure to possess such certificates, authorizations or permits would not have, individually or in the aggregate, a Material Adverse Effect, and neither the Company nor any such Subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit. There is no agreement, commitment, judgment, injunction, order or decree binding upon the Company or any of its Subsidiaries or to which the Company or any of its Subsidiaries is a party which has or would reasonably be expected to have the effect of prohibiting or materially impairing any business practice of the Company or any of its Subsidiaries, any acquisition of property by the Company or any of its Subsidiaries or the conduct of business by the Company or any of its Subsidiaries as currently conducted other than such effects, individually or in the aggregate, which have not had and would not reasonably be expected to have a Material Adverse Effect on the Company or any of its Subsidiaries.

(o) Foreign Corrupt Practices. Neither the Company, its Subsidiaries or any director, officer, agent, employee, nor any other person acting for or on behalf of the foregoing (individually and collectively, a "**Company Affiliate**") have violated the U.S. Foreign Corrupt Practices Act (the "**FCPA**") or any other applicable anti-bribery or anti-corruption laws, nor has any Company

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Affiliate offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, to any officer, employee or any other person acting in an official capacity for any Governmental Entity to any political party or official thereof or to any candidate for political office (individually and collectively, a "**Government Official**") or to any person under circumstances where such Company Affiliate knew or was aware of a high probability that all or a portion of such money or thing of value would be offered, given or promised, directly or indirectly, to any Government Official, for the purpose of:

(i) (A) influencing any act or decision of such Government Official in his/her official capacity, (B) inducing such Government Official to do or omit to do any act in violation of his/her lawful duty, (C) securing any improper advantage, or (D) inducing such Government Official to influence or affect any act or decision of any Governmental Entity, or

(ii) assisting the Company or its Subsidiaries in obtaining or retaining business for or with, or directing business to, the Company or its Subsidiaries.

(p) Sarbanes-Oxley Act. The Company is in compliance with any and all applicable requirements of the Sarbanes-Oxley Act of 2002, as amended, and any and all applicable rules and regulations promulgated by the SEC thereunder.

(q) Transactions With Affiliates. Except as disclosed in the SEC Documents or IPO Prospectus, no current or former employee, partner, director or officer of the Company or its Subsidiaries, or any associate, or, to the knowledge of the Company, any affiliate of any thereof, or any relative with a relationship no more remote than first cousin of any of the foregoing, is presently, or has ever been, (i) a party to any transaction with the Company or its Subsidiaries (including any contract, agreement or other arrangement providing for the furnishing of services by, or rental of real or personal property from, or otherwise requiring payments to, any such director, officer or shareholder or such associate or affiliate or relative Subsidiaries (other than for ordinary course services as employees, officers or directors of the Company or any of its Subsidiaries)) or (ii) the direct or indirect owner of an interest in any corporation, firm, association or business organization which is a competitor, supplier or customer of the Company or its Subsidiaries (except for a passive investment (direct or indirect) in less than 5% of the common equity of a company whose securities are traded on or quoted through an Eligible Market (as defined in the Notes)), nor does any such Person receive income from any source other than the Company or its Subsidiaries which relates to the business of the Company or its Subsidiaries or should properly accrue to the Company or its Subsidiaries. Except as disclosed in the SEC Documents or IPO Prospectus, no employee, officer or director of the Company or any of its Subsidiaries or member of his or her immediate family is indebted to the Company or its Subsidiaries, as the case may be, nor is the Company or any of its Subsidiaries indebted (or committed to make loans or extend or guarantee credit) to any of them, other than (i) for payment of salary for services rendered, (ii) reimbursement for reasonable expenses incurred on behalf of the Company, and (iii) for other standard employee benefits made generally available to all employees or executives (including share option agreements outstanding under any share option plan approved by the Board of Directors of the Company).

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(r) Equity Capitalization.

(i) Definitions:

(A) "**Common Shares**" means (x) the Company' s common shares, no par value per share, and (y) any share capital into which such common shares shall have been changed or any share capital resulting from a reclassification of such common shares.

(B) "**Preferred Shares**" means (x) the Company' s blank check preferred shares, no par value per share, the terms of which may be designated by the board of directors of the Company in a certificate of designations and (y) any share capital into which such preferred shares shall have been changed or any share capital resulting from a reclassification of such preferred shares (other than a conversion of such preferred shares into Common Shares in accordance with the terms of such certificate of designations).

(ii) Authorized and Outstanding Share Capital. As of the date hereof, the authorized share capital of the Company consists of (A) an unlimited number of Common Shares, of which, 107,353,400 are issued and outstanding and 15,906,845 shares may be issued pursuant to Convertible Securities (as defined below) (other than the Notes, the Warrants, the Placement Agent Securities and the SAF Securities (as defined below)) exercisable or exchangeable for, or convertible into, Common Shares and (B) an unlimited number of Preferred Shares, none of which are issued and outstanding. No Common Shares are held in the treasury of the Company.

(iii) Valid Issuance; Affiliates. All of such outstanding shares are duly authorized and have been, or upon issuance will be, validly issued and are fully paid and non-assessable. Schedule 3(r)(iii) sets forth the number of Common Shares that are, as of the date hereof, owned by Persons who are "affiliates" (as defined in Rule 405 of the 1933 Act and calculated based on the assumption that only officers, directors and holders of at least 10% of the Company' s issued and outstanding Common Shares are "affiliates" without conceding that any such Persons are "affiliates" for purposes of U.S. federal securities laws) of the Company or any of its Subsidiaries. Except as disclosed in the SEC Documents or IPO Prospectus, to the Company' s knowledge, no Person owns 10% or more of the Company' s issued and outstanding Common Shares (calculated based on the assumption that all Convertible Securities (as defined below), whether or not presently exercisable or convertible, have been fully exercised or converted (as the case may be) taking account of any limitations on exercise or conversion (including "blockers") contained therein without conceding that such identified Person is a 10% shareholder for purposes of U.S. federal securities laws).

(iv) Existing Securities; Obligations. Except as set forth in the SEC Documents, the IPO Prospectus or on Schedule 3(r)(iv): (A) none of the Company' s or any Subsidiary' s shares, interests or share capital is subject to preemptive rights or any other similar rights or Liens suffered or permitted by the Company or any Subsidiary; (B) there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any

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character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any shares, interests or share capital of the Company or any of its Subsidiaries, or contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to issue additional shares, interests or share capital of the Company or any of its Subsidiaries or options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any shares, interests or share capital of the Company or any of its Subsidiaries; (C) there are no agreements or arrangements under which the Company or any of its Subsidiaries is obligated to register the sale of any of their securities under the 1933 Act (except pursuant to the Registration Rights Agreement); (D) there are no outstanding securities or instruments of the Company or any of its Subsidiaries which contain any redemption or similar provisions, and there are no contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to redeem a security of the Company or any of its Subsidiaries (other than the Securities); (E) there are no securities or instruments containing anti-dilution or similar provisions that will be triggered by the issuance of the Securities; and (F) neither the Company nor any Subsidiary has any share appreciation rights or "phantom share" plans or agreements or any similar plan or agreement.

(v) Organizational Documents. The Company has furnished to the Buyers true, correct and complete copies of the Company' s Articles of Incorporation and amendments thereto and as in effect on the date hereof (collectively, the "**Articles**"), and the terms of all Convertible Securities and the material rights of the holders thereof in respect thereto.

(s) Indebtedness and Other Contracts. Neither the Company nor any of its Subsidiaries, except as disclosed in the SEC Documents, the IPO Prospectus or on Schedule 3(s), (i) has any outstanding debt securities, notes, credit agreements, credit facilities or other agreements, documents or instruments evidencing Indebtedness of the Company or any of its Subsidiaries or by which the Company or any of its Subsidiaries is or may become bound, (ii) is a party to any contract, agreement or instrument, the violation of which, or default under which, by the other party(ies) to such contract, agreement or instrument could reasonably be expected to result in a Material Adverse Effect, (iii) has any financing statements securing obligations in any amounts filed in connection with the Company or any of its Subsidiaries; (iv) is in violation of any term of, or in default under, any contract, agreement or instrument relating to any Indebtedness, except where such violations and defaults would not result, individually or in the aggregate, in a Material Adverse Effect, or (v) is a party to any contract, agreement or instrument relating to any Indebtedness, the performance of which, in the judgment of the Company' s officers, has or is expected to have a Material Adverse Effect. Neither the Company nor any of its Subsidiaries have any liabilities or obligations required to be disclosed in the SEC Documents which are not so disclosed in the SEC Documents, other than the Debt Restructuring Activities and Placement Agent Securities and those incurred in the ordinary course of the Company' s or its Subsidiaries' respective businesses and which, individually or in the aggregate, do not or could not have a Material Adverse Effect. For purposes of this Agreement: (x) "**Indebtedness**" of any Person means, without duplication (A) all indebtedness for borrowed money, (B) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (including, without limitation, "finance leases" in accordance with IFRS) (other than trade payables entered into in the

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ordinary course of business consistent with past practice), (C) all reimbursement or payment obligations with respect to letters of credit, surety bonds and other similar instruments, (D) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses, (E) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to any property or assets acquired with the proceeds of such indebtedness (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property), (F) all monetary obligations under any leasing or similar arrangement which, in connection with IFRS, consistently applied for the periods covered thereby, is classified as a finance lease, (G) all indebtedness referred to in clauses (A) through (F) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in any property or assets (including accounts and contract rights) owned by any Person, even though the Person which owns such assets or property has not assumed or become liable for the payment of such indebtedness, and (H) all Contingent Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (A) through (G) above; and (y) "**Contingent Obligation**" means, as to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to any Indebtedness, lease, dividend or other obligation of another Person if the primary purpose or intent of the Person incurring such liability, or the primary effect thereof, is to provide assurance to the obligee of such liability that such liability will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such liability will be protected (in whole or in part) against loss with respect thereto.

(t) Litigation. There is no action, suit, arbitration, proceeding, inquiry or investigation before or by the Principal Market, any court, public board, other Governmental Entity, self-regulatory organization or body pending or, to the knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries, the Common Shares or any of the Company' s or its Subsidiaries' officers or directors, whether of a civil or criminal nature or otherwise, in their capacities as such, except as set forth in Schedule 3(t). No director, officer or employee of the Company or any of its subsidiaries has willfully violated 18 U.S.C. §1519 or engaged in spoliation in reasonable anticipation of litigation. Without limitation of the foregoing, there has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation by the SEC involving the Company, any of its Subsidiaries or any current or former director or officer of the Company or any of its Subsidiaries. The SEC has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company under the 1933 Act or the 1934 Act. Neither the Company nor any of its Subsidiaries is subject to any order, writ, judgment, injunction, decree, determination or award of any Governmental Entity.

(u) Insurance. The Company and each of its Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company believes to be prudent and customary in the businesses in which the Company and its Subsidiaries are engaged. Neither the Company nor any such Subsidiary has been refused any insurance coverage sought or applied for, and neither the Company nor any such Subsidiary has any reason to believe that it will be unable to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect.

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(v) Employee Relations. Neither the Company nor any of its Subsidiaries is a party to any collective bargaining agreement or employs any member of a union. The Company and its Subsidiaries believe that their relations with their employees are good. No executive officer (as defined in Rule 501(f) promulgated under the 1933 Act) or other key employee of the Company or any of its Subsidiaries has notified the Company or any such Subsidiary that such officer intends to leave the Company or any such Subsidiary or otherwise terminate such officer' s employment with the Company or any such Subsidiary. To the Company' s knowledge, no executive officer or other key employee of the Company or any of its Subsidiaries is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement, non-competition agreement, or any other contract or agreement or any restrictive covenant, and the continued employment of each such executive officer or other key employee (as the case may be) does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. The Company and its Subsidiaries are in compliance with all federal, state, local and foreign laws and regulations respecting labor, employment and employment practices and benefits, terms and conditions of employment and wages and hours, except where failure to be in compliance would not, either individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(w) Title.

(i) Real Property. Each of the Company and its Subsidiaries holds good title to all real property, leases in real property, facilities or other interests in real property owned or held by the Company or any of its Subsidiaries (as applicable) (the "**Real Property**"). Except as disclosed on Schedule 3(w)(i), the Real Property is free and clear of all Liens and is not subject to any rights of way, building use restrictions, exceptions, variances, reservations, or limitations of any nature except for (a) Liens with respect to Permitted Senior Indebtedness (as defined in the Note), (b) Liens for current taxes not yet due and (c) zoning laws and other land use restrictions that do not impair the present or anticipated use of the property subject thereto. Any Real Property held under lease by the Company or any of its Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company or any of its Subsidiaries.

(ii) Fixtures and Equipment. Each of the Company and its Subsidiaries (as applicable) has good title to, or a valid leasehold interest in, the tangible personal property, equipment, improvements, fixtures, and other personal property and appurtenances that are used by the Company or its Subsidiary in connection with the conduct of its business (the "**Fixtures and Equipment**"). The Fixtures and Equipment are structurally sound, are in good operating condition and repair, are adequate for the uses to which they are being put, are not in need of maintenance or repairs except for ordinary, routine maintenance and repairs and are sufficient for the conduct of the Company' s and/or its Subsidiaries' businesses (as applicable) in the manner as conducted prior to the Closing. Except as disclosed on Schedule 3(w)(ii), each of the Company and its Subsidiaries owns all of its Fixtures and Equipment free and clear of all Liens except for (a) Liens with respect to Permitted Senior Indebtedness (as defined in the Notes), (b) Liens for current taxes not yet due and (c) zoning laws and other land use restrictions that do not impair the present or anticipated use of the property subject thereto.

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(x) Intellectual Property Rights. The Company and its Subsidiaries own or possess adequate rights or licenses to use all trademarks, trade names, service marks, service mark registrations, service names, original works of authorship, patents, patent rights, copyrights, inventions, licenses, approvals, governmental authorizations, trade secrets and other intellectual property rights and all applications and registrations therefor ("**Intellectual Property Rights**") necessary to conduct their respective businesses as now conducted and presently proposed to be conducted. Each of patents owned by the Company or any of its Subsidiaries is listed on Schedule 3(x)(i). Except as set forth in Schedule 3(x)(ii), none of the Company' s Intellectual Property Rights have expired or terminated or have been abandoned or are expected to expire or terminate or are expected to be abandoned, within three years from the date of this Agreement. The Company does not have any knowledge of any infringement by the Company or its Subsidiaries of Intellectual Property Rights of others. There is no claim, action or proceeding being made or brought, or to the knowledge of the Company or any of its Subsidiaries, being threatened, against the Company or any of its Subsidiaries regarding its Intellectual Property Rights. Neither the Company nor any of its Subsidiaries is aware of any facts or circumstances that could reasonably be expected to give rise to any of the foregoing infringements or claims, actions or proceedings. The Company and its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of all of their Intellectual Property Rights.

(y) Environmental Laws. (i) The Company and its Subsidiaries (A) are in compliance with all applicable Environmental Laws (as defined below), (B) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (C) are in compliance with all terms and conditions of any such permit, license or approval where, in each of the foregoing clauses (A), (B) and (C), the failure to so comply could be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect. The term "**Environmental Laws**" means all federal, state, local or foreign laws relating to pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata), including, without limitation, laws relating to emissions, discharges, releases or threatened releases of chemicals, pollutants, contaminants, or toxic or hazardous substances or wastes (collectively, "**Hazardous Materials**") into the environment, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, as well as all authorizations, codes, decrees, demands or demand letters, injunctions, judgments, licenses, notices or notice letters, orders, permits, plans or regulations issued, entered, promulgated or approved thereunder.

(ii) No Hazardous Materials:

(A) have been disposed of or otherwise released from any Real Property of the Company or any of its Subsidiaries in violation of any Environmental Laws; or

(B) are, to the Company' s knowledge, present on, beneath, in or upon any Real Property or any portion thereof in quantities that would constitute a violation of any Environmental Laws. To the Company' s knowledge, no prior use by the Company or any of its Subsidiaries of any Real Property has occurred that

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violates any Environmental Laws, which violation would have a material adverse effect on the business of the Company or any of its Subsidiaries.

(iii) Neither the Company nor any of its Subsidiaries knows of any other person who or entity which has stored, treated, recycled, disposed of or otherwise located on any Real Property any Hazardous Materials, including, without limitation, such substances as asbestos and polychlorinated biphenyls.

(iv) None of the Real Property are on any federal or state "Superfund" list or Liability Information System ("**CERCLIS**") list or any state environmental agency list of sites under consideration for CERCLIS, nor subject to any environmental related Liens.

(z) Subsidiary Rights. Subject to the restrictions of any Permitted Senior Indebtedness, the Company or one of its Subsidiaries has the unrestricted right to vote, and (subject to limitations imposed by applicable law) to receive dividends and distributions on, all capital securities of its Subsidiaries as owned by the Company or such Subsidiary.

(aa) Tax Status. The Company and each of its Subsidiaries (i) has timely made or filed all income and all other material tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has timely paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and (iii) has set aside on its books provision reasonably adequate for the payment of all material taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company and its Subsidiaries have no knowledge of a written claim for such.

(bb) Internal Accounting and Disclosure Controls. Except as disclosed in the SEC Documents or IPO Prospectus, the Company and each of its Subsidiaries maintains internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the 1934 Act) that is effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, including that (i) transactions are executed in accordance with management' s general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain asset and liability accountability, (iii) access to assets or incurrence of liabilities is permitted only in accordance with management' s general or specific authorization and (iv) the recorded accountability for assets and liabilities is compared with the existing assets and liabilities at reasonable intervals and appropriate action is taken with respect to any difference. The Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the 1934 Act) that are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the 1934 Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC, including, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the 1934 Act is accumulated and communicated to the Company' s management, including its principal executive officer or officers and its principal financial officer or officers, as appropriate, to allow timely decisions regarding

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required disclosure. Except as disclosed in the SEC Documents or IPO Prospectus, or as disclosed on Schedule 3(bb), neither the Company nor any of its Subsidiaries has received any notice or correspondence from any accountant, Governmental Entity or other Person relating to any potential material weakness or significant deficiency in any part of the internal controls over financial reporting of the Company or any of its Subsidiaries.

(cc) Off Balance Sheet Arrangements. There is no transaction, arrangement, or other relationship between the Company or any of its Subsidiaries and an unconsolidated or other off balance sheet entity that is required to be disclosed by the Company in its 1934 Act filings and has not been so disclosed or that otherwise could be reasonably likely to have a Material Adverse Effect.

(dd) Investment Company Status. The Company is not, and upon consummation of the sale of the Securities will not be, required to register as an "investment company" under the Investment Company Act of 1940, as amended.

(ee) Acknowledgement Regarding Buyers' Trading Activity. It is understood and acknowledged by the Company that (i) following the public disclosure of the transactions contemplated by the Transaction Documents, in accordance with the terms thereof, none of the Buyers have been asked by the Company or any of its Subsidiaries to agree, nor has any Buyer agreed with the Company or any of its Subsidiaries, to desist from effecting any transactions in or with respect to (including, without limitation, purchasing or selling, long and/or short) any securities of the Company, or "derivative" securities based on securities issued by the Company or to hold any of the Securities for any specified term; (ii) any Buyer, and counterparties in "derivative" transactions to which any such Buyer is a party, directly or indirectly, presently may have a "short" position in the Common Shares which was established prior to such Buyer' s knowledge of the transactions contemplated by the Transaction Documents; (iii) each Buyer shall not be deemed to have any affiliation with or control over any arm' s length counterparty in any "derivative" transaction; and (iv) each Buyer may rely on the Company' s obligation to timely deliver the Conversion Shares and the Warrant Shares as and when required pursuant to the Transaction Documents for purposes of effecting trading in the Common Shares of the Company. The Company further understands and acknowledges that following the public disclosure of the transactions contemplated by the Transaction Documents pursuant to the Press Release (as defined below) or other widely available public dissemination one or more Buyers may engage in hedging and/or trading activities (including, without limitation, the location and/or reservation of borrowable Common Shares) at various times during the period that the Securities are outstanding, including, without limitation, during the periods that the value and/or number of the Warrant Shares or Conversion Shares, as applicable, deliverable with respect to the Securities are being determined and such hedging and/or trading activities (including, without limitation, the location and/or reservation of borrowable Common Shares), if any, can reduce the value of the existing shareholders' equity interest in the Company both at and after the time the hedging and/or trading activities are being conducted. The Company acknowledges that such aforementioned hedging and/or trading activities do not constitute a breach of this Agreement, the Notes, the Warrants or any other Transaction Document or any of the documents executed in connection herewith or therewith.

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(ff) Manipulation of Price. Neither the Company nor any of its Subsidiaries has, and, to the knowledge of the Company, no Person acting on their behalf has, directly or indirectly, (i) taken any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company or any of its Subsidiaries to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Securities (other than the Placement Agents), (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company or any of its Subsidiaries or (iv) paid or agreed to pay any Person for research services with respect to any securities of the Company or any of its Subsidiaries.

(gg) U.S. Real Property Holding Corporation. Neither the Company nor any of its Subsidiaries is, or has ever been, and so long as any of the Securities are held by any of the Buyers, shall become, a U.S. real property holding corporation within the meaning of Section 897 of the Code, and the Company and each Subsidiary shall so certify upon any Buyer' s request.

(hh) Registration Eligibility. The Company is eligible to register the Registrable Securities for resale by the Buyers using Form F-1 promulgated under the 1933 Act.

(ii) Transfer Taxes. On the Closing Date, all share transfer or other taxes (other than income or similar taxes) which are required to be paid in connection with the issuance, sale and transfer of the Securities to be sold to each Buyer hereunder will be, or will have been, fully paid or provided for by the Company, and all laws imposing such taxes will be or will have been complied with.

(jj) Bank Holding Company Act. Neither the Company nor any of its Subsidiaries is subject to the Bank Holding Company Act of 1956, as amended (the "**BHCA**") and to regulation by the Board of Governors of the Federal Reserve System (the "**Federal Reserve**"). Neither the Company nor any of its Subsidiaries or affiliates owns or controls, directly or indirectly, five percent (5%) or more of the outstanding shares of any class of voting securities or twenty-five percent (25%) or more of the total equity of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve. Neither the Company nor any of its Subsidiaries or affiliates exercises a controlling influence over the management or policies of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve.

(kk) Shell Company Status. The Company is not, and has never been, an issuer identified in, or subject to, Rule 144(i) under the 1934 Act.

(ll) Illegal or Unauthorized Payments; Political Contributions. Neither the Company nor any of its Subsidiaries nor, to the best of the Company' s knowledge (after reasonable inquiry of its officers and directors), any of the officers, directors, employees, agents or other representatives of the Company or any of its Subsidiaries or any other business entity or enterprise with which the Company or any Subsidiary is or has been affiliated or associated, has, directly or indirectly, made or authorized any payment, contribution or gift of money, property, or services, whether or not in contravention of applicable law, (i) as a kickback or bribe to any Person or (ii) to any political organization, or the holder of or any aspirant to any elective or appointive public office except for personal political contributions not involving the direct or indirect use of funds of the Company or any of its Subsidiaries.

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(mm) Money Laundering. The Company and its Subsidiaries are in compliance with, and have not previously violated, the USA Patriot Act of 2001 and all other applicable U.S. and non-U.S. anti-money laundering laws and regulations, including, without limitation, the laws, regulations and Executive Orders and sanctions programs administered by the U.S. Office of Foreign Assets Control, including, but not limited, to (i) Executive Order 13224 of September 23, 2001 entitled, "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism" (66 Fed. Reg. 49079 (2001)); and (ii) any regulations contained in 31 CFR, Subtitle B, Chapter V.

(nn) Management. Except as set forth in the SEC Documents, the IPO Prospectus or in Schedule 3(nn) hereto, during the past five year period, no current or former officer or director or, to the knowledge of the Company, no current ten percent (10%) or greater shareholder of the Company has been the subject of:

(i) a petition under bankruptcy laws or any other insolvency or moratorium law or the appointment by a court of a receiver, fiscal agent or similar officer for such Person, or any partnership in which such person was a general partner at or within two years before the filing of such petition or such appointment, or any corporation or business association of which such person was an executive officer at or within two years before the time of the filing of such petition or such appointment;

(ii) a conviction in a criminal proceeding or a named subject of a pending criminal proceeding (excluding traffic violations that do not relate to driving while intoxicated or driving under the influence);

(iii) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining any such person from, or otherwise limiting, the following activities:

(1) acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the United States Commodity Futures Trading Commission or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;

(2) engaging in any particular type of business practice; or

(3) engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of securities laws or commodities laws;

(iv) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any authority barring, suspending or otherwise limiting for more than sixty (60) days the right of any such person to engage in any activity described in the preceding sub paragraph, or to be associated with persons engaged in any such activity;

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(v) a finding by a court of competent jurisdiction in a civil action or by the SEC or other authority to have violated any securities law, regulation or decree and the judgment in such civil action or finding by the SEC or any other authority has not been subsequently reversed, suspended or vacated; or

(vi) a finding by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any federal commodities law, and the judgment in such civil action or finding has not been subsequently reversed, suspended or vacated.

(oo) Share Option Plans. Other than as disclosed in the SEC Documents or IPO Prospectus, each share option granted by the Company was granted (i) in accordance with the terms of the applicable share option plan of the Company and (ii) with an exercise price at least equal to the fair market value of the Common Shares on the date such share option would be considered granted under IFRS and applicable law. No share option granted under the Company' s share option plan has been backdated. The Company has not knowingly granted, and there is no and has been no policy or practice of the Company to knowingly grant, share options prior to, or otherwise knowingly coordinate the grant of share options with, the release or other public announcement of material information regarding the Company or its Subsidiaries or their financial results or prospects.

(pp) No Disagreements with Accountants and Lawyers. There are no material disagreements of any kind presently existing, or reasonably anticipated by the Company to arise, between the Company and the accountants and lawyers formerly or presently employed by the Company and the Company is current with respect to any fees owed to its accountants and lawyers which could affect the Company' s ability to perform any of its obligations under any of the Transaction Documents.

(qq) No Additional Agreements. The Company does not have any agreement or understanding with any Buyer with respect to the transactions contemplated by the Transaction Documents other than as specified in the Transaction Documents, the Debt Restructuring Transactions or the Placement Agent Securities.

(rr) Public Utility Holding Act. None of the Company nor any of its Subsidiaries is a "holding company," or an "affiliate" of a "holding company," as such terms are defined in the Public Utility Holding Act of 2005.

(ss) Federal Power Act. None of the Company nor any of its Subsidiaries is subject to regulation as a "public utility" under the Federal Power Act, as amended.

(tt) Ranking of Notes. Except as disclosed on Schedule 3(tt), no Indebtedness of the Company, at the Closing, will be senior to, or *pari passu* with, the Notes in right of payment, whether with respect to payment or redemptions, interest, damages, upon liquidation or dissolution or otherwise.

(uu) Disclosure. The Company confirms that neither it nor any other Person acting on its behalf has provided any of the Buyers or their agents or counsel with any information that constitutes or could reasonably be expected to constitute material, non-public information

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concerning the Company or any of its Subsidiaries, other than the existence of the transactions contemplated by this Agreement and the other Transaction Documents and such other information as will be disclosed on, or before or concurrently with, the filing or furnishing of the 6-K Filing. The Company understands and confirms that each of the Buyers will rely on the foregoing representations in effecting transactions in securities of the Company. All disclosure provided to the Buyers regarding the Company and its Subsidiaries, their businesses and the transactions contemplated hereby, including the schedules to this Agreement, furnished by or on behalf of the Company or any of its Subsidiaries is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. All of the written information furnished after the date hereof by or on behalf of the Company or any of its Subsidiaries to each Buyer pursuant to or in connection with this Agreement and the other Transaction Documents, taken as a whole, will be true and correct in all material respects as of the date on which such information is so provided and will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. To the Company' s knowledge, no event or circumstance has occurred or information exists with respect to the Company or any of its Subsidiaries or its or their business, properties, liabilities, prospects, operations (including results thereof) or conditions (financial or otherwise), which, under applicable law, rule or regulation, requires public disclosure at or before the date hereof or announcement by the Company but which has not been so publicly disclosed. The Company acknowledges and agrees that no Buyer makes or has made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 2.

(vv) Anti-avoidance. To the knowledge of the Company, the matters contemplated herein do not constitute a transaction or series of transactions that are part of a plan or scheme to avoid the prospectus requirement in connection with a distribution or other trade to a person or company in Canada.

4. COVENANTS.

(a) Best Efforts. Each Buyer shall use its best efforts to timely satisfy each of the covenants hereunder and conditions to be satisfied by it as provided in Section 6 of this Agreement. The Company shall use its best efforts to timely satisfy each of the covenants hereunder and conditions to be satisfied by it as provided in Section 7 of this Agreement.

(b) Blue Sky. The Company shall, on or before the Closing Date, take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to, qualify the Securities for sale to the Buyers at the Closing pursuant to this Agreement under applicable securities or "Blue Sky" laws of the states of the United States (or to obtain an exemption from such qualification), and shall provide evidence of any such action so taken to the Buyers on or prior to the Closing Date. Without limiting any other obligation of the Company under this Agreement, the Company shall timely make all filings and reports relating to the offer and sale of the Securities required under all applicable securities laws (including, without limitation, all applicable federal securities laws and all applicable "Blue Sky" laws), and the Company shall comply with all applicable foreign, federal, state and local laws, statutes, rules, regulations and the like relating to the offering and sale of the Securities to the Buyers.

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(c) Reporting Status. Until the date on which the Buyers shall have sold all of the Registrable Securities (the "**Reporting Period**"), the Company shall timely file all reports required to be filed with the SEC pursuant to the 1934 Act, and the Company shall not terminate its status as an issuer required to file reports under the 1934 Act even if the 1934 Act or the rules and regulations thereunder would no longer require or otherwise permit such termination. Subject to the Registration Rights Agreement, from the time Form F-3 is available to the Company for the registration of the Registrable Securities, the Company shall take all commercially reasonable actions necessary to maintain its eligibility to register the Registrable Securities for resale by the Buyers on Form F-3.

(d) Use of Proceeds. The Company will use the net proceeds from the sale of the Securities for general corporate purposes, but not, directly or indirectly, for (i) except as set forth on Schedule 4(d), the satisfaction of any Indebtedness of the Company or any of its Subsidiaries, (ii) the redemption or repurchase of any securities of the Company or any of its Subsidiaries, (iii) the settlement of any outstanding litigation or (iv) any new material capital expenditures at Bridge Farm (as defined in the Notes).

(e) Financial Information. The Company agrees to send the following to each Investor (as defined in the Registration Rights Agreement) during the Reporting Period (i) unless the following are filed with the SEC through EDGAR and are available to the public through the EDGAR system, within one (1) Business Day after the filing thereof with the SEC, a copy of its Annual Report on Form 20-F, any Report of Foreign Issuer on Form 6-K, any other interim reports or any consolidated balance sheets, income statements, shareholders' equity statements and/or cash flow statements for any period other than annual, and any registration statements (other than on Form S-8) or amendments thereto filed pursuant to the 1933 Act, (ii) unless the following are either filed with the SEC through EDGAR or are otherwise widely disseminated via a recognized news release service (such as PR Newswire), on the same day as the release thereof, copies of all press releases issued by the Company or any of its Subsidiaries and (iii) unless the following are filed with the SEC through EDGAR, copies of any notices and other information made available or given to the shareholders of the Company generally, contemporaneously with the making available or giving thereof to the shareholders.

(f) Listing. The Company shall promptly secure the listing or designation for quotation (as the case may be) of all of the Registrable Securities upon each national securities exchange and automated quotation system, if any, upon which the Common Shares is then listed or designated for quotation (as the case may be) (subject to official notice of issuance) and shall maintain such listing or designation for quotation (as the case may be) of all Registrable Securities from time to time issuable under the terms of the Transaction Documents on such national securities exchange or automated quotation system. The Company shall maintain the listing or authorization for quotation (as the case may be) of the Common Shares on the Principal Market, the New York Stock Exchange, the NYSE American, the Nasdaq Capital Market or the Nasdaq Global Market (each, an "**Eligible Market**"). Neither the Company nor any of its Subsidiaries shall take any action which could be reasonably expected to result in the delisting or suspension of the Common Shares on an Eligible Market. The Company shall pay all fees and expenses in connection with satisfying its obligations under this Section 4(f).

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(g) Fees. The Company shall reimburse the Hudson Bay Master Fund Ltd. (the "**Lead Buyer**") for all customary and reasonable documented costs and expenses incurred by it or its affiliates in connection with the structuring, documentation, negotiation and closing of the transactions contemplated by the Transaction Documents (including, without limitation, as applicable, all reasonable legal fees of outside counsel and disbursements of Kelley Drye & Warren LLP, U.S. counsel to the Lead Buyer, and Goodmans LLP, special Canadian counsel to the Lead Buyer, any other reasonable fees and expenses in connection with the structuring, documentation, negotiation and closing of the transactions contemplated by the Transaction Documents and due diligence and regulatory filings in connection therewith) (the "**Transaction Expenses**") not to exceed $162,163 and shall be withheld by the Lead Buyer from its Purchase Price at the Closing, less $100,000 previously paid by the Company to Kelley Drye & Warren LLP; provided that the Company shall promptly reimburse Kelley Drye & Warren LLP and Goodmans LLP on demand for all Transaction Expenses not so reimbursed through such withholding at the Closing. The Company shall be responsible for the payment of any placement agent' s fees, financial advisory fees, transfer agent fees, DTC (as defined below) fees or broker' s commissions (other than for Persons engaged by any Buyer) relating to or arising out of the transactions contemplated hereby (including, without limitation, any fees or commissions payable to the Placement Agents). The Company shall pay, and hold each Buyer harmless against, any liability, loss or expense (including, without limitation, reasonable attorneys' fees and out-of-pocket expenses) arising in connection with any claim relating to any such payment. Except as otherwise set forth in the Transaction Documents, each party to this Agreement shall bear its own expenses in connection with the sale of the Securities to the Buyers.

(h) Pledge of Securities. Notwithstanding anything to the contrary contained in this Agreement, the Company acknowledges and agrees that the Securities may be pledged by an Investor in connection with a bona fide margin agreement or other loan or financing arrangement that is secured by the Securities. The pledge of Securities shall not be deemed to be a transfer, sale or assignment of the Securities hereunder, and no Investor effecting a pledge of Securities shall be required to provide the Company with any notice thereof or otherwise make any delivery to the Company pursuant to this Agreement or any other Transaction Document, including, without limitation, Section 2(g) hereof; provided that an Investor and its pledgee shall be required to comply with the provisions of Section 2(g) hereof in order to effect a sale, transfer or assignment of Securities to such pledgee. The Company hereby agrees to execute and deliver such documentation as a pledgee of the Securities may reasonably request in connection with a pledge of the Securities to such pledgee by a Buyer.

(i) Disclosure of Transactions and Other Material Information.

(i) Disclosure of Transaction. The Company shall, on or before 9:30 a.m., New York time, on the first (1st) Business Day after the date of this Agreement, issue a press release (the "**Press Release**") reasonably acceptable to the Buyers disclosing all the material terms of the transactions contemplated by the Transaction Documents and the Debt Restructuring Transactions. On or before 9:30 a.m., New York time, on the first (1st) Business Day after the date of this Agreement, the Company shall file or furnish a Report of Foreign Issuer on Form 6-K describing all the material terms of the transactions contemplated by the Transaction Documents and the Debt Restructuring Transactions in the form required by the 1934 Act and attaching all the material Transaction Documents

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(including, without limitation, this Agreement (and all schedules to this Agreement), the form of Notes, the form of the Warrants and the form of the Registration Rights Agreement) and the Debt Restructuring Transactions (including all attachments, collectively, the "**6-K Filing**"). From and after the filing or furnishing of the 6-K Filing, the Company shall have disclosed all material, non-public information (if any) provided to any of the Buyers by the Company or any of its Subsidiaries or any of their respective officers, directors, employees or agents in connection with the transactions contemplated by the Transaction Documents and the Debt Restructuring Transactions. In addition, effective upon the filing or furnishing of the 6-K Filing, the Company acknowledges and agrees that any and all confidentiality or similar obligations under any agreement, whether written or oral, between the Company, any of its Subsidiaries or any of their respective officers, directors, affiliates, employees or agents, on the one hand, and any of the Buyers or any of their affiliates, on the other hand, shall terminate.

(ii) Filings. Each Buyer will reasonably assist and cooperate with the Company to provide, in a timely manner, at the expense of the Company, all information required for the filing of a Form 45-106F1 and for any other filings required by the ASC or in accordance with applicable Canadian Securities Laws.

(iii) Limitations on Disclosure. The Company shall not, and the Company shall cause each of its Subsidiaries and each of its and their respective officers, directors, employees and agents not to, provide any Buyer with any material, non-public information regarding the Company or any of its Subsidiaries from and after the date hereof without the express prior written consent of such Buyer (which may be granted or withheld in such Buyer' s sole discretion). In the event of a breach of any of the foregoing sentence by the Company, any of its Subsidiaries, or any of its or their respective officers, directors, employees and agents (as determined in the reasonable good faith judgment of such Buyer), each Buyer may deliver written notice to the Company specifying that the Company must either (x) within two (2) Trading Days of such notice, make public such material, non-public information or (y) within one (1) Trading Day of such notice confirm in writing that such Buyer does not have any material, non-public information and no duty of confidentiality with respect to, or a duty not to trade on the basis of, such applicable information (each such date, a "**Required Cleansing Date**") and, in addition to any other remedy provided herein or in the Transaction Documents, at any time after such applicable Required Cleaning Date, such Buyer shall have the right to make a public disclosure, in the form of a press release, public advertisement or otherwise, of such breach or such material, non-public information, as applicable, without the prior approval by the Company, any of its Subsidiaries, or any of its or their respective officers, directors, employees or agents. No Buyer shall have any liability to the Company, any of its Subsidiaries, or any of its or their respective officers, directors, employees, affiliates, shareholders or agents, for any such disclosure in compliance with this Section 4(i)(iii). To the extent that the Company delivers any material, non-public information to a Buyer without such Buyer' s consent, the Company hereby covenants and agrees that such Buyer shall not have any duty of confidentiality with respect to, or a duty not to trade on the basis of, such material, non-public information. Subject to the provisions of this Section 4(i), neither the Company, its Subsidiaries nor any Buyer shall issue any press releases or any other public statements with respect to the transactions contemplated hereby; provided,

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however, the Company shall be entitled, without the prior approval of any Buyer, to make the 6-K Filing, the Press Release and any press release or other public disclosure with respect to such transactions (i) in substantial conformity with the 6-K Filing and contemporaneously therewith and (ii) as is required by applicable law and regulations (provided that in the case of clause (i) each Buyer shall be consulted by the Company in connection with any such press release or other public disclosure prior to its release). Except with respect to the 6-K Filing, any Registration Statement filed in accordance with (and in compliance with) the Registration Rights Agreement and as otherwise required by applicable law (including pursuant to the Company' s public reporting obligations), without the prior written consent of the applicable Buyer (which may be granted or withheld in such Buyer' s sole discretion), the Company shall not (and shall cause each of its Subsidiaries and affiliates to not) disclose the name of such Buyer in any filing, announcement, release or otherwise. Notwithstanding anything contained in this Agreement to the contrary and without implication that the contrary would otherwise be true, the Company expressly acknowledges and agrees that no Buyer shall have (unless expressly agreed to by a particular Buyer after the date hereof in a written definitive and binding agreement executed by the Company and such particular Buyer (it being understood and agreed that no Buyer may bind any other Buyer with respect thereto)) any duty of confidentiality with respect to, or a duty not to trade on the basis of, any material, non-public information regarding the Company or any of its Subsidiaries.

(iv) Other Confidential Information. Disclosure Failures; Disclosure Delay Payments. In addition to other remedies set forth in this Section 4(i), and without limiting anything set forth in any other Transaction Document, at any time after the Closing Date if the Company, any of its Subsidiaries, or any of their respective officers, directors, employees or agents, provides any Buyer with material non-public information relating to the Company or any of its Subsidiaries (each, the "**Confidential Information**"), the Company shall, on or prior to the applicable Required Disclosure Date (as defined below), publicly disclose such Confidential Information on a Report of Foreign Issuer on Form 6-K or otherwise (each, a "**Disclosure**"). From and after such Disclosure, the Company shall have disclosed all Confidential Information provided to such Buyer by the Company or any of its Subsidiaries or any of their respective officers, directors, employees or agents in connection with the transactions contemplated by the Transaction Documents. In addition, effective upon such Disclosure, the Company acknowledges and agrees that any and all confidentiality or similar obligations under any agreement, whether written or oral, between the Company, any of its Subsidiaries or any of their respective officers, directors, affiliates, employees or agents, on the one hand, and any of the Buyers or any of their affiliates, on the other hand, shall terminate. In the event that the Company fails to effect such Disclosure on or prior to the Required Disclosure Date and such Buyer shall have possessed Confidential Information for at least ten (10) consecutive Trading Days (each such event, a "**Disclosure Failure**"), then, as partial relief for the damages to such Buyer by reason of any such delay in, or reduction of, its ability to buy or sell Common Shares after such Required Disclosure Date (which remedy shall not be exclusive of any other remedies available at law or in equity), the Company shall pay to such Buyer an amount in cash equal to the greater of (I) one percent (1%) of the aggregate Purchase Price and (II) the applicable Disclosure Restitution Amount, on each of the following dates (each, a "**Disclosure Delay Payment Date**"): (i) on the date of such Disclosure Failure and (ii) on

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every thirty (30) day anniversary such Disclosure Failure until the earlier of (x) the date such Disclosure Failure is cured and (y) such time as all such non-public information provided to such Buyer shall cease to be Confidential Information (as evidenced by a certificate, duly executed by an authorized officer of the Company to the foregoing effect) (such earlier date, as applicable, a "**Disclosure Cure Date**"). Following the initial Disclosure Delay Payment for any particular Disclosure Failure, without limiting the foregoing, if a Disclosure Cure Date occurs prior to any thirty (30) day anniversary of such Disclosure Failure, then such Disclosure Delay Payment (prorated for such partial month) shall be made on the second (2nd) Business Day after such Disclosure Cure Date. The payments to which an Investor shall be entitled pursuant to this Section 4(l)(iii) are referred to herein as "**Disclosure Delay Payments.**" In the event the Company fails to make Disclosure Delay Payments in a timely manner in accordance with the foregoing, such Disclosure Delay Payments shall bear interest at the rate of one percent (1%) per month (prorated for partial months) until paid in full.

(v) For the purpose of this Agreement the following definitions shall apply:

(1) "**Disclosure Failure Market Price**" means, as of any Disclosure Delay Payment Date, the price computed as the quotient of (I) the sum of the five (5) highest VWAPs (as defined in the Warrants) of the Common Shares during the applicable Disclosure Restitution Period (as defined below), divided by (II) five (5) (such period, the **"Disclosure Failure Measuring Period**"). All such determinations to be appropriately adjusted for any share dividend, share split, share combination, reclassification or similar transaction that proportionately decreases or increases the Common Shares during such Disclosure Failure Measuring Period.

(2) "**Disclosure Restitution Amount**" means, as of any Disclosure Delay Payment Date, the product of (x) difference of (I) the Disclosure Failure Market Price less (II) the lowest purchase price, per Common Shares, of any Common Shares issued or issuable to such Buyer pursuant to this Agreement or any other Transaction Documents, multiplied by (y) 10% of the aggregate daily dollar trading volume (as reported on Bloomberg (as defined in the Warrants)) of the Common Shares on the Principal Market for each Trading Day (as defined in the Warrants) either (1) with respect to the initial Disclosure Delay Payment Date, during the period commencing on the applicable Required Disclosure Date through and including the Trading Day immediately prior to the initial Disclosure Delay Payment Date or (2) with respect to each other Disclosure Delay Payment Date, during the period commencing the immediately preceding Disclosure Delay Payment Date through and including the Trading Day immediately prior to such applicable Disclosure Delay Payment Date (such applicable period, the "**Disclosure Restitution Period**").

(3) "**Required Disclosure Date**" means (x) if such Buyer authorized the delivery of such Confidential Information, either (I) if the Company and such Buyer have mutually agreed upon a date (as evidenced by an e-mail or other writing) of Disclosure of such Confidential Information, such agreed upon date or

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(II) otherwise, the seventh (7th) calendar day after the date such Buyer first received any Confidential Information or (y) if such Buyer did not authorize the delivery of such Confidential Information, the first (1st) Business Day after such Buyer' s receipt of such Confidential Information.

(j) Additional Registration Statements. At any time during the Restricted Period (as defined below), the Company shall not file a registration statement or an offering statement under the 1933 Act relating to securities that are not the Registrable Securities (other than a registration statement on Form S-8 or such supplements or amendments to registration statements that are outstanding and have been declared effective by the SEC as of the date hereof (solely to the extent necessary to keep such registration statements effective and available and not with respect to any Subsequent Placement)). "**Applicable Date**" means the earlier of (x) the first date on which a Registration Statement (as defined in the Registration Rights Agreement) covering the resale by the Buyers of all the Registrable Securities required to be filed pursuant to the Registration Rights Agreement on the initial Registration Statement is declared effective by the SEC (and each prospectus contained therein is available for use on such date) or (y) the first date on which all of the Registrable Securities are eligible to be resold by the Buyers pursuant to Rule 144 (or, if a Current Public Information Failure has occurred and is continuing, such later date after which the Company has cured such Current Public Information Failure).

(k) Additional Issuance of Securities. So long as any Buyer beneficially owns any Notes or Warrants, the Company will not, without the prior written consent of the Required Holders (as defined below), issue any Notes (other than to the Buyers as contemplated hereby) and the Company shall not issue any other securities that would cause a breach or default under the Notes or the Warrants. The Company agrees that for the period commencing on the date hereof and ending on the thirtieth (30th) calendar day after the Applicable Date (provided that such period shall be extended by the number of calendar days during such period and any extension thereof contemplated by this proviso on which any Registration Statement is not effective or any prospectus contained therein is not available for use or any Current Public Information Failure exists) (the "**Restricted Period**"), neither the Company nor any of its Subsidiaries shall directly or indirectly issue, offer, sell, grant any option or right to purchase, or otherwise dispose of (or announce any issuance, offer, sale, grant of any option or right to purchase or other disposition of) any equity security or any equity-linked or related security (including, without limitation, any "equity security" (as that term is defined under Rule 405 promulgated under the 1933 Act), any Convertible Securities (as defined below), any preferred shares or any purchase rights) (any such issuance, offer, sale, grant, disposition or announcement (whether occurring during the Restricted Period or at any time thereafter) is referred to as a "**Subsequent Placement**"). Notwithstanding the foregoing, this Section 4(k) shall not apply in respect of the issuance of: (i) Common Shares or options issued to current or former directors, officers or employees of the Company for services rendered to the Company in their capacity as such pursuant to an Approved Share Plan (as defined below); *provided* that (A) all such issuances (taking into account the Common Shares issuable upon exercise of such options) after the Subscription Date pursuant to this clause (i) do not, in the aggregate, exceed more than 10% of the Common Shares issued and outstanding immediately prior to the Subscription Date and are made pursuant to an Approved Share Plan and (B) the exercise price of any such options is not lowered, none of such options are amended to increase the number of shares issuable thereunder and none of the terms or conditions of any such options are otherwise materially changed in any manner that materially adversely affects any of the Buyers; (ii) Common

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Shares issued upon the conversion or exercise of Convertible Securities (other than options issued pursuant to an Approved Share Plan that are covered by clause (i) above) issued prior to the Subscription Date; *provided* that the conversion price of any such Convertible Securities is not lowered, none of such Convertible Securities are amended to increase the number of shares issuable thereunder and none of the terms or conditions of any such Convertible Securities are otherwise materially changed in any manner that materially adversely affects any of the Buyers; (iii) the Common Shares issuable upon conversion of the Notes or otherwise pursuant to the terms of the Notes; *provided* that the terms of the Notes are not amended, modified or changed on or after the Subscription Date (other than antidilution adjustments pursuant to the terms thereof in effect as of the Subscription Date), (iv) the Common Shares issuable upon exercise of the Warrants; *provided* that the terms of the Warrants are not amended, modified or changed on or after the Subscription Date (other than antidilution adjustments pursuant to the terms thereof in effect as of the Subscription Date); (v) the Placement Agent Securities (as defined below); *provided* that the terms of such Convertible Securities are not amended, modified or changed on or after the Subscription Date (other than antidilution adjustments pursuant to the terms thereof in effect as of the Subscription Date); and (vi) the SAF Securities (as defined below); *provided* that the terms of the SAF Securities are not amended, modified or changed on or after the Subscription Date (other than antidilution adjustments pursuant to the terms thereof in effect as of the Subscription Date) (each of the foregoing in clauses (i) through (vi), collectively the "**Excluded Securities**"). "**Approved Share Plan**" means any employee or director benefit plan or employment agreement which has been approved by the board of directors of the Company prior to or subsequent to the date hereof pursuant to which Common Shares and standard options to purchase Common Shares may be issued to any employee, officer or director for services provided to the Company in their capacity as such. "**Convertible Securities**" means any share capital or other security of the Company or any of its Subsidiaries that is at any time and under any circumstances directly or indirectly convertible into, exercisable or exchangeable for, or which otherwise entitles the holder thereof to acquire, any share capital or other security of the Company (including, without limitation, Common Shares) or any of its Subsidiaries.

(l) Reservation of Shares. So long as any of the Notes or Warrants remain outstanding, the Company shall take all action necessary to at all times have authorized, and reserved for the purpose of issuance, no less than 100% of (i) the maximum number of Common Shares issuable upon conversion of all the Notes then outstanding (assuming for purposes hereof that (x) the Notes are convertible at the Alternate Triggering Event Conversion Price (as defined in the Notes) assuming an Alternate Conversion Date (as defined in the Notes) as of the applicable date of determination and (y) any such conversion shall not take into account any limitations on the conversion of the Notes set forth in the Notes), and (ii) the maximum number of Warrant Shares issuable upon exercise of all the Warrants then outstanding (without regard to any limitations on the exercise of the Warrants set forth therein) (collectively, the "**Required Reserve Amount**"); provided that at no time shall the number of Common Shares reserved pursuant to this Section 4(l) be reduced other than proportionally in connection with any conversion, exercise and/or redemption, as applicable of Notes and Warrants. If at any time the number of Common Shares authorized and reserved for issuance is not sufficient to meet the Required Reserve Amount, the Company will promptly take all corporate action necessary to authorize and reserve a sufficient number of shares, including, without limitation, calling a special meeting of shareholders to authorize additional shares to meet the Company' s obligations pursuant to the Transaction Documents, in the case of an insufficient number of authorized shares, obtain shareholder approval

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of an increase in such authorized number of shares, and voting the management shares of the Company in favor of an increase in the authorized shares of the Company to ensure that the number of authorized shares is sufficient to meet the Required Reserve Amount. Notwithstanding anything to the contrary in this Section 4(l), the Company shall be deemed to have satisfied its obligations in connection with such Section at all times and for as long as the authorized number of Common Shares available for issuance unlimited.

(m) Conduct of Business. The business of the Company and its Subsidiaries shall not be conducted in violation of any law, ordinance or regulation of any Governmental Entity, except where such violations would not reasonably be expected to result, either individually or in the aggregate, in a Material Adverse Effect.

(n) Variable Securities. So long as any Notes remain outstanding, the Company and each Subsidiary shall be prohibited from effecting or entering into an agreement to effect any Subsequent Placement involving a Variable Rate Transaction other than the issuance concurrently with the Closing of the SAF Securities and the Placement Agent Securities (*provided* that the terms of the SAF Securities and the Placement Agent Securities are not amended, modified or changed on or after the Subscription Date (other than antidilution adjustments pursuant to the terms thereof in effect as of the Subscription Date)). "**Variable Rate Transaction**" means a transaction in which the Company or any Subsidiary (i) issues or sells any Convertible Securities either (A) at a conversion, exercise or exchange rate or other price that is based upon and/or varies with the trading prices of or quotations for the Common Shares at any time after the initial issuance of such Convertible Securities, or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such Convertible Securities or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the Common Shares, other than pursuant to a customary "weighted average" anti-dilution provision or (ii) enters into any agreement (including, without limitation, an equity line of credit but excluding any "at-the-market" offering) whereby the Company or any Subsidiary may sell securities at a future determined price (other than standard and customary "preemptive" or "participation" rights). Each Buyer shall be entitled to obtain injunctive relief against the Company and its Subsidiaries to preclude any such issuance, which remedy shall be in addition to any right to collect damages.

(o) Participation Right. At any time on or prior to the earlier of (x) the first anniversary of the Closing Date and (y) the date no Notes remain outstanding, neither the Company nor any of its Subsidiaries shall, directly or indirectly, effect any Subsequent Placement unless the Company shall have first complied with this Section 4(o). The Company acknowledges and agrees that the right set forth in this Section 4(o) is a right granted by the Company, separately, to each Buyer.

(i) At least five (5) Trading Days prior to any proposed or intended Subsequent Placement, the Company shall deliver to each Buyer a written notice (each such notice, a "**Pre-Notice**"), which Pre-Notice shall not contain any information (including, without limitation, material, non-public information) other than: (A) if the proposed Offer Notice (as defined below) constitutes or contains material, non-public information, a statement asking whether the Investor is willing to accept material non-public information or (B) if the proposed Offer Notice does not constitute or contain material, non-public information, (x) a statement that the Company proposes or intends to effect a Subsequent Placement,

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(y) a statement that the statement in clause (x) above does not constitute material, non-public information and (z) a statement informing such Buyer that it is entitled to receive an Offer Notice (as defined below) with respect to such Subsequent Placement upon its written request. Upon the written request of a Buyer within three (3) Trading Days after the Company' s delivery to such Buyer of such Pre-Notice, and only upon a written request by such Buyer, the Company shall promptly, but no later than one (1) Trading Day after such request, deliver to such Buyer an irrevocable written notice (the "**Offer Notice**") of any proposed or intended issuance or sale or exchange (the "**Offer**") of the securities being offered (the "**Offered Securities**") in a Subsequent Placement, which Offer Notice shall (A) identify and describe the Offered Securities, (B) describe the approximate price (if known, but in no event later than twelve hours prior to the end of the Offer Period (which Offer Period shall be extended, as necessary, on an hour-by-hour basis, to comply with the foregoing)) and other terms upon which they are to be issued, sold or exchanged, and the approximate number or amount of the Offered Securities to be issued, sold or exchanged, (C) identify the Persons (if known) to which or with which the Offered Securities are to be offered, issued, sold or exchanged and (D) offer to issue and sell to or exchange with such Buyer in accordance with the terms of the Offer such Buyer' s pro rata portion of 30% of the Offered Securities; provided that the number of Offered Securities which such Buyer shall have the right to subscribe for under this Section 4(o) shall be (x) based on such Buyer' s pro rata portion of the aggregate original principal amount of the Notes purchased hereunder by all Buyers (the "**Basic Amount**"), and (y) with respect to each Buyer that elects to purchase its Basic Amount, any additional portion of the Offered Securities attributable to the Basic Amounts of other Buyers as such Buyer shall indicate it will purchase or acquire should the other Buyers subscribe for less than their Basic Amounts (the "**Undersubscription Amount**"), which process shall be repeated until each Buyer shall have an opportunity to subscribe for any remaining Undersubscription Amount.

(ii) To accept an Offer, in whole or in part, such Buyer must deliver a written notice to the Company prior to the end of the fifth (5th) Business Day after such Buyer' s receipt of the Offer Notice (the "**Offer Period**"), setting forth the portion of such Buyer' s Basic Amount that such Buyer elects to purchase and, if such Buyer shall elect to purchase all of its Basic Amount, the Undersubscription Amount, if any, that such Buyer elects to purchase (in either case, the "**Notice of Acceptance**"). At the election of such Buyer, in its sole discretion, as specified in such Notice of Acceptance, such Buyer may apply all, or any part, of the Conversion Amount (as defined in the Notes) (each, an "**Application Amount**") of the Note of such Buyer against the purchase price of the Offered Securities to be purchased by such Buyer in such Subsequent Placement (on a dollar-for-dollar basis) pursuant to such Notice of Acceptance and, upon the consummation of such Subsequent Placement, the Company shall be deemed to have purchased the Application Amount of the Note of such Buyer for cash immediately prior to the time of consummation of such Subsequent Placement and such Buyer shall be deemed to have reinvested such cash proceeds into the Company as payment of such portion of the purchase price of such Buyer in such Subsequent Placement equal to such Application Amount. If the Basic Amounts subscribed for by all Buyers are less than the total of all of the Basic Amounts, then each Buyer who has set forth an Undersubscription Amount in its Notice of Acceptance shall be entitled to purchase, in addition to the Basic Amounts subscribed for, the Undersubscription Amount it has subscribed for; provided, however, if the

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Undersubscription Amounts subscribed for exceed the difference between the total of all the Basic Amounts and the Basic Amounts subscribed for (the "**Available Undersubscription Amount**"), each Buyer who has subscribed for any Undersubscription Amount shall be entitled to purchase only that portion of the Available Undersubscription Amount as the Basic Amount of such Buyer bears to the total Basic Amounts of all Buyers that have subscribed for Undersubscription Amounts, subject to rounding by the Company to the extent it deems reasonably necessary. Notwithstanding the foregoing, if the Company desires to modify or amend the terms and conditions of the Offer in any material respect, as determined in good faith by such Buyer, prior to the expiration of the Offer Period, the Company may deliver to each Buyer a new Offer Notice and the Offer Period shall expire on the fifth (5th) Business Day after such Buyer' s receipt of such new Offer Notice.

(iii) The Company shall have five (5) Business Days from the expiration of the Offer Period above (A) to offer, issue, sell or exchange all or any part of such Offered Securities as to which a Notice of Acceptance has not been given by a Buyer (the "**Refused Securities**") pursuant to a definitive agreement(s) (the "**Subsequent Placement Agreement**"), but only to the offerees described in the Offer Notice (if so described therein) and only upon terms and conditions (including, without limitation, unit prices and interest rates) that are not more favorable to the acquiring Person or Persons or less favorable to the Company than those set forth in the Offer Notice and (B) to publicly announce (x) the execution of such Subsequent Placement Agreement, and (y) either (I) the consummation of the transactions contemplated by such Subsequent Placement Agreement or (II) the termination of such Subsequent Placement Agreement, which shall be filed with the SEC on a Report of Foreign Issuer on Form 6-K with such Subsequent Placement Agreement and any documents contemplated therein filed as exhibits thereto.

(iv) In the event the Company shall propose to sell less than all the Refused Securities (any such sale to be in the manner and on the terms specified in Section 4(o)(iii) above), then each Buyer may, at its sole option and in its sole discretion, withdraw its Notice of Acceptance or reduce the number or amount of the Offered Securities specified in its Notice of Acceptance to a number or amount that shall be not less than the number or amount of the Offered Securities that such Buyer elected to purchase pursuant to Section 4(o)(ii) above multiplied by a fraction, (i) the numerator of which shall be the number or amount of Offered Securities the Company actually proposes to issue, sell or exchange (including Offered Securities to be issued or sold to Buyers pursuant to this Section 4(o) prior to such reduction) and (ii) the denominator of which shall be the original amount of the Offered Securities. In the event that any Buyer so elects to reduce the number or amount of Offered Securities specified in its Notice of Acceptance, the Company may not issue, sell or exchange more than the reduced number or amount of the Offered Securities unless and until such securities have again been offered to the Buyers in accordance with Section 4(o)(i) above.

(v) Upon the closing of the issuance, sale or exchange of all or less than all of the Refused Securities, such Buyer shall acquire from the Company, and the Company shall issue to such Buyer, the number or amount of Offered Securities specified in its Notice of Acceptance, as reduced pursuant to Section 4(o)(iv) above if such Buyer has so elected,

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upon the terms and conditions specified in the Offer. The purchase by such Buyer of any Offered Securities is subject in all cases to the preparation, execution and delivery by the Company and such Buyer of a separate purchase agreement relating to such Offered Securities reasonably satisfactory in form and substance to such Buyer and its counsel.

(vi) Any Offered Securities not acquired by a Buyer or other Persons in accordance with this Section 4(o) may not be issued, sold or exchanged until they are again offered to such Buyer under the procedures specified in this Agreement.

(vii) The Company and each Buyer agree that if any Buyer elects to participate in the Offer, (x) neither the Subsequent Placement Agreement with respect to such Offer nor any other transaction documents related thereto (collectively, the "**Subsequent Placement Documents**") shall include any term or provision whereby such Buyer shall be required to agree to any restrictions on trading as to any securities of the Company or be required to consent to any amendment to or termination of, or grant any waiver, release or the like under or in connection with, any agreement previously entered into with the Company or any instrument received from the Company or require representations or warranties in excess of the representation and warranties of such Buyer provided hereunder, and (y) any registration rights set forth in such Subsequent Placement Documents shall be similar in all material respects to the registration rights contained in the Registration Rights Agreement.

(viii) Notwithstanding anything to the contrary in this Section 4(o) and unless otherwise agreed to by such Buyer, the Company shall either confirm in writing to such Buyer that the transaction with respect to the Subsequent Placement has been abandoned or shall publicly disclose its intention to issue the Offered Securities, in either case, in such a manner such that such Buyer will not be in possession of any material, non-public information, by the fifth (5th) Business Day following delivery of the Offer Notice. If by such fifth (5th) Business Day, no public disclosure regarding a transaction with respect to the Offered Securities has been made, and no notice regarding the abandonment of such transaction has been received by such Buyer, such transaction shall be deemed to have been abandoned and such Buyer shall not be in possession of any material, non-public information with respect to the Company or any of its Subsidiaries. Should the Company decide to pursue such transaction with respect to the Offered Securities, the Company shall provide such Buyer with another Offer Notice and such Buyer will again have the right of participation set forth in this Section 4(o). The Company shall not be permitted to deliver more than two such Offer Notices to such Buyer in any sixty (60) day period, except as expressly contemplated by the last sentence of Section 4(o)(ii).

(ix) The restrictions contained in this Section 4(o) shall not apply in connection with the issuance of any Excluded Securities. The Company shall not circumvent the provisions of this Section 4(o) by providing terms or conditions to one Buyer that are not provided to all.

(p) Dilutive Issuances. Except for the SAF Securities and the Placement Agent Securities as in effect immediately following the Closing Date, for so long as any Notes or Warrants remain outstanding, the Company shall not, in any manner, enter into or affect any

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Dilutive Issuance (as defined in the Notes) if the effect of such Dilutive Issuance is to cause the Company to be required to issue upon conversion of any Notes or exercise of any Warrant any Common Shares in excess of that number of Common Shares which the Company may issue upon conversion of the Notes and exercise of the Warrants without breaching the Company' s obligations under the rules or regulations of the Principal Market.

(q) Passive Foreign Investment Company. The Company shall conduct its business, and shall cause its Subsidiaries to conduct their respective businesses, in such a manner as will ensure that the Company will not be deemed to constitute a passive foreign investment company within the meaning of Section 1297 of the Code.

(r) Restriction on Redemption and Cash Dividends. So long as any Notes are outstanding, the Company shall not, directly or indirectly, redeem, or declare or pay any cash dividend or distribution on, any securities of the Company (other than as described on Schedule 4(r) attached hereto) without the prior express written consent of the Required Holders.

(s) Corporate Existence. So long as any Buyer beneficially owns any Notes or Warrants, the Company shall not be party to any Fundamental Transaction (as defined in the Notes) unless the Company is in compliance with the applicable provisions governing Fundamental Transactions set forth in the Notes and the Warrants.

(t) Share Splits. Until the Notes are no longer outstanding, the Company shall not effect any share combination, reverse share split or other similar transaction (or make any public announcement or disclosure with respect to any of the foregoing) without the prior written consent of the Required Holders, except as may be required by an Eligible Market to provide for the eligibility or continued eligibility of the Common Stock for listing or quotation on such market.

(u) Conversion and Exercise Procedures. Each of the form of Exercise Notice (as defined in the Warrants) included in the Warrants and the form of Conversion Notice (as defined in the Notes) included in the Notes set forth the totality of the procedures required of the Buyers in order to exercise the Warrants or convert the Notes. Except as provided in Section 5(d), no additional legal opinion, other information or instructions shall be required of the Buyers to exercise their Warrants or convert their Notes. The Company shall honor exercises of the Warrants and conversions of the Notes and shall deliver the Conversion Shares and Warrant Shares in accordance with the terms, conditions and time periods set forth in the Notes and Warrants.

(v) Regulation M. The Company will not take any action prohibited by Regulation M under the 1934 Act, in connection with the distribution of the Securities contemplated hereby.

(w) Integration. None of the Company, any of its affiliates (as defined in Rule 501(b) under the 1933 Act), or any person acting on behalf of the Company or such affiliate will sell, offer for sale, or solicit offers to buy or otherwise negotiate in respect of any security (as defined in the 1933 Act) which will be integrated with the sale of the Securities in a manner which would require the registration of the Securities under the 1933 Act or require shareholder approval under the rules and regulations of the Principal Market and the Company will take all action that is appropriate or necessary to assure that its offerings of other securities will not be integrated for

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purposes of the 1933 Act or the rules and regulations of the Principal Market, with the issuance of Securities contemplated hereby.

(x) Amendments to Permitted Senior Indebtedness. So long as any Note remains outstanding, the Company shall not amend, modify, restructure, waive or refinance (i) the First Lien Credit Agreement in any manner that violates the terms of the side letter agreement dated the date hereof among each Buyer, the Company, ATB Financial and the Bank of Montreal, in the form attached hereto as **Exhibit D-1** (the "**First Lien Intercreditor Side Letter**") or (ii) the SAF Note in any manner that violates the terms of the side letter agreement dated the date hereof among each Buyer, the Company and SAF Jackson II LP, in the form attached hereto as **Exhibit D-2** (the "**Second Lien Intercreditor Side Letter**").

(y) No Waiver of Leak-Out Agreements. The Company shall not amend, waive, modify or fail to use best efforts to enforce any provision of the Leak-Out Agreements.

(z) Closing Documents. On or prior to thirty (30) calendar days after the Closing Date, the Company agrees to deliver, or cause to be delivered by electronic mail, file sharing or similar means, to each Buyer, Goodmans LLP and Kelley Drye & Warren LLP a complete closing set of the executed Transaction Documents, Securities and any other document required to be delivered to any party pursuant to Section 7 hereof or otherwise.

5. REGISTER; TRANSFER AGENT INSTRUCTIONS; LEGEND.

(a) Register. The Company shall maintain at its principal executive offices (or such other office or agency of the Company as it may designate by notice to each holder of Securities), a register for the Notes and the Warrants in which the Company shall record the name and address of the Person in whose name the Notes and the Warrants have been issued (including the name and address of each transferee), the principal amount of the Notes held by such Person, the number of Conversion Shares issuable pursuant to the terms of the Notes and the number of Warrant Shares issuable upon exercise of the Warrants held by such Person. The Company shall keep the register open and available at all times during business hours for inspection of any Buyer or its legal representatives.

(b) Transfer Agent Instructions. The Company shall issue a treasury direction to its transfer agent and any subsequent transfer agent (as applicable, the "**Transfer Agent**") to issue certificates or credit shares to the applicable balance accounts at The Depository Trust Company ("**DTC**"), registered in the name of each Buyer or its respective nominee(s), for the Conversion Shares and the Warrant Shares in such amounts as specified from time to time by each Buyer to the Company upon conversion of the Notes or the exercise of the Warrants (as the case may be). The Company represents and warrants that the Securities shall otherwise be freely transferable on the books and records of the Company, as applicable, to the extent provided in this Agreement, the other Transaction Documents and in accordance with applicable law. If a Buyer effects a sale, assignment or transfer of the Securities in accordance with Section 2(g), the Company shall permit the transfer and shall promptly instruct the Transfer Agent to issue one or more certificates or credit shares to the applicable balance accounts at DTC in such name and in such denominations as specified by such Buyer to effect such sale, transfer or assignment. In the event that such sale, assignment or transfer involves Conversion Shares or Warrant Shares sold, assigned or transferred

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pursuant to an effective registration statement or in compliance with Rule 144 or Regulation S, the Company shall instruct the Transfer Agent to issue such shares to such Buyer, assignee or transferee (as the case may be) without any restrictive legend in accordance with Section 5(d) below. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to a Buyer. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section 5(b) will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section 5(b), that a Buyer shall be entitled, in addition to all other available remedies, to an order and/or injunction restraining any breach and requiring immediate issuance and transfer, without the necessity of showing economic loss and without any bond or other security being required. Any fees (with respect to the Transfer Agent, counsel to the Company or otherwise) associated with the issuance of any legal opinion to the Transfer Agent or with respect to the issuance of such Securities or the removal of any legends on any of the Securities shall be borne by the Company.

(c) Legends. Each Buyer understands that the Securities have been issued (or will be issued in the case of the Conversion Shares and the Warrant Shares) pursuant to an exemption from registration or qualification under the 1933 Act and applicable state securities laws and pursuant to an exemption from the prospectus requirement under Canadian Securities Laws, and except as set forth below, the Securities shall not bear any legend required by the "blue sky" laws of any state and shall bear a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of such share certificates):

> [NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE [CONVERTIBLE] [EXERCISABLE] HAVE BEEN][THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN] REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. AT ANY TIME DURING THE DISTRIBUTION AND PRIOR TO THE EXPIRATION OF FORTY DAYS FROM THE LATER OF (1) THE DATE ON WHICH THESE THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE FIRST OFFERED AND (2) THE DATE OF ISSUANCE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES OR TO A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) UNLESS THE SECURITIES REPRESENTED BY THIS CERTIFICATE [AND THE SECURITIES INTO WHICH THESE SECURITIES ARE [CONVERTIBLE] [EXERCISABLE]] HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE.

(d) Removal of Legends. Certificates evidencing Securities shall not be required to contain the legend set forth in Section 5(c) above or any other legend (i) upon the sale of such Securities pursuant to an effective registration statement (including a Registration Statement) covering the resale of such Securities, (ii) following any distribution compliance period (as required by Regulation S), (iii) if such Securities are eligible to be sold, assigned or transferred

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under Rule 144 (provided that a Buyer provides the Company with a reasonable assurances (including customary representation letters) that such Securities are eligible for sale, assignment or transfer under Rule 144 which shall not include an opinion of Buyer' s counsel) (each such time, an "**Eligible 144 Sale Time**"), (iv) in connection with a sale, assignment or other transfer (other than under Rule 144), provided that such Buyer provides the Company with an opinion of counsel to such Buyer, in a generally acceptable form, to the effect that such sale, assignment or transfer of the Securities may be made without registration under the applicable requirements of the 1933 Act, (v) if such legend is not required under applicable requirements of the 1933 Act (including, without limitation, controlling judicial interpretations and pronouncements issued by the SEC) or Canadian Securities Laws or (vi) if the Securities are being sold pursuant to Regulation S, such legend may be removed by providing a declaration to the Company that such shares may be sold pursuant to Regulation S without a legend.

If no legend is required pursuant to the foregoing, the Company shall no later than two (2) Trading Days following the delivery by a Buyer to the Company or the transfer agent (with notice to the Company) of a legended certificate representing such Securities (endorsed or with share powers attached, signatures guaranteed, and otherwise in form necessary to affect the reissuance and/or transfer, if applicable), together with any other deliveries from such Buyer as may be required above in this Section 5(d), as directed by such Buyer, either: (A) provided that the Company' s transfer agent is participating in the DTC Fast Automated Securities Transfer Program and such Securities are Conversion Shares or Warrant Shares that both (i) either (x) available to be sold pursuant to a prospectus under Canadian Securities Laws or (y) a legend is not required by National Instrument 45-102 – *Resale of Securities* or any applicable Canadian Securities Laws (as applicable, the "**Required Canadian Unrestricted Conditions**") and (ii) either (x) available to be sold pursuant to an effective and available registration statement or (y) at an Eligible 144 Sale Time (as applicable, the "**Required U.S. Unrestricted Conditions**" and, together with the Required Canadian Unrestricted Conditions, the "**Required Unrestricted Conditions**"), credit the aggregate number of Common Shares to which such Buyer shall be entitled to such Buyer' s or its designee' s balance account with DTC through its Deposit/Withdrawal at Custodian system or (B) if the Company' s transfer agent is not participating in the DTC Fast Automated Securities Transfer Program or the Required Unrestricted Conditions are not satisfied, issue and deliver (via reputable overnight courier) to such Buyer, a certificate representing such Securities that is free from all restrictive and other legends, registered in the name of such Buyer or its designee (the date by which such credit is so required to be made to the balance account of such Buyer' s or such Buyer' s designee with DTC or such certificate is required to be delivered to such Buyer pursuant to the foregoing is referred to herein as the "**Required Delivery Date**", and the date such Common Shares are actually delivered without any restrictive legend to such Buyer or such Buyer' s designee with DTC, as applicable, the "**Share Delivery Date**"). The Company shall be responsible for any transfer agent fees or DTC fees with respect to any issuance of Securities or the removal of any legends with respect to any Securities in accordance herewith.

(e) Failure to Timely Deliver; Buy-In. If the Company fails, for any reason or for no reason, to issue and deliver (or cause to be delivered) to a Buyer (or its designee) by the Required Delivery Date, either (I) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or the Required Unrestricted Conditions are not satisfied, a certificate for the number of Conversion Shares or Warrant Shares (as the case may be) to which such Buyer is entitled and register such Conversion Shares or Warrant Shares (as the case may be) on the

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Company' s share register or, if the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program and the Required Unrestricted Conditions are satisfied, to credit the balance account of such Buyer or such Buyer' s designee with DTC for such number of Conversion Shares or Warrant Shares (as the case may be) submitted for legend removal by such Buyer pursuant to Section 5(d) above or (II) if the Registration Statement covering the resale of the Conversion Shares or Warrant Shares (as the case may be) submitted for legend removal by such Buyer pursuant to Section 5(d) above (the "**Unavailable Shares**") is not available for the resale of such Unavailable Shares and the Company fails to promptly, but in no event later than as required pursuant to the Registration Rights Agreement (x) so notify such Buyer and (y) deliver the Conversion Shares or Warrant Shares, as applicable, electronically without any restrictive legend by crediting such aggregate number of Conversion Shares or Warrant Shares (as the case may be) submitted for legend removal by such Buyer pursuant to Section 5(d) above to such Buyer' s or its designee' s balance account with DTC through its Deposit/Withdrawal At Custodian system (the event described in the immediately foregoing clause (II) is hereinafter referred as a "**Notice Failure**" and together with the event described in clause (I) above, a "**Delivery Failure**"), then, in addition to all other remedies available to such Buyer, the Company shall pay in cash to such Buyer on each day after the Share Delivery Date and during such Delivery Failure an amount equal to 1% of the product of (A) the sum of the number of Common Shares not issued to such Buyer on or prior to the Required Delivery Date and to which such Buyer is entitled, and (B) any trading price of the Common Shares selected by such Buyer in writing as in effect at any time during the period beginning on the date of the delivery by such Buyer to the Company of the applicable Conversion Shares or Warrant Shares (as the case may be) and ending on the applicable Share Delivery Date. In addition to the foregoing, if on or prior to the Required Delivery Date either (I) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, the Company shall fail to issue and deliver a certificate to a Buyer and register such Common Shares on the Company' s share register or, if the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program, credit the balance account of such Buyer or such Buyer' s designee with DTC for the number of Common Shares to which such Buyer submitted for legend removal by such Buyer pursuant to Section 5(d) above (ii) below or (II) a Notice Failure occurs, and if on or after such Trading Day such Buyer purchases (in an open market transaction or otherwise) Common Shares to deliver in satisfaction of a sale by such Buyer of Common Shares submitted for legend removal by such Buyer pursuant to Section 5(d) above that such Buyer is entitled to receive from the Company (a "**Buy-In**"), then the Company shall, within two (2) Trading Days after such Buyer' s request and in such Buyer' s discretion, either (i) pay cash to such Buyer in an amount equal to such Buyer' s total purchase price (including brokerage commissions and other out-of-pocket expenses, if any, for the Common Shares so purchased) (the "**Buy-In Price**"), at which point the Company' s obligation to so deliver such certificate or credit such Buyer' s balance account shall terminate and such shares shall be cancelled, or (ii) promptly honor its obligation to so deliver to such Buyer a certificate or certificates or credit the balance account of such Buyer or such Buyer' s designee with DTC representing such number of Common Shares that would have been so delivered if the Company timely complied with its obligations hereunder and pay cash to such Buyer in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of shares of Conversion Shares or Warrant Shares (as the case may be) that the Company was required to deliver to such Buyer by the Required Delivery Date multiplied by (B) the lowest Closing Sale Price (as defined in the Warrants) of the Common Shares on any Trading Day during the period commencing on the date of the delivery by such Buyer to

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the Company of the applicable Conversion Shares or Warrant Shares (as the case may be) and ending on the date of such delivery and payment under this clause (ii). Nothing shall limit such Buyer' s right to pursue any other remedies available to it hereunder, at law or in equity, including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company' s failure to timely deliver certificates representing Common Shares (or to electronically deliver such Common Shares) as required pursuant to the terms hereof. Notwithstanding anything herein to the contrary, with respect to any given Notice Failure and/or Delivery Failure, this Section 5(e) shall not apply to the applicable Buyer the extent the Company has already paid such amounts in full to such Buyer with respect to such Notice Failure and/or Delivery Failure, as applicable, pursuant to the analogous sections of the Note or Warrant, as applicable, held by such Buyer.

(f) FAST Compliance. While any Warrants remain outstanding, the Company shall maintain a transfer agent that participates in the DTC Fast Automated Securities Transfer Program.

6. CONDITIONS TO THE COMPANY' S OBLIGATION TO SELL.

(a) The obligation of the Company hereunder to issue and sell the Notes and the related Warrants to each Buyer at the Closing is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for the Company' s sole benefit and may be waived by the Company at any time in its sole discretion by providing each Buyer with prior written notice thereof:

(i) Such Buyer shall have executed each of the other Transaction Documents to which it is a party and delivered the same to the Company.

(ii) Such Buyer and each other Buyer shall have delivered to the Company the Purchase Price (less, in the case of any Buyer, the amounts withheld pursuant to Section 4(g)) for the Note and the related Warrants being purchased by such Buyer at the Closing by wire transfer of immediately available funds in accordance with the Flow of Funds Letter.

(iii) The representations and warranties of such Buyer shall be true and correct in all material respects as of the date when made and as of the Closing Date as though originally made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specific date), and such Buyer shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by such Buyer at or prior to the Closing Date.

(iv) Each Buyer, the Company, ATB Financial and the Bank of Montreal shall have duly executed and delivered the First Lien Intercreditor Side Letter.

(v) Each Buyer, the Company and SAF Jackson II LP shall have duly executed and delivered the Second Lien Intercreditor Side Letter.

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7. CONDITIONS TO EACH BUYER' S OBLIGATION TO PURCHASE.

(a) The obligation of each Buyer hereunder to purchase its Note and its related Warrants at the Closing is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for each Buyer' s sole benefit and may be waived by such Buyer at any time in its sole discretion by providing the Company with prior written notice thereof:

(i) The Company shall have duly executed and delivered to such Buyer each of the Transaction Documents to which it is a party and the Company shall have duly executed and delivered to such Buyer (A) a Note in such original principal amount as is set forth across from such Buyer' s name in column (3) of the Schedule of Buyers, and (B) a Warrant initially exercisable for such aggregate number of Warrant Shares as is set forth across from such Buyer' s name in column (4) of the Schedule of Buyers, in each case, as being purchased by such Buyer at the Closing pursuant to this Agreement.

(ii) Such Buyer shall have received the opinion of Shearman & Sterling LLP, the Company' s U.S. counsel and McCarthy Tétrault LLP, the Company' s Canadian counsel, dated as of the Closing Date, addressed to the Buyers and the Placement Agents, in each case, in a form acceptable to such Buyer.

(iii) [Reserved].

(iv) The Company shall have delivered to such Buyer a certificate evidencing the existence and good standing of the Company in the Province of Alberta as of a date within ten (10) days of the Closing Date.

(v) The Company and each Buyer shall have duly executed and delivered to the Company (with a copy to each other Buyer) a leak-out agreement in the form of **Exhibit E** hereof (each, a "**Leak-Out Agreement**").

(vi) The Company shall have delivered to such Buyer a certificate, in the form acceptable to such Buyer, executed by the Secretary of the Company and dated as of the Closing Date, as to (i) the resolutions consistent with Section 3(b) as adopted by the Company' s board of directors, and (ii) the Articles of the Company.

(vii) Each and every representation and warranty of the Company shall be true and correct in all material respects (except for such representations or warranties subject to materiality or Material Adverse Effect, which shall be true and correct in all respects) as of the date when made and as of the Closing Date as though originally made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specific date) and the Company shall have performed, satisfied and complied in all respects with the covenants, agreements and conditions required to be performed, satisfied or complied with by the Company at or prior to the Closing Date. Such Buyer shall have received a certificate, duly executed by the Chief Executive Officer of the Company, dated as of the Closing Date, to the foregoing effect and as to such other matters as may be reasonably requested by such Buyer in the form acceptable to such Buyer.

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(viii) The Company shall have delivered to such Buyer a letter from the Company' s transfer agent certifying the number of Common Shares outstanding on the Closing Date immediately prior to the Closing.

(ix) The Common Shares (A) shall be designated for quotation or listed (as applicable) on the Principal Market and (B) shall not have been suspended, as of the Closing Date, by the SEC or the Principal Market from trading on the Principal Market nor shall suspension by the SEC or the Principal Market have been threatened, as of the Closing Date, in writing by the SEC or the Principal Market (other than with respect to the Minimum Bid Price Requirement).

(x) The Company shall have obtained all governmental, regulatory or third party consents and approvals, if any, necessary for the sale of the Securities, including without limitation, those required by the Principal Market, if any.

(xi) No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or Governmental Entity of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Transaction Documents.

(xii) Since the date of execution of this Agreement, no event or series of events shall have occurred that reasonably would have or result in a Material Adverse Effect.

(xiii) The Company shall have obtained approval of the Principal Market to list or designate for quotation (as the case may be) the Conversion Shares and the Warrant Shares.

(xiv) Each Buyer, the Company, ATB Financial and the Bank of Montreal shall have duly executed and delivered the First Lien Intercreditor Side Letter.

(xv) Each Buyer, the Company and SAF Jackson II LP shall have duly executed and delivered the Second Lien Intercreditor Side Letter.

(xvi) The Company, ATB Financial and the Bank of Montreal, as lenders, and the ATB Financial, as administrative agent, shall have duly executed and delivered the Amended and Restated Credit Agreement, in the form attached hereto as **Exhibit F** (the "**First Lien Credit Agreement**"), and on or prior to the Closing Date, shall have consummated the transactions contemplated thereby (collectively, the "**First Lien Restructuring Transactions**").

(xvii) The Company and SAF Jackson II LP shall have duly executed and delivered the Securities Restructuring Agreement (the "**SAF Restructuring Agreement**") and the Transaction Documents (as defined in the SAF Restructuring Agreement) (including, without limitation, the issuance of the SAF Securities (as defined below)), in the forms attached hereto as **Exhibit G**, and on or prior to the Closing Date, shall have consummated the transactions contemplated thereby (collectively, the "**SAF Restructuring Transactions**", and together with the First Lien Restructuring Transactions, the "**Debt Restructuring Transactions**")

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(xviii) The forms of the warrants to purchase Common Shares to be issued to the Placement Agents (the "**Placement Agent Securities**") and the forms of the second lien convertible note (the "**SAF Note**") and warrants to purchase Common Shares to be issued to SAF Jackson II LP (the "**SAF Warrant**", and together with the SAF Note, the "**SAF Securities**"), in each case, shall have been delivered to such Buyer, shall not have been amended, modified or waived prior to issuance concurrently with the Closing and shall be in form and substance satisfactory to such Buyer in its sole discretion.

(xix) Such Buyer shall have received a letter on the letterhead of the Company (the "**Flow of Funds Letter**") duly executed by the Chief Executive Officer of the Company, setting forth the wire amounts of each Buyer and the wire transfer instructions of the Company.

(xx) The Company and its Subsidiaries shall have delivered to such Buyer such other documents, instruments or certificates relating to the transactions contemplated by this Agreement as such Buyer or its counsel may reasonably request.

8. TERMINATION.

In the event that the Closing shall not have occurred with respect to a Buyer within five (5) days of the date hereof, then such Buyer shall have the right to terminate its obligations under this Agreement with respect to itself at any time on or after the close of business on such date without liability of such Buyer to any other party; *provided*, *however*, (i) the right to terminate this Agreement under this Section 8 shall not be available to such Buyer if the failure of the transactions contemplated by this Agreement to have been consummated by such date is the result of such Buyer' s breach of this Agreement and (ii) the abandonment of the sale and purchase of the Notes and the Warrants shall be applicable only to such Buyer providing such written notice, provided further that no such termination shall affect any obligation of the Company under this Agreement to reimburse such Buyer for the expenses described in Section 4(g) above. Nothing contained in this Section 8 shall be deemed to release any party from any liability for any breach by such party of the terms and provisions of this Agreement or the other Transaction Documents or to impair the right of any party to compel specific performance by any other party of its obligations under this Agreement or the other Transaction Documents.

9. MISCELLANEOUS.

(a) Governing Law; Jurisdiction; Jury Trial. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. The Company hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or under any of the other Transaction Documents or with any transaction contemplated hereby or thereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of

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such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. The Company hereby appoints Corporation Service Company (1180 Avenue of the Americas, Suite 210, New York, New York, 10036-8401) as its agent for service of process in New York. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein shall be deemed or operate to preclude any Buyer from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company' s obligations to such Buyer or to enforce a judgment or other court ruling in favor of such Buyer. **EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR UNDER ANY OTHER TRANSACTION DOCUMENT OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT, ANY OTHER TRANSACTION DOCUMENT OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY.** The choice of the laws of the State of New York as the governing law of this Agreement is a valid choice of law and would be recognized and given effect to in any action brought before a court of competent jurisdiction in the Province of Alberta, except for those laws (i) which such court considers to be procedural in nature, (ii) which are revenue or penal laws or (iii) the application of which would be inconsistent with public policy, as such term is interpreted under the laws of the Province of Alberta. The choice of laws of the State of New York as the governing law of this Agreement will be honored by competent courts in the Canada, subject to compliance with relevant Canadian civil procedural requirements. The Company or any of their respective properties, assets or revenues does not have any right of immunity under Province of Alberta, Canadian or New York law, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from set-off or counterclaim, from the jurisdiction of any Province of Alberta, Canadian, New York or United States federal court, from service of process, attachment upon or prior to judgment, or attachment in aid of execution of judgment, or from execution of a judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of a judgment, in any such court, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Agreement; and, to the extent that the Company, or any of its properties, assets or revenues may have or may hereafter become entitled to any such right of immunity in any such court in which proceedings may at any time be commenced, the Company hereby waives such right to the extent permitted by law and hereby consents to such relief and enforcement as provided in this Agreement and the other Transaction Documents. The Company hereby agrees to pay all costs incurred by any Buyer for any enforcement or other action related to this Agreement or any of the Transaction Documents or in connection with any bankruptcy, reorganization, receivership or other proceeding of the Company or any of its Subsidiaries, including, without limitation, attorneys' fees and disbursements.

(b) Counterparts. This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. In the event that any signature is delivered by facsimile transmission or by an e-mail which contains a portable document format (.pdf) file of an executed signature page, such signature page shall create

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a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such signature page were an original thereof.

(c) Headings; Gender. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement. Unless the context clearly indicates otherwise, each pronoun herein shall be deemed to include the masculine, feminine, neuter, singular and plural forms thereof. The terms "including," "includes," "include" and words of like import shall be construed broadly as if followed by the words "without limitation." The terms "herein," "hereunder," "hereof" and words of like import refer to this entire Agreement instead of just the provision in which they are found.

(d) Severability; Maximum Payment Amounts. If any provision of this Agreement is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Agreement so long as this Agreement as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s). Notwithstanding anything to the contrary contained in this Agreement or any other Transaction Document (and without implication that the following is required or applicable), it is the intention of the parties that in no event shall amounts and value paid by the Company and/or any of its Subsidiaries (as the case may be), or payable to or received by any of the Buyers, under the Transaction Documents (including without limitation, any amounts that would be characterized as "interest" under applicable law) exceed amounts permitted under any applicable law. Accordingly, if any obligation to pay, payment made to any Buyer, or collection by any Buyer pursuant the Transaction Documents is finally judicially determined to be contrary to any such applicable law, such obligation to pay, payment or collection shall be deemed to have been made by mutual mistake of such Buyer, the Company and its Subsidiaries and such amount shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by the applicable law. Such adjustment shall be effected, to the extent necessary, by reducing or refunding, at the option of such Buyer, the amount of interest or any other amounts which would constitute unlawful amounts required to be paid or actually paid to such Buyer under the Transaction Documents. For greater certainty, to the extent that any interest, charges, fees, expenses or other amounts required to be paid to or received by such Buyer under any of the Transaction Documents or related thereto are held to be within the meaning of "interest" or another applicable term to otherwise be violative of applicable law, such amounts shall be pro-rated over the period of time to which they relate.

(e) Entire Agreement; Amendments. This Agreement, the other Transaction Documents and the schedules and exhibits attached hereto and thereto and the instruments referenced herein and therein supersede all other prior oral or written agreements between the

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Buyers, the Company, its Subsidiaries, their affiliates and Persons acting on their behalf, including, without limitation, any transactions by any Buyer with respect to Common Shares or the Securities, and the other matters contained herein and therein, and this Agreement, the other Transaction Documents, the schedules and exhibits attached hereto and thereto and the instruments referenced herein and therein contain the entire understanding of the parties solely with respect to the matters covered herein and therein. Except as specifically set forth herein or therein, neither the Company nor any Buyer makes any representation, warranty, covenant or undertaking with respect to such matters. For clarification purposes, the Recitals are part of this Agreement. No provision of this Agreement may be amended other than by an instrument in writing signed by the Company and the Required Holders, and any amendment to any provision of this Agreement made in conformity with the provisions of this Section 9(e) shall be binding on all Buyers and holders of Securities, as applicable; *provided* that no such amendment shall be effective to the extent that it (A) applies to less than all of the holders of the Securities then outstanding or (B) imposes any obligation or liability on any Buyer without such Buyer' s prior written consent (which may be granted or withheld in such Buyer' s sole discretion). No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party, provided that the Required Holders may waive any provision of this Agreement, and any waiver of any provision of this Agreement made in conformity with the provisions of this Section 9(e) shall be binding on all Buyers and holders of Securities, as applicable, provided that no such waiver shall be effective to the extent that it (1) applies to less than all of the holders of the Securities then outstanding (unless a party gives a waiver as to itself only) or (2) imposes any obligation or liability on any Buyer without such Buyer' s prior written consent (which may be granted or withheld in such Buyer' s sole discretion). No consideration (other than reimbursement of legal fees) shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of any of the Transaction Documents unless the same consideration also is offered to all of the parties to the Transaction Documents, all holders of the Notes or all holders of the Warrants (as the case may be). From the date hereof and while any Notes or Warrants are outstanding, the Company shall not be permitted to receive any consideration from a Buyer or a holder of Notes or Warrants that is not otherwise contemplated by the Transaction Documents in order to, directly or indirectly, induce the Company or any Subsidiary (i) to treat such Buyer or holder of Notes or Warrants in a manner that is more favorable than to other similarly situated Buyers or holders of Notes or Warrants, as applicable, or (ii) to treat any Buyer(s) or holder(s) of Notes or Warrants in a manner that is less favorable than the Buyer or holder of Notes or Warrants that is paying such consideration; *provided*, *however*, that the determination of whether a Buyer has been treated more or less favorably than another Buyer shall disregard any securities of the Company purchased or sold by any Buyer. The Company has not, directly or indirectly, made any agreements with any Buyers relating to the terms or conditions of the transactions contemplated by the Transaction Documents except as set forth in the Transaction Documents. Without limiting the foregoing, the Company confirms that, except as set forth in this Agreement, no Buyer has made any commitment or promise or has any other obligation to provide any financing to the Company, any Subsidiary or otherwise. As a material inducement for each Buyer to enter into this Agreement, the Company expressly acknowledges and agrees that (x) no due diligence or other investigation or inquiry conducted by a Buyer, any of its advisors or any of its representatives shall affect such Buyer' s right to rely on, or shall modify or qualify in any manner or be an exception to any of, the Company' s representations and warranties contained in this Agreement or any other Transaction Document and (y) unless a provision of this Agreement or any other Transaction Document is

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expressly preceded by the phrase "except as disclosed in the SEC Documents or IPO Prospectus" (or a similar phrase), nothing contained in any of the SEC Documents or IPO Prospectus shall affect such Buyer' s right to rely on, or shall modify or qualify in any manner or be an exception to any of, the Company' s representations and warranties contained in this Agreement or any other Transaction Document. "**Required Holders**" means (I) prior to the Closing Date, each Buyer entitled to purchase Notes at the Closing and (II) on or after the Closing Date, holders of a majority of the Registrable Securities as of such time (excluding any Registrable Securities held by the Company or any of its Subsidiaries as of such time) issued or issuable hereunder or pursuant to the Notes and/or the Warrants (or the Buyers, with respect to any waiver or amendment of Section 4(o)); provided, that any majority must include Hudson Bay Master Fund Ltd. ("**Hudson Bay**") as long as Hudson Bay holds any Securities.

(f) Notices. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party) or electronic mail (provided that such sent email is kept on file (whether electronically or otherwise) by the sending party and the sending party does not receive an automatically generated message from the recipient' s email server that such e-mail could not be delivered to such recipient); or (iii) one (1) Business Day after deposit with an overnight courier service with next day delivery specified, in each case, properly addressed to the party to receive the same. The addresses, facsimile numbers and e-mail addresses for such communications shall be:

If to the Company:

Sundial Growers Inc.
919 - 11 Avenue SW, Suite 200
Calgary, AB, Canada T2R 1P3
Telephone: (403) 948-5227
Attention: Chief Executive Officer, Chief Financial Officer,
General Counsel and Vice President Finance
E-Mail: *[Redacted: Confidential Information]*

With a copy (for informational purposes only) to:

Shearman & Sterling LLP
599 Lexington Avenue
New York, NY 10022-6069
Telephone: (212) 848-4000
Attention: *[Redacted: Confidential Information]*
E-Mail: *[Redacted: Confidential Information]*

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or to such other address, e-mail address and/or facsimile number and/or to the attention of such other Person as the Company has specified by written notice given to each other party five (5) days prior to the effectiveness of such change.

If to the Transfer Agent:

Odyssey Trust Company

1230 – 300 5th Ave SW
Telephone: *[Redacted: Confidential Information]*
Attention *[Redacted: Confidential Information]*
E-Mail: *[Redacted: Confidential Information]*

If to a Buyer, to its address, e-mail address and facsimile number set forth on the Schedule of Buyers, with copies to such Buyer' s representatives as set forth on the Schedule of Buyers,

with a copy (for informational purposes only) to:

Kelley Drye & Warren LLP
101 Park Avenue
New York, NY 10178
Telephone: *[Redacted: Confidential Information]*
Facsimile: *[Redacted: Confidential Information]*
Attention: *[Redacted: Confidential Information]*
E-mail: *[Redacted: Confidential Information]*

or to such other address, e-mail address and/or facsimile number and/or to the attention of such other Person as the recipient party has specified by written notice given to each other party five (5) days prior to the effectiveness of such change, provided that Kelley Drye & Warren LLP shall only be provided copies of notices sent to the Lead Buyer. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender' s facsimile machine or e-mail containing the time, date, recipient facsimile number and, with respect to each facsimile transmission, an image of the first page of such transmission or (C) provided by an overnight courier service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from an overnight courier service in accordance with clause (i), (ii) or (iii) above, respectively.

(g) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns, including any purchasers of any of the Notes and Warrants. The Company shall not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Required Holders, including, without limitation, by way of a Fundamental Transaction (as defined in the Warrants) (unless the Company is in compliance with the applicable provisions governing Fundamental Transactions set forth in the Warrants) or a Fundamental Transaction (as defined in the Notes) (unless the Company is in compliance with the applicable provisions governing Fundamental Transactions set forth in the Notes). A Buyer may assign some or all of its rights hereunder in connection with any transfer of any of its Securities without the consent of the Company, in which event such assignee shall be deemed to be a Buyer hereunder with respect to such assigned rights.

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(h) No Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, other than the Indemnitees referred to in Section 9(k). Notwithstanding the foregoing, the Placement Agents shall be intended third party beneficiaries of (i) the Company' s representations and warranties set forth in Section 3 hereof and (ii) each Buyer' s representations, warranties and agreements set forth in Section 2 hereof.

(i) Survival. The representations, warranties, agreements and covenants shall survive the Closing. Each Buyer shall be responsible only for its own representations, warranties, agreements and covenants hereunder.

(j) Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as any other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

(k) Indemnification. In consideration of each Buyer' s execution and delivery of the Transaction Documents and acquiring the Securities thereunder and in addition to all of the Company' s other obligations under the Transaction Documents, the Company shall defend, protect, indemnify and hold harmless each Buyer and each holder of any Securities and all of their shareholders, partners, members, officers, directors, employees and direct or indirect investors and any of the foregoing Persons' agents or other representatives (including, without limitation, those retained in connection with the transactions contemplated by this Agreement) (collectively, the "**Indemnitees**") from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (irrespective of whether any such Indemnitee is a party to the action for which indemnification hereunder is sought), and including reasonable attorneys' fees and disbursements (the "**Indemnified Liabilities**"), incurred by any Indemnitee as a result of, or arising out of, or relating to (i) any misrepresentation or breach of any representation or warranty made by the Company or any Subsidiary in any of the Transaction Documents, (ii) any breach of any covenant, agreement or obligation of the Company or any Subsidiary contained in any of the Transaction Documents or (iii) any cause of action, suit, proceeding or claim brought or made against such Indemnitee by a third party (including for these purposes a derivative action brought on behalf of the Company or any Subsidiary) or which otherwise involves such Indemnitee that arises out of or results from (A) the execution, delivery, performance or enforcement of any of the Transaction Documents, (B) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of the issuance of the Securities, (C) any disclosure properly made by such Buyer pursuant to Section 4(i), or (D) the status of such Buyer or holder of the Securities either as an investor in the Company pursuant to the transactions contemplated by the Transaction Documents or as a party to this Agreement (including, without limitation, as a party in interest or otherwise in any action or proceeding for injunctive or other equitable relief). To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. Except as otherwise set forth herein, the mechanics and procedures with respect to the rights and obligations under this Section 9(k) shall be the same as those set forth in Section 6 of the Registration Rights Agreement.

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(l) Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party. No specific representation or warranty shall limit the generality or applicability of a more general representation or warranty. Each and every reference to share prices, Common Shares and any other numbers in this Agreement that relate to the Common Shares shall be automatically adjusted for any share splits, share dividends, share combinations, recapitalizations or other similar transactions that occur with respect to the Common Shares after the date of this Agreement. Notwithstanding anything in this Agreement to the contrary, for the avoidance of doubt, nothing contained herein shall constitute a representation or warranty against, or a prohibition of, any actions with respect to the borrowing of, arrangement to borrow, identification of the availability of, and/or securing of, securities of the Company in order for such Buyer (or its broker or other financial representative) to effect short sales or similar transactions in the future.

(m) Remedies. Each Buyer and in the event of assignment by Buyer of its rights and obligations hereunder, each holder of Securities, shall have all rights and remedies set forth in the Transaction Documents and all rights and remedies which such holders have been granted at any time under any other agreement or contract and all of the rights which such holders have under any law. Any Person having any rights under any provision of this Agreement shall be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law. Furthermore, the Company recognizes that in the event that it or any Subsidiary fails to perform, observe, or discharge any or all of its or such Subsidiary' s (as the case may be) obligations under the Transaction Documents, any remedy at law would inadequate relief to the Buyers. The Company therefore agrees that the Buyers shall be entitled to specific performance and/or temporary, preliminary and permanent injunctive or other equitable relief from any court of competent jurisdiction in any such case without the necessity of proving actual damages and without posting a bond or other security. The remedies provided in this Agreement and the other Transaction Documents shall be cumulative and in addition to all other remedies available under this Agreement and the other Transaction Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief).

(n) Withdrawal Right. Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) the Transaction Documents, whenever any Buyer exercises a right, election, demand or option under a Transaction Document and the Company or any Subsidiary does not timely perform its related obligations within the periods therein provided, then such Buyer may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company or such Subsidiary (as the case may be), any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights.

(o) Payment Set Aside; Currency. To the extent that the Company makes a payment or payments to any Buyer hereunder or pursuant to any of the other Transaction Documents or any of the Buyers enforce or exercise their rights hereunder or thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other Person under any law (including, without limitation, any bankruptcy law, foreign, state or

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federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred. Unless otherwise expressly indicated, all dollar amounts referred to in this Agreement and the other Transaction Documents are in United States Dollars ("**U.S. Dollars**"), and all amounts owing under this Agreement and all other Transaction Documents shall be paid in U.S. Dollars. All amounts denominated in other currencies (if any) shall be converted into the U.S. Dollar equivalent amount in accordance with the Exchange Rate on the date of calculation. "**Exchange Rate**" means, in relation to any amount of currency to be converted into U.S. Dollars pursuant to this Agreement, the U.S. Dollar exchange rate as published in the Wall Street Journal on the relevant date of calculation.

(p) Judgment Currency.

(i) If for the purpose of obtaining or enforcing judgment against the Company in connection with this Agreement or any other Transaction Document in any court in any jurisdiction it becomes necessary to convert into any other currency (such other currency being hereinafter in this Section 9(p) referred to as the "**Judgment Currency**") an amount due in U.S. Dollars under this Agreement, the conversion shall be made at the Exchange Rate prevailing on the Trading Day immediately preceding:

(1) the date actual payment of the amount due, in the case of any proceeding in the courts of New York or in the courts of any other jurisdiction that will give effect to such conversion being made on such date: or

(2) the date on which the foreign court determines, in the case of any proceeding in the courts of any other jurisdiction (the date as of which such conversion is made pursuant to this Section 9(p)(i)(2) being hereinafter referred to as the "**Judgment Conversion Date**").

(ii) If in the case of any proceeding in the court of any jurisdiction referred to in Section 9(p)(i)(2) above, there is a change in the Exchange Rate prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, the applicable party shall pay such adjusted amount as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the Exchange Rate prevailing on the date of payment, will produce the amount of U.S. Dollars which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the Exchange Rate prevailing on the Judgment Conversion Date.

(iii) Any amount due from the Company under this provision shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of this Agreement or any other Transaction Document.

(q) Independent Nature of Buyers' Obligations and Rights. The obligations of each Buyer under the Transaction Documents are several and not joint with the obligations of any other Buyer, and no Buyer shall be responsible in any way for the performance of the obligations of any other Buyer under any Transaction Document. Nothing contained herein or in any other

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Transaction Document, and no action taken by any Buyer pursuant hereto or thereto, shall be deemed to constitute the Buyers as, and the Company acknowledges that the Buyers do not so constitute, a partnership, an association, a joint venture or any other kind of group or entity, or create a presumption that the Buyers are in any way acting in concert or as a group or entity, and the Company shall not assert any such claim with respect to such obligations or the transactions contemplated by the Transaction Documents or any matters, and the Company acknowledges that the Buyers are not acting in concert or as a group, and the Company shall not assert any such claim, with respect to such obligations or the transactions contemplated by the Transaction Documents. The decision of each Buyer to purchase Securities pursuant to the Transaction Documents has been made by such Buyer independently of any other Buyer. Each Buyer acknowledges that no other Buyer has acted as agent for such Buyer in connection with such Buyer making its investment hereunder and that no other Buyer will be acting as agent of such Buyer in connection with monitoring such Buyer' s investment in the Securities or enforcing its rights under the Transaction Documents. The Company and each Buyer confirms that each Buyer has independently participated with the Company and its Subsidiaries in the negotiation of the transaction contemplated hereby with the advice of its own counsel and advisors. Each Buyer shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of any other Transaction Documents, and it shall not be necessary for any other Buyer to be joined as an additional party in any proceeding for such purpose. The use of a single agreement to effectuate the purchase and sale of the Securities contemplated hereby was solely in the control of the Company, not the action or decision of any Buyer, and was done solely for the convenience of the Company and its Subsidiaries and not because it was required or requested to do so by any Buyer. It is expressly understood and agreed that each provision contained in this Agreement and in each other Transaction Document is between the Company, each Subsidiary and a Buyer, solely, and not between the Company, its Subsidiaries and the Buyers collectively and not between and among the Buyers.

[*signature pages follow*]

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IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Agreement to be duly executed as of the date first written above.

COMPANY:

SUNDIAL GROWERS INC.

By: /s/ Zachary George
Name: Zachary George
Title: Chief Executive Officer

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IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Agreement to be duly executed as of the date first written above.

BUYER:

HUDSON BAY MASTER FUND LTD.

By: /s/ George Antonopoulos
Name: George Antonopoulos
Title: Authorized Signatory

Authorized Signatory
Hudson Bay Capital Management LP
Not individually, but solely as
Investment Advisor to Hudson Bay Master Fund Ltd

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IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Agreement to be duly executed as of the date first written above.

BUYER:

ANSON INVESTMENTS MASTER FUND LP

By: /s/ Amin Nathoo
Name: Amin Nathoo
Title: Director, Anson Advisors Inc.

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IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Agreement to be duly executed as of the date first written above.

BUYER:

ANSON EAST MASTER FUND LP

By: /s/ Amin Nathoo
Name: Amin Nathoo
Title: Director, Anson Advisors Inc.

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SCHEDULE OF BUYERS

(1)	(2)	(3)	(4)	(5)	(6)
Buyer	**Address and Facsimile Number**	**Original Principal Amount of Notes**	**Aggregate Number of Warrant Shares**	**Purchase Price**	**Legal Representative' s Address and Facsimile Number**
Hudson Bay Master Fund Ltd.	Please deliver any notices other than Pre-Notices to: *[Redacted: Confidential Information]* with a copy to: *[Redacted: Confidential Information]* Please deliver any Pre-Notice to: *[Redacted: Confidential Information]*	$12,000,000	9,638,039	$10,000,000	Kelley Drye & Warren LLP 101 Park Avenue New York, NY 10178 Telephone: *[Redacted: Confidential Information]* Facsimile: *[Redacted: Confidential Information]* Attention: *[Redacted: Confidential Information]*
Anson Investments Master Fund LP	*[Redacted: Confidential Information]*	$4,200,000	3,373,314	$3,500,000	N/A

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(1)	(2)	(3)	(4)	(5)	(6)
	with a copy to:				
	[Redacted: Confidential Information]				
Anson East Master Fund LP	*[Redacted: Confidential Information]*	$1,800,000	1,445,076	$1,500,000	N/A
	with a copy to:				
	[Redacted: Confidential Information]				
TOTAL		$18,000,000	14,457,059	$15,000,000	

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[FORM OF SENIOR SUBORDINATED CONVERTIBLE NOTE]

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE CONVERTIBLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED(THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. AT ANY TIME DURING THE DISTRIBUTION AND PRIOR TO THE EXPIRATION OF FORTY DAYS FROM THE LATER OF (1) THE DATE ON WHICH THESE THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE FIRST OFFERED AND (2) THE DATE OF ISSUANCE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES OR TO A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) UNLESS THE SECURITIES REPRESENTED BY THIS CERTIFICATE AND THE SECURITIES INTO WHICH THESE SECURITIES ARE CONVERTIBLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

ANY TRANSFEREE OF THIS NOTE SHOULD CAREFULLY REVIEW THE TERMS OF THIS NOTE, INCLUDING SECTIONS 3(c)(iii) AND 18(a) HEREOF. THE PRINCIPAL AMOUNT REPRESENTED BY THIS NOTE AND, ACCORDINGLY, THE SECURITIES ISSUABLE UPON CONVERSION HEREOF MAY BE LESS THAN THE AMOUNTS SET FORTH ON THE FACE HEREOF PURSUANT TO SECTION 3(c)(iii) OF THIS NOTE.

THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID"). PURSUANT TO TREASURY REGULATION §1.1275-3(b)(1), [ ], A REPRESENTATIVE OF THE COMPANY HEREOF WILL, BEGINNING TEN DAYS AFTER THE ISSUANCE DATE OF THIS NOTE, PROMPTLY MAKE AVAILABLE TO THE HOLDER UPON REQUEST THE INFORMATION DESCRIBED IN TREASURY REGULATION §1.1275-3(b)(1)(i). [ ] MAY BE REACHED AT TELEPHONE NUMBER [( ) -].

SUNDIAL GROWERS INC.

SENIOR SUBORDINATED CONVERTIBLE NOTE

Issuance Date: [ ], 20[ ] Original Principal Amount: U.S. $[ ]

FOR VALUE RECEIVED, Sundial Growers Inc., a company incorporated under the laws of the Province of Alberta, Canada (the "**Company**"), hereby promises to pay to the order of [BUYER] or its registered assigns ("**Holder**") the amount set forth above as the Original Principal Amount (as reduced pursuant to the terms hereof pursuant to redemption, conversion or otherwise, or as increased by any PIK (as defined below), the "**Principal**") when due, whether upon the Maturity Date, or upon acceleration, redemption or otherwise (in each case in accordance with the

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terms hereof) and, upon any Triggering Event (as defined below), to pay interest ("**Interest**") on any outstanding Principal at the applicable Triggering Event Rate (as defined below) until the same becomes due and payable, whether upon the Maturity Date or upon acceleration, conversion, redemption or otherwise (in each case in accordance with the terms hereof). This Senior Subordinated Convertible Note (including all Senior Subordinated Convertible Notes issued in exchange, transfer or replacement hereof, this "**Note**") is one of an issue of Senior Subordinated Convertible Notes issued pursuant to the Securities Purchase Agreement, dated as of June 5, 2020 (the "**Subscription Date**"), by and among the Company and the investors (the "**Buyers**") referred to therein, as amended from time to time (collectively, the "**Notes**", and such other Senior Subordinated Convertible Notes issued pursuant to the Securities Purchase Agreement, collectively, the "**Other Notes**"). Certain capitalized terms used herein are defined in Section 31.

1. PAYMENTS OF PRINCIPAL. On the Maturity Date, the Company shall pay to the Holder an amount in cash representing all outstanding Principal, accrued and unpaid Interest (if any) and accrued and unpaid Late Charges (as defined in Section 24(c)) on such Principal and Interest. Other than as specifically permitted by this Note, the Company may not prepay any portion of the outstanding Principal, accrued and unpaid Interest or accrued and unpaid Late Charges on Principal and Interest, if any.

2. INTEREST; INTEREST RATE.

(a) This Note was issued with original issue discount as described in the Securities Purchase Agreement. This Note shall not bear Interest except upon the occurrence (and during the continuance) of an Triggering Event (as defined below), in which case this Note shall bear interest at a rate of eighteen percent (18.0%) per annum (the "**Triggering Event Rate**") of the then outstanding Principal. In the event that such Triggering Event is subsequently cured or waived in accordance with the terms of this Note (and no other Triggering Event then exists (including, without limitation, for the Company' s failure to pay such Interest at the Triggering Event Rate on the applicable Interest Date (as defined below))), Interest hereunder shall cease to accrue as of the calendar day immediately following the date of such cure or waiver; *provided* that the Interest as calculated and unpaid during the continuance of such Triggering Event shall continue to apply to the extent relating to the days after the occurrence of such Triggering Event through and including the date of such cure or waiver of such Triggering Event.

(b) Interest on this Note shall (i) commence accruing upon the occurrence of an Triggering Event, (ii) be computed on the basis of a 360-day year and twelve 30-day months, (iii) compound each calendar month, (iv) be payable on the first Trading Day of each such calendar month in which Interest accrues hereunder (each, an "**Interest Date**") in accordance with the terms of this Note and (v) if unpaid on an Interest Date, shall compound on such Interest Date. Interest shall be paid on such Interest Date by PIK (as defined below). Prior to the payment of Interest on an Interest Date, Interest on this Note shall be payable by way of inclusion of such Interest in the Conversion Amount (as defined below) on each Conversion Date (as defined below) in accordance with Section 3(b)(i) or upon any redemption in accordance with Section 11 or any required payment upon any Bankruptcy Event of Default (as defined in Section 4(a) below).

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3. CONVERSION OF NOTES. At any time after the date of this Note (the "**Issuance Date**"), this Note shall be convertible into validly issued, fully paid and non-assessable Common Shares (as defined below), on the terms and conditions set forth in this Section 3.

(a) Conversion Right. Subject to the provisions of Section 3(d), at any time or times on or after the Issuance Date, the Holder shall be entitled to convert any portion of the outstanding and unpaid Conversion Amount (as defined below) into validly issued, fully paid and non-assessable Common Shares in accordance with Section 3(c), at the Conversion Rate (as defined below). The Company shall not issue any fraction of a Common Share upon any conversion. If the issuance would result in the issuance of a fraction of a Common Share, the Company shall round such fraction of a Common Share up to the nearest whole share. The Company shall pay any and all transfer, stamp, issuance and similar taxes, costs and expenses (including, without limitation, fees and expenses of the Transfer Agent (as defined below)) that may be payable with respect to the issuance and delivery of Common Shares upon conversion of any Conversion Amount.

(b) Conversion Rate. The number of Common Shares issuable upon conversion of any Conversion Amount pursuant to Section 3(a) shall be determined by dividing (x) such Conversion Amount by (y) the Conversion Price (the "**Conversion Rate**").

(i) "**Conversion Amount**" means the sum of (x) portion of the Principal to be converted, redeemed or otherwise with respect to which this determination is being made and (y) all accrued and unpaid Interest with respect to such portion of the Principal amount and accrued and unpaid Late Charges with respect to such portion of such Principal and such Interest, if any.

(ii) "**Conversion Price**" means, as of any Conversion Date or other date of determination, $1.00, subject to adjustment as provided herein.

(c) Mechanics of Conversion.

(i) Optional Conversion. To convert any Conversion Amount into Common Shares on any date (a "**Conversion Date**"), the Holder shall deliver (whether via electronic mail or otherwise), for receipt on or prior to 5:00 p.m., New York time, on such date, a copy of an executed notice of conversion in the form attached hereto as Exhibit I (the "**Conversion Notice**") to the Company. If required by Section 3(c)(iii), within two (2) Trading Days following a conversion of this Note as aforesaid, the Holder shall surrender this Note to a nationally recognized overnight delivery service for delivery to the Company (or an indemnification undertaking with respect to this Note in the case of its loss, theft or destruction as contemplated by Section 18(b)). On or before the first (1st) Trading Day following the date of receipt of a Conversion Notice, the Company shall transmit by electronic mail or otherwise a treasury direction and acknowledgment of confirmation and representation as to whether or not such Common Shares may then be resold pursuant to Rule 144 or an effective and available registration statement, in the form attached hereto as Exhibit II, of receipt of such Conversion Notice to the Holder and the Transfer Agent which confirmation shall constitute an instruction to the Transfer Agent to process such Conversion Notice in

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accordance with the terms herein. On or before the second (2nd) Trading Day following the date on which the Company has received a Conversion Notice (the "**Share Delivery Deadline**"), the Company shall (1) provided that the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program and the Required Unrestricted Conditions (as defined in the Securities Purchase Agreement) are satisfied, credit such aggregate number of Common Shares to which the Holder shall be entitled pursuant to such conversion to the Holder' s or its designee' s balance account with DTC through its Deposit/Withdrawal at Custodian system or (2) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or the Required Unrestricted Conditions are not satisfied, upon the request of the Holder, issue and deliver (via reputable overnight courier) to the address as specified in the Conversion Notice, a certificate, registered in the name of the Holder or its designee, for the number of Common Shares to which the Holder shall be entitled pursuant to such conversion. If this Note is physically surrendered for conversion pursuant to Section 3(c)(iii) and the outstanding Principal of this Note is greater than the Principal portion of the Conversion Amount being converted, then the Company shall as soon as practicable and in no event later than two (2) Business Days after receipt of this Note and at its own expense, issue and deliver to the Holder (or its designee) a new Note (in accordance with Section 18(d)) representing the outstanding Principal not converted. The Person or Persons entitled to receive the Common Shares issuable upon a conversion of this Note shall be treated for all purposes as the record holder or holders of such Common Shares on the Conversion Date. Notwithstanding anything to the contrary contained in this Note or the Registration Rights Agreement, after the Effective Date (as defined in the Registration Rights Agreement) of the Registration Statement (as defined in the Registration Rights Agreement) and prior to the Holder' s receipt of the notice of a Grace Period (as defined in the Registration Rights Agreement), the Company shall cause the Transfer Agent to deliver unlegended Common Shares to the Holder (or its designee) in connection with any sale of Registrable Securities (as defined in the Registration Rights Agreement) with respect to which the Holder has been named in the Registration Statement and has certified that such Holder has entered into a contract for sale, and delivered a copy of the prospectus included as part of the particular Registration Statement to the extent applicable, and for which the Holder has not yet settled. At any time on or after September 1, 2020, in connection with any conversion of this Note hereunder, in the event that an effective registration statement is not available for the resale by the Holder of all, or any part, of the Common Shares issuable in such conversion and such Common Shares are not eligible to be resold by the Holder pursuant to Rule 144 (such applicable Common Shares not eligible or available, as applicable, for resale by the Holder through an effective registration statement or in reliance on Rule 144, each a "**Restricted Share**"), the Company shall pay cash in exchange for the cancellation of such portion of this Note convertible into such Restricted Shares at a price equal to the sum of (i) the product of (x) such aggregate number of Restricted Shares and (y) the VWAP of the Common Shares on such Conversion Date and (ii) to the extent of any Buy-In related thereto, any Buy-In Payment Amount, any brokerage commissions and other out-of-pocket expenses, if any, of the Holder incurred in connection therewith (collectively, the "**Restricted Share Cancellation Amount**"). For the avoidance of doubt, if at any

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time on or after September 1, 2020, both an effective registration statement and Rule 144 are not available to the Holder for the resale of Common Shares issuable upon conversion of this Note and the Company has delivered at least five (5) Trading Days prior written notice to the Holder that both an effective registration statement and Rule 144 are not available to the Holder for the resale of Common Shares issuable upon conversion of this Note and that the Company shall satisfy all conversions hereunder in cash, until such time as such written notice is revoked by the Company, (I) the Holder shall receive upon conversion of this Note the applicable Restricted Share Cancellation Amount with respect to each such conversion, (II) the Company shall not be obligated to pay any additional amounts pursuant to Section 3(c)(ii) below in connection with the failure to delivery Common Shares in connection therewith and (III) the failure to deliver such Common Shares shall not be an Triggering Event or an Event of Default hereunder.

(ii) Company' s Failure to Timely Convert. If the Company shall fail, for any reason or for no reason, on or prior to the applicable Share Delivery Deadline, either (I) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or the Required Unrestricted Conditions are not satisfied, to issue and deliver to the Holder (or its designee) a certificate for the number of Common Shares to which the Holder is entitled and register such Common Shares on the Company' s share register or, if the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program and the Required Unrestricted Conditions are satisfied, to credit the balance account of the Holder or the Holder' s designee with DTC for such number of Common Shares to which the Holder is entitled upon the Holder' s conversion of this Note (as the case may be) or (II) if after the Effective Date (as defined in the Registration Rights Agreement), the Registration Statement covering the resale of the Common Shares that are the subject of the Conversion Notice (the "**Unavailable Conversion Shares**") is not available for the resale of such Unavailable Conversion Shares and the Company fails to promptly, but in no event later than as required pursuant to the Registration Rights Agreement (x) so notify the Holder and (y) deliver the Common Shares electronically without any restrictive legend by crediting such aggregate number of Common Shares to which the Holder is entitled pursuant to such exercise to the Holder' s or its designee' s balance account with DTC through its Deposit/Withdrawal At Custodian system (the event described in the immediately foregoing clause (II) is hereinafter referred as a "**Notice Failure**" and together with the event described in clause (I) above, a "**Conversion Failure**"), then, in addition to all other remedies available to the Holder, (1) the Company shall pay in cash to the Holder on each day after such Share Delivery Deadline that the issuance of such Common Shares is not timely effected an amount equal to 1.00% of the product of (A) the sum of the number of Common Shares not issued to the Holder on or prior to the Share Delivery Deadline and to which the Holder is entitled, multiplied by (B) any trading price of the Common Shares selected by the Holder in writing as in effect at any time during the period beginning on the applicable Conversion Date and ending on the applicable Share Delivery Deadline and (2) the Holder, upon written notice to the Company, may void its Conversion Notice with respect to, and retain or have returned (as the case may be) any portion of this Note that has not been converted pursuant to such Conversion Notice, provided that the voiding of a Conversion Notice shall not

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affect the Company' s obligations to make any payments which have accrued prior to the date of such notice pursuant to this Section 3(c)(ii) or otherwise. In addition to the foregoing, if on or prior to the Share Delivery Deadline either (A) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or the Required Unrestricted Conditions are not satisfied, the Company shall fail to issue and deliver to the Holder (or its designee) a certificate and register such Common Shares on the Company' s share register or, if the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program and the Required Unrestricted Conditions are satisfied, the Transfer Agent shall fail to credit the balance account of the Holder or the Holder' s designee with DTC for the number of Common Shares to which the Holder is entitled upon the Holder' s conversion hereunder or pursuant to the Company' s obligation pursuant to clause (II) below or (B) a Notice Failure occurs, and if on or after such Share Delivery Deadline the Holder purchases (in an open market transaction or otherwise) Common Shares corresponding to all or any portion of the number of Common Shares issuable upon such conversion that the Holder is entitled to receive from the Company and has not received from the Company in connection with such Conversion Failure or Notice Failure, as applicable (a "**Buy-In**"), then, in addition to all other remedies available to the Holder, the Company shall, within two (2) Business Days after receipt of the Holder' s request and in the Holder' s discretion, either: (I) pay cash to the Holder in an amount equal to the Holder' s total purchase price (including brokerage commissions and other out-of-pocket expenses, if any) for the Common Shares so purchased (including, without limitation, by any other Person in respect, or on behalf, of the Holder) (the "**Buy-In Price**"), at which point the Company' s obligation to so issue and deliver such certificate (and to issue such Common Shares) or credit the balance account of such Holder or such Holder' s designee, as applicable, with DTC for the number of Common Shares to which the Holder is entitled upon the Holder' s conversion hereunder (as the case may be) (and to issue such Common Shares) shall terminate, or (II) promptly honor its obligation to so issue and deliver to the Holder a certificate or certificates representing such Common Shares or credit the balance account of such Holder or such Holder' s designee, as applicable, with DTC for the number of Common Shares to which the Holder is entitled upon the Holder' s conversion hereunder (as the case may be) and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (x) such number of Common Shares multiplied by (y) the lowest Closing Sale Price of the Common Shares on any Trading Day during the period commencing on the date of the applicable Conversion Notice and ending on the date of such issuance and payment under this clause (II) (the "**Buy-In Payment Amount**"). Nothing shall limit the Holder' s right to pursue any other remedies available to it hereunder, at law or in equity, including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company' s failure to timely deliver certificates representing Common Shares (or to electronically deliver such Common Shares) upon the conversion of this Note as required pursuant to the terms hereof. Notwithstanding anything herein to the contrary, with respect to any given Notice Failure and/or Conversion Failure, this Section 3(c)(ii) shall not apply to the Holder to the extent the Company has already paid such amounts in full to such Holder with respect to such Notice Failure and/or Conversion Failure, as applicable, pursuant to the analogous

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sections of the Securities Purchase Agreement.

(iii) Registration; Book-Entry. The Company shall maintain a register (the "**Register**") for the recordation of the names and addresses of the holders of each Note and the principal amount of the Notes held by such holders (the "**Registered Notes**"). The entries in the Register shall be conclusive and binding for all purposes absent manifest error. The Company and the holders of the Notes shall treat each Person whose name is recorded in the Register as the owner of a Note for all purposes (including, without limitation, the right to receive payments of Principal and Interest hereunder) notwithstanding notice to the contrary. A Registered Note may be assigned, transferred or sold in whole or in part only by registration of such assignment or sale on the Register. Upon its receipt of a written request to assign, transfer or sell all or part of any Registered Note by the holder thereof, the Company shall record the information contained therein in the Register and issue one or more new Registered Notes in the same aggregate principal amount as the principal amount of the surrendered Registered Note to the designated assignee or transferee pursuant to Section 18, provided that if the Company does not so record an assignment, transfer or sale (as the case may be) of all or part of any Registered Note within two (2) Business Days of such a request, then the Register shall be automatically deemed updated to reflect such assignment, transfer or sale (as the case may be). Notwithstanding anything to the contrary set forth in this Section 3, following conversion of any portion of this Note in accordance with the terms hereof, the Holder shall not be required to physically surrender this Note to the Company unless (A) the full Conversion Amount represented by this Note is being converted (in which event this Note shall be delivered to the Company following conversion thereof as contemplated by Section 3(c)) or (B) the Holder has provided the Company with prior written notice (which notice may be included in a Conversion Notice) requesting reissuance of this Note upon physical surrender of this Note. The Holder and the Company shall maintain records showing the Principal, Interest and Late Charges converted and/or paid (as the case may be) and the dates of such conversions and/or payments (as the case may be) or shall use such other method, reasonably satisfactory to the Holder and the Company, so as not to require physical surrender of this Note upon conversion. If the Company does not update the Register to record such Principal, Interest and Late Charges converted and/or paid (as the case may be) and the dates of such conversions, and/or payments (as the case may be) within two (2) Business Days of such occurrence, then the Register shall be automatically deemed updated to reflect such occurrence.

(iv) Pro Rata Conversion; Disputes. In the event that the Company receives a Conversion Notice from more than one holder of Notes for the same Conversion Date and the Company can convert some, but not all, of such portions of the Notes submitted for conversion, the Company, subject to Section 3(d), shall convert from each holder of Notes electing to have Notes converted on such date a pro rata amount of such holder' s portion of its Notes submitted for conversion based on the principal amount of Notes submitted for conversion on such date by such holder relative to the aggregate principal amount of all Notes submitted for conversion on such date. In the event of a dispute as to the number of Common Shares issuable to the Holder in connection with a conversion of this Note, the Company shall issue to the

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Holder the number of Common Shares not in dispute and resolve such dispute in accordance with Section 23.

(d) Limitations on Conversions. The Company shall not effect the conversion of any portion of this Note, and the Holder shall not have the right to convert any portion of this Note pursuant to the terms and conditions of this Note and any such conversion shall be null and void and treated as if never made, to the extent that after giving effect to such conversion, the Holder together with the other Attribution Parties collectively would beneficially own in excess of 9.99% (the "**Maximum Percentage**") of the Common Shares outstanding immediately after giving effect to such conversion. For purposes of the foregoing sentence, the aggregate number of Common Shares beneficially owned by the Holder and the other Attribution Parties shall include the number of Common Shares held by the Holder and all other Attribution Parties plus the number of Common Shares issuable upon conversion of this Note with respect to which the determination of such sentence is being made, but shall exclude Common Shares which would be issuable upon (A) conversion of the remaining, nonconverted portion of this Note beneficially owned by the Holder or any of the other Attribution Parties and (B) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any convertible notes or convertible preferred shares or warrants, including, without limitation, the Warrants) beneficially owned by the Holder or any other Attribution Party subject to a limitation on conversion or exercise analogous to the limitation contained in this Section 3(d). For purposes of this Section 3(d), beneficial ownership shall be calculated in accordance with Section 13(d) of the 1934 Act. For purposes of determining the number of outstanding Common Shares the Holder may acquire upon the conversion of this Note without exceeding the Maximum Percentage, the Holder may rely on the number of outstanding Common Shares as reflected in (x) the Company' s most recent Annual Report on Form 20-F, Report of Foreign Issuer on Form 6-K or other public filing with the SEC, as the case may be, (y) a more recent public announcement by the Company or (z) any other written notice by the Company or the Transfer Agent, if any, setting forth the number of Common Shares outstanding (the "**Reported Outstanding Share Number**"). If the Company receives a Conversion Notice from the Holder at a time when the actual number of outstanding Common Shares is less than the Reported Outstanding Share Number, the Company shall notify the Holder in writing of the number of Common Shares then outstanding and, to the extent that such Conversion Notice would otherwise cause the Holder' s beneficial ownership, as determined pursuant to this Section 3(d), to exceed the Maximum Percentage, the Holder must notify the Company of a reduced number of Common Shares to be purchased pursuant to such Conversion Notice. For any reason at any time, upon the written or oral request of the Holder, the Company shall within one (1) Business Day confirm orally and in writing or by electronic mail to the Holder the number of Common Shares then outstanding. In any case, the number of outstanding Common Shares shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Note, by the Holder and any other Attribution Party since the date as of which the Reported Outstanding Share Number was reported. In the event that the issuance of Common Shares to the Holder upon conversion of this Note results in the Holder and the other Attribution Parties being deemed to beneficially own, in the aggregate, more than the Maximum Percentage of the number of outstanding Common Shares (as determined under

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Section 13(d) of the 1934 Act), the number of shares so issued by which the Holder' s and the other Attribution Parties' aggregate beneficial ownership exceeds the Maximum Percentage (the "**Excess Shares**") shall be deemed null and void and shall be cancelled ab initio, and the Holder shall not have the power to vote or to transfer the Excess Shares. Upon delivery of a written notice to the Company, the Holder may from time to time increase (with such increase not effective until the sixty-first (61st) day after delivery of such notice) or decrease the Maximum Percentage to any other percentage not in excess of 9.99% as specified in such notice; provided that (i) any such increase in the Maximum Percentage will not be effective until the sixty-first (61st) day after such notice is delivered to the Company and (ii) any such increase or decrease will apply only to the Holder and the other Attribution Parties and not to any other holder of Notes that is not an Attribution Party of the Holder. For purposes of clarity, the Common Shares issuable pursuant to the terms of this Note in excess of the Maximum Percentage shall not be deemed to be beneficially owned by the Holder for any purpose including for purposes of Section 13(d) or Rule 16a-1(a)(1) of the 1934 Act. No prior inability to convert this Note pursuant to this paragraph shall have any effect on the applicability of the provisions of this paragraph with respect to any subsequent determination of convertibility. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 3(d) to the extent necessary to correct this paragraph (or any portion of this paragraph) which may be defective or inconsistent with the intended beneficial ownership limitation contained in this Section 3(d) or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitation contained in this paragraph may not be waived and shall apply to a successor holder of this Note.

(e) Right of Alternate Conversion.

(i) General.

(1) Alternate Optional Conversion. On the earlier to occur of (A) the initial Effective Date (as defined in the Registration Rights Agreement) of a Registration Statement (as defined in the Registration Rights Agreement) registering any of the Registrable Securities (as defined in the Registration Rights Agreement) and (B) September 1, 2020 (such earlier date, the "**Alternate Optional Conversion Eligibility Date**"), $[ ] of Conversion Amount of this Note shall become eligible for Alternate Optional Conversions (as defined below) hereunder. In addition, on the first day of the each calendar month following the Alternate Optional Conversion Eligibility Date, an additional $[ ] of Conversion Amount of this Note shall become eligible for an Alternate Optional Conversion hereunder (such accumulated portion of the Conversion Amount of this Note available for an Alternate Optional Conversion hereunder and thereunder (or such greater amount agreed to by the Company and the Holder from time to time), collectively, the "**Available Optional Conversion Amount**"); provided, that (x) any voluntary increase by the Company of any Available Optional Conversion Amount hereunder shall be concurrently made available in the same proportion to the Available Optional Conversion Amounts (as defined in the Other Notes) of the Other Notes of the Other Holders, if any and (y) the Company acknowledges and agrees that at the time of effectiveness

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of such voluntary increase, such voluntary increase shall not constitute material non-public information. Subject to Section 3(d), at any time, at the option of the Holder, the Holder may convert (each, an "**Alternate Optional Conversion**", and the date of such Alternate Optional Conversion, an "**Alternate Optional Conversion Date**") all, or any part, of the Available Optional Conversion Amount, if any, of this Note into Common Shares (such portion of the Conversion Amount subject to such Alternate Optional Conversion, the "**Alternate Optional Conversion Amount**") at the Alternate Optional Conversion Price. For the avoidance of doubt, any portion of the Available Optional Conversion Amount that is not converted in an Alternate Optional Conversion in the calendar month that it becomes part of the Available Optional Conversion Amount will be available for conversion in an Alternate Optional Conversion by the Holder at any time in any subsequent calendar month thereafter.

(2) Alternate Conversion Upon an Triggering Event. Subject to Section 3(d), at any time after the occurrence of an Triggering Event (regardless of whether such Triggering Event has been cured or if the Holder has delivered an Event of Default Redemption Notice to the Company), the Holder may, at the Holder' s option, convert (each, an "**Alternate Triggering Event Conversion**" and together with each Alternate Optional Conversion, each, an "**Alternate Conversion**", and the date of such Alternate Triggering Event Conversion, each, an "**Alternate Triggering Event Conversion Date**", and together with each Alternate Optional Conversion Date, each, an "**Alternate Conversion Date**") all, or any part of, the outstanding and unpaid Conversion Amount (such portion of the Conversion Amount subject to such Alternate Conversion, the "**Alternate Triggering Event Conversion Amount**" and together with each Alternate Optional Conversion Amount, each, an "**Alternate Conversion Amount**") into Common Shares at the Alternate Triggering Event Conversion Price.

(ii) Mechanics of Alternate Conversion. On any Alternate Conversion Date, the Holder may voluntarily convert any Alternate Conversion Amount pursuant to Section 3(c) (except (A) in any Alternate Optional Conversion, with "Alternate Optional Conversion Price" replacing "Conversion Price" for all purposes hereunder with respect to such Alternate Optional Conversion and, (B) in any Alternate Triggering Event Conversion, with "Alternate Triggering Event Conversion Price" replacing "Conversion Price" for all purposes hereunder with respect to such Alternate Triggering Event Conversion and "Redemption Premium of the Conversion Amount" replacing "Conversion Amount" in clause (x) of the definition of Conversion Rate above with respect to such Alternate Triggering Event Conversion), in either case, by designating in the Conversion Notice delivered pursuant to this Section 3(e) of this Note that the Holder is electing to use the Alternate Triggering Event Conversion Price or Alternate Optional Conversion Price, as applicable, for such conversion; provided that in the event of the Conversion Floor Price Condition, on the applicable Alternate Conversion Date the Company shall also deliver to the Holder the applicable Alternate Conversion Floor Amount. Notwithstanding anything to the contrary in this Section 3(e), but subject to Section 3(d), until the Company delivers Common Shares representing the

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applicable Alternate Conversion Amount to the Holder, such Alternate Conversion Amount may be converted by the Holder into Common Shares pursuant to Section 3(c) without regard to this Section 3(e).

4. RIGHTS UPON TRIGGERING EVENT AND EVENT OF DEFAULT.

(a) Triggering Events and Events of Default. Each of the following events shall constitute an "**Triggering Event**", each of the events in clauses (ix), (x) and (xi) shall also constitute a "**Bankruptcy Event of Default**", and each of the events in clauses (vi), (viii), (xiii), (xvi) and (xviii), together with each Bankruptcy Event of Default and, if the Holder delivers a written notice to the Company that any other Triggering Event has become an Event of Default hereunder, each such other Triggering Event, shall also constitute an "**Event of Default**":

(i) the failure of the applicable Registration Statement (as defined in the Registration Rights Agreement) to be filed with the SEC on or prior to the date that is fifteen (15) days after the applicable Filing Deadline (as defined in the Registration Rights Agreement) or the failure of the applicable Registration Statement to be declared effective by the SEC on or prior to the date that is fifteen (15) days after the applicable Effectiveness Deadline (as defined in the Registration Rights Agreement);

(ii) while the applicable Registration Statement is required to be maintained effective pursuant to the terms of the Registration Rights Agreement, the effectiveness of the applicable Registration Statement lapses for any reason (including, without limitation, the issuance of a stop order) or such Registration Statement (or the prospectus contained therein) is unavailable to any holder of Registrable Securities (as defined in the Registration Rights Agreement) for sale of all of such holder' s Registrable Securities in accordance with the terms of the Registration Rights Agreement (excluding days during an Allowable Grace Period (as defined in the Registration Rights Agreement), in either case, only if such lapse or unavailability remains uncured for a period of at least five (5) consecutive Trading Days;

(iii) the suspension from trading or the failure of the Common Shares to be trading or listed (as applicable) on an Eligible Market for a period of five (5) consecutive Trading Days;

(iv) the Company' s (A) failure to cure a Conversion Failure or a Delivery Failure (as defined in the Warrants) by delivery of the required number of Common Shares within five (5) Trading Days after the applicable Conversion Date or exercise date (as the case may be) or (B) notice, written or oral, to any holder of the Notes or Warrants, including, without limitation, by way of public announcement or through any of its agents, at any time, of its intention not to comply, as required, with a request for conversion of any Notes into Common Shares that is requested in accordance with the provisions of the Notes, other than pursuant to Section 3(d), or a request for exercise of any Warrants for Common Shares in accordance with the provisions of the Warrants;

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(v) except to the extent the Company is in compliance with Section 10(b) below, at any time following the tenth (10th) consecutive day that the Holder' s Authorized Share Allocation (as defined in Section 10(a) below) is less than (A) the number of Common Shares that the Holder would be entitled to receive upon a conversion of the full Conversion Amount of this Note (without regard to any limitations on conversion set forth in Section 3(d) or otherwise), and (B) the number of Common Shares that the Holder would be entitled to receive upon exercise in full of the Holder' s Warrants (without regard to any limitations on exercise set forth in the Warrants);

(vi) the Company' s or any Subsidiary' s failure to pay to the Holder any amount of Principal, Interest, Late Charges or other amounts when and as due under this Note (including, without limitation, the Company' s or any Subsidiary' s failure to pay any redemption payments or amounts hereunder) or any other Transaction Document (as defined in the Securities Purchase Agreement) or any other agreement, document, certificate or other instrument delivered in connection with the transactions contemplated hereby and thereby, except, in the case of a failure to pay Interest and Late Charges when and as due, in which case only if such failure remains uncured for a period of at least five (5) Trading Days;

(vii) the Company fails to remove any restrictive legend on any certificate or any Common Shares issued to the Holder upon conversion or exercise (as the case may be) of any Securities (as defined in the Securities Purchase Agreement) acquired by the Holder under the Securities Purchase Agreement (including this Note) as and when required by such Securities or the Securities Purchase Agreement, unless otherwise then prohibited by applicable federal securities laws, and any such failure remains uncured for at least five (5) Trading Days;

(viii) the occurrence of any default under, redemption of or acceleration prior to maturity of Permitted Senior Indebtedness (or any event which, with the passage of time, would be a default or an event of default under the Permitted Senior Indebtedness);

(ix) bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings for the relief of debtors shall be instituted by or against the Company or any Subsidiary and, if instituted against the Company or any Subsidiary by a third party, shall not be dismissed within thirty (30) days of their initiation;

(x) the commencement by the Company or any Subsidiary of a voluntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree, order, judgment or other similar document in respect of the Company or any Subsidiary in an involuntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable

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federal, state or foreign law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or any Subsidiary or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the execution of a composition of debts, or the occurrence of any other similar federal, state or foreign proceeding, or the admission by it in writing of its inability to pay its debts generally as they become due, the taking of corporate action by the Company or any Subsidiary in furtherance of any such action or the taking of any action by any Person to commence a Uniform Commercial Code foreclosure sale or any other similar action under federal, state or foreign law;

(xi) the entry by a court of (i) a decree, order, judgment or other similar document in respect of the Company or any Subsidiary of a voluntary or involuntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency, reorganization or other similar law or (ii) a decree, order, judgment or other similar document adjudging the Company or any Subsidiary as bankrupt or insolvent, or approving as properly filed a petition seeking liquidation, reorganization, arrangement, adjustment or composition of or in respect of the Company or any Subsidiary under any applicable federal, state or foreign law or (iii) a decree, order, judgment or other similar document appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or any Subsidiary or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree, order, judgment or other similar document or any such other decree, order, judgment or other similar document unstayed and in effect for a period of thirty (30) consecutive days;

(xii) a final judgment or judgments for the payment of money aggregating in excess of $500,000 are rendered against the Company and/or any of its Subsidiaries and which judgments are not, within thirty (30) days after the entry thereof, bonded, discharged, settled or stayed pending appeal, or are not discharged within thirty (30) days after the expiration of such stay; provided, however, any judgment which is covered by insurance or an indemnity from a credit worthy party shall not be included in calculating the $500,000 amount set forth above so long as the Company provides the Holder a written statement from such insurer or indemnity provider (which written statement shall be reasonably satisfactory to the Holder) to the effect that such judgment is covered by insurance or an indemnity and the Company or such Subsidiary (as the case may be) will receive the proceeds of such insurance or indemnity within thirty (30) days of the issuance of such judgment;

(xiii) the occurrence of any default under any Indebtedness (as defined in the Securities Purchase Agreement) of the Company or any of its Subsidiaries (other than with respect to any Other Notes or Permitted Senior Indebtedness), which default (a) is caused by a failure to pay principal at stated maturity, redemption of, or acceleration prior to maturity of such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("payment default"); or (b) results in the acceleration of such Indebtedness prior to its maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any

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other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates to $1,500,000 or more;

(xiv) other than as specifically set forth in another clause of this Section 4(a), the Company or any Subsidiary breaches any representation or warranty, in any material respect (other than representations or warranties subject to material adverse effect or materiality, which may not be breached in any respect) or any covenant or other term or condition of any Transaction Document, except, in the case of a breach of a covenant or other term or condition that is curable, only if such breach remains uncured for a period of five (5) consecutive Trading Days;

(xv) a materially false or inaccurate certification (including a false or inaccurate deemed certification) by the Company that either (A) the Equity Conditions are satisfied, (B) there has been no Equity Conditions Failure, or (C) as to whether any Triggering Event or Event of Default has occurred; or

(xvi) any breach or failure in any respect by the Company or any Subsidiary to comply with any provision of clauses (a), (b), (c), (d), (e), (g) or (m) of Section 13 of this Note;

(xvii) any Material Adverse Effect (as defined in the Securities Purchase Agreement) occurs; or

(xviii) any Event of Default (as defined in the Other Notes) occurs with respect to any Other Notes.

(b) Notice of an Triggering Event: Event of Default; Redemption Right. Upon the occurrence of an Triggering Event or an Event of Default with respect to this Note or any Other Note, the Company shall within one (1) Business Day deliver written notice thereof via electronic mail and overnight courier (with next day delivery specified) (an "**Default Notice**") to the Holder. At any time after the earlier of the Holder' s receipt of an Default Notice and the Holder becoming aware of an Event of Default and ending (such ending date, the "**Event of Default Right Expiration Date**) on the twentieth (20th) Trading Day after the later of (x) the date such Event of Default is cured and (y) the Holder' s receipt of an Default Notice that includes (I) a reasonable description of the applicable Event of Default, (II) a certification as to whether, in the opinion of the Company, such Event of Default is capable of being cured and, if applicable, a reasonable description of any existing plans of the Company to cure such Event of Default and (III) a certification as to the date the Event of Default occurred and, if cured on or prior to the date of such Default Notice, the applicable Event of Default Right Expiration Date, the Holder may require the Company to redeem (regardless of whether such Event of Default has been cured on or prior to the Event of Default Right Expiration Date) all or any portion of this Note by delivering written notice thereof (the "**Event of Default Redemption Notice**") to the Company, which Event of Default Redemption Notice shall indicate the portion of this Note the Holder is electing to require the Company to redeem. Each portion of this Note subject to redemption by the Company pursuant to this Section 4(b) shall be redeemed by the Company at a price equal to the greater of (i) the product of (A) the Conversion Amount

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to be redeemed multiplied by (B) the Redemption Premium and (ii) the product of (X) the Conversion Rate with respect to the Conversion Amount in effect at such time as the Holder delivers an Event of Default Redemption Notice multiplied by (Y) the product of (1) the Redemption Premium multiplied by (2) the greatest Closing Sale Price of the Common Shares on any Trading Day during the period commencing on the date immediately preceding such Event of Default and ending on the Trading Day immediately prior to the date on which the Company makes the entire payment required to be made under this Section 4(b)(the "**Event of Default Redemption Price**"). Redemptions required by this Section 4(b) shall be made in accordance with the provisions of Section 11. To the extent redemptions required by this Section 4(b) are deemed or determined by a court of competent jurisdiction to be prepayments of this Note by the Company, such redemptions shall be deemed to be voluntary prepayments, which will be permitted by this Note. Notwithstanding anything to the contrary in this Section 3(e), but subject to Section 3(d), until the Event of Default Redemption Price (together with any Late Charges thereon) is paid in full, the Conversion Amount submitted for redemption under this Section 4(b) (together with any Late Charges thereon) may be converted, in whole or in part, by the Holder into Common Shares pursuant to the terms of this Note. In the event of the Company' s redemption of any portion of this Note under this Section 4(b), the Holder' s damages would be uncertain and difficult to estimate because of the parties' inability to predict future interest rates and the uncertainty of the availability of a suitable substitute investment opportunity for the Holder. Accordingly, any redemption premium due under this Section 4(b) is intended by the parties to be, and shall be deemed, a reasonable estimate of the Holder' s actual loss of its investment opportunity and not as a penalty. Any redemption upon an Event of Default shall not constitute an election of remedies by the Holder, and all other rights and remedies of the Holder shall be preserved.

(c) Mandatory Redemption upon Bankruptcy Event of Default. Notwithstanding anything to the contrary herein, and notwithstanding any conversion that is then required or in process, upon any Bankruptcy Event of Default, whether occurring prior to or following the Maturity Date, the Company shall immediately pay to the Holder an amount in cash representing (i) all outstanding Principal, accrued and unpaid Interest and accrued and unpaid Late Charges on such Principal and Interest, multiplied by (ii) the Redemption Premium, in addition to any and all other amounts due hereunder, without the requirement for any notice or demand or other action by the Holder or any other person or entity; provided that the Holder may, in its sole discretion, waive such right to receive payment upon a Bankruptcy Event of Default, in whole or in part, and any such waiver shall not affect any other rights of the Holder hereunder, including any other rights in respect of such Bankruptcy Event of Default, any right to conversion, and any right to payment of the Event of Default Redemption Price or any other Redemption Price, as applicable.

5. RIGHTS UPON FUNDAMENTAL TRANSACTION.

(a) Assumption. The Company shall not enter into or be party to a Fundamental Transaction unless (i) the Successor Entity assumes in writing all of the obligations of the Company under this Note and the other Transaction Documents in accordance with the provisions of this Section 5(a) pursuant to written agreements in form and substance

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satisfactory to the Holder and approved by the Holder prior to such Fundamental Transaction, including agreements to deliver to each holder of Notes in exchange for such Notes a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to the Notes, including, without limitation, having a principal amount and interest rate equal to the principal amounts then outstanding and the interest rates of the Notes, respectively, held by such holder, having similar conversion rights as the Notes and having similar ranking and security to the Notes, and satisfactory to the Holder and (ii) the Successor Entity (including its Parent Entity) is a publicly traded corporation whose common equity is quoted on or listed for trading on an Eligible Market or, with respect to a Change of Control in compliance with the terms of this Note, a Canadian Market. Upon the occurrence of any Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Note and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Note and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein. Upon consummation of a Fundamental Transaction, the Successor Entity shall deliver to the Holder confirmation that there shall be issued upon conversion or redemption of this Note at any time after the consummation of such Fundamental Transaction, in lieu of the Common Shares (or other securities, cash, assets or other property (except such items still issuable under Sections 6 and 15, which shall continue to be receivable thereafter) issuable upon the conversion or redemption of the Notes prior to such Fundamental Transaction), such shares of the publicly traded common stock (or their equivalent) of the Successor Entity (including its Parent Entity) which the Holder would have been entitled to receive upon the happening of such Fundamental Transaction had this Note been converted immediately prior to such Fundamental Transaction (without regard to any limitations on the conversion of this Note), as adjusted in accordance with the provisions of this Note. Notwithstanding the foregoing, the Holder may elect, at its sole option, by delivery of written notice to the Company to waive this Section 5(a) to permit the Fundamental Transaction without the assumption of this Note. The provisions of this Section 5(a) shall apply similarly and equally to successive Fundamental Transactions and shall be applied without regard to any limitations on the conversion of this Note. The Company shall not consummate any Change of Control unless, upon consummation of such Change of Control, the Company has either (x) paid off, in full, all of the Permitted Senior Indebtedness or (y) obtained the written consent of the holders of all Permitted Senior Indebtedness that will remain outstanding thereafter to the payments to the Holder set forth in Section 5(b) below without regard to any subordination thereof to such Permitted Senior Indebtedness or any other term or condition in the Intercreditor Side Letters.

(b) Notice of a Change of Control; Redemption Right. No sooner than twenty (20) Trading Days nor later than ten (10) Trading Days prior to the consummation of a Change of Control (or, if the Company has no knowledge of the occurrence of a Change of Control, no later than the first (1st) Trading Day after the Company becomes aware of such Change of Control)(as applicable, the "**Change of Control Date**"), but not prior to the public announcement of such Change of Control, the Company shall deliver written notice thereof via electronic mail and overnight courier to the Holder (a "**Change of**

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Control Notice"). At any time during the period beginning after the Holder' s receipt of a Change of Control Notice or the Holder becoming aware of a Change of Control if a Change of Control Notice is not delivered to the Holder in accordance with the immediately preceding sentence (as applicable) and ending on the later of twenty (20) Trading Days after (A) consummation of such Change of Control or (B) the date of receipt of such Change of Control Notice, the Holder may require the Company to redeem all or any portion of this Note by delivering written notice thereof ("**Change of Control Redemption Notice**") to the Company, which Change of Control Redemption Notice shall indicate the Conversion Amount the Holder is electing to redeem. The portion of this Note subject to redemption pursuant to this Section 5 shall be redeemed by the Company in cash at a price equal to the greatest of (i) the product of (x) the Change of Control Redemption Premium multiplied by (y) the Conversion Amount being redeemed, (ii) the product of (x) the Change of Control Redemption Premium multiplied by (y) the product of (A) the Conversion Amount being redeemed multiplied by (B) the quotient determined by dividing (I) the greatest Closing Sale Price of the Common Shares during the period beginning on the date immediately preceding the earlier to occur of (1) the consummation of the applicable Change of Control and (2) the public announcement of such Change of Control and ending on the date the Holder delivers the Change of Control Redemption Notice by (II) the Conversion Price then in effect and (iii) the product of (y) the Change of Control Redemption Premium multiplied by (z) the product of (A) the Conversion Amount being redeemed multiplied by (B) the quotient of (I) the aggregate cash consideration and the aggregate cash value of any non-cash consideration per Common Share to be paid to the holders of the Common Shares upon consummation of such Change of Control (any such non-cash consideration constituting publicly-traded securities shall be valued at the highest of the Closing Sale Price of such securities as of the Trading Day immediately prior to the consummation of such Change of Control, the Closing Sale Price of such securities on the Trading Day immediately following the public announcement of such proposed Change of Control and the Closing Sale Price of such securities on the Trading Day immediately prior to the public announcement of such proposed Change of Control) divided by (II) the Conversion Price then in effect (the "**Change of Control Redemption Price**"). Redemptions required by this Section 5 shall be made in accordance with the provisions of Section 11 and shall have priority to payments to shareholders in connection with such Change of Control. To the extent redemptions required by this Section 5(b) are deemed or determined by a court of competent jurisdiction to be prepayments of this Note by the Company, such redemptions shall be deemed to be voluntary prepayments, which are permitted by this Note. Notwithstanding anything to the contrary in this Section 5, but subject to Section 3(d), until the Change of Control Redemption Price (together with any Late Charges thereon) is paid in full, the Conversion Amount submitted for redemption under this Section 5(b) (together with any Late Charges thereon) may be converted, in whole or in part, by the Holder into Common Shares pursuant to Section 3. In the event of the Company' s redemption of any portion of this Note under this Section 5(b), the Holder' s damages would be uncertain and difficult to estimate because of the parties' inability to predict future interest rates and the uncertainty of the availability of a suitable substitute investment opportunity for the Holder. Accordingly, any redemption premium due under this Section 5(b) is intended by the parties to be, and shall be deemed, a reasonable estimate of the Holder' s actual loss of its investment opportunity and not as a penalty.

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6. RIGHTS UPON ISSUANCE OF PURCHASE RIGHTS AND OTHER CORPORATE EVENTS.

(a) Purchase Rights. In addition to any adjustments pursuant to Section 7 below, if at any time the Company grants, issues or sells any Options, Convertible Securities or rights to purchase shares, warrants, securities or other property pro rata to all or substantially all of the record holders of any class of Common Shares (the "**Purchase Rights**"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of Common Shares acquirable upon complete conversion of this Note (without taking into account any limitations or restrictions on the convertibility of this Note and assuming for such purpose that the Note was converted at the Alternate Triggering Event Conversion Price as of the applicable record date) immediately prior to the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Shares are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that to the extent that the Holder' s right to participate in any such Purchase Right would result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Purchase Right to the extent of the Maximum Percentage (and shall not be entitled to beneficial ownership of such Common Shares as a result of such Purchase Right (and beneficial ownership) to the extent of any such excess) and such Purchase Right to such extent shall be held in abeyance (and, if such Purchase Right has an expiration date, maturity date or other similar provision, such term shall be extended by such number of days held in abeyance, if applicable) for the benefit of the Holder until such time or times, if ever, as its right thereto would not result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, at which time or times the Holder shall be granted such right (and any Purchase Right granted, issued or sold on such initial Purchase Right or on any subsequent Purchase Right held similarly in abeyance (and, if such Purchase Right has an expiration date, maturity date or other similar provision, such term shall be extended by such number of days held in abeyance, if applicable)) to the same extent as if there had been no such limitation).

(b) Other Corporate Events. In addition to and not in substitution for any other rights hereunder, prior to the consummation of any Fundamental Transaction pursuant to which holders of Common Shares are entitled to receive securities or other assets with respect to or in exchange for Common Shares (a "**Corporate Event**"), the Company shall make appropriate provision to ensure that the Holder will thereafter have the right to receive upon a conversion of this Note, at the Holder' s option (i) in addition to the Common Shares receivable upon such conversion, such securities or other assets to which the Holder would have been entitled with respect to such Common Shares had such Common Shares been held by the Holder upon the consummation of such Corporate Event (without taking into account any limitations or restrictions on the convertibility of this Note) or (ii) in lieu of the Common Shares otherwise receivable upon such conversion, such securities or other assets received by the holders of Common Shares in connection with the consummation of such Corporate Event in such amounts as the Holder would have been entitled to receive had this Note initially been issued with conversion rights for the form of such consideration (as opposed to Common Shares) at a conversion rate for such consideration commensurate

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with the Conversion Rate. Provision made pursuant to the preceding sentence shall be in a form and substance satisfactory to the Holder. The provisions of this Section 6 shall apply similarly and equally to successive Corporate Events and shall be applied without regard to any limitations on the conversion or redemption of this Note.

7. RIGHTS UPON ISSUANCE OF OTHER SECURITIES.

(a) Adjustment of Conversion Price upon Issuance of Common Shares. If and whenever on or after the Subscription Date, the Company grants, issues or sells (or enters into any agreement to grant, issue or sell), or in accordance with this Section 7(a) is deemed to have issued or sold, any Common Shares (including the issuance or sale of Common Shares owned or held by or for the account of the Company, but excluding any Excluded Securities issued or sold or deemed to have been issued or sold) for a consideration per share (the "**New Issuance Price**") less than a price equal to the Conversion Price in effect immediately prior to such issuance or sale or deemed issuance or sale (such Conversion Price then in effect is referred to herein as the "**Applicable Price**") (the foregoing a "**Dilutive Issuance**"), then, immediately after such Dilutive Issuance, the Conversion Price then in effect shall be reduced to an amount equal to the product of (A) the Conversion Price in effect immediately prior to such Dilutive Issuance and (B) the quotient determined by dividing (1) the sum of (I) the product derived by multiplying the Conversion Price in effect immediately prior to such Dilutive Issuance and the number of Common Shares Deemed Outstanding immediately prior to such Dilutive Issuance plus (II) the net consideration, if any, received by the Company upon such Dilutive Issuance (as determined and, if applicable, adjusted, pursuant to Section 7(a)(iv) below), by (2) the product derived by multiplying (I) the Conversion Price in effect immediately prior to such Dilutive Issuance by (II) the sum of (x) the number of Common Shares Deemed Outstanding immediately prior to such Dilutive Issuance and (y) the number of Common Shares issued (or deemed issued in such Dilutive Issuance pursuant to Sections 7(a)(i) and 7(a)(ii) below, regardless of whether such Options or Convertible Securities are actually convertible or exercisable at such time, but excluding any Common Shares issued (or deemed issued pursuant to Sections 7(a)(i) and 7(a)(ii) below) under any Secondary Securities (as defined below), if any). For all purposes of the foregoing (including, without limitation, determining the adjusted Conversion Price and the New Issuance Price under this Section 7(a)), the following shall be applicable:

(i) Issuance of Options. If the Company in any manner grants, issues or sells (or enters in to any agreement to grant, issue or sell) any Options and the lowest price per share for which one Common Share is at any time issuable upon the exercise of any such Option or upon conversion, exercise or exchange of any Convertible Securities issuable upon exercise of any such Option or otherwise pursuant to the terms thereof is less than the Applicable Price, then such Common Share shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the granting, issuance or sale (or the time of execution of such agreement to grant, issue or sell, as applicable) of such Option for such price per share. For purposes of this Section 7(a)(i), the "lowest price per share for which one Common Share is at any time issuable upon the exercise of any such Option or upon conversion, exercise or exchange of any Convertible Securities issuable upon exercise of any such Option or otherwise pursuant

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to the terms thereof" shall be equal to (1) the lower of (x) the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to any one Common Share upon the granting, issuance or sale (or pursuant to the agreement to grant, issue or sell, as applicable) of such Option, upon exercise of such Option and upon conversion, exercise or exchange of any Convertible Security issuable upon exercise of such Option or otherwise pursuant to the terms thereof and (y) the lowest exercise price set forth in such Option for which one Common Share is issuable (or may become issuable assuming all possible market conditions) upon the exercise of any such Options or upon conversion, exercise or exchange of any Convertible Securities issuable upon exercise of any such Option or otherwise pursuant to the terms thereof, minus (2) the sum of all amounts paid or payable to the holder of such Option (or any other Person) with respect to any one Common Share upon the granting, issuance or sale (or the agreement to grant, issue or sell, as applicable) of such Option, upon exercise of such Option and upon conversion, exercise or exchange of any Convertible Security issuable upon exercise of such Option or otherwise pursuant to the terms thereof plus the value of any other consideration consisting of cash, debt forgiveness, assets or any other property received or receivable by, or benefit conferred on, the holder of such Option (or any other Person). Except as contemplated below, no further adjustment of the Conversion Price shall be made upon the actual issuance of such Common Share or of such Convertible Securities upon the exercise of such Options or otherwise pursuant to the terms thereof or upon the actual issuance of such Common Shares upon conversion, exercise or exchange of such Convertible Securities.

(ii) Issuance of Convertible Securities. If the Company in any manner issues or sells (or enters in to any agreement to issue or sell) any Convertible Securities and the lowest price per share for which one Common Share is at any time issuable upon the conversion, exercise or exchange thereof or otherwise pursuant to the terms thereof is less than the Applicable Price, then such Common Share shall be deemed to be outstanding and to have been issued and sold (or the time of execution of such agreement to issue or sell, as applicable) by the Company at the time of the issuance or sale of such Convertible Securities for such price per share. For the purposes of this Section 7(a)(ii), the "lowest price per share for which one Common Share is at any time issuable (or may become issuable assuming all possible market conditions) upon the conversion, exercise or exchange thereof or otherwise pursuant to the terms thereof" shall be equal to (1) the lower of (x) the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to one Common Share upon the issuance or sale (or pursuant to the agreement to issue or sell, as applicable) of the Convertible Security and upon conversion, exercise or exchange of such Convertible Security or otherwise pursuant to the terms thereof and (y) the lowest conversion price set forth in such Convertible Security for which one Common Share is issuable upon conversion, exercise or exchange thereof or otherwise pursuant to the terms thereof minus (2) the sum of all amounts paid or payable to the holder of such Convertible Security (or any other Person) with respect to any one Common Share upon the issuance or sale (or the agreement to issue or sell, as applicable) of such Convertible Security plus the value of any other consideration received or receivable consisting of cash, debt forgiveness, assets or other property by, or benefit conferred on, the holder of such Convertible Security (or any other Person). Except as contemplated below, no

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further adjustment of the Conversion Price shall be made upon the actual issuance of such Common Shares upon conversion, exercise or exchange of such Convertible Securities or otherwise pursuant to the terms thereof, and if any such issuance or sale of such Convertible Securities is made upon exercise of any Options for which adjustment of the Conversion Price has been or is to be made pursuant to other provisions of this Section 7(a), except as contemplated below, no further adjustment of the Conversion Price shall be made by reason of such issuance or sale.

(iii) Change in Option Price or Rate of Conversion. If the purchase or exercise price provided for in any Options, the additional consideration, if any, payable upon the issue, conversion, exercise or exchange of any Convertible Securities, or the rate at which any Convertible Securities are convertible into or exercisable or exchangeable for Common Shares increases or decreases at any time (other than proportional changes in conversion or exercise prices, as applicable, in connection with an event referred to in Section 7(b) below), the Conversion Price in effect at the time of such increase or decrease shall be adjusted to equal the Conversion Price which would have been in effect at such time had such Options or Convertible Securities provided for such increased or decreased purchase price, additional consideration or increased or decreased conversion rate (as the case may be) at the time initially granted, issued or sold. For purposes of this Section 7(a)(iii), if the terms of any Option or Convertible Security that was outstanding as of the Subscription Date are increased or decreased in the manner described in the immediately preceding sentence, then such Option or Convertible Security and the Common Shares deemed issuable upon exercise, conversion or exchange thereof shall be deemed to have been issued as of the date of such increase or decrease. No adjustment pursuant to this Section 7(a) shall be made if such adjustment would result in an increase of the Conversion Price then in effect.

(iv) Calculation of Consideration Received. If any Option and/or Convertible Security and/or Adjustment Right is issued in connection with the issuance or sale or deemed issuance or sale of any other securities of the Company (as determined by the Holder, the "**Primary Security**", and such Option and/or Convertible Security and/or Adjustment Right, the "**Secondary Securities**" and together with the Primary Security, each a "**Unit**"), together comprising one integrated transaction, the aggregate consideration per Common Share with respect to such Primary Security shall be deemed to be the lower of (x) the purchase price of such Unit, (y) if such Primary Security is an Option and/or Convertible Security, the lowest price per share for which one Common Share is at any time issuable upon the exercise or conversion of the Primary Security in accordance with Section 7(a)(i) or 7(a)(ii) above and (z) the lowest VWAP of the Common Shares on any Trading Day during the four (4) Trading Day period (the "**Adjustment Period**") immediately following the public announcement of such Dilutive Issuance (for the avoidance of doubt, if such public announcement is released prior to the opening of the Principal Market on a Trading Day, such Trading Day shall be the first Trading Day in such four (4) Trading Day period and if this Note is converted, on any given Conversion Date during any such Adjustment Period, solely with respect to such portion of this Note converted on such applicable Conversion Date, such applicable Adjustment Period shall be deemed to

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have ended on, and included, the Trading Day immediately prior to such Conversion Date). If any Common Shares, Options or Convertible Securities are issued or sold or deemed to have been issued or sold for cash, the consideration received therefor will be deemed to be the net amount of consideration received by the Company therefor. If any Common Shares, Options or Convertible Securities are issued or sold for a consideration other than cash, the amount of such consideration received by the Company will be the fair value of such consideration, except where such consideration consists of publicly traded securities, in which case the amount of consideration received by the Company for such securities will be the arithmetic average of the VWAPs of such security for each of the five (5) Trading Days immediately preceding the date of receipt. If any Common Shares, Options or Convertible Securities are issued to the owners of the non-surviving entity in connection with any merger in which the Company is the surviving entity, the amount of consideration therefor will be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such Common Shares, Options or Convertible Securities (as the case may be). The fair value of any consideration other than cash or publicly traded securities will be determined jointly by the Company and the Holder. If such parties are unable to reach agreement within ten (10) days after the occurrence of an event requiring valuation (the "**Valuation Event**"), the fair value of such consideration will be determined within five (5) Trading Days after the tenth (10^{th}) day following such Valuation Event by an independent, reputable appraiser jointly selected by the Company and the Holder. The determination of such appraiser shall be final and binding upon all parties absent manifest error and the fees and expenses of such appraiser shall be borne by the Company.

(v) Record Date. If the Company takes a record of the holders of Common Shares for the purpose of entitling them (A) to receive a dividend or other distribution payable in Common Shares, Options or in Convertible Securities or (B) to subscribe for or purchase Common Shares, Options or Convertible Securities, then such record date will be deemed to be the date of the issuance or sale of the Common Shares deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase (as the case may be).

(b) Adjustment of Conversion Price upon Subdivision or Combination of Common Shares. Without limiting any provision of Section 4(c), Section 7(a) or Section 7(d), if the Company at any time on or after the Subscription Date subdivides (by any share split, share dividend, share combination, recapitalization or other similar transaction) one or more classes of its outstanding Common Shares into a greater number of shares, the Conversion Price in effect immediately prior to such subdivision will be proportionately reduced. Without limiting any provision of Section 4(c), Section 7(a) or Section 7(d), if the Company at any time on or after the Subscription Date combines (by any share split, share dividend, share combination, recapitalization or other similar transaction) one or more classes of its outstanding Common Shares into a smaller number of shares, the Conversion Price in effect immediately prior to such combination will be proportionately increased. Any adjustment pursuant to this Section 7(b) shall become effective immediately after the effective date of such subdivision or combination. If any event requiring an adjustment

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under this Section 7(b) occurs during the period that a Conversion Price is calculated hereunder, then the calculation of such Conversion Price shall be adjusted appropriately to reflect such event.

(c) Holder' s Right of Adjusted Conversion Price. In addition to and not in limitation of the other provisions of this Section 7, if the Company in any manner issues or sells or enters into any agreement to issue or sell, any Common Shares, Options or Convertible Securities (any such securities, "**Variable Price Securities**") after the Subscription Date that are issuable pursuant to such agreement or convertible into or exchangeable or exercisable for Common Shares at a price which varies or may vary with the market price of the Common Shares, including by way of one or more reset(s) to a fixed price, but exclusive of such formulations reflecting customary anti-dilution provisions (such as share splits, share combinations, share dividends and similar transactions) (each of the formulations for such variable price being herein referred to as, the "**Variable Price**"), the Company shall provide written notice thereof via electronic mail or overnight courier to the Holder on the date of such agreement and each issuance of such Variable Price Securities. From and after the date the Company enters into such agreement or issues any such Variable Price Securities, the Holder shall have the right, but not the obligation, in its sole discretion to substitute the Variable Price for the Conversion Price upon conversion of this Note by designating in the Conversion Notice delivered upon any conversion of this Note that solely for purposes of such conversion the Holder is relying on the Variable Price rather than the Conversion Price then in effect. The Holder' s election to rely on a Variable Price for a particular conversion of this Note shall not obligate the Holder to rely on a Variable Price for any future conversion of this Note.

(d) Share Combination Event Adjustments. If, at any time and from time to time on or after the Subscription Date, there occurs any share split, share dividend, share combination recapitalization or other similar transaction involving the Common Shares (each, a "**Share Combination Event**", and such date thereof, the "**Share Combination Event Date**") and the Event Market Price is less than the Conversion Price then in effect (after giving effect to the adjustment in Section 7(b) above), then on the sixteenth (16th) Trading Day immediately following such Share Combination Event Date, the Conversion Price then in effect on such sixteenth (16th) Trading Day (after giving effect to the adjustment in Section 7(b) above) shall be reduced (but in no event increased) to the Event Market Price. For the avoidance of doubt, if the adjustment in the immediately preceding sentence would otherwise result in an increase in the Conversion Price hereunder, no adjustment shall be made.

(e) Other Events. In the event that the Company (or any Subsidiary) shall take any action to which the provisions hereof are not strictly applicable, or, if applicable, would not operate to protect the Holder from dilution or if any event occurs of the type contemplated by the provisions of this Section 7, but not expressly provided for by such provisions (including, without limitation, the granting of share appreciation rights, phantom share rights or other rights with equity features (but excluding any Excluded Securities)), then the Company' s board of directors shall in good faith determine and implement an appropriate adjustment in the Conversion Price so as to protect the rights of the Holder; provided that no such adjustment pursuant to this Section 7(e) will increase the

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Conversion Price as otherwise determined pursuant to this Section 7; provided further that if the Holder does not accept such adjustments as appropriately protecting its interests hereunder against such dilution, then the Company' s board of directors and the Holder shall agree, in good faith, upon an independent investment bank of nationally recognized standing to make such appropriate adjustments, whose determination shall be final and binding absent manifest error and whose fees and expenses shall be borne by the Company.

(f) Calculations. All calculations under this Section 7 shall be made by rounding to the nearest cent or the nearest 1/100th of a share, as applicable. The number of Common Shares outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Shares.

(g) Voluntary Adjustment by Company. Subject to the rules and regulations of the Principal Market, the Company may at any time during the term of this Note, with the prior written consent of the Required Holders (as defined in the Securities Purchase Agreement), reduce the then current Conversion Price of each of the Notes to any amount and for any period of time deemed appropriate by the board of directors of the Company.

8. **REDEMPTIONS AT THE COMPANY' S ELECTION.**

(a) Company Optional Redemption. At any time after the later of (x) the Applicable Date (as defined in the Securities Purchase Agreement) and (y) the date no Equity Conditions Failure exists, the Company shall have the right to redeem all, but not less than all, of the Conversion Amount then remaining under this Note (the "**Company Optional Redemption Amount**") on the Company Optional Redemption Date (as defined below) (a "**Company Optional Redemption**"). The portion of this Note subject to redemption pursuant to this Section 8(a) shall be redeemed by the Company in cash at a price (the "Company Optional Redemption Price") equal to 125% of the greater of (i) the Conversion Amount being redeemed as of the Company Optional Redemption Date and (ii) the product of (1) the Conversion Rate with respect to the Conversion Amount being redeemed as of the Company Optional Redemption Date multiplied by (2) the greatest Closing Sale Price of the Common Shares on any Trading Day during the period commencing on the date immediately preceding such Company Optional Redemption Notice Date and ending on the Trading Day immediately prior to the date the Company makes the entire payment required to be made under this Section 8(a). The Company may exercise its right to require redemption under this Section 8(a) by delivering a written notice thereof by facsimile or electronic mail and overnight courier to all, but not less than all, of the holders of Notes (the "**Company Optional Redemption Notice**" and the date all of the holders of Notes received such notice is referred to as the "**Company Optional Redemption Notice Date**"). The Company may deliver only one Company Optional Redemption Notice hereunder and such Company Optional Redemption Notice shall be irrevocable. The Company Optional Redemption Notice shall (x) state the date on which the Company Optional Redemption shall occur (the "Company Optional Redemption Date") which date shall not be less than five (5) Trading Days nor more than twenty (20) Trading Days following the Company Optional Redemption Notice Date, (y) certify that there has been no Equity Conditions Failure and (z) state the aggregate Conversion Amount

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of the Notes which is being redeemed in such Company Optional Redemption from the Holder and all of the other holders of the Notes pursuant to this Section 8(a) (and analogous provisions under the Other Notes) on the Company Optional Redemption Date. Notwithstanding anything herein to the contrary, (i) if no Equity Conditions Failure has occurred as of the Company Optional Redemption Notice Date but an Equity Conditions Failure occurs at any time prior to the Company Optional Redemption Date, (A) the Company shall provide the Holder a subsequent notice to that effect, and (B) unless the Holder waives the Equity Conditions Failure, the Company Optional Redemption shall be cancelled and the applicable Company Optional Redemption Notice shall be null and void, and (ii) at any time prior to the date the Company Optional Redemption Price is paid, in full, the Company Optional Redemption Amount may be converted, in whole or in part, by the Holder into Common Shares pursuant to Section 3. All Conversion Amounts converted by the Holder after the Company Optional Redemption Notice Date shall reduce the Company Optional Redemption Amount of this Note required to be redeemed on the Company Optional Redemption Date. Redemptions made pursuant to this Section 8(a) shall be made in accordance with Section 11. In the event of the Company' s redemption of any portion of this Note under this Section 8(a), the Holder' s damages would be uncertain and difficult to estimate because of the parties' inability to predict future interest rates and the uncertainty of the availability of a suitable substitute investment opportunity for the Holder. Accordingly, any redemption premium due under this Section 8(a) is intended by the parties to be, and shall be deemed, a reasonable estimate of the Holder' s actual loss of its investment opportunity and not as a penalty. For the avoidance of doubt, the Company shall have no right to effect a Company Optional Redemption if any Event of Default has occurred and continuing, but any Event of Default shall have no effect upon the Holder' s right to convert this Note in its discretion.

(b) Pro Rata Redemption Requirement. If the Company elects to cause a Company Optional Redemption of this Note pursuant to Section 8(a), then it must simultaneously take the same action with respect to all of the Other Notes.

9. NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its Articles (as defined in the Securities Purchase Agreement), Bylaws (as defined in the Securities Purchase Agreement) or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Note, and will at all times in good faith carry out all of the provisions of this Note and take all action as may be required to protect the rights of the Holder of this Note. Without limiting the generality of the foregoing or any other provision of this Note or the other Transaction Documents, the Company (a) shall not increase the par value of any Common Shares receivable upon conversion of this Note above the Conversion Price then in effect, and (b) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Common Shares upon the conversion of this Note. Notwithstanding anything herein to the contrary, if after the sixty (60) calendar day anniversary of the Issuance Date, the Holder is not permitted to convert this Note in full for any reason (other than pursuant to restrictions set forth in Section 3(d) hereof), the Company shall use its best efforts to promptly remedy such failure, including, without limitation, obtaining such consents or approvals as

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necessary to permit such conversion into Common Shares.

10. RESERVATION OF AUTHORIZED SHARES.

(a) Reservation. So long as any Notes remain outstanding, the Company shall at all times reserve at least 200% of the number of Common Shares as shall from time to time be necessary to effect the conversion, including without limitation, Alternate Conversions, of all of the Notes then outstanding (without regard to any limitations on conversions and assuming such Notes remain outstanding until the Maturity Date) as if the Alternate Triggering Event Conversion Price was then in effect (the "**Required Reserve Amount**"). The Required Reserve Amount (including, without limitation, each increase in the number of shares so reserved) shall be allocated pro rata among the holders of the Notes based on the original principal amount of the Notes held by each holder on the Closing Date or increase in the number of reserved shares, as the case may be (the "**Authorized Share Allocation**"). In the event that a holder shall sell or otherwise transfer any of such holder' s Notes, each transferee shall be allocated a pro rata portion of such holder' s Authorized Share Allocation. Any Common Shares reserved and allocated to any Person which ceases to hold any Notes shall be allocated to the remaining holders of Notes, pro rata based on the principal amount of the Notes then held by such holders.

(b) Insufficient Authorized Shares. If, notwithstanding Section 10(a), and not in limitation thereof, at any time while any of the Notes remain outstanding the Company does not have a sufficient number of authorized and unreserved Common Shares to satisfy its obligation to reserve for issuance upon conversion of the Notes at least a number of Common Shares equal to the Required Reserve Amount (an "**Authorized Share Failure**"), then the Company shall immediately take all action necessary to increase the Company' s authorized Common Shares to an amount sufficient to allow the Company to reserve the Required Reserve Amount for the Notes then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than sixty (60) days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting or obtain the written consent of its shareholders for the approval of an increase in the number of authorized Common Shares. In connection with such meeting or consent, the Company shall provide each shareholder with a proxy statement and shall use its best efforts to solicit its shareholders' approval of such increase in authorized Common Shares and to cause its board of directors to recommend to the shareholders that they approve such proposal. In the event that the Company is prohibited from issuing Common Shares pursuant to the terms of this Note due to the failure by the Company to have sufficient Common Shares available out of the authorized but unissued Common Shares (such unavailable number of Common Shares, the "**Authorized Failure Shares**"), in lieu of delivering such Authorized Failure Shares to the Holder, the Company shall pay cash in exchange for the redemption of such portion of the Conversion Amount convertible into such Authorized Failure Shares at a price equal to the sum of (i) the product of (x) such number of Authorized Failure Shares and (y) the greatest Closing Sale Price of the Common Shares on any Trading Day during the period commencing on the date the Holder delivers the applicable Conversion Notice with respect to such Authorized Failure Shares to the Company and ending on the date of such issuance and payment under this Section 10(a); and (ii) to the extent the Holder

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purchases (in an open market transaction or otherwise) Common Shares to deliver in satisfaction of a sale by the Holder of Authorized Failure Shares, any brokerage commissions and other out-of-pocket expenses, if any, of the Holder incurred in connection therewith. Nothing contained in Section 10(a) or this Section 10(b) shall limit any obligations of the Company under any provision of the Securities Purchase Agreement.

(c) Notwithstanding Sections 10(a) and 10(b) above, the Company shall be deemed to have satisfied its obligations in connection with such Sections, and an Authorized Share Failure shall not occur, at all times and for as long as the authorized number of Common Shares available for issuance unlimited.

11. REDEMPTIONS.

(a) Mechanics. The Company shall deliver the applicable Event of Default Redemption Price to the Holder in cash within five (5) Business Days after the Company' s receipt of the Holder' s Event of Default Redemption Notice (each, an "**Event of Default Redemption Date**"). If the Holder has submitted a Change of Control Redemption Notice in accordance with Section 5(b), the Company shall deliver the applicable Change of Control Redemption Price to the Holder in cash concurrently with the consummation of such Change of Control if such notice is received prior to the consummation of such Change of Control and within five (5) Business Days after the Company' s receipt of such notice otherwise (each, a "**Change of Control Redemption Date**"). The Company shall deliver the applicable Company Optional Redemption Price to the Holder in cash on the applicable Company Optional Redemption Date. Notwithstanding anything herein to the contrary, in connection with any redemption hereunder at a time the Holder is entitled to receive a cash payment under any of the other Transaction Documents, at the option of the Holder delivered in writing to the Company, the applicable Redemption Price hereunder shall be increased by the amount of such cash payment owed to the Holder under such other Transaction Document and, upon payment in full or conversion in accordance herewith, shall satisfy the Company' s payment obligation under such other Transaction Document. In the event of a redemption of less than all of the Conversion Amount of this Note, the Company shall promptly cause to be issued and delivered to the Holder a new Note (in accordance with Section 18(d)) representing the outstanding Principal which has not been redeemed. In the event that the Company does not pay the applicable Redemption Price to the Holder within the time period required, at any time thereafter and until the Company pays such unpaid Redemption Price in full, the Holder shall have the option, in lieu of redemption, to require the Company to promptly return to the Holder all or any portion of this Note representing the Conversion Amount that was submitted for redemption and for which the applicable Redemption Price (together with any Late Charges thereon) has not been paid. Upon the Company' s receipt of such notice, (x) the applicable Redemption Notice shall be null and void with respect to such Conversion Amount, (y) the Company shall immediately return this Note, or issue a new Note (in accordance with Section 18(d)), to the Holder, and in each case the principal amount of this Note or such new Note (as the case may be) shall be increased by an amount equal to the difference between (1) the applicable Redemption Price (as the case may be, and as adjusted pursuant to this Section 11, if applicable) minus (2) the Principal portion of the Conversion Amount submitted for redemption and (z) the Conversion Price of this Note or

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such new Notes (as the case may be) shall be automatically adjusted with respect to each conversion effected thereafter by the Holder to the lowest of (A) the Conversion Price as in effect on the date on which the applicable Redemption Notice is voided, (B) the greater of (x) the Floor Price and (y) 80% of the lowest Closing Bid Price of the Common Shares during the period beginning on and including the date on which the applicable Redemption Notice is delivered to the Company and ending on and including the date on which the applicable Redemption Notice is voided and (C) the greater of (x) the Floor Price and (y) 80% of the quotient of (I) the sum of the five (5) lowest VWAPs of the Common Shares during the twenty (20) consecutive Trading Day period ending and including the Trading Day immediately preceding the applicable Conversion Date divided by (II) five (5) (it being understood and agreed that all such determinations shall be appropriately adjusted for any share dividend, share split, share combination or other similar transaction during such period). The Holder' s delivery of a notice voiding a Redemption Notice and exercise of its rights following such notice shall not affect the Company' s obligations to make any payments of Late Charges which have accrued prior to the date of such notice with respect to the Conversion Amount subject to such notice.

(b) Redemption by Other Holders. Upon the Company' s receipt of notice from any of the holders of the Other Notes for redemption or repayment as a result of an event or occurrence substantially similar to the events or occurrences described in Section 4(b) or Section 5(b) (each, an "**Other Redemption Notice**"), the Company shall immediately, but no later than one (1) Business Day of its receipt thereof, forward to the Holder by facsimile or electronic mail a copy of such notice. If the Company receives a Redemption Notice and one or more Other Redemption Notices, during the seven (7) Business Day period beginning on and including the date which is three (3) Business Days prior to the Company' s receipt of the Holder' s applicable Redemption Notice and ending on and including the date which is three (3) Business Days after the Company' s receipt of the Holder' s applicable Redemption Notice and the Company is unable to redeem all principal, interest and other amounts designated in such Redemption Notice and such Other Redemption Notices received during such seven (7) Business Day period, then the Company shall redeem a pro rata amount from each holder of the Notes (including the Holder) based on the principal amount of the Notes submitted for redemption pursuant to such Redemption Notice and such Other Redemption Notices received by the Company during such seven (7) Business Day period.

12. VOTING RIGHTS. The Holder shall have no voting rights as the holder of this Note, except as required by law (including, without limitation, the *Business Corporations Act* (Alberta)) and as expressly provided in this Note.

13. COVENANTS. Until all of the Notes have been converted, redeemed or otherwise satisfied in accordance with their terms:

(a) Rank. All payments due under this Note (a) shall rank *pari passu* with all Other Notes and (b) shall be senior to all other Indebtedness of the Company and its Subsidiaries in right of payment (other than Permitted Senior Indebtedness).

(b) Incurrence of Indebtedness. The Company shall not, and the Company shall

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cause each of its Subsidiaries to not, directly or indirectly, incur or guarantee, assume or suffer to exist any Indebtedness (other than (i) the Indebtedness evidenced by this Note and the Other Notes and (ii) other Permitted Indebtedness).

(c) Existence of Liens. The Company shall not, and the Company shall cause each of its Subsidiaries to not, directly or indirectly, allow or suffer to exist any mortgage, lien, pledge, charge, security interest or other encumbrance upon or in any property or assets (including accounts and contract rights) owned by the Company or any of its Subsidiaries (collectively, "**Liens**") other than Permitted Liens.

(d) Restricted Payments. The Company shall not, and the Company shall cause each of its Subsidiaries to not, directly or indirectly, redeem, defease, repurchase, repay or make any payments in respect of, by the payment of cash or cash equivalents (in whole or in part, whether by way of open market purchases, tender offers, private transactions or otherwise), all or any portion of any Indebtedness (other than the Notes and Permitted Senior Indebtedness) whether by way of payment in respect of principal of (or premium, if any) or interest on, such Indebtedness if at the time such payment is due or is otherwise made or, after giving effect to such payment, (i) an event constituting an Triggering Event has occurred and is continuing or (ii) an event that with the passage of time and without being cured would constitute an Triggering Event has occurred and is continuing.

(e) Restriction on Redemption and Cash Dividends. The Company shall not, and the Company shall cause each of its Subsidiaries to not, directly or indirectly, redeem, repurchase or declare or pay any cash dividend or distribution on any of its share capital.

(f) Restriction on Transfer of Assets. The Company shall not, and the Company shall cause each of its Subsidiaries to not, directly or indirectly, sell, lease, license, assign, transfer, spin-off, split-off, close, convey or otherwise dispose of any assets or rights of the Company or any Subsidiary owned or hereafter acquired whether in a single transaction or a series of related transactions, other than (i) in the ordinary course of business consistent with its past practice, (ii) sales of inventory and product in the ordinary course of business, (iii) Excluded Dispositions or (iv) any Financial Assistance provided by the Company or any Subsidiary to or for the benefit of Pathway RX Inc. in an aggregate amount not exceeding $400,000 per fiscal year.

(g) Change in Nature of Business. The Company shall not, and the Company shall cause each of its Subsidiaries to not, directly or indirectly, engage in any material line of business substantially different from those lines of business conducted by or publicly contemplated to be conducted by the Company and each of its Subsidiaries on the Subscription Date or any business substantially related or incidental thereto. The Company shall not, and the Company shall cause each of its Subsidiaries to not, directly or indirectly, modify its or their corporate structure or purpose.

(h) Preservation of Existence, Etc. The Company shall maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, its existence, rights and privileges, and become or remain, and cause each of its Subsidiaries to become or remain, duly qualified and in good standing in each jurisdiction in which the character of the

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properties owned or leased by it or in which the transaction of its business makes such qualification necessary.

(i) Maintenance of Properties, Etc. The Company shall maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its material properties which are necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear and tear excepted, and comply, and cause each of its Subsidiaries to comply, at all times with the provisions of all leases to which it is a party as lessee or under which it occupies property in all material respects, so as to prevent any loss or forfeiture thereof or thereunder.

(j) Maintenance of Intellectual Property. The Company will, and will cause each of its Subsidiaries to, take all action necessary or advisable to maintain all of the Intellectual Property Rights (as defined in the Securities Purchase Agreement) of the Company and/or any of its Subsidiaries that are necessary or material to the conduct of its business in full force and effect.

(k) Maintenance of Insurance. The Company shall maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations (including, without limitation, comprehensive general liability, hazard, rent and business interruption insurance) with respect to its properties (including all real properties leased or owned by it) and business, in such amounts and covering such risks as is required by any governmental authority having jurisdiction with respect thereto or as is carried generally in accordance with sound business practice by companies in similar businesses similarly situated.

(l) Transactions with Affiliates. The Company shall not, nor shall it permit any of its Subsidiaries to, enter into, renew, extend or be a party to, any transaction or series of related transactions (including, without limitation, the purchase, sale, lease, transfer or exchange of property or assets of any kind or the rendering of services of any kind) with any affiliate, except with respect to affiliate transactions existing on the Subscription Date or pursuant to employment agreements existing on the Subscription Date or transactions in the ordinary course of business in a manner and to an extent consistent with past practice and necessary or desirable for the prudent operation of its business, for fair consideration and on terms no less favorable to it or its Subsidiaries than would be obtainable in a comparable arm' s length transaction with a Person that is not an affiliate thereof.

(m) Restricted Issuances. The Company shall not, directly or indirectly, without the prior written consent of the holders of a majority in aggregate principal amount of the Notes then outstanding, (i) issue any Notes (other than as contemplated by the Securities Purchase Agreement and the Notes) or (ii) issue any other securities that would cause a breach or default under the Notes or the Warrants.

(n) Independent Investigation. At the request of the Holder either (x) at any time when an Triggering Event has occurred and is continuing, (y) upon the occurrence of an event that with the passage of time or giving of notice would constitute an Triggering Event or an Event of Default or (z) at any time the Holder reasonably believes an Triggering

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Event or an Event of Default may have occurred or be continuing, the Company shall hire an independent, reputable investment bank selected by the Company and approved by the Holder to investigate as to whether any breach of this Note has occurred (the "**Independent Investigator**"). If the Independent Investigator determines that such breach of this Note has occurred, the Independent Investigator shall notify the Company of such breach and the Company shall deliver written notice to each holder of a Note of such breach. In connection with such investigation, the Independent Investigator may, during normal business hours, inspect all contracts, books, records, personnel, offices and other facilities and properties of the Company and its Subsidiaries and, to the extent available to the Company after the Company uses reasonable efforts to obtain them, the records of its legal advisors and accountants (including the accountants' work papers) and any books of account, records, reports and other papers not contractually required of the Company to be confidential or secret, or subject to attorney-client or other evidentiary privilege, and the Independent Investigator may make such copies and inspections thereof as the Independent Investigator may reasonably request. The Company shall furnish the Independent Investigator with such financial and operating data and other information with respect to the business and properties of the Company as the Independent Investigator may reasonably request. The Company shall permit the Independent Investigator to discuss the affairs, finances and accounts of the Company with, and to make proposals and furnish advice with respect thereto to, the Company' s officers, directors, key employees and independent public accountants or any of them (and by this provision the Company authorizes said accountants to discuss with such Independent Investigator the finances and affairs of the Company and any Subsidiaries), all at such reasonable times, upon reasonable notice, and as often as may be reasonably requested.

14. SUBORDINATION. This Note shall be subordinated in accordance with the terms of the Intercreditor Side Letters. The Company shall not amend, modify, waive, exchange or otherwise refinance thereof, in any respect, the First Lien Credit Agreement, the First Lien Credit Documents or the SAF Convertible Note (in each case, as defined in the Intercreditor Side Letters and as in effect as of the Issuance Date) in any manner in violation of any Intercreditor Side Letter.

15. DISTRIBUTION OF ASSETS. In addition to any adjustments pursuant to Section 7, if the Company shall declare or make any dividend or other distributions of its assets (or rights to acquire its assets) to any or all holders of Common Shares, by way of return of capital or otherwise (including without limitation, any distribution of cash, shares or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (the "**Distributions**"), then the Holder will be entitled to such Distributions as if the Holder had held the number of Common Shares acquirable upon complete conversion of this Note (assuming a conversion at the Alternate Triggering Event Conversion Price then in effect and without taking into account any limitations or restrictions on the convertibility of this Note) immediately prior to the date on which a record is taken for such Distribution or, if no such record is taken, the date as of which the record holders of Common Shares are to be determined for such Distributions (provided, however, that to the extent that the Holder' s right to participate in any such Distribution would result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Distribution to the extent of the Maximum Percentage (and shall not be entitled to beneficial ownership of such Common Shares as a result of such Distribution (and beneficial

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ownership) to the extent of any such excess) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time or times, if ever, as its right thereto would not result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, at which time or times the Holder shall be granted such Distribution (and any Distributions declared or made on such initial Distribution or on any subsequent Distribution held similarly in abeyance) to the same extent as if there had been no such limitation).

16. AMENDING THE TERMS OF THIS NOTE. Except for Section 3(d), which may not be amended, modified or waived by the parties hereto, the prior written consent of the Required Holders (as defined in the Securities Purchase Agreement) shall be required for any change, modification, waiver or amendment to this Note. Any change, amendment, modification or waiver so approved shall be binding upon all existing and future holders of this Note and any Other Notes; provided, however, that no such change, waiver or, as applied to any of the Notes held by any particular holder of Notes, shall, without the written consent of that particular holder, (i) reduce the amount of Principal, reduce the amount of accrued and unpaid Interest, or extend the Maturity Date, of the Notes, (ii) disproportionally and adversely affect any rights under the Notes of any holder of Notes; or (iii) modify any of the provisions of, or impair the right of any holder of Notes under, this Section 16.

17. TRANSFER. This Note and any Common Shares issued upon conversion of this Note may be offered, sold, assigned or transferred by the Holder without the consent of the Company, subject only to the provisions of Section 2(g) of the Securities Purchase Agreement.

18. REISSUANCE OF THIS NOTE.

(a) Transfer. If this Note is to be transferred, the Holder shall surrender this Note to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Note (in accordance with Section 18(d)), registered as the Holder may request, representing the outstanding Principal being transferred by the Holder and, if less than the entire outstanding Principal is being transferred, a new Note (in accordance with Section 18(d)) to the Holder representing the outstanding Principal not being transferred. The Holder and any assignee, by acceptance of this Note, acknowledge and agree that, by reason of the provisions of Section 3(c)(iii) following conversion or redemption of any portion of this Note, the outstanding Principal represented by this Note may be less than the Principal stated on the face of this Note.

(b) Lost, Stolen or Mutilated Note. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Note (as to which a written certification and the indemnification contemplated below shall suffice as such evidence), and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary and reasonable form and, in the case of mutilation, upon surrender and cancellation of this Note, the Company shall execute and deliver to the Holder a new Note (in accordance with Section 18(d)) representing the outstanding Principal.

(c) Note Exchangeable for Different Denominations. This Note is exchangeable, upon the surrender hereof by the Holder at the principal office of the

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Company, for a new Note or Notes (in accordance with Section 18(d) and in principal amounts of at least $1,000) representing in the aggregate the outstanding Principal of this Note, and each such new Note will represent such portion of such outstanding Principal as is designated by the Holder at the time of such surrender.

(d) Issuance of New Notes. Whenever the Company is required to issue a new Note pursuant to the terms of this Note, such new Note (i) shall be of like tenor with this Note, (ii) shall represent, as indicated on the face of such new Note, the Principal remaining outstanding (or in the case of a new Note being issued pursuant to Section 18(a) or Section 18(c), the Principal designated by the Holder which, when added to the principal represented by the other new Notes issued in connection with such issuance, does not exceed the Principal remaining outstanding under this Note immediately prior to such issuance of new Notes), (iii) shall have an issuance date, as indicated on the face of such new Note, which is the same as the Issuance Date of this Note, (iv) shall have the same rights and conditions as this Note, and (v) shall represent accrued and unpaid Interest and Late Charges on the Principal and Interest of this Note, from the Issuance Date.

19. REMEDIES, CHARACTERIZATIONS, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note and any of the other Transaction Documents at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the Holder' s right to pursue actual and consequential damages for any failure by the Company to comply with the terms of this Note. No failure on the part of the Holder to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Holder of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. In addition, the exercise of any right or remedy of the Holder at law or equity or under this Note or any of the documents shall not be deemed to be an election of Holder' s rights or remedies under such documents or at law or equity. The Company covenants to the Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments, conversion and the like (and the computation thereof) shall be the amounts to be received by the Holder and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the Holder shall be entitled, in addition to all other available remedies, to specific performance and/or temporary, preliminary and permanent injunctive or other equitable relief from any court of competent jurisdiction in any such case without the necessity of proving actual damages and without posting a bond or other security. The Company shall provide all information and documentation to the Holder that is requested by the Holder to enable the Holder to confirm the Company' s compliance with the terms and conditions of this Note (including, without limitation, compliance with Section 7). If at any time required under the terms and conditions of this Note with respect to Interest due and payable hereunder, or, subject to the prior written consent of the Holder, any other amount then due to be paid to the Holder (or its designee) hereunder, as applicable, shall be paid in additional Notes (such amount to be paid in additional Notes hereunder, each, a "PIK Amount", on the date any such PIK Amount is due hereunder, the Principal of this

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Note shall automatically increase by such PIK Amount (each, a "PIK"). For purposes of Rule 144(d) promulgated under the 1933 Act, as in effect on the Subscription Date, it is intended that the Common Shares issued upon conversion of any PIK Amount shall be deemed to have been acquired by the Holder, and the holding period for the Common Shares shall be deemed to have commenced, on the date this Note was originally issued pursuant to the Securities Purchase Agreement.

20. PAYMENT OF COLLECTION, ENFORCEMENT AND OTHER COSTS. If (a) this Note is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding or the Holder otherwise takes action to collect amounts due under this Note or to enforce the provisions of this Note or (b) there occurs any bankruptcy, reorganization, receivership of the Company or other proceedings affecting Company creditors' rights and involving a claim under this Note, then the Company shall pay the costs incurred by the Holder for such collection, enforcement or action or in connection with such bankruptcy, reorganization, receivership or other proceeding, including, without limitation, attorneys' fees and disbursements. The Company expressly acknowledges and agrees that no amounts due under this Note shall be affected, or limited, by the fact that the purchase price paid for this Note was less than the original Principal amount hereof.

21. CONSTRUCTION; HEADINGS. This Note shall be deemed to be jointly drafted by the Company and the initial Holder and shall not be construed against any such Person as the drafter hereof. The headings of this Note are for convenience of reference and shall not form part of, or affect the interpretation of, this Note. Unless the context clearly indicates otherwise, each pronoun herein shall be deemed to include the masculine, feminine, neuter, singular and plural forms thereof. The terms "including," "includes," "include" and words of like import shall be construed broadly as if followed by the words "without limitation." The terms "herein," "hereunder," "hereof" and words of like import refer to this entire Note instead of just the provision in which they are found. Unless expressly indicated otherwise, all section references are to sections of this Note. Terms used in this Note and not otherwise defined herein, but defined in the other Transaction Documents, shall have the meanings ascribed to such terms on the Closing Date in such other Transaction Documents unless otherwise consented to in writing by the Holder.

22. FAILURE OR INDULGENCE NOT WAIVER. No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege. No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party. Notwithstanding the foregoing, nothing contained in this Section 22 shall permit any waiver of any provision of Section 3(d).

23. DISPUTE RESOLUTION.

(a) Submission to Dispute Resolution.

(i) In the case of a dispute relating to a Closing Bid Price, a Closing Sale Price, a Conversion Price, an Alternate Optional Conversion Price, an Alternate Triggering Event Conversion Price, a VWAP or a fair market value or

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the arithmetic calculation of a Conversion Rate, or the applicable Redemption Price (as the case may be) (including, without limitation, a dispute relating to the determination of any of the foregoing), the Company or the Holder (as the case may be) shall submit the dispute to the other party via electronic mail or otherwise (A) if by the Company, within two (2) Business Days after the occurrence of the circumstances giving rise to such dispute or (B) if by the Holder at any time after the Holder learned of the circumstances giving rise to such dispute. If the Holder and the Company are unable to promptly resolve such dispute relating to such Closing Bid Price, such Closing Sale Price, such Conversion Price, such Alternate Optional Conversion Price, such Alternate Triggering Event Conversion Price, such VWAP or such fair market value, or the arithmetic calculation of such Conversion Rate or such applicable Redemption Price (as the case may be), at any time after the second (2nd) Business Day following such initial notice by the Company or the Holder (as the case may be) of such dispute to the Company or the Holder (as the case may be), then the Holder may, at its sole option, select an independent, reputable investment bank to resolve such dispute.

(ii) The Holder and the Company shall each deliver to such investment bank (A) a copy of the initial dispute submission so delivered in accordance with the first sentence of this Section 23 and (B) written documentation supporting its position with respect to such dispute, in each case, no later than 5:00 p.m. (New York time) by the fifth (5th) Business Day immediately following the date on which the Holder selected such investment bank (the "**Dispute Submission Deadline**") (the documents referred to in the immediately preceding clauses (A) and (B) are collectively referred to herein as the "**Required Dispute Documentation**") (it being understood and agreed that if either the Holder or the Company fails to so deliver all of the Required Dispute Documentation by the Dispute Submission Deadline, then the party who fails to so submit all of the Required Dispute Documentation shall no longer be entitled to (and hereby waives its right to) deliver or submit any written documentation or other support to such investment bank with respect to such dispute and such investment bank shall resolve such dispute based solely on the Required Dispute Documentation that was delivered to such investment bank prior to the Dispute Submission Deadline). Unless otherwise agreed to in writing by both the Company and the Holder or otherwise requested by such investment bank, neither the Company nor the Holder shall be entitled to deliver or submit any written documentation or other support to such investment bank in connection with such dispute (other than the Required Dispute Documentation).

(iii) The Company and the Holder shall cause such investment bank to determine the resolution of such dispute and notify the Company and the Holder of such resolution no later than ten (10) Business Days immediately following the Dispute Submission Deadline. The fees and expenses of such investment bank shall be borne solely by the Company, and such investment bank' s resolution of such dispute shall be final and binding upon all parties absent manifest error.

(b) Miscellaneous. The Company expressly acknowledges and agrees that (i)

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this Section 23 constitutes an agreement to arbitrate between the Company and the Holder (and constitutes an arbitration agreement) under § 7501, et seq. of the New York Civil Practice Law and Rules ("**CPLR**") and that the Holder is authorized to apply for an order to compel arbitration pursuant to CPLR § 7503(a) in order to compel compliance with this Section 23, (ii) a dispute relating to a Conversion Price includes, without limitation, disputes as to (A) whether an issuance or sale or deemed issuance or sale of Common Shares occurred under Section 7(a), (B) the consideration per share at which an issuance or deemed issuance of Common Shares occurred, (C) whether any issuance or sale or deemed issuance or sale of Common Shares was an issuance or sale or deemed issuance or sale of Excluded Securities, (D) whether an agreement, instrument, security or the like constitutes and Option or Convertible Security and (E) whether a Dilutive Issuance occurred, (iii) the terms of this Note and each other applicable Transaction Document shall serve as the basis for the selected investment bank' s resolution of the applicable dispute, such investment bank shall be entitled (and is hereby expressly authorized) to make all findings, determinations and the like that such investment bank determines are required to be made by such investment bank in connection with its resolution of such dispute and in resolving such dispute such investment bank shall apply such findings, determinations and the like to the terms of this Note and any other applicable Transaction Documents, (iv) the Holder (and only the Holder), in its sole discretion, shall have the right to submit any dispute described in this Section 23 to any state or federal court sitting in The City of New York, Borough of Manhattan in lieu of utilizing the procedures set forth in this Section 23 and (v) nothing in this Section 23 shall limit the Holder from obtaining any injunctive relief or other equitable remedies (including, without limitation, with respect to any matters described in this Section 23).

24. NOTICES; CURRENCY; PAYMENTS.

(a) Notices. Whenever notice is required to be given under this Note, unless otherwise provided herein, such notice shall be given in accordance with Section 9(f) of the Securities Purchase Agreement. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Note, including in reasonable detail a description of such action and the reason therefore. Without limiting the generality of the foregoing, the Company will give written notice to the Holder (i) immediately upon any adjustment of the Conversion Price, setting forth in reasonable detail, and certifying, the calculation of such adjustment and (ii) at least fifteen (15) days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the Common Shares, (B) with respect to any grant, issuances, or sales of any Options, Convertible Securities or rights to purchase shares, warrants, securities or other property to holders of Common Shares (other than Excluded Securities) or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation, provided in each case that any material non-public information in any such notice shall be made known to the public prior to or in conjunction with such notice being provided to the Holder.

(b) Currency. All dollar amounts referred to in this Note are in United States Dollars ("**U.S. Dollars**"), and all amounts owing under this Note shall be paid in U.S. Dollars. All amounts denominated in other currencies (if any) shall be converted into the

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U.S. Dollar equivalent amount in accordance with the Exchange Rate on the date of calculation. "**Exchange Rate**" means, in relation to any amount of currency to be converted into U.S. Dollars pursuant to this Note, the U.S. Dollar exchange rate as published in the Wall Street Journal on the relevant date of calculation (it being understood and agreed that where an amount is calculated with reference to, or over, a period of time, the date of calculation shall be the final date of such period of time).

(c) Payments. Whenever any payment of cash is to be made by the Company to any Person pursuant to this Note, unless otherwise expressly set forth herein, such payment shall be made in lawful money of the United States of America by a certified check drawn on the account of the Company and sent via overnight courier service to such Person at such address as previously provided to the Company in writing (which address, in the case of each of the Buyers, shall initially be as set forth on the Schedule of Buyers attached to the Securities Purchase Agreement), provided that the Holder may elect to receive a payment of cash via wire transfer of immediately available funds by providing the Company with prior written notice setting out such request and the Holder' s wire transfer instructions. Whenever any amount expressed to be due by the terms of this Note is due on any day which is not a Business Day, the same shall instead be due on the next succeeding day which is a Business Day. Any amount of Principal or other amounts due under the Transaction Documents which is not paid when due (except to the extent such amount is simultaneously accruing Interest at the Triggering Event Rate hereunder) shall result in a late charge being incurred and payable by the Company in an amount equal to interest on such amount at the rate of eighteen percent (18%) per annum from the date such amount was due until the same is paid in full ("**Late Charge**").

25. CANCELLATION. After all Principal, accrued Interest, Late Charges and other amounts at any time owed on this Note have been paid in full, this Note shall automatically be deemed canceled, shall be surrendered to the Company for cancellation and shall not be reissued.

26. WAIVER OF NOTICE. To the extent permitted by law, the Company hereby irrevocably waives demand, notice, presentment, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note and the Securities Purchase Agreement.

27. GOVERNING LAW. This Note shall be construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Note shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. Except as otherwise required by Section 23 above, the Company hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

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Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein (i) shall be deemed or operate to preclude the Holder from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company' s obligations to the Holder, to realize on any collateral or any other security for such obligations, or to enforce a judgment or other court ruling in favor of the Holder or (ii) shall limit, or shall be deemed or construed to limit, any provision of Section 23. The Company hereby appoints Corporation Service Company (1180 Avenue of the Americas, Suite 210, New York, New York 10036-8401) as its agent for service of process in New York. **THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS NOTE OR ANY TRANSACTION CONTEMPLATED HEREBY.** The choice of the laws of the State of New York as the governing law of this Note is a valid choice of law and would be recognized and given effect to in any action brought before a court of competent jurisdiction in the Province of Alberta, except for those laws (i) which such court considers to be procedural in nature, (ii) which are revenue or penal laws or (iii) the application of which would be inconsistent with public policy, as such term is interpreted under the laws of the Province of Alberta. The choice of laws of the State of New York as the governing law of this Note will be honored by competent courts in the Canada, subject to compliance with relevant Canadian civil procedural requirements. The Company or any of their respective properties, assets or revenues does not have any right of immunity under Province of Alberta, Canadian or New York law, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from set-off or counterclaim, from the jurisdiction of any Province of Alberta, Canadian, New York or United States federal court, from service of process, attachment upon or prior to judgment, or attachment in aid of execution of judgment, or from execution of a judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of a judgment, in any such court, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Note; and, to the extent that the Company, or any of its properties, assets or revenues may have or may hereafter become entitled to any such right of immunity in any such court in which proceedings may at any time be commenced, the Company hereby waives such right to the extent permitted by law and hereby consents to such relief and enforcement as provided in this Note and the other Transaction Documents.

28. JUDGMENT CURRENCY.

(a) If for the purpose of obtaining or enforcing judgment against the Company in any court in any jurisdiction it becomes necessary to convert into any other currency (such other currency being hereinafter in this Section 28 referred to as the "**Judgment Currency**") an amount due in U.S. dollars under this Note, the conversion shall be made at the Exchange Rate prevailing on the Trading Day immediately preceding:

(i) the date actual payment of the amount due, in the case of any proceeding in the courts of New York or in the courts of any other jurisdiction that will give effect to such conversion being made on such date: or

(ii) the date on which the foreign court determines, in the case of any proceeding in the courts of any other jurisdiction (the date as of which such conversion

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is made pursuant to this Section 28(a)(ii) being hereinafter referred to as the "**Judgment Conversion Date**").

(iii) If in the case of any proceeding in the court of any jurisdiction referred to in Section 28(a)(ii) above, there is a change in the Exchange Rate prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, the applicable party shall pay such adjusted amount as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the Exchange Rate prevailing on the date of payment, will produce the amount of US dollars which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the Exchange Rate prevailing on the Judgment Conversion Date.

(iv) Any amount due from the Company under this provision shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of this Note.

29. SEVERABILITY. If any provision of this Note is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Note so long as this Note as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

30. MAXIMUM PAYMENTS. Without limiting Section 9(d) of the Securities Purchase Agreement, nothing contained herein shall be deemed to establish or require the payment of a rate of interest or other charges in excess of the maximum permitted by applicable law. In the event that the rate of interest required to be paid or other charges hereunder exceed the maximum permitted by such law, any payments in excess of such maximum shall be credited against amounts owed by the Company to the Holder and thus refunded to the Company.

31. CERTAIN DEFINITIONS. For purposes of this Note, the following terms shall have the following meanings:

(a) "**1933 Act**" means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

(b) "**1934 Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

(c) "**Adjustment Right**" means any right granted with respect to any securities issued in connection with, or with respect to, any issuance or sale (or deemed issuance or sale in accordance with Section 7) of Common Shares (other than rights of the type

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described in Section 6(a) hereof) that could result in a decrease in the net consideration received by the Company in connection with, or with respect to, such securities (including, without limitation, any cash settlement rights, cash adjustment or other similar rights).

(d) "**Affiliate**" means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person, it being understood for purposes of this definition that "control" of a Person means the power directly or indirectly either to vote 10% or more of the shares having ordinary voting power for the election of directors of such Person or direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

(e) **Alternate Conversion Floor Amount**" means an amount in cash, to be delivered by wire transfer of immediately available funds pursuant to wire instructions delivered to the Company by the Holder in writing, equal to the product obtained by multiplying (A) the higher of (I) the highest price that the Common Stock trades at on the Trading Day immediately preceding the relevant Alternate Conversion Date and (II) the applicable Alternate Conversion Price and (B) the difference obtained by subtracting (I) the number of shares of Common Stock delivered (or to be delivered) to the Holder on the applicable Share Delivery Deadline with respect to such Alternate Conversion from (II) the quotient obtained by dividing (x) the applicable Conversion Amount that the Holder has elected to be the subject of the applicable Alternate Conversion, by (y) the applicable Alternate Optional Conversion Price or Alternate Triggering Event Conversion Price without giving effect to clause (x) of such applicable definition.

(f) "**Alternate Conversion Price**" means the Alternate Optional Conversion Price or Alternate Triggering Event Conversion Price applicable to such Alternate Conversion arising in connection with the event requiring this determination.

(g) "**Alternate Triggering Event Conversion Price**" means, with respect to any Alternate Triggering Event Conversion that price which shall be the lower of (i) the applicable Conversion Price as in effect on the applicable Conversion Date of the applicable Alternate Triggering Event Conversion, and (ii) the greater of (x) the Floor Price and (y) 80% of the lowest VWAP of the Common Shares during the eight (8) consecutive Trading Day period ending and including the date of the delivery of the applicable Conversion Notice with respect to such Alternate Triggering Event Conversion (such period, the "**Alternate Triggering Event Conversion Measuring Period**"). All such determinations to be appropriately adjusted for any share dividend, share split, share combination, reclassification or similar transaction that proportionately decreases or increases the Common Shares during such Alternate Triggering Event Conversion Measuring Period.

(h) "**Alternate Optional Conversion Price**" means, with respect to any given Alternate Optional Conversion, that price which shall be the lower of (i) the applicable Conversion Price as in effect on such Alternate Optional Conversion Date, and (ii) the greater of (x) the Floor Price and (y) 88% of the lowest VWAP of the Common Shares during the five (5) consecutive Trading Day period ending and including the date of the delivery of the applicable Conversion Notice with respect to such Alternate Optional

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Conversion (such period, the "**Alternate Optional Conversion Measuring Period**"). All such determinations to be appropriately adjusted for any share dividend, share split, share combination, reclassification or similar transaction that proportionately decreases or increases the Common Shares during such Alternate Optional Conversion Measuring Period.

(i) "**Approved Share Plan**" means any employee or director benefit plan which has been approved by the board of directors of the Company prior to or subsequent to the Subscription Date pursuant to which Common Shares and standard options to purchase Common Shares may be issued to any employee, officer or director for services provided to the Company in their capacity as such.

(j) "**Attribution Parties**" means, collectively, the following Persons and entities: (i) any investment vehicle, including, any funds, feeder funds or managed accounts, currently, or from time to time after the Issuance Date, directly or indirectly managed or advised by the Holder' s investment manager or any of its Affiliates or principals, (ii) any direct or indirect Affiliates of the Holder or any of the foregoing, (iii) any Person acting or who could be deemed to be acting as a Group together with the Holder or any of the foregoing and (iv) any other Persons whose beneficial ownership of the Company' s Common Shares would or could be aggregated with the Holder' s and the other Attribution Parties for purposes of Section 13(d) of the 1934 Act. For clarity, the purpose of the foregoing is to subject collectively the Holder and all other Attribution Parties to the Maximum Percentage.

(k) "**Bloomberg**" means Bloomberg, L.P.

(l) "**Bridge Farm Guarantee**" means the guarantee of seller' s obligations granted by the Borrower pursuant to the Bridge Farm PSA.

(m) "**Bridge Farm PSA**" means the sale and purchase agreement dated May 15, 2020 among Project Giant Bidco Limited, as buyer, David Ball, as buyer' s guarantor, Sundial UK Limited, as seller, and the Borrower, as seller' s guarantor, pursuant to which all of the issued share capital of Project Seed Topco Limited will be sold to Project Giant Bidco Limited (the "**Bridge Farm Disposition**").

(n) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York or the Province of Alberta are authorized or required by law to remain closed; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to "stay at home", "shelter-in-place", "non-essential employee" or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York or the Province of Alberta generally are open for use by customers on such day

(o) "**Canadian Market**" means the Toronto Stock Exchange, the TSX Venture Exchange or the Canadian Securities Exchange.

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(p) "**Cash**" of the Company and its Subsidiaries on any date shall be determined from such Persons' books maintained in accordance with IFRS, and means, without duplication, the cash, cash equivalents and Eligible Marketable Securities held by the Company and its wholly owned Subsidiaries on a consolidated basis on such date.

(q) "**Change of Control**" means any Fundamental Transaction other than (i) any merger of the Company or any of its, direct or indirect, wholly-owned Subsidiaries with or into any of the foregoing Persons, (ii) any reorganization, recapitalization or reclassification of the Common Shares or Excluded Disposition in which holders of the Company' s voting power immediately prior to such reorganization, recapitalization or reclassification or Excluded Disposition continue after such reorganization, recapitalization or reclassification to hold publicly traded securities and, directly or indirectly, are, in all material respects, the holders of the voting power of the surviving entity (or entities with the authority or voting power to elect the members of the board of directors (or their equivalent if other than a corporation) of such entity or entities) after such reorganization, recapitalization or reclassification and (iii) pursuant to a migratory merger effected solely for the purpose of changing the jurisdiction of incorporation of the Company or any of its Subsidiaries.

(r) "**Change of Control Redemption Premium**" means 125%.

(s) "**Closing Bid Price**" and "**Closing Sale Price**" means, for any security as of any date, the last closing bid price and last closing trade price, respectively, for such security on the Principal Market, as reported by Bloomberg, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing bid price or the closing trade price (as the case may be) then the last bid price or last trade price, respectively, of such security prior to 4:00:00 p.m., New York time, as reported by Bloomberg, or, if the Principal Market is not the principal securities exchange or trading market for such security, the last closing bid price or last trade price, respectively, of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing do not apply, the last closing bid price or last trade price, respectively, of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no closing bid price or last trade price, respectively, is reported for such security by Bloomberg, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported in the "pink sheets" by OTC Markets Group Inc. (formerly Pink Sheets LLC). If the Closing Bid Price or the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Bid Price or the Closing Sale Price (as the case may be) of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 23. All such determinations shall be appropriately adjusted for any share splits, share dividends, share combinations, recapitalizations or other similar transactions during such period.

(t) "**Closing Date**" shall have the meaning set forth in the Securities Purchase Agreement, which date is the date the Company initially issued Notes pursuant to the terms

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of the Securities Purchase Agreement.

(u) "**Common Shares**" means (i) the Company' s common shares, no par value per share, and (ii) any share capital into which such common shares shall have been changed or any share capital resulting from a reclassification of such common shares.

(v) "**Common Shares Deemed Outstanding**" means, at any given time, the number of Common Shares actually outstanding at such time, but excluding any Common Shares owned or held by or for the account of the Company.

(w) "**Conversion Floor Price Condition**" means that the relevant Alternate Optional Conversion Price or Alternate Triggering Event Conversion Price is being determined based on clause (x) of such definition.

(x) "**Convertible Securities**" means any shares or other security (other than Options) that is at any time and under any circumstances, directly or indirectly, convertible into, exercisable or exchangeable for, or which otherwise entitles the holder thereof to acquire, any Common Shares.

(y) "**Eligible Market**" means the New York Stock Exchange, the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market or the Principal Market.

(z) "**Equity Conditions**" means, with respect to a given date of determination: (i) on each day during the period beginning twenty (20) days prior to such applicable date of determination and ending on and including such applicable date of determination either (x) one or more Registration Statements filed pursuant to the Registration Rights Agreement shall be effective and the prospectus contained therein shall be available on such applicable date of determination (with, for the avoidance of doubt, any Common Shares previously sold pursuant to such prospectus deemed unavailable) for the resale of all Common Shares to be issued in connection with the event requiring this determination (or issuable upon conversion of the Conversion Amount being redeemed in the event requiring this determination at the applicable Alternate Conversion Price then in effect (without regard to any limitations on conversion set forth herein)) (each, a "**Required Minimum Securities Amount**"), in each case, in accordance with the terms of the Registration Rights Agreement and there shall not have been during such period any Grace Periods (as defined in the Registration Rights Agreement) or (y) all Registrable Securities shall be eligible for sale pursuant to Rule 144 (as defined in the Securities Purchase Agreement) without the need for registration under any applicable federal or state securities laws (in each case, disregarding any limitation on conversion of the Notes, other issuance of securities with respect to the Notes and exercise of the Warrants) and no Current Information Failure (as defined in the Registration Rights Agreement) exists or is continuing; (ii) on each day during the period beginning twenty (20) calendar days prior to the applicable date of determination and ending on and including the applicable date of determination (the "**Equity Conditions Measuring Period**"), the Common Shares (including all Registrable Securities) is listed or designated for quotation (as applicable) on an Eligible Market and shall not have been suspended from trading on an Eligible Market (other than suspensions of not more than two (2) days and occurring prior to the applicable

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date of determination due to business announcements by the Company) nor shall delisting or suspension by an Eligible Market have been threatened (with a reasonable prospect of delisting occurring after giving effect to all applicable notice, appeal, compliance and hearing periods) or reasonably likely to occur or pending as evidenced by (A) a writing by such Eligible Market or (B) the Company falling below the minimum listing maintenance requirements of the Eligible Market on which the Common Shares is then listed or designated for quotation (as applicable); (iii) during the Equity Conditions Measuring Period, the Company shall have delivered all Common Shares issuable upon conversion of this Note on a timely basis as set forth in Section 3 hereof and all other shares required to be delivered by the Company on a timely basis as set forth in the other Transaction Documents; (iv) any Common Shares to be issued in connection with the event requiring determination (or issuable upon conversion of the Conversion Amount being redeemed in the event requiring this determination) may be issued in full without violating Section 3(d) hereof; (v) any Common Shares to be issued in connection with the event requiring determination (or issuable upon conversion of the Conversion Amount being redeemed in the event requiring this determination at the applicable Alternate Conversion Price then in effect (without regard to any limitations on conversion set forth herein)) may be issued in full without violating the rules or regulations of the Eligible Market on which the Common Shares is then listed or designated for quotation (as applicable); (vi) on each day during the Equity Conditions Measuring Period, no public announcement of a pending, proposed or intended Fundamental Transaction shall have occurred which has not been abandoned, terminated or consummated; (vii) the Company shall have no knowledge of any fact that would reasonably be expected to cause (1) any Registration Statement required to be filed pursuant to the Registration Rights Agreement to not be effective or the prospectus contained therein to not be available for the resale of the applicable Required Minimum Securities Amount of Registrable Securities in accordance with the terms of the Registration Rights Agreement or (2) any Registrable Securities to not be eligible for sale pursuant to Rule 144 without the need for registration under any applicable federal or state securities laws (in each case, disregarding any limitation on conversion of the Notes, other issuance of securities with respect to the Notes and exercise of the Warrants) and no Current Information Failure exists or is continuing; (viii) the Holder shall not be in (and no other holder of Notes shall be in) possession of any material, non-public information provided to any of them by the Company, any of its Subsidiaries or any of their respective affiliates, employees, officers, representatives, agents or the like; (ix) on each day during the Equity Conditions Measuring Period, the Company otherwise shall have been in compliance with each, and shall not have breached any representation or warranty in any material respect (other than representations or warranties subject to material adverse effect or materiality, which may not be breached in any respect) or any covenant or other term or condition of any Transaction Document, including, without limitation, the Company shall not have failed to timely make any payment pursuant to any Transaction Document; (x) on each Trading Day during the Equity Conditions Measuring Period, there shall not have occurred any Volume Failure or Price Failure as of such applicable date of determination; (xi) on the applicable date of determination (A) no Authorized Share Failure shall exist or be continuing and the applicable Required Minimum Securities Amount of Common Shares are available under the certificate of incorporation of the Company and reserved by the Company to be issued pursuant to the Notes and (B) all Common Shares to be issued

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in connection with the event requiring this determination (or issuable upon conversion of the Conversion Amount being redeemed in the event requiring this determination at the applicable Alternate Conversion Price then in effect (without regard to any limitations on conversion set forth herein)) may be issued in full without resulting in an Authorized Share Failure; (xii) on each day during the Equity Conditions Measuring Period, there shall not have occurred and there shall not exist an Triggering Event or an event that with the passage of time or giving of notice would constitute an Triggering Event; (xiii) no bone fide dispute shall exist, by and between any of holder of Notes or Warrants, the Company, the Principal Market (or such applicable Eligible Market in which the Common Shares of the Company is then principally trading) and/or FINRA with respect to any term or provision of any Note or any other Transaction Document and (xiv) the Common Shares issuable pursuant the event requiring the satisfaction of the Equity Conditions (or issuable upon conversion of the Conversion Amount being redeemed in the event requiring this determination at the applicable Alternate Conversion Price then in effect (without regard to any limitations on conversion set forth herein)) are duly authorized and listed and eligible for trading without restriction on an Eligible Market.

(aa) "**Equity Conditions Failure**" means, as applicable, that on any day during the period commencing twenty (20) Trading Days prior to the applicable Company Optional Redemption Notice Date through the applicable Company Optional Redemption Date, or with respect to any other date of determination, any day during the period commencing twenty (20) Trading Days prior to such date of determination, the Equity Conditions have not been satisfied (or waived in writing by the Holder).

(bb) "**Eligible Marketable Securities**" as of any date means marketable securities which would be reflected on a consolidated balance sheet of the Company and its Subsidiaries prepared as of such date in accordance with IFRS, and which are permitted under the Company' s investment policies as in effect on the Issuance Date or approved thereafter by the Company' s Board of Directors.

(cc) "**Event Market Price**" means, with respect to any Share Combination Event Date, the quotient determined by dividing (x) the sum of the VWAP of the Common Shares for each of the five (5) Trading Days with the lowest VWAP of the Common Shares during the fifteen (15) consecutive Trading Day period ending and including the Trading Day immediately preceding the sixteenth (16th) Trading Day after such Share Combination Event Date, divided by (y) five (5).

(dd) "**Excluded Dispositions**" means (i) Bridge Farm Disposition, (ii) the disposition of the property legally described as Lot 2 Sections 23 and 24 Township 91 Kamloops Division Yale, District Plan EPP 44524 Legal Notations, (iii) the disposition of the property legally described as Plan 7410408 Block 6 excepting thereout all mines and minerals area: 6.96 hectares (17.2 acres) more or less and municipally described as 273209 Range Road 20, M.D. of Rocky View #44, Alberta T4B 2A3, (iv) the disposition of no more than 30 of the Company' s proprietary custom-built cannabis cultivation modules, and (v) dispositions of licenses and/or agreements related to any of the foregoing.

(ee) "**Excluded Securities**" means (i) Common Shares or Options issued to

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current or former directors, officers or employees of the Company for services rendered to the Company in their capacity as such pursuant to an Approved Share Plan (as defined above); *provided* that (A) all such issuances (taking into account the Common Shares issuable upon exercise of such options) after the Subscription Date pursuant to this clause (i) do not, in the aggregate, exceed more than 10% of the Common Shares issued and outstanding immediately prior to the Subscription Date and (B) the exercise price of any such options is not lowered, none of such options are amended to increase the number of shares issuable thereunder and none of the terms or conditions of any such options are otherwise materially changed in any manner that materially adversely affects any of the Buyers; (ii) Common Shares issued upon the conversion or exercise of Convertible Securities or Options (other than Options issued pursuant to an Approved Share Plan that are covered by clause (i) above) issued prior to the Subscription Date; *provided* that the conversion price of any such Convertible Securities or Options is not lowered, none of such Convertible Securities or Options are amended to increase the number of shares issuable thereunder and none of the terms or conditions of any such Convertible Securities or Options are otherwise materially changed in any manner that materially adversely affects any of the Buyers; (iii) the Common Shares issuable upon conversion of the Notes or otherwise pursuant to the terms of the Notes; *provided* that the terms of the Notes are not amended, modified or changed on or after the Subscription Date (other than antidilution adjustments pursuant to the terms thereof in effect as of the Subscription Date), (iv) the Common Shares issuable upon exercise of the Warrants; *provided* that the terms of the Warrants are not amended, modified or changed on or after the Subscription Date (other than antidilution adjustments pursuant to the terms thereof in effect as of the Subscription Date); (v) the Placement Agent Securities (as defined in the Securities Purchase Agreement); *provided* that the terms of the Placement Agent Securities are not amended, modified or changed on or after the Subscription Date (other than antidilution adjustments pursuant to the terms thereof in effect as of the Subscription Date); and (vi) the SAF Securities (as defined in the Securities Purchase Agreement); *provided* that the terms of the SAF Securities are not amended, modified or changed on or after the Subscription Date (other than antidilution adjustments pursuant to the terms thereof in effect as of the Subscription Date).

(ff) "**Financial Assistance**" means, with respect to any Person and without duplication, any loan, Guarantee, indemnity, assurance, acceptance, extension of credit, loan purchase, share purchase, equity or capital contribution, equity or capital investment or other form of direct or indirect financial assistance or support by such Person of any other Person or in respect of any obligation of such other Person (contingent or otherwise). The amount of any Financial Assistance is the amount of any loan, investment or other direct or indirect financial assistance or support, without duplication, given, unless the Financial Assistance is limited to a determinable amount, in which case the amount of the Financial Assistance is the determinable amount.

(gg) "**Floor Price**" means $[ ]; provided that such amount shall be adjusted for any share splits, share dividends, share combinations, recapitalizations or other similar transactions occurring after the Subscription Date.

(hh) "**Fundamental Transaction**" means (A) that the Company shall, directly

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or indirectly, including through subsidiaries, Affiliates or otherwise, in one or more related transactions, (i) consolidate or merge with or into (whether or not the Company is the surviving corporation) another Subject Entity, or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company or any of its "significant subsidiaries" (as defined in Rule 1-02 of Regulation S-X) to one or more Subject Entities, or (iii) make, or allow one or more Subject Entities to make, or allow the Company to be subject to or have its Common Shares be subject to or party to one or more Subject Entities making, a purchase, tender or exchange offer that is accepted by the holders of at least either (x) 50% of the outstanding Common Shares, (y) 50% of the outstanding Common Shares calculated as if any Common Shares held by all Subject Entities making or party to, or Affiliated with any Subject Entities making or party to, such purchase, tender or exchange offer were not outstanding; or (z) such number of Common Shares such that all Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such purchase, tender or exchange offer, become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding Common Shares, or (iv) consummate a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with one or more Subject Entities whereby all such Subject Entities, individually or in the aggregate, acquire, either (x) at least 50% of the outstanding Common Shares, (y) at least 50% of the outstanding Common Shares calculated as if any Common Shares held by all the Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such stock or share purchase agreement or other business combination were not outstanding; or (z) such number of Common Shares such that the Subject Entities become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding Common Shares, or (v) reorganize, recapitalize or reclassify its Common Shares, (B) that the Company shall, directly or indirectly, including through subsidiaries, Affiliates or otherwise, in one or more related transactions, allow any Subject Entity individually or the Subject Entities in the aggregate to be or become the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, whether through acquisition, purchase, assignment, conveyance, tender, tender offer, exchange, reduction in outstanding Common Shares, merger, consolidation, business combination, reorganization, recapitalization, spin-off, scheme of arrangement, reorganization, recapitalization or reclassification or otherwise in any manner whatsoever, of either (x) at least 50% of the aggregate ordinary voting power represented by issued and outstanding Common Shares, (y) at least 50% of the aggregate ordinary voting power represented by issued and outstanding Common Shares not held by all such Subject Entities as of the date of this Note calculated as if any Common Shares held by all such Subject Entities were not outstanding, or (z) a percentage of the aggregate ordinary voting power represented by issued and outstanding Common Shares or other equity securities of the Company sufficient to allow such Subject Entities to effect a statutory short form merger or other transaction requiring other shareholders of the Company to surrender their Common Shares without approval of the shareholders of the Company or (C) directly or indirectly, including through subsidiaries, Affiliates or otherwise, in one or more related transactions, the issuance of or the entering into any other instrument or transaction structured in a manner to circumvent, or that circumvents, the intent of this definition in which case this definition shall be construed and implemented

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in a manner otherwise than in strict conformity with the terms of this definition to the extent necessary to correct this definition or any portion of this definition which may be defective or inconsistent with the intended treatment of such instrument or transaction.

(ii) "**Group**" means a "group" as that term is used in Section 13(d) of the 1934 Act and as defined in Rule 13d-5 thereunder.

(jj) "**Holder Pro Rata Amount**" means a fraction (i) the numerator of which is the original Principal amount of this Note on the Closing Date and (ii) the denominator of which is the aggregate original principal amount of all Notes issued to the initial purchasers pursuant to the Securities Purchase Agreement on the Closing Date.

(kk) "**IFRS**" means International Financial Reporting Standards, consistently applied.

(ll) "**Indebtedness**" shall have the meaning ascribed to such term in the Securities Purchase Agreement.

(mm) "**Maturity Date**" shall mean [ ], 20[ ]; provided, however, the Maturity Date may be extended at the option of the Holder (i) in the event that, and for so long as, an Triggering Event shall have occurred and be continuing or any event shall have occurred and be continuing that with the passage of time and the failure to cure would result in an Triggering Event or (ii) through the date that is twenty (20) Business Days after the consummation of a Fundamental Transaction in the event that a Fundamental Transaction is publicly announced or a Change of Control Notice is delivered prior to the Maturity Date; *provided further* that if a Holder elects to convert some or all of this Note pursuant to Section 3 hereof, and the Conversion Amount would be limited pursuant to Section 3(d) hereunder, the Maturity Date shall automatically be extended until such time as such provision shall not limit the conversion of this Note.

(nn) "**Options**" means any rights, warrants or options to subscribe for or purchase Common Shares or Convertible Securities.

(oo) "**Parent Entity**" of a Person means an entity that, directly or indirectly, controls the applicable Person and whose common stock or equivalent equity security is quoted or listed on an Eligible Market, or, if there is more than one such Person or Parent Entity, the Person or Parent Entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

(pp) "**Permitted Indebtedness**" means (i) Indebtedness evidenced by this Note and the Other Notes, (ii) Indebtedness set forth on Schedule 3(s) to the Securities Purchase Agreement, as in effect as of the Subscription Date, (iii) the Permitted Senior Indebtedness and any guarantees with respect thereto, (iv) Indebtedness secured by Permitted Liens or unsecured but as described in clauses (iv), (v) and (vi) of the definition of Permitted Liens, (v) Indebtedness of the Company owing to another wholly-owned Subsidiary or Indebtedness of a wholly-owned Subsidiary owing to the Company or another Subsidiary, (vi) Subordinated Indebtedness, (vii) the Bridge Farm Guarantee or (viiii) any Financial Assistance provided by the Company or any Subsidiary to or for the benefit of Pathway

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RX Inc. in an aggregate amount not exceeding $400,000 per fiscal year;

(qq) "**Permitted Liens**" means (i) any Lien for taxes not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with IFRS, (ii) any statutory Lien arising in the ordinary course of business by operation of law with respect to a liability that is not yet due or delinquent, (iii) any Lien created by operation of law, such as builders' liens, carriers' liens, materialmen' s liens, mechanics' liens and other similar liens, arising in the ordinary course of business with respect to a liability that is not yet due or delinquent or that are being contested in good faith by appropriate proceedings, (iv) Liens (A) upon or in any equipment acquired or held by the Company or any of its Subsidiaries to secure the purchase price of such equipment or Indebtedness incurred solely for the purpose of financing the acquisition or lease of such equipment, or (B) existing on such equipment at the time of its acquisition, provided that the Lien is confined solely to the property so acquired and improvements thereon, and the proceeds of such equipment, in either case, with respect to Indebtedness in an aggregate amount not to exceed $1,500,000, (v) Liens incurred in connection with the extension, renewal or refinancing of the Indebtedness secured by Liens of the type described in clause (iv) above, provided that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the Indebtedness being extended, renewed or refinanced does not increase, (vi) Liens upon assets acquired by the Company or any of its Subsidiaries with sole recourse Indebtedness in which neither the Company nor any of its Subsidiaries shall have any material liability to the lender thereof upon any default or event of default of such Indebtedness other than with respect to the return to such lender (or its designee) of such applicable asset, (vii) Liens in favor of customs and revenue authorities arising as a matter of law to secure payments of custom duties in connection with the importation of goods, (viii) Liens arising from judgments, decrees or attachments in circumstances not constituting an Triggering Event under Section 4(a)(xii), (ix) Liens with respect to any Permitted Senior Indebtedness, (x) any Liens arising in connection with worker' s compensation, unemployment insurance, pension and employment laws, or other social benefits laws or regulations, (xi) easements, rights-of-way, servitudes or other similar rights in real property (including rights-of-way and servitudes for railways, sewers, drains, pipe lines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other Persons and other minor defects, encumbrances and restrictions which either alone or in the aggregate do not materially detract from the value of such real property or materially impair its use in the operation of the business of the Company, (xii) Liens to a public utility or any municipality or governmental or other public authority when required by such public utility or municipality or other Governmental Authority in the ordinary course of the business provided such Liens do not either alone or in the aggregate materially impair its use in the operation of the business of the Company, (xiii) inchoate Liens or any rights of distress reserved in or exercisable under any real property lease or sublease to which the Company or any Subsidiary is a lessee which secure the payment of rent or compliance with the terms of such lease or sublease, provided that such rent is not then overdue and such Person is then in compliance in all material respects with such terms, (xiv) Liens specified on Schedule 3(w)(i) to the Securities Purchase Agreement or (xv) Liens securing the performance of bids, tenders, leases, contracts (other than for the repayment of

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borrowed money), surety and appeal bonds and performance bonds and other obligations of like nature, incurred as an incident to and in the ordinary course of business;

(rr) "**Permitted Senior Indebtedness**" means the principal of (and premium, if any), interest on, and all fees and other amounts (including, without limitation, any reasonable out-of-pocket costs, enforcement expenses (including reasonable out-of-pocket legal fees and disbursements), collateral protection expenses and other reimbursement or indemnity obligations relating thereto) payable by Company and/or its Subsidiaries under or in connection with the First Lien Credit Agreement (as defined in the Securities Purchase Agreement) (as may be amended, modified, restructured, waived or refinanced from time in compliance with the First Lien Intercreditor Side Letter, the "**First Lien Debt**") and the SAF Note (as defined in the Securities Purchase Agreement) (as may be amended, modified, restructured, waived or refinanced from time in compliance with the Second Lien Intercreditor Side Letter the "**Second Lien Debt**") (*provided*, *however*, that the principal outstanding amount of such First Lien Debt and Second Lien Debt, in the aggregate, does not at any time exceed CAD$180 million plus additional amounts incurred to pay interest or premiums (including tender premiums) in connection with refinancing of any such Indebtedness) and any indebtedness, liabilities or obligations with respect to any cash or treasury management obligations or similar services, obligations with respect to any interest rate, commodity or currency swap arrangements or similar instruments, or credit card facilities under or in connection with the foregoing (*provided*, *however*, that the aggregate principal outstanding amount of such additional amounts of Indebtedness does not at any time exceed CAD$30 million).

(ss) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity or a government or any department or agency thereof.

(tt) "**Price Failure**" means, with respect to a particular date of determination, the VWAP of the Common Shares on any Trading Day during any Trading Day during the twenty (20) Trading Day period ending on the Trading Day immediately preceding such date of determination fails to exceed the Floor Price (as adjusted for share splits, share dividends, share combinations, recapitalizations or other similar transactions occurring after the Subscription Date). All such determinations to be appropriately adjusted for any share splits, share dividends, share combinations, recapitalizations or other similar transactions during any such measuring period.

(uu) "**Principal Market**" means the Nasdaq Global Select Market.

(vv) "**Redemption Notices**" means, collectively, the Event of Default Redemption Notices, the Company Optional Redemption Notices and the Change of Control Redemption Notices, and each of the foregoing, individually, a "**Redemption Notice**."

(ww) "**Redemption Premium**" means 125%.

(xx) "**Redemption Prices**" means, collectively, Event of Default Redemption Prices, the Change of Control Redemption

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Prices, and the Company Optional Redemption Prices, and each of the foregoing, individually, a "**Redemption Price**."

(yy) "**Registration Rights Agreement**" means that certain registration rights agreement, dated as of the Closing Date, by and among the Company and the initial holders of the Notes relating to, among other things, the registration of the resale of the Common Shares issuable upon conversion of the Notes or otherwise pursuant to the terms of the Notes and exercise of the Warrants, as may be amended from time to time.

(zz) "**SEC**" means the United States Securities and Exchange Commission or the successor thereto.

(aaa) "**Securities Purchase Agreement**" means that certain securities purchase agreement, dated as of the Subscription Date, by and among the Company and the initial holders of the Notes pursuant to which the Company issued the Notes, as may be amended from time to time.

(bbb) "**Subsidiaries**" has the meaning as set forth in the Securities Purchase Agreement.

(ccc) **"Subject Entity**" means any Person, Persons or Group or any Affiliate or associate of any such Person, Persons or Group.

(ddd) "**Subordinated Indebtedness**" means any Indebtedness of the Company which is expressly subordinated in right of payment to the Notes pursuant to a written agreement acceptable to the Holder, in its sole discretion, with (i) a maturity date of at least 91 calendar days after the Maturity Date, (ii) no payments of principal prior to at least 91 calendar days after the Maturity Date, (iii) a maximum interest rate of 10% per annum and (iv) no more than $500,000 of ordinary interest, in the aggregate, payable for all Subordinated Indebtedness.

(eee) "**Successor Entity**" means the Person (or, if so elected by the Holder, the Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or the Person (or, if so elected by the Holder, the Parent Entity) with which such Fundamental Transaction shall have been entered into.

(fff) "**Trading Day**" means, as applicable, (x) with respect to all price or trading volume determinations relating to the Common Shares, any day on which the Common Shares is traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Shares, then on the principal securities exchange or securities market on which the Common Shares is then traded, provided that "Trading Day" shall not include any day on which the Common Shares is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Shares is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York time) unless such day is otherwise designated as a Trading Day in writing by the Holder or (y) with respect to all determinations other than price determinations relating to the Common

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Shares, any day on which the Principal Market (or any successor thereto) is open for trading of securities.

(ggg) "**Volume Failure**" means, with respect to a particular date of determination, the aggregate daily dollar trading volume (as reported on Bloomberg) of the Common Stock on the Principal Market on any Trading Days during the twenty (20) Trading Day period ending on the Trading Day immediately preceding such date of determination (such period, the "**Volume Failure Measuring Period**"), is less than $1 million.

(hhh) "**VWAP**" means, for any security as of any date, the dollar volume-weighted average price for such security on the Principal Market (or, if the Principal Market is not the principal trading market for such security, then on the principal securities exchange or securities market on which such security is then traded), during the period beginning at 9:30 a.m., New York time, and ending at 4:00 p.m., New York time, as reported by Bloomberg through its "VAP" function (set to 09:30 start time and 16:00 end time) or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30 a.m., New York time, and ending at 4:00 p.m., New York time, as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the "pink sheets" by OTC Markets Group Inc. (formerly Pink Sheets LLC). If the VWAP cannot be calculated for such security on such date on any of the foregoing bases, the VWAP of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 23. All such determinations shall be appropriately adjusted for any share dividend, share split, share combination, recapitalization or other similar transaction during such period.

(iii) "**Warrants**" has the meaning ascribed to such term in the Securities Purchase Agreement, and shall include all warrants issued in exchange therefor or replacement thereof.

32. DISCLOSURE. Upon delivery by the Company to the Holder (or receipt by the Company from the Holder) of any notice in accordance with the terms of this Note, unless the Company has in good faith determined that the matters relating to such notice do not constitute material, non-public information relating to the Company or any of its Subsidiaries, the Company shall on or prior to 9:00 am, New York city time on the Business Day immediately following such notice delivery date, publicly disclose such material, non-public information on a Report of Foreign Private Issuer on Form 6-K or otherwise. In the event that the Company believes that a notice contains material, non-public information relating to the Company or any of its Subsidiaries, the Company so shall indicate to the Holder explicitly in writing in such notice (or immediately upon receipt of notice from the Holder, as applicable), and in the absence of any such written indication in such notice (or notification from the Company immediately upon receipt of notice from the Holder), the Holder shall be entitled to presume that information contained in the notice does not constitute material, non-public information relating to the Company or any of its

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Subsidiaries. Nothing contained in this Section 32 shall limit any obligations of the Company, or any rights of the Holder, under Section 4(i) of the Securities Purchase Agreement.

33. ABSENCE OF TRADING AND DISCLOSURE RESTRICTIONS. The Company acknowledges and agrees that the Holder is not a fiduciary or agent of the Company and that the Holder shall have no obligation to (a) maintain the confidentiality of any information provided by the Company or (b) refrain from trading any securities while in possession of such information in the absence of a written non-disclosure agreement signed by an officer of the Holder that explicitly provides for such confidentiality and trading restrictions. In the absence of such an executed, written non-disclosure agreement, the Company acknowledges that the Holder may freely trade in any securities issued by the Company, may possess and use any information provided by the Company in connection with such trading activity, and may disclose any such information to any third party.

[signature page follows]

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IN WITNESS WHEREOF, the Company has caused this Note to be duly executed as of the Issuance Date set out above.

SUNDIAL GROWERS INC.

By: _____
Name:
Title:

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[FORM OF WARRANT]

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED(THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. AT ANY TIME DURING THE DISTRIBUTION AND PRIOR TO THE EXPIRATION OF FORTY DAYS FROM THE LATER OF (1) THE DATE ON WHICH THESE THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE FIRST OFFERED AND (2) THE DATE OF ISSUANCE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES OR TO A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) UNLESS THE SECURITIES REPRESENTED BY THIS CERTIFICATE AND THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

THE NUMBER OF COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT MAY BE LESS THAN THE AMOUNTS SET FORTH ON THE FACE HEREOF PURSUANT TO SECTION 1(A) OF THIS WARRANT.

SUNDIAL GROWERS INC.

WARRANT TO PURCHASE COMMON SHARES

Warrant No.: [ ]

Date of Issuance: [ ], 2020 ("**Issuance Date**")

Sundial Growers Inc., a company incorporated under the laws of the Province of Alberta, Canada (the "**Company**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, [BUYER], the registered holder hereof or its permitted assigns (the "**Holder**"), is entitled, subject to the terms set forth below, to purchase from the Company, at the Exercise Price (as defined below) then in effect, upon exercise of this Warrant to Purchase Common Shares (including any Warrants to Purchase Common Shares issued in exchange, transfer or replacement hereof, the "**Warrant**"), at any time or times on or after the Issuance Date, but not after 5:00 p.m., New York time, on the Expiration Date (as defined below), _____ (subject to adjustment as provided herein) fully paid and non-assessable Common Shares (as defined below) (the "**Warrant Shares**", and such number of Warrant Shares, the "**Warrant Number**"). Except as otherwise defined herein, capitalized terms in this Warrant shall have the meanings set forth in Section 19. This Warrant is one of the Warrants to Purchase Common Shares (the "**SPA Warrants**") issued pursuant to Section 1 of that certain Securities Purchase Agreement, dated as of June 5, 2020 (the "**Subscription Date**"), by and among the

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Company and the investors (the "**Buyers**") referred to therein, as amended from time to time (the "**Securities Purchase Agreement**").

1. EXERCISE OF WARRANT.

(a) Mechanics of Exercise. Subject to the terms and conditions hereof (including, without limitation, the limitations set forth in Section 1(f)), this Warrant may be exercised by the Holder on any day on or after the Issuance Date (an "**Exercise Date**"), in whole or in part, by delivery (whether via facsimile or otherwise) of a written notice, in the form attached hereto as Exhibit A (the "**Exercise Notice**"), of the Holder' s election to exercise this Warrant. Within one (1) Trading Day following an exercise of this Warrant as aforesaid, the Holder shall deliver payment to the Company of an amount equal to the Exercise Price in effect on the date of such exercise multiplied by the number of Warrant Shares as to which this Warrant was so exercised (the "**Aggregate Exercise Price**") in cash or via wire transfer of immediately available funds if the Holder did not notify the Company in such Exercise Notice that such exercise was made pursuant to a Cashless Exercise (as defined in Section 1(d)). The Holder shall not be required to deliver the original of this Warrant in order to effect an exercise hereunder. Execution and delivery of an Exercise Notice with respect to less than all of the Warrant Shares shall have the same effect as cancellation of the original of this Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Warrant Shares. Execution and delivery of an Exercise Notice for all of the then-remaining Warrant Shares shall have the same effect as cancellation of the original of this Warrant after delivery of the Warrant Shares in accordance with the terms hereof. On or before the first (1st) Trading Day following the date on which the Company has received an Exercise Notice, the Company shall transmit by facsimile or electronic mail a treasury direction and acknowledgment of confirmation of receipt of such Exercise Notice, in the form attached hereto as Exhibit B, to the Holder and the Company' s transfer agent (the "**Transfer Agent**"), which confirmation shall constitute an instruction to the Transfer Agent to process such Exercise Notice in accordance with the terms herein. On or before the second (2nd) Trading Day following the date on which the Company has received such Exercise Notice (or such earlier date as required pursuant to the 1934 Act or other applicable law, rule or regulation for the settlement of a trade of such Warrant Shares initiated on the applicable Exercise Date), the Company shall (i) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program and the Required Unrestricted Conditions (as defined in the Securities Purchase Agreement) are satisfied, upon the request of the Holder, credit such aggregate number of Common Shares to which the Holder is entitled pursuant to such exercise to the Holder' s or its designee' s balance account with DTC through its Deposit/Withdrawal at Custodian system, or (ii) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or the Required Unrestricted Conditions are not satisfied, upon the request of the Holder, issue and deliver (via reputable overnight courier) to the address as specified in the Exercise Notice, a certificate, registered in the name of the Holder or its designee, for the number of Common Shares to which the Holder shall be entitled pursuant to such exercise. Upon delivery of an Exercise Notice, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date such Warrant Shares are credited to the Holder' s DTC account or the date of delivery of the certificates evidencing such Warrant Shares (as the case may be). If this Warrant is submitted in connection with any exercise pursuant to this Section 1(a) and the

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number of Warrant Shares represented by this Warrant submitted for exercise is greater than the number of Warrant Shares being acquired upon an exercise and upon surrender of this Warrant to the Company by the Holder, then, at the request of the Holder, the Company shall as soon as practicable and in no event later than two (2) Business Days after any exercise and at its own expense, issue and deliver to the Holder (or its designee) a new Warrant (in accordance with Section 7(d)) representing the right to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised. No fractional Common Shares are to be issued upon the exercise of this Warrant, but rather the number of Common Shares to be issued shall be rounded up to the nearest whole number. The Company shall pay any and all transfer, stamp, issuance and similar taxes, costs and expenses (including, without limitation, fees and expenses of the Transfer Agent) that may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant. Notwithstanding the foregoing, except in the case where an exercise of this Warrant is validly made pursuant to a Cashless Exercise, the Company' s failure to deliver Warrant Shares to the Holder on or prior to the later of (A) two (2) Trading Days after receipt of the applicable Exercise Notice (or such earlier date as required pursuant to the 1934 Act or other applicable law, rule or regulation for the settlement of a trade of such Warrant Shares initiated on the applicable Exercise Date) and (B) one (1) Trading Day after the Company' s receipt of the Aggregate Exercise Price (or valid notice of a Cashless Exercise) (such later date, the "**Share Delivery Date**") shall not be deemed to be a breach of this Warrant. From the Issuance Date through and including the Expiration Date, the Company shall maintain a transfer agent that participates in the DTC' s Fast Automated Securities Transfer Program. Notwithstanding anything to the contrary contained in this Warrant or the Registration Rights Agreement, after the effective date of a Registration Statement and prior to the Holder' s receipt of the notice of a Grace Period (as defined in the Registration Rights Agreement), the Company shall cause the Transfer Agent to deliver unlegended Common Shares to the Holder (or its designee) in connection with any sale of Registrable Securities (as defined in the Registration Rights Agreement) with respect to which the Holder has entered into a contract for sale, and delivered a copy of the prospectus included as part of the particular Registration Statement to the extent applicable, and for which the Holder has not yet settled.

(b) Exercise Price. For purposes of this Warrant, "**Exercise Price**" means $[ ], subject to adjustment as provided herein.

(c) Company' s Failure to Timely Deliver Securities. If the Company shall fail, for any reason or for no reason, on or prior to the Share Delivery Date, either (I) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or the Required Unrestricted Conditions are not satisfied, to issue and deliver to the Holder (or its designee) a certificate for the number of Warrant Shares to which the Holder is entitled and register such Warrant Shares on the Company' s share register or, if the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program and the Required Unrestricted Conditions are satisfied, to credit the balance account of the Holder or the Holder' s designee with DTC for such number of Warrant Shares to which the Holder is entitled upon the Holder' s exercise of this Warrant (as the case may be) or (II) if after the Effective Date (as defined in the Registration Rights Agreement), the Registration Statement (as defined in the Registration Rights Agreement) covering the resale of the Warrant Shares that are the subject of the Exercise Notice (the

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"**Unavailable Warrant Shares**") is not available for the issuance of such Unavailable Warrant Shares and the Company fails to promptly, but in no event later than as required by the Registration Rights Agreement (x) so notify the Holder and (y) deliver the Warrant Shares electronically without any restrictive legend by crediting such aggregate number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the Holder' s or its designee' s balance account with DTC through its Deposit/Withdrawal At Custodian system (the event described in the immediately foregoing clause (II) is hereinafter referred as a "**Notice Failure**" and together with the event described in clause (I) above, a "**Delivery Failure**"), then, in addition to all other remedies available to the Holder, (X) the Company shall pay in cash to the Holder on each day after the Share Delivery Date and during such Delivery Failure an amount equal to 1.0% of the product of (A) the sum of the number of Common Shares not issued to the Holder on or prior to the Share Delivery Date and to which the Holder is entitled, multiplied by (B) any trading price of the Common Shares selected by the Holder in writing as in effect at any time during the period beginning on the applicable Exercise Date and ending on the applicable Share Delivery Date, and (Y) the Holder, upon written notice to the Company, may void its Exercise Notice with respect to, and retain or have returned, as the case may be, any portion of this Warrant that has not been exercised pursuant to such Exercise Notice; provided that the voiding of an Exercise Notice shall not affect the Company' s obligations to make any payments which have accrued prior to the date of such notice pursuant to this Section 1(c) or otherwise. In addition to the foregoing, if on or prior to the Share Delivery Date either (I) the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program or the Required Unrestricted Conditions are not satisfied, the Company shall fail to issue and deliver to the Holder (or its designee) a certificate and register such Common Shares on the Company' s share register or, if the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program and the Required Unrestricted Conditions are satisfied, the Transfer Agent shall fail to credit the balance account of the Holder or the Holder' s designee with DTC for the number of Common Shares to which the Holder is entitled upon the Holder' s exercise hereunder or pursuant to the Company' s obligation pursuant to clause (ii) below or (II) a Notice Failure occurs, and if on or after such Share Delivery Date the Holder purchases (in an open market transaction or otherwise) Common Shares corresponding to all or any portion of the number of Common Shares issuable upon such exercise that the Holder is entitled to receive from the Company and has not received from the Company in connection with such Delivery Failure or Notice Failure, as applicable (a "**Buy-In**"), then, in addition to all other remedies available to the Holder, the Company shall, within two (2) Business Days after the Holder' s request and in the Holder' s discretion, either (i) pay cash to the Holder in an amount equal to the Holder' s total purchase price (including brokerage commissions and other out-of-pocket expenses, if any) for the Common Shares so purchased (including, without limitation, by any other Person in respect, or on behalf, of the Holder) (the "**Buy-In Price**"), at which point the Company' s obligation to so issue and deliver such certificate (and to issue such Common Shares) or credit the balance account of such Holder or such Holder' s designee, as applicable, with DTC for the number of Warrant Shares to which the Holder is entitled upon the Holder' s exercise hereunder (as the case may be) (and to issue such Warrant Shares) shall terminate, or (ii) promptly honor its obligation to so issue and deliver to the Holder a certificate or certificates representing such Warrant Shares or credit the balance account of such Holder or such Holder' s designee, as applicable, with DTC for the number of Warrant Shares to which the Holder is entitled upon the Holder' s exercise hereunder (as the case may be) and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of Warrant Shares

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multiplied by (B) the lowest Closing Sale Price of the Common Shares on any Trading Day during the period commencing on the date of the applicable Exercise Notice and ending on the date of such issuance and payment under this clause (ii) (the "**Buy-In Payment Amount**"). Nothing shall limit the Holder' s right to pursue any other remedies available to it hereunder, at law or in equity, including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company' s failure to timely deliver certificates representing Common Shares (or to electronically deliver such Common Shares) upon the exercise of this Warrant as required pursuant to the terms hereof. In addition to the foregoing rights, (i) if the Company fails to deliver the applicable number of Warrant Shares upon an exercise pursuant to Section 1(a) by the applicable Share Delivery Date, then the Holder shall have the right to rescind such exercise in whole or in part and retain and/or have the Company return, as the case may be, any portion of this Warrant that has not been exercised pursuant to such Exercise Notice; provided that the rescission of an exercise shall not affect the Company' s obligation to make any payments that have accrued prior to the date of such notice pursuant to this Section 1(c) or otherwise, and (ii) if after the Effective Date a Registration Statement covering the resale of the Warrant Shares that are subject to an Exercise Notice is not available for the issuance or resale, as applicable, of such Exercise Notice Warrant Shares and the Holder has submitted an Exercise Notice prior to receiving notice of the non-availability of such Registration Statement and the Company has not already delivered the Warrant Shares underlying such Exercise Notice electronically without any restrictive legend by crediting such aggregate number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the Holder' s or its designee' s balance account with DTC through its Deposit / Withdrawal At Custodian system, the Holder shall have the option, by delivery of notice to the Company, to (x) rescind such Exercise Notice in whole or in part and retain or have returned, as the case may be, any portion of this Warrant that has not been exercised pursuant to such Exercise Notice; provided that the rescission of an Exercise Notice shall not affect the Company' s obligation to make any payments that have accrued prior to the date of such notice pursuant to this Section 1(c) or otherwise, and/or (y) switch some or all of such Exercise Notice from a cash exercise to a Cashless Exercise.

(d) Cashless Exercise. Notwithstanding anything contained herein to the contrary (other than Section 1(f) below), if at the time of exercise hereof, at any time on or after the six month anniversary of the Issuance Date, a Registration Statement is not effective (or the prospectus contained therein is not available for use) for the resale by the Holder of all of the Warrant Shares, then the Holder may, in its sole discretion, exercise this Warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the Aggregate Exercise Price, elect instead to receive upon such exercise the "Net Number" of Warrant Shares determined according to the following formula (a "**Cashless Exercise**"):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

A= the total number of shares with respect to which this Warrant is then being exercised.

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B = as applicable: (i) the Closing Sale Price of the Common Shares on the Trading Day immediately preceding the date of the applicable Exercise Notice if such Exercise Notice is (1) both executed and delivered pursuant to Section 1(a) hereof on a day that is not a Trading Day or (2) both executed and delivered pursuant to Section 1(a) hereof on a Trading Day prior to the opening of "regular trading hours" (as defined in Rule 600(b)(64) of Regulation NMS promulgated under the U.S. federal securities laws) on such Trading Day, (ii) the Bid Price of the Common Shares as of the time of the Holder' s execution of the applicable Exercise Notice if such Exercise Notice is executed during "regular trading hours" on a Trading Day and is delivered within two (2) hours thereafter pursuant to Section 1(a) hereof, or (iii) the Closing Sale Price of the Common Shares on the date of the applicable Exercise Notice if the date of such Exercise Notice is a Trading Day and such Exercise Notice is both executed and delivered pursuant to Section 1(a) hereof after the close of "regular trading hours" on such Trading Day.

C = the Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

If the Warrant Shares are issued in a Cashless Exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the 1933 Act, the Warrant Shares take on the registered characteristics of the Warrants being exercised. For purposes of Rule 144(d) promulgated under the 1933 Act, as in effect on the Subscription Date, it is intended that the Warrant Shares issued in a Cashless Exercise shall be deemed to have been acquired by the Holder, and the holding period for the Warrant Shares shall be deemed to have commenced, on the date this Warrant was originally issued pursuant to the Securities Purchase Agreement.

(e) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the number of Warrant Shares to be issued pursuant to the terms hereof, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 15.

(f) Limitations on Exercises. The Company shall not effect the exercise of any portion of this Warrant, and the Holder shall not have the right to exercise any portion of this Warrant, pursuant to the terms and conditions of this Warrant and any such exercise shall be null and void and treated as if never made, to the extent that after giving effect to such exercise, the Holder together with the other Attribution Parties collectively would beneficially own in excess of 9.99% (the "**Maximum Percentage**") of the Common Shares outstanding immediately after giving effect to such exercise. For purposes of the foregoing sentence, the aggregate number of Common Shares beneficially owned by the Holder and the other Attribution Parties shall include the number of Common Shares held by the Holder and all other Attribution Parties plus the number of Common Shares issuable upon exercise of this Warrant with respect to which the determination of such sentence is being made, but shall exclude Common Shares which would be issuable upon (A) exercise of the remaining, unexercised portion of this Warrant beneficially owned by the Holder or any of the other Attribution Parties and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company (including, without limitation, any convertible notes or convertible preferred shares or warrants, including other SPA Warrants) beneficially owned by the Holder or any other Attribution Party subject to a limitation on

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conversion or exercise analogous to the limitation contained in this Section 1(f)(i). For purposes of this Section 1(f)(i), beneficial ownership shall be calculated in accordance with Section 13(d) of the 1934 Act. For purposes of determining the number of outstanding Common Shares the Holder may acquire upon the exercise of this Warrant without exceeding the Maximum Percentage, the Holder may rely on the number of outstanding Common Shares as reflected in (x) the Company' s most recent Annual Report on Form 20-F, Report of Foreign Issuer on Form 6-K or other public filing with the SEC, as the case may be, (y) a more recent public announcement by the Company or (z) any other written notice by the Company or the Transfer Agent, if any, setting forth the number of Common Shares outstanding (the "**Reported Outstanding Share Number**"). If the Company receives an Exercise Notice from the Holder at a time when the actual number of outstanding Common Shares is less than the Reported Outstanding Share Number, the Company shall (i) notify the Holder in writing of the number of Common Shares then outstanding and, to the extent that such Exercise Notice would otherwise cause the Holder' s beneficial ownership, as determined pursuant to this Section 1(f)(i), to exceed the Maximum Percentage, the Holder must notify the Company of a reduced number of Warrant Shares to be acquired pursuant to such Exercise Notice (the number of shares by which such purchase is reduced, the "**Reduction Shares**") and (ii) as soon as reasonably practicable, the Company shall return to the Holder any exercise price paid by the Holder for the Reduction Shares. For any reason at any time, upon the written or oral request of the Holder, the Company shall within one (1) Business Day confirm orally and in writing or by electronic mail to the Holder the number of Common Shares then outstanding. In any case, the number of outstanding Common Shares shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder and any other Attribution Party since the date as of which the Reported Outstanding Share Number was reported. In the event that the issuance of Common Shares to the Holder upon exercise of this Warrant results in the Holder and the other Attribution Parties being deemed to beneficially own, in the aggregate, more than the Maximum Percentage of the number of outstanding Common Shares (as determined under Section 13(d) of the 1934 Act), the number of shares so issued by which the Holder' s and the other Attribution Parties' aggregate beneficial ownership exceeds the Maximum Percentage (the "**Excess Shares**") shall be deemed null and void and shall be cancelled ab initio, and the Holder shall not have the power to vote or to transfer the Excess Shares. As soon as reasonably practicable after the issuance of the Excess Shares has been deemed null and void, the Company shall return to the Holder the exercise price paid by the Holder for the Excess Shares. Upon delivery of a written notice to the Company, the Holder may from time to time increase (with such increase not effective until the sixty-first (61st) day after delivery of such notice) or decrease the Maximum Percentage to any other percentage not in excess of 9.99% as specified in such notice; provided that (i) any such increase in the Maximum Percentage will not be effective until the sixty-first (61st) day after such notice is delivered to the Company and (ii) any such increase or decrease will apply only to the Holder and the other Attribution Parties and not to any other holder of SPA Warrants that is not an Attribution Party of the Holder. For purposes of clarity, the Common Shares issuable pursuant to the terms of this Warrant in excess of the Maximum Percentage shall not be deemed to be beneficially owned by the Holder for any purpose including for purposes of Section 13(d) or Rule 16a-1(a)(1) of the 1934 Act. No prior inability to exercise this Warrant pursuant to this paragraph shall have any effect on the applicability of the provisions of this paragraph with respect to any subsequent determination of exercisability. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 1(f)(i) to the extent necessary to

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correct this paragraph or any portion of this paragraph which may be defective or inconsistent with the intended beneficial ownership limitation contained in this Section 1(f)(i) or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitation contained in this paragraph may not be waived and shall apply to a successor holder of this Warrant.

(g) Reservation of Shares.

(i) Required Reserve Amount. So long as this Warrant remains outstanding, the Company shall at all times keep reserved for issuance under this Warrant a number of Common Shares at least equal to 100% of the maximum number of Common Shares as shall be necessary to satisfy the Company' s obligation to issue Common Shares under the SPA Warrants then outstanding (without regard to any limitations on exercise) (the "**Required Reserve Amount**"); provided that at no time shall the number of Common Shares reserved pursuant to this Section 1(g)(i) be reduced other than proportionally in connection with any exercise or redemption of SPA Warrants or such other event covered by Section 2(a) below. The Required Reserve Amount (including, without limitation, each increase in the number of shares so reserved) shall be allocated pro rata among the holders of the SPA Warrants based on number of Common Shares issuable upon exercise of SPA Warrants held by each holder on the Closing Date (without regard to any limitations on exercise) or increase in the number of reserved shares, as the case may be (the "**Authorized Share Allocation**"). In the event that a holder shall sell or otherwise transfer any of such holder' s SPA Warrants, each transferee shall be allocated a pro rata portion of such holder' s Authorized Share Allocation. Any Common Shares reserved and allocated to any Person which ceases to hold any SPA Warrants shall be allocated to the remaining holders of SPA Warrants, pro rata based on the number of Common Shares issuable upon exercise of the SPA Warrants then held by such holders (without regard to any limitations on exercise).

(ii) Insufficient Authorized Shares. If, notwithstanding Section 1(g)(i) above, and not in limitation thereof, at any time while any of the SPA Warrants remain outstanding, the Company does not have a sufficient number of authorized and unreserved Common Shares to satisfy its obligation to reserve the Required Reserve Amount (an "**Authorized Share Failure**"), then the Company shall immediately take all action necessary to increase the Company' s authorized Common Shares to an amount sufficient to allow the Company to reserve the Required Reserve Amount for all the SPA Warrants then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than sixty (60) days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting of its shareholders for the approval of an increase in the number of authorized Common Shares. In connection with such meeting, the Company shall provide each shareholder with a proxy statement and shall use its best efforts to solicit its shareholders' approval of such increase in authorized Common Shares and to cause its board of directors to recommend to the shareholders that they approve such proposal. In the event that the Company is prohibited from issuing Common Shares upon an exercise of this Warrant due to the failure by the Company to have sufficient Common Shares available out of the authorized but unissued Common Shares (such unavailable number of

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Common Shares, the "**Authorization Failure Shares**"), in lieu of delivering such Authorization Failure Shares to the Holder, the Company shall pay cash in exchange for the cancellation of such portion of this Warrant exercisable into such Authorization Failure Shares at a price equal to the sum of (i) the product of (x) such number of Authorization Failure Shares and (y) the greatest Closing Sale Price of the Common Shares on any Trading Day during the period commencing on the date the Holder delivers the applicable Exercise Notice with respect to such Authorization Failure Shares to the Company and ending on the date of such issuance and payment under this Section 1(g); and (ii) to the extent the Holder purchases (in an open market transaction or otherwise) Common Shares to deliver in satisfaction of a sale by the Holder of Authorization Failure Shares, any Buy-In Payment Amount, brokerage commissions and other out-of-pocket expenses, if any, of the Holder incurred in connection therewith. Nothing contained in this Section 1(g) shall limit any obligations of the Company under any provision of the Securities Purchase Agreement.

(iii) Notwithstanding Sections 1(g)(i) and 1(g)(ii) above, the Company shall be deemed to have satisfied its obligations in connection with such Sections, and an Authorized Share Failure shall not occur, at all times and for as long as the authorized number of Common Shares available for issuance unlimited.

(h) Forced Exercise.

(i) General. Subject to Section 1(f), commencing on the twentieth (20) Trading Day after the initial Issuance Date (the "**Eligibility Date**"), if at any time (x) the VWAP of the Common Shares listed on the Principal Market exceeds $[ ] (as adjusted for stock splits, stock dividends, recapitalizations and similar events) (the "**Forced Exercise Minimum Price**") for twenty (20) consecutive Trading Days (each, a "**Forced Exercise Measuring Period**") and (y) no Equity Conditions Failure then exists (unless waived in writing by the Holder) (collectively, the "**Forced Exercise Conditions**"), the Company shall have the right to require the Holder to exercise this Warrant into up to such aggregate number of fully paid, validly issued and non-assessable Warrant Shares equal to the lesser of (I) the aggregate number of Warrant Shares then permitted to be issued to the Holder in compliance with Section 1(f) above, (II) the Warrant Number then in effect and (III) Holder Pro Rata Amount of 30% of the aggregate trading volume of the Common Shares (as reported by Bloomberg) during Forced Exercise Measuring Period (such lesser number of Warrant Shares, the "**Maximum Forced Exercise Share Amount**") as designated in the applicable Forced Exercise Notice (as defined below) to be issued and delivered in accordance with Section 1(a) hereof (each, a "**Forced Exercise**").

(ii) Mechanics. The Company may exercise its right to require a Forced Exercise under this Section 1(h) on the Trading Day immediately following any Forced Exercise Measuring Period by delivering a written notice thereof, at one, or more times, by facsimile or electronic mail to all, but not less than all, of the holders of SPA Warrant (each, a "**Forced Exercise Notice**", and the date thereof, each a "**Forced Exercise Notice Date**"). For purposes of Section 1(a) hereof, "Forced Exercise Notice" shall be deemed to replace "Exercise Notice" for all purposes thereunder as if the Holder delivered an Exercise Notice to the Company on the Forced Exercise Notice Date, *mutatis mutandis*. Each Forced

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Exercise Notice shall be irrevocable. Each Forced Exercise Notice shall (x) state that the Company is electing to effect a Forced Exercise on the second (2nd) Trading Day following the applicable Forced Exercise Notice Date (the "**Forced Exercise Date**"), (y) state the aggregate number of Warrant Shares to be forced exercised (not in excess of the Maximum Forced Exercise Share Amount) and all of the holders of the SPA Warrants on the Forced Exercise Date (subject to any adjustments thereto pursuant to Section 2 that may occur prior to the Forced Exercise Date), and (z) contain a certification from an officer or director of the Company that the Forced Exercise Conditions shall have been satisfied as of the Forced Exercise Notice Date. Notwithstanding anything herein to the contrary, if the VWAP of the Common Shares listed on the Principal Market fails to exceed the Forced Exercise Minimum Price for each Trading Day commencing on the Forced Exercise Notice Date and ending and including the Trading Day immediately prior to the applicable Forced Exercise Date (a "**Forced Exercise Price Failure**") or an Equity Conditions Failure occurs at any time prior to the Forced Exercise Date, (A) the Company shall provide the Holder a subsequent notice to that effect and (B) unless the Holder waives the applicable Equity Conditions Failure and/or Forced Exercise Price Failure, as applicable, the Forced Exercise shall be cancelled and the applicable Forced Exercise Notice shall be null and void.

(iii) Pro Rata Exercise Requirement. If the Company elects to cause a Forced Exercise of this Warrant pursuant to this Section 1(h), then it must simultaneously take the same action in the same proportion with respect to all of the SPA Warrants.

2. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF WARRANT SHARES.

The Exercise Price and number of Warrant Shares issuable upon exercise of this Warrant are subject to adjustment from time to time as set forth in this Section 2.

(a) Share Dividends and Splits. Without limiting any provision of Section 2(b), Section 3 or Section 4, if the Company, at any time on or after the Subscription Date, (i) pays a share dividend on one or more classes of its then outstanding Common Shares or otherwise makes a distribution on any class of share capital that is payable in Common Shares, (ii) subdivides (by any share split, share dividend, recapitalization or otherwise) one or more classes of its then outstanding Common Shares into a larger number of shares or (iii) combines (by combination, reverse share split or otherwise) one or more classes of its then outstanding Common Shares into a smaller number of shares, then in each such case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of Common Shares outstanding immediately before such event and of which the denominator shall be the number of Common Shares outstanding immediately after such event. Any adjustment made pursuant to clause (i) of this paragraph shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution, and any adjustment pursuant to clause (ii) or (iii) of this paragraph shall become effective immediately after the effective date of such subdivision or combination. If any event requiring an adjustment under this paragraph occurs during the period that an Exercise Price is calculated hereunder, then the calculation of such Exercise Price shall be adjusted appropriately to reflect such event.

(b) Adjustment Upon Issuance of Common Shares. If and whenever on or after the Subscription Date, the Company grants, issues or sells (or enters into any agreement to grant, issue

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or sell), or in accordance with this Section 2 is deemed to have issued or sold, any Common Shares (including the issuance or sale of Common Shares owned or held by or for the account of the Company, but excluding any Excluded Securities issued or sold or deemed to have been issued or sold) for a consideration per share (the "**New Issuance Price**") less than a price equal to the Exercise Price in effect immediately prior to such issuance or sale or deemed issuance or sale (such Exercise Price then in effect is referred to herein as the "**Applicable Price**") (the foregoing a "**Dilutive Issuance**"), then, immediately after such Dilutive Issuance, the Exercise Price then in effect shall be reduced to an amount equal to the New Issuance Price. For all purposes of the foregoing (including, without limitation, determining the adjusted Exercise Price and the New Issuance Price under this Section 2(b)), the following shall be applicable:

(i) Issuance of Options. If the Company in any manner grants, issues or sells (or enters into any agreement to grant, issue or sell) any Options and the lowest price per share for which one Common Share is at any time issuable upon the exercise of any such Option or upon conversion, exercise or exchange of any Convertible Securities issuable upon exercise of any such Option or otherwise pursuant to the terms thereof is less than the Applicable Price, then such Common Share shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the granting, issuance or sale (or the time of execution of such agreement to grant, issue or sell, as applicable) of such Option for such price per share. For purposes of this Section 2(b)(i), the "lowest price per share for which one Common Share is at any time issuable upon the exercise of any such Options or upon conversion, exercise or exchange of any Convertible Securities issuable upon exercise of any such Option or otherwise pursuant to the terms thereof" shall be equal to (1) the lower of (x) the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to any one Common Share upon the granting, issuance or sale (or pursuant to the agreement to grant, issue or sell, as applicable) of such Option, upon exercise of such Option and upon conversion, exercise or exchange of any Convertible Security issuable upon exercise of such Option or otherwise pursuant to the terms thereof and (y) the lowest exercise price set forth in such Option for which one Common Share is issuable (or may become issuable assuming all possible market conditions) upon the exercise of any such Options or upon conversion, exercise or exchange of any Convertible Securities issuable upon exercise of any such Option or otherwise pursuant to the terms thereof minus (2) the sum of all amounts paid or payable to the holder of such Option (or any other Person) upon the granting, issuance or sale (or the agreement to grant, issue or sell, as applicable) of such Option, upon exercise of such Option and upon conversion, exercise or exchange of any Convertible Security issuable upon exercise of such Option or otherwise pursuant to the terms thereof plus the value of any other consideration received or receivable by, or benefit conferred on, the holder of such Option (or any other Person). Except as contemplated below, no further adjustment of the Exercise Price shall be made upon the actual issuance of such Common Shares or of such Convertible Securities upon the exercise of such Options or otherwise pursuant to the terms of or upon the actual issuance of such Common Shares upon conversion, exercise or exchange of such Convertible Securities.

(ii) Issuance of Convertible Securities. If the Company in any manner issues or sells (or enters into any agreement to issue or sell) any Convertible Securities and the

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lowest price per share for which one Common Share is at any time issuable upon the conversion, exercise or exchange thereof or otherwise pursuant to the terms thereof is less than the Applicable Price, then such Common Share shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the issuance or sale (or the time of execution of such agreement to issue or sell, as applicable) of such Convertible Securities for such price per share. For the purposes of this Section 2(b)(ii), the "lowest price per share for which one Common Share is at any time issuable upon the conversion, exercise or exchange thereof or otherwise pursuant to the terms thereof" shall be equal to (1) the lower of (x) the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to one Common Share upon the issuance or sale (or pursuant to the agreement to issue or sell, as applicable) of the Convertible Security and upon conversion, exercise or exchange of such Convertible Security or otherwise pursuant to the terms thereof and (y) the lowest conversion price set forth in such Convertible Security for which one Common Share is issuable (or may become issuable assuming all possible market conditions) upon conversion, exercise or exchange thereof or otherwise pursuant to the terms thereof minus (2) the sum of all amounts paid or payable to the holder of such Convertible Security (or any other Person) upon the issuance or sale (or the agreement to issue or sell, as applicable) of such Convertible Security plus the value of any other consideration received or receivable by, or benefit conferred on, the holder of such Convertible Security (or any other Person). Except as contemplated below, no further adjustment of the Exercise Price shall be made upon the actual issuance of such Common Shares upon conversion, exercise or exchange of such Convertible Securities or otherwise pursuant to the terms thereof, and if any such issuance or sale of such Convertible Securities is made upon exercise of any Options for which adjustment of this Warrant has been or is to be made pursuant to other provisions of this Section 2(b), except as contemplated below, no further adjustment of the Exercise Price shall be made by reason of such issuance or sale.

(iii) Change in Option Price or Rate of Conversion. If the purchase or exercise price provided for in any Options, the additional consideration, if any, payable upon the issue, conversion, exercise or exchange of any Convertible Securities, or the rate at which any Convertible Securities are convertible into or exercisable or exchangeable for Common Shares increases or decreases at any time (other than proportional changes in conversion or exercise prices, as applicable, in connection with an event referred to in Section 2(a)), the Exercise Price in effect at the time of such increase or decrease shall be adjusted to the Exercise Price which would have been in effect at such time had such Options or Convertible Securities provided for such increased or decreased purchase price, additional consideration or increased or decreased conversion rate, as the case may be, at the time initially granted, issued or sold. For purposes of this Section 2(b)(iii), if the terms of any Option or Convertible Security that was outstanding as of the Subscription Date are increased or decreased in the manner described in the immediately preceding sentence, then such Option or Convertible Security and the Common Shares deemed issuable upon exercise, conversion or exchange thereof shall be deemed to have been issued as of the date of such increase or decrease. No adjustment pursuant to this Section 2(b) shall be made if such adjustment would result in an increase of the Exercise Price then in effect.

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(iv) Calculation of Consideration Received. If any Option and/or Convertible Security and/or Adjustment Right is issued in connection with the issuance or sale or deemed issuance or sale of any other securities of the Company (as determined by the Holder, the "**Primary Security**", and such Option and/or Convertible Security and/or Adjustment Right, the "**Secondary Securities**" and together with the Primary Security, each a "**Unit**"), together comprising one integrated transaction, the aggregate consideration per Common Share with respect to such Primary Security shall be deemed to be the lower of (x) the purchase price of such Unit, (y) if such Primary Security is an Option and/or Convertible Security, the lowest price per share for which one Common Share is at any time issuable upon the exercise or conversion of the Primary Security in accordance with Section 2(b)(i) or 2(b)(ii) above and (z) the lowest VWAP of the Common Shares on any Trading Day during the four (4) Trading Day period (the "**Adjustment Period**") immediately following the public announcement of such Dilutive Issuance (for the avoidance of doubt, if such public announcement is released prior to the opening of the Principal Market on a Trading Day, such Trading Day shall be the first Trading Day in such four (4) Trading Day period and if this Warrant is exercised, on any given Exercise Date during any such Adjustment Period, solely with respect to such portion of this Warrant exercised on such applicable Exercise Date, such applicable Adjustment Period shall be deemed to have ended on, and included, the Trading Day immediately prior to such Exercise Date). If any Common Shares, Options or Convertible Securities are issued or sold or deemed to have been issued or sold for cash, the consideration received therefor will be deemed to be the net amount of consideration received by the Company therefor. If any Common Shares, Options or Convertible Securities are issued or sold for a consideration other than cash, the amount of such consideration received by the Company will be the fair value of such consideration, except where such consideration consists of publicly traded securities, in which case the amount of consideration received by the Company for such securities will be the arithmetic average of the VWAPs of such security for each of the five (5) Trading Days immediately preceding the date of receipt. If any Common Shares, Options or Convertible Securities are issued to the owners of the non-surviving entity in connection with any merger in which the Company is the surviving entity, the amount of consideration therefor will be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such Common Shares, Options or Convertible Securities (as the case may be). The fair value of any consideration other than cash or publicly traded securities will be determined jointly by the Company and the Holder. If such parties are unable to reach agreement within ten (10) days after the occurrence of an event requiring valuation (the "**Valuation Event**"), the fair value of such consideration will be determined within five (5) Trading Days after the tenth (10^{th}) day following such Valuation Event by an independent, reputable appraiser jointly selected by the Company and the Holder. The determination of such appraiser shall be final and binding upon all parties absent manifest error and the fees and expenses of such appraiser shall be borne by the Company.

(v) Record Date. If the Company takes a record of the holders of Common Shares for the purpose of entitling them (A) to receive a dividend or other distribution payable in Common Shares, Options or in Convertible Securities or (B) to subscribe for or purchase Common Shares, Options or Convertible Securities, then such record date will be

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deemed to be the date of the issuance or sale of the Common Shares deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase (as the case may be).

(c) Number of Warrant Shares. Simultaneously with any adjustment to the Exercise Price pursuant to Section 2(a), the number of Warrant Shares that may be purchased upon exercise of this Warrant shall be increased or decreased proportionately, so that after such adjustment the aggregate Exercise Price payable hereunder for the adjusted number of Warrant Shares shall be the same as the aggregate Exercise Price in effect immediately prior to such adjustment (without regard to any limitations on exercise contained herein).

(d) Holder' s Right of Alternative Exercise Price Following Issuance of Certain Options or Convertible Securities. In addition to and not in limitation of the other provisions of this Section 2, if the Company in any manner issues or sells or enters into any agreement to issue or sell, any Common Shares, Options or Convertible Securities (any such securities, "**Variable Price Securities**"), after the Subscription Date that are issuable pursuant to such agreement or convertible into or exchangeable or exercisable for Common Shares at a price which varies or may vary with the market price of the Common Shares, including by way of one or more reset(s) to a fixed price, but exclusive of such formulations reflecting customary anti-dilution provisions (such as share splits, share combinations, share dividends and similar transactions) (each of the formulations for such variable price being herein referred to as, the "**Variable Price**"), the Company shall provide written notice thereof via electronic mail or overnight courier to the Holder on the date of such agreement and each issuance of such Variable Price Securities. From and after the date the Company enters into such agreement or issues any such Variable Price Securities, the Holder shall have the right, but not the obligation, in its sole discretion to substitute the Variable Price for the Exercise Price upon exercise of this Warrant by designating in the Exercise Notice delivered upon any exercise of this Warrant that solely for purposes of such exercise the Holder is relying on the Variable Price rather than the Exercise Price then in effect. The Holder' s election to rely on a Variable Price for a particular exercise of this Warrant shall not obligate the Holder to rely on a Variable Price for any future exercises of this Warrant.

(e) Share Combination Event Adjustment. If at any time and from time to time on or after the Issuance Date there occurs any share split, share dividend, share combination recapitalization or other similar transaction involving the Common Shares (each, a "**Share Combination Event**", and such date thereof, the "**Share Combination Event Date**") and the Event Market Price is less than the Exercise Price then in effect (after giving effect to the adjustment in clause 2(a) above), then on the sixteenth (16th) Trading Day immediately following such Share Combination Event, the Exercise Price then in effect on such sixteenth (16th) Trading Day (after giving effect to the adjustment in clause 2(b) above) shall be reduced (but in no event increased) to the Event Market Price. For the avoidance of doubt, if the adjustment in the immediately preceding sentence would otherwise result in an increase in the Exercise Price hereunder, no adjustment shall be made.

(f) Other Events. In the event that the Company (or any Subsidiary (as defined in the Securities Purchase Agreement)) shall take any action to which the provisions hereof are not strictly applicable, or, if applicable, would not operate to protect the Holder from dilution or if any

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event occurs of the type contemplated by the provisions of this Section 2 but not expressly provided for by such provisions (including, without limitation, the granting of share appreciation rights, phantom share rights or other rights with equity features), then the Company' s board of directors shall in good faith determine and implement an appropriate adjustment in the Exercise Price and the number of Warrant Shares (if applicable) so as to protect the rights of the Holder, provided that no such adjustment pursuant to this Section 2(f) will increase the Exercise Price or decrease the number of Warrant Shares as otherwise determined pursuant to this Section 2, provided further that if the Holder does not accept such adjustments as appropriately protecting its interests hereunder against such dilution, then the Company' s board of directors and the Holder shall agree, in good faith, upon an independent investment bank of nationally recognized standing to make such appropriate adjustments, whose determination shall be final and binding absent manifest error and whose fees and expenses shall be borne by the Company.

(g) Calculations. All calculations under this Section 2 shall be made by rounding to the nearest cent or the nearest 1/100th of a share, as applicable. The number of Common Shares outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issuance or sale of Common Shares.

(h) Voluntary Adjustment By Company. Subject to the rules and regulations of the Principal Market, the Company may at any time during the term of this Warrant, with the prior written consent of the Required Holders (as defined in the Securities Purchase Agreement), reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the board of directors of the Company.

3. RIGHTS UPON DISTRIBUTION OF ASSETS. In addition to any adjustments pursuant to Section 2 and 4 herein, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of Common Shares, by way of return of capital or otherwise (including, without limitation, any distribution of cash, shares or other securities, property, options, evidence of indebtedness or any other assets by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "**Distribution**"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of Common Shares acquirable upon complete exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant, including without limitation, the Maximum Percentage) immediately before the date on which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of Common Shares are to be determined for the participation in such Distribution (provided, however, that to the extent that the Holder' s right to participate in any such Distribution would result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Distribution to the extent of the Maximum Percentage (and shall not be entitled to beneficial ownership of such Common Shares as a result of such Distribution (and beneficial ownership) to the extent of any such excess) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time or times, if ever, as its right thereto would not result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, at which time or times the Holder

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shall be granted such Distribution (and any Distributions declared or made on such initial Distribution or on any subsequent Distribution held similarly in abeyance) to the same extent as if there had been no such limitation).

4. PURCHASE RIGHTS; FUNDAMENTAL TRANSACTIONS.

(a) Purchase Rights. In addition to any adjustments pursuant to Section 2 and Section 3 herein, if at any time the Company grants, issues or sells any Options, Convertible Securities or rights to purchase shares, warrants, securities or other property pro rata to the record holders of any class of Common Shares (the "**Purchase Rights**"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of Common Shares acquirable upon complete exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant, including without limitation, the Maximum Percentage) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Shares are to be determined for the grant, issuance or sale of such Purchase Rights (provided, however, that to the extent that the Holder' s right to participate in any such Purchase Right would result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Purchase Right to the extent of the Maximum Percentage (and shall not be entitled to beneficial ownership of such Common Shares as a result of such Purchase Right (and beneficial ownership) to the extent of any such excess) and such Purchase Right to such extent shall be held in abeyance for the benefit of the Holder until such time or times, if ever, as its right thereto would not result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, at which time or times the Holder shall be granted such right (and any Purchase Right granted, issued or sold on such initial Purchase Right or on any subsequent Purchase Right held similarly in abeyance) to the same extent as if there had been no such limitation).

(b) Fundamental Transactions. The Company shall not enter into or be party to a Fundamental Transaction unless (i) the Successor Entity assumes in writing all of the obligations of the Company under this Warrant and the other Transaction Documents (as defined in the Securities Purchase Agreement) in accordance with the provisions of this Section 4(b) pursuant to written agreements in form and substance satisfactory to the Holder and approved by the Holder prior to such Fundamental Transaction, including agreements to deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant, including, without limitation, which is exercisable for a corresponding number of shares of share capital equivalent to the Common Shares acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of share capital (but taking into account the relative value of the Common Shares pursuant to such Fundamental Transaction and the value of such shares of share capital, such adjustments to the number of shares of share capital and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction) and (ii) the Successor Entity (including its Parent Entity) is a publicly traded corporation whose common equity or common shares, as applicable, is quoted on or listed for trading on an Eligible Market or, with respect to a Change of

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Control (as defined in the Notes) in compliance with the terms of this Warrant, a Canadian Market. Upon the consummation of each Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of the applicable Fundamental Transaction, the provisions of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein. Upon consummation of each Fundamental Transaction, the Successor Entity shall deliver to the Holder confirmation that there shall be issued upon exercise of this Warrant at any time after the consummation of the applicable Fundamental Transaction, in lieu of the Common Shares (or other securities, cash, assets or other property (except such items still issuable under Sections 3 and 4(a) above, which shall continue to be receivable thereafter)) issuable upon the exercise of this Warrant prior to the applicable Fundamental Transaction, such shares of publicly traded common equity (or its equivalent) of the Successor Entity (including its Parent Entity) which the Holder would have been entitled to receive upon the happening of the applicable Fundamental Transaction had this Warrant been exercised immediately prior to the applicable Fundamental Transaction (without regard to any limitations on the exercise of this Warrant), as adjusted in accordance with the provisions of this Warrant. Notwithstanding the foregoing, and without limiting Section 1(f) hereof, the Holder may elect, at its sole option, by delivery of written notice to the Company to waive this Section 4(b) to permit the Fundamental Transaction without the assumption of this Warrant. In addition to and not in substitution for any other rights hereunder, prior to the consummation of each Fundamental Transaction pursuant to which holders of Common Shares are entitled to receive securities or other assets with respect to or in exchange for Common Shares (a "**Corporate Event**"), the Company shall make appropriate provision to ensure that the Holder will thereafter have the right to receive upon an exercise of this Warrant at any time after the consummation of the applicable Fundamental Transaction but prior to the Expiration Date, in lieu of the Common Shares (or other securities, cash, assets or other property (except such items still issuable under Sections 3 and 4(a) above, which shall continue to be receivable thereafter)) issuable upon the exercise of the Warrant prior to such Fundamental Transaction, such shares, securities, cash, assets or any other property whatsoever (including warrants or other purchase or subscription rights) (the "**Corporate Event Consideration**") which the Holder would have been entitled to receive upon the happening of the applicable Fundamental Transaction had this Warrant been exercised immediately prior to the applicable Fundamental Transaction (without regard to any limitations on the exercise of this Warrant). Provision made pursuant to the preceding sentence shall be in a form and substance reasonably satisfactory to the Holder. The Company shall not consummate any Change of Control unless, upon consummation of such Change of Control, the Company has either (x) paid off, in full, all of the Permitted Senior Indebtedness (as defined in the Notes) or (y) obtained the written consent of the holders of all Permitted Senior Indebtedness that will remain outstanding thereafter to the payments to the Holder set forth in Section 4(c) below without regard to any subordination thereof to such Permitted Senior Indebtedness or any other term or condition in the Intercreditor Side Letters (as defined in the Notes).

(c) Change of Control Provisions. Notwithstanding the foregoing and the provisions of Section 4(b) above, at the request of the Holder delivered at any time commencing on the earliest to occur of (A) the public disclosure of any Change of Control, (B) the consummation of any

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Change of Control and (C) the Holder first becoming aware of any Change of Control through the date that is ninety (90) days after the public disclosure of the consummation of such Change of Control by the Company pursuant to a Report of Foreign Private Issuer on Form 6-K filed with the SEC, the Company or the Successor Entity (as the case may be) shall exchange this Warrant for consideration equal to the Black Scholes Value of such portion of this Warrant subject to exchange (collectively, the "**Aggregate Black Scholes Value**") in the form of, at the Company' s election (such election to pay in cash or by delivery of the Rights (as defined below), a "**Consideration Election**"), either (I) rights (with a beneficial ownership limitation in the form of Section 1(f) hereof, mutatis mutandis) (collectively, the "**Rights**"), convertible in whole, or in part, at any time, without the requirement to pay any additional consideration, at the option of the Holder, into such Corporate Event Consideration applicable to such Change of Control equal in value to the Aggregate Black Scholes Value (as determined in accordance with Section 2(b)(iv) above, but with the aggregate number of Successor Shares (as defined below) issuable upon conversion of the Rights to be determined in increments of 10% (or such greater percentage as the Holder may notify the Company from time to time) of the portion of the Aggregate Black Scholes Value attributable to such Successor Shares (the "**Successor Share Value Increment**"), with the aggregate number of Successor Shares issuable upon exercise of the Rights with respect to the first Successor Share Value Increment determined based on 70% of the Closing Bid Price of the Successor Shares on the date the Rights are issued and on each of the nine (9) subsequent Trading Days, in each case, the aggregate number of additional Successor Shares issuable upon exercise of the Rights shall be determined based upon a Successor Share Value Increment at 70% of the Closing Bid Price of the Successor Shares in effect for such corresponding Trading Day (such ten (10) Trading Day period commencing on, and including, the date the Rights are issued, the "**Rights Measuring Period**")), or (II) in cash; provided, that the Company shall not consummate a Change of Control if the Corporate Event Consideration includes share capital or other equity interest (including, without limitation, Common Shares) (the "**Successor Shares**") either in an entity that is not listed on an Eligible Market or an entity in which the daily share volume for the applicable Successor Shares for each of the twenty (20) Trading Days prior to the date of consummation of such Change of Control is less than the aggregate number of Successor Shares issuable to the Holder upon conversion in full of the applicable Rights (without regard to any limitations on conversion therein, assuming the exercise in full of the Rights on the date of issuance of the Rights and assuming the Closing Bid Price of the Successor Shares for each Trading Day in the Rights Measuring Period is the Closing Bid Price on the Trading Day ended immediately prior to the time of consummation of the Change of Control). The Company shall give the Holder written notice of each Consideration Election at least twenty (20) Trading Days prior to the time of consummation of such Change of Control. Payment of such amounts or delivery of the Rights, as applicable, shall be made by the Company (or at the Company' s direction) to the Holder on the later of (x) the second (2nd) Trading Day after the date of such request and (y) the date of consummation of such Change of Control (or, with respect to any Right, if applicable, such later time that holders of Common Shares are initially entitled to receive Corporate Event Consideration with respect to the Common Shares of such holder). Any Corporate Event Consideration included in the Right, if any, pursuant to this Section 4(c) is pari passu with the Corporate Event Consideration to be paid to holders of Common Shares and the Company shall not permit a payment of any Corporate Event Consideration to the holders of Common Shares without on or prior to such time delivering the Right to the Holder hereunder.

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(d) Application. The provisions of this Section 4 shall apply similarly and equally to successive Fundamental Transactions and Corporate Events and shall be applied as if this Warrant (and any such subsequent warrants) were fully exercisable and without regard to any limitations on the exercise of this Warrant (provided that the Holder shall continue to be entitled to the benefit of the Maximum Percentage, applied however with respect to shares of share capital registered under the 1934 Act and thereafter receivable upon exercise of this Warrant (or any such other warrant)).

5. NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its Memorandum of Association (as defined in the Securities Purchase Agreement), Articles of Association (as defined in the Securities Purchase Agreement) or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issuance or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (a) shall not increase the par value of any Common Shares receivable upon the exercise of this Warrant above the Exercise Price then in effect, and (b) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable Common Shares upon the exercise of this Warrant. Notwithstanding anything herein to the contrary, if after the sixty (60) calendar day anniversary of the Issuance Date, the Holder is not permitted to exercise this Warrant in full for any reason (other than pursuant to restrictions set forth in Section 1(f) hereof), the Company shall use its best efforts to promptly remedy such failure, including, without limitation, obtaining such consents or approvals as necessary to permit such exercise into Common Shares.

6. WARRANT HOLDER NOT DEEMED A STOCKHOLDER. Except as otherwise specifically provided herein, the Holder, solely in its capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of share capital of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in its capacity as the Holder of this Warrant, any of the rights of a shareholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of shares, reclassification of shares, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which it is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a shareholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 6, the Company shall provide the Holder with copies of the same notices and other information given to the shareholders of the Company generally, contemporaneously with the giving thereof to the shareholders.

7. REISSUANCE OF WARRANTS.

(a) Transfer of Warrant. If this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 7(d)), registered as the Holder may

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request, representing the right to purchase the number of Warrant Shares being transferred by the Holder and, if less than the total number of Warrant Shares then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 7(d)) to the Holder representing the right to purchase the number of Warrant Shares not being transferred.

(b) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant (as to which a written certification and the indemnification contemplated below shall suffice as such evidence), and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary and reasonable form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 7(d)) representing the right to purchase the Warrant Shares then underlying this Warrant.

(c) Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 7(d)) representing in the aggregate the right to purchase the number of Warrant Shares then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Shares as is designated by the Holder at the time of such surrender; provided, however, no warrants for fractional Common Shares shall be given.

(d) Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Shares then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 7(a) or Section 7(c), the Warrant Shares designated by the Holder which, when added to the number of Common Shares underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Shares then underlying this Warrant), (iii) shall have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date, and (iv) shall have the same rights and conditions as this Warrant.

8. NOTICES. Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with Section 9(f) of the Securities Purchase Agreement. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Warrant (other than the issuance of Common Shares upon exercise in accordance with the terms hereof), including in reasonable detail a description of such action and the reason therefor. Without limiting the generality of the foregoing, the Company will give written notice to the Holder (i) immediately upon each adjustment of the Exercise Price and the number of Warrant Shares, setting forth in reasonable detail, and certifying, the calculation of such adjustment(s), (ii) at least fifteen (15) Trading Days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the Common Shares, (B) with respect to any grants, issuances or sales of any Options, Convertible Securities or rights to purchase shares, warrants, securities or other property to holders of Common Shares (other than Excluded Securities) or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation, provided in each case that such information shall be made known to the public prior to or in conjunction with such notice being provided to

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the Holder, and (iii) at least ten (10) Trading Days prior to the consummation of any Fundamental Transaction. It is expressly understood and agreed that the time of execution specified by the Holder in each Exercise Notice shall be definitive and may not be disputed or challenged by the Company.

9. DISCLOSURE. Upon delivery by the Company to the Holder (or receipt by the Company from the Holder) of any notice in accordance with the terms of this Warrant, unless the Company has in good faith determined that the matters relating to such notice do not constitute material, non-public information relating to the Company or any of its Subsidiaries, the Company shall on or prior to 9:00 am, New York city time on the Business Day immediately following such notice delivery date, publicly disclose such material, non-public information on a Report of Foreign Private Issuer on Form 6-K or otherwise. In the event that the Company believes that a notice contains material, non-public information relating to the Company or any of its Subsidiaries, the Company so shall indicate to the Holder explicitly in writing in such notice (or immediately upon receipt of notice from the Holder, as applicable), and in the absence of any such written indication in such notice (or notification from the Company immediately upon receipt of notice from the Holder), the Holder shall be entitled to presume that information contained in the notice does not constitute material, non-public information relating to the Company or any of its Subsidiaries. Nothing contained in this Section 9 shall limit any obligations of the Company, or any rights of the Holder, under Section 4(i) of the Securities Purchase Agreement.

10. ABSENCE OF TRADING AND DISCLOSURE RESTRICTIONS. The Company acknowledges and agrees that the Holder is not a fiduciary or agent of the Company and that the Holder shall have no obligation to (a) maintain the confidentiality of any information provided by the Company or (b) refrain from trading any securities while in possession of such information in the absence of a written non-disclosure agreement signed by an officer of the Holder that explicitly provides for such confidentiality and trading restrictions. In the absence of such an executed, written non-disclosure agreement, the Company acknowledges that the Holder may freely trade in any securities issued by the Company, may possess and use any information provided by the Company in connection with such trading activity, and may disclose any such information to any third party.

11. AMENDMENT AND WAIVER. Except as otherwise provided herein, the provisions of this Warrant (other than Section 1(f)) may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Holder. No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party.

12. SEVERABILITY. If any provision of this Warrant is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Warrant so long as this Warrant as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that

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would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

13. GOVERNING LAW. This Warrant shall be governed by and construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Warrant shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. The Company hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to the Company at the address set forth in Section 9(f) of the Securities Purchase Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. The Company hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein shall be deemed or operate to preclude the Holder from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company' s obligations to the Holder, to realize on any collateral or any other security for such obligations, or to enforce a judgment or other court ruling in favor of the Holder. The Company hereby appoints Corporation Service Company as its agent for service of process in New York. If service of process is effected pursuant to the above sentence, such service will be deemed sufficient under New York law and the Company shall not assert otherwise. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein shall be deemed or operate to preclude the Holder from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company' s obligations to such Buyer or to enforce a judgment or other court ruling in favor of the Holder. **THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS WARRANT OR ANY TRANSACTION CONTEMPLATED HEREBY.** The choice of the laws of the State of New York as the governing law of this Warrant is a valid choice of law and would be recognized and given effect to in any action brought before a court of competent jurisdiction in the Province of Alberta, except for those laws (i) which such court considers to be procedural in nature, (ii) which are revenue or penal laws or (iii) the application of which would be inconsistent with public policy, as such term is interpreted under the laws of the Province of Alberta. The choice of laws of the State of New York as the governing law of this Warrant will be honored by competent courts in the Canada, subject to compliance with relevant Canadian civil procedural requirements. The Company or any of their respective properties, assets or revenues does not have any right of immunity under Province of Alberta, Canadian or New York law, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from set-off

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or counterclaim, from the jurisdiction of any Province of Alberta, Canadian, New York or United States federal court, from service of process, attachment upon or prior to judgment, or attachment in aid of execution of judgment, or from execution of a judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of a judgment, in any such court, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Warrant; and, to the extent that the Company, or any of its properties, assets or revenues may have or may hereafter become entitled to any such right of immunity in any such court in which proceedings may at any time be commenced, the Company hereby waives such right to the extent permitted by law and hereby consents to such relief and enforcement as provided in this Warrant and the other Transaction Documents.

14. CONSTRUCTION; HEADINGS. This Warrant shall be deemed to be jointly drafted by the Company and the Holder and shall not be construed against any Person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant. Terms used in this Warrant but defined in the other Transaction Documents shall have the meanings ascribed to such terms on the Closing Date (as defined in the Securities Purchase Agreement) in such other Transaction Documents unless otherwise consented to in writing by the Holder.

15. DISPUTE RESOLUTION.

(a) Submission to Dispute Resolution.

(i) In the case of a dispute relating to the Exercise Price, the Closing Sale Price, the Bid Price, Black Scholes Value or fair market value or the arithmetic calculation of the number of Warrant Shares (as the case may be) (including, without limitation, a dispute relating to the determination of any of the foregoing), the Company or the Holder (as the case may be) shall submit the dispute to the other party via facsimile (A) if by the Company, within two (2) Business Days after the occurrence of the circumstances giving rise to such dispute or (B) if by the Holder, at any time after the Holder learned of the circumstances giving rise to such dispute. If the Holder and the Company are unable to promptly resolve such dispute relating to such Exercise Price, such Closing Sale Price, such Bid Price, such Black Scholes Value or such fair market value or such arithmetic calculation of the number of Warrant Shares (as the case may be), at any time after the second (2nd) Business Day following such initial notice by the Company or the Holder (as the case may be) of such dispute to the Company or the Holder (as the case may be), then the Holder may, at its sole option, select an independent, reputable investment bank to resolve such dispute.

(ii) The Holder and the Company shall each deliver to such investment bank (A) a copy of the initial dispute submission so delivered in accordance with the first sentence of this Section 15 and (B) written documentation supporting its position with respect to such dispute, in each case, no later than 5:00 p.m. (New York time) by the fifth (5th) Business Day immediately following the date on which the Holder selected such investment bank (the "**Dispute Submission Deadline**") (the documents referred to in the immediately preceding clauses (A) and (B) are collectively referred to herein as the "**Required Dispute Documentation**") (it being understood and agreed that if either the Holder or the Company fails to so deliver all of the Required Dispute Documentation by

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the Dispute Submission Deadline, then the party who fails to so submit all of the Required Dispute Documentation shall no longer be entitled to (and hereby waives its right to) deliver or submit any written documentation or other support to such investment bank with respect to such dispute and such investment bank shall resolve such dispute based solely on the Required Dispute Documentation that was delivered to such investment bank prior to the Dispute Submission Deadline). Unless otherwise agreed to in writing by both the Company and the Holder or otherwise requested by such investment bank, neither the Company nor the Holder shall be entitled to deliver or submit any written documentation or other support to such investment bank in connection with such dispute (other than the Required Dispute Documentation).

(iii) The Company and the Holder shall cause such investment bank to determine the resolution of such dispute and notify the Company and the Holder of such resolution no later than ten (10) Business Days immediately following the Dispute Submission Deadline. The fees and expenses of such investment bank shall be borne solely by the Company, and such investment bank' s resolution of such dispute shall be final and binding upon all parties absent manifest error.

(b) Miscellaneous. The Company expressly acknowledges and agrees that (i) this Section 13 constitutes an agreement to arbitrate between the Company and the Holder (and constitutes an arbitration agreement) under the rules then in effect under § 7501, et seq. of the New York Civil Practice Law and Rules ("**CPLR**") and that the Holder is authorized to apply for an order to compel arbitration pursuant to CPLR § 7503(a) in order to compel compliance with this Section 15, (ii) a dispute relating to the Exercise Price includes, without limitation, disputes as to (A) whether an issuance or sale or deemed issuance or sale of Common Shares occurred under Section 2(b), (B) the consideration per share at which an issuance or deemed issuance of Common Shares occurred, (C) whether any issuance or sale or deemed issuance or sale of Common Shares was an issuance or sale or deemed issuance or sale of Excluded Securities, (D) whether an agreement, instrument, security or the like constitutes and Option or Convertible Security and (E) whether a Dilutive Issuance occurred, (iii) the terms of this Warrant and each other applicable Transaction Document shall serve as the basis for the selected investment bank' s resolution of the applicable dispute, such investment bank shall be entitled (and is hereby expressly authorized) to make all findings, determinations and the like that such investment bank determines are required to be made by such investment bank in connection with its resolution of such dispute (including, without limitation, determining (A) whether an issuance or sale or deemed issuance or sale of Common Shares occurred under Section 2(b), (B) the consideration per share at which an issuance or deemed issuance of Common Shares occurred, (C) whether any issuance or sale or deemed issuance or sale of Common Shares was an issuance or sale or deemed issuance or sale of Excluded Securities, (D) whether an agreement, instrument, security or the like constitutes and Option or Convertible Security and (E) whether a Dilutive Issuance occurred) and in resolving such dispute such investment bank shall apply such findings, determinations and the like to the terms of this Warrant and any other applicable Transaction Documents, (iv) the Holder (and only the Holder), in its sole discretion, shall have the right to submit any dispute described in this Section 15 to any state or federal court sitting in The City of New York, Borough of Manhattan in lieu of utilizing the procedures set forth in this Section 15 and (v) nothing in this Section 15 shall limit the Holder

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from obtaining any injunctive relief or other equitable remedies (including, without limitation, with respect to any matters described in this Section 15).

16. REMEDIES, CHARACTERIZATION, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant and the other Transaction Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the right of the Holder to pursue actual and consequential damages for any failure by the Company to comply with the terms of this Warrant. The Company covenants to the Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments, exercises and the like (and the computation thereof) shall be the amounts to be received by the Holder and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the holder of this Warrant shall be entitled, in addition to all other available remedies, to specific performance and/or temporary, preliminary and permanent injunctive or other equitable relief from any court of competent jurisdiction in any such case without the necessity of proving actual damages and without posting a bond or other security. The Company shall provide all information and documentation to the Holder that is requested by the Holder to enable the Holder to confirm the Company' s compliance with the terms and conditions of this Warrant (including, without limitation, compliance with Section 2 hereof). The issuance of shares and certificates for shares as contemplated hereby upon the exercise of this Warrant shall be made without charge to the Holder or such shares for any issuance tax or other costs in respect thereof, provided that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than the Holder or its agent on its behalf.

17. PAYMENT OF COLLECTION, ENFORCEMENT AND OTHER COSTS. If (a) this Warrant is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding or the holder otherwise takes action to collect amounts due under this Warrant or to enforce the provisions of this Warrant or (b) there occurs any bankruptcy, reorganization, receivership of the company or other proceedings affecting company creditors' rights and involving a claim under this Warrant, then the Company shall pay the costs incurred by the Holder for such collection, enforcement or action or in connection with such bankruptcy, reorganization, receivership or other proceeding, including, without limitation, attorneys' fees and disbursements.

18. TRANSFER. This Warrant may be offered for sale, sold, transferred or assigned without the consent of the Company, except as may otherwise be required by Section 2(g) of the Securities Purchase Agreement.

19. CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

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(a) "**1933 Act**" means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

(b) "**1934 Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

(c) "**Adjustment Right**" means any right granted with respect to any securities issued in connection with, or with respect to, any issuance or sale (or deemed issuance or sale in accordance with Section 2) of Common Shares (other than rights of the type described in Section 3 and 4 hereof) that could result in a decrease in the net consideration received by the Company in connection with, or with respect to, such securities (including, without limitation, any cash settlement rights, cash adjustment or other similar rights).

(d) "**Affiliate**" means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person, it being understood for purposes of this definition that "control" of a Person means the power directly or indirectly either to vote 10% or more of the shares having ordinary voting power for the election of directors of such Person or direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

(e) "**Approved Share Plan**" means any employee benefit plan which has been approved by the board of directors of the Company prior to or subsequent to the date hereof pursuant to which Common Shares and standard options to purchase Common Shares may be issued to any employee, officer or director for services provided to the Company in their capacity as such.

(f) "**Attribution Parties**" means, collectively, the following Persons and entities: (i) any investment vehicle, including, any funds, feeder funds or managed accounts, currently, or from time to time after the Issuance Date, directly or indirectly managed or advised by the Holder' s investment manager or any of its Affiliates or principals, (ii) any direct or indirect Affiliates of the Holder or any of the foregoing, (iii) any Person acting or who could be deemed to be acting as a Group together with the Holder or any of the foregoing and (iv) any other Persons whose beneficial ownership of the Company' s Common Shares would or could be aggregated with the Holder' s and the other Attribution Parties for purposes of Section 13(d) of the 1934 Act. For clarity, the purpose of the foregoing is to subject collectively the Holder and all other Attribution Parties to the Maximum Percentage.

(g) "**Bid Price**" means, for any security as of the particular time of determination, the bid price for such security on the Principal Market as reported by Bloomberg as of such time of determination, or, if the Principal Market is not the principal securities exchange or trading market for such security, the bid price of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg as of such time of determination, or if the foregoing does not apply, the bid price of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg as of such time of determination, or, if no bid price is reported for such security by Bloomberg as of such time of determination, the average of the bid prices of any market makers for such security as reported in the "pink sheets" by OTC Markets Group Inc. (formerly Pink Sheets LLC) as of

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such time of determination. If the Bid Price cannot be calculated for a security as of the particular time of determination on any of the foregoing bases, the Bid Price of such security as of such time of determination shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 15. All such determinations shall be appropriately adjusted for any share dividend, share split, share combination or other similar transaction during such period.

(h) "**Black Scholes Value**" means the value of the unexercised portion of this Warrant remaining on the date of the Holder' s request pursuant to Section 4(c) which value is calculated using the Black Scholes Option Pricing Model obtained from the "OV" function on Bloomberg utilizing (i) an underlying price per share equal to the greater of (1) the highest Closing Sale Price of the Common Shares during the period beginning on the Trading Day immediately preceding the announcement of the applicable Change of Control (or the consummation of the applicable Change of Control, if earlier) and ending on the Trading Day of the Holder' s request pursuant to Section 4(c) and (2) the sum of the price per share being offered in cash in the applicable Change of Control (if any) plus the value of the non-cash consideration being offered in the applicable Change of Control (if any), (ii) a strike price equal to the Exercise Price in effect on the date of the Holder' s request pursuant to Section 4(c), (iii) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the greater of (1) the remaining term of this Warrant as of the date of the Holder' s request pursuant to Section 4(c) and (2) the remaining term of this Warrant as of the date of consummation of the applicable Change of Control or as of the date of the Holder' s request pursuant to Section 4(c) if such request is prior to the date of the consummation of the applicable Change of Control, (iv) a zero cost of borrow and (v) an expected volatility equal to the greater of 100% and the 30 day volatility obtained from the "HVT" function on Bloomberg (determined utilizing a 365 day annualization factor) as of the Trading Day immediately following the earliest to occur of (A) the public disclosure of the applicable Change of Control, (B) the consummation of the applicable Change of Control and (C) the date on which the Holder first became aware of the applicable Change of Control.

(i) "**Bloomberg**" means Bloomberg, L.P.

(j) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York or the Province of Alberta are authorized or required by law to remain closed; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to "stay at home", "shelter-in-place", "non-essential employee" or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York or the Province of Alberta generally are open for use by customers on such day.

(k) "**Canadian Market**" means the Toronto Stock Exchange or the Canadian Securities Exchange.

(l) "**Change of Control**" means any Fundamental Transaction other than (i) any merger of the Company or any of its, direct or indirect, wholly-owned Subsidiaries with or into any of the foregoing Persons, (ii) any reorganization, recapitalization or reclassification of the

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Common Shares in which holders of the Company' s voting power immediately prior to such reorganization, recapitalization or reclassification continue after such reorganization, recapitalization or reclassification to hold publicly traded securities and, directly or indirectly, are, in all material respects, the holders of the voting power of the surviving entity (or entities with the authority or voting power to elect the members of the board of directors (or their equivalent if other than a corporation) of such entity or entities) after such reorganization, recapitalization or reclassification or (iii) pursuant to a migratory merger effected solely for the purpose of changing the jurisdiction of incorporation of the Company or any of its Subsidiaries.

(m) "**Closing Sale Price**" means, for any security as of any date, the last closing trade price for such security on the Principal Market, as reported by Bloomberg, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing trade price, then the last trade price of such security prior to 4:00:00 p.m., New York time, as reported by Bloomberg, or, if the Principal Market is not the principal securities exchange or trading market for such security, the last trade price of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing does not apply, the last trade price of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no last trade price is reported for such security by Bloomberg, the average of the ask prices of any market makers for such security as reported in the "pink sheets" by OTC Markets Group Inc. (formerly Pink Sheets LLC). If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 15. All such determinations shall be appropriately adjusted for any share dividend, share split, share combination or other similar transaction during such period.

(n) "**Common Shares**" means (i) the Company' s common shares, no par value per share, and (ii) any share capital into which such common shares shall have been changed or any share capital resulting from a reclassification of such common shares.

(o) "**Convertible Securities**" means any shares or other security (other than Options) that is at any time and under any circumstances, directly or indirectly, convertible into, exercisable or exchangeable for, or which otherwise entitles the holder thereof to acquire, any Common Shares.

(p) "**Eligible Market**" means the New York Stock Exchange, the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market or the Principal Market.

(q) "**Equity Conditions**" means, with respect to an given date of determination: (i) on such applicable date of determination one or more registration statements (each, the "**Forced Exercise Registration Statement**") shall be effective and the prospectus contained therein shall be available on such applicable date of determination (with, for the avoidance of doubt, any Common Shares previously issued pursuant to such prospectus deemed unavailable) for the issuance of all the Common Shares issuable upon exercise of this Warrant and the SPA Warrants in connection with the event requiring determination (such applicable aggregate number of

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Common Shares, each, a "**Required Minimum Securities Amount**"); (ii) on each day during the period beginning thirty (30) calendar days prior to the applicable date of determination and ending on and including the applicable date of determination (the "**Equity Conditions Measuring Period**"), the Common Shares (including the Common Shares to be issued in the event requiring this determination) is listed or designated for quotation (as applicable) on an Eligible Market and shall not have been suspended from trading on an Eligible Market (other than suspensions of not more than two (2) days and occurring prior to the applicable date of determination due to business announcements by the Company) nor shall delisting or suspension by an Eligible Market have been threatened (with a reasonable prospect of delisting occurring after giving effect to all applicable notice, appeal, compliance and hearing periods) or reasonably likely to occur or pending as evidenced by (A) a writing by such Eligible Market or (B) the Company falling below the minimum listing maintenance requirements of the Eligible Market on which the Common Shares is then listed or designated for quotation (as applicable); (iii) during the Equity Conditions Measuring Period, the Company shall have delivered all Warrant Shares issuable upon exercise of this Warrant on a timely basis as set forth in Section 1(a) hereof and all other shares of capital stock required to be delivered by the Company on a timely basis as set forth in the other Transaction Documents; (iv) the Required Minimum Securities Amount of Common Shares to be issued in connection with the event requiring determination may be issued in full without violating the rules or regulations of the Eligible Market on which the Common Shares is then listed or designated for quotation (as applicable); (v) on each day during the Equity Conditions Measuring Period, no public announcement of a pending, proposed or intended Fundamental Transaction shall have occurred which has not been abandoned, terminated or consummated; (vi) the Company shall have no knowledge of any fact that would reasonably be expected to cause the applicable Forced Exercise Registration Statement to not be effective or the prospectus contained therein to not be available for the issuance of the Required Minimum Securities Amount of Common Shares in connection with the event requiring such determination; (vii) on each day during the Equity Conditions Measuring Period, the Holder shall not be in possession of any material, non-public information provided to any of them by the Company, any of its Subsidiaries or any of their respective affiliates, employees, officers, representatives, agents or the like; (viii) on each day during the Equity Conditions Measuring Period, the Company otherwise shall have been in compliance with each, and shall not have breached any representation or warranty in any material respect (other than representations or warranties subject to material adverse effect or materiality, which may not be breached in any respect) or any covenant or other term or condition of any Transaction Document, including, without limitation, the Company shall not have failed to timely make any payment pursuant to any Transaction Document; (ix) there shall not have occurred any Volume Failure as of such applicable date of determination; (x) on each day during the Equity Conditions Measuring Period, (A) no Authorized Share Failure shall exist or be continuing and (B) all Warrant Shares to be issued in connection with the event requiring this determination may be issued in full without resulting in an Authorized Share Failure (as defined in Section 1(g) above); (xi) the issuance of Required Minimum Securities Amount of Common Shares to be issued in connection with the event requiring determination will not result in an Authorized Share Failure; (xii) any Common Shares to be issued in connection with the event requiring determination may be issued in full without violating Section 1(f) hereof (or the equivalent provisions of any other applicable SPA Warrants), (xiii) on each day during the Equity Conditions Measuring Period, no bone fide dispute shall exist, by and between any holder of SPA Warrants, the Company, the Principal Market (or such applicable Eligible Market in which the Common Shares of the

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Company is then principally trading) and/or FINRA with respect to any term or provision of this Warrant or any other Transaction Document and (xiv) on each day during the Equity Conditions Measuring Period, the Common Shares issuable upon exercise of the SPA Warrants are duly authorized and listed and eligible for trading without restriction on an Eligible Market.

(r) "**Equity Conditions Failure**" means that on each day during the period commencing twenty (20) Trading Days prior to the applicable Forced Exercise Notice Date through and including the applicable Forced Exercise Date, the Equity Conditions have not been satisfied (or waived in writing by the Holder).

(s) "**Event Market Price**" means, with respect to any Share Combination Event Date, the quotient determined by dividing (x) the sum of the VWAP of the Common Shares for each of the five (5) lowest Trading Days during the twenty (20) consecutive Trading Day period ending and including the Trading Day immediately preceding the sixteenth (16th) Trading Day after such Share Combination Event Date, divided by (y) five (5). All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination, recapitalization or other similar transaction during such period.

(t) "**Excluded Securities**" means (i) Common Shares or Options issued to current or former directors, officers or employees of the Company for services rendered to the Company in their capacity as such pursuant to an Approved Share Plan, *provided* that (A) all such issuances (taking into account the Common Shares issuable upon exercise of such Options) after the Subscription Date pursuant to this clause (i) do not, in the aggregate, exceed more than 10% of the Common Shares issued and outstanding immediately prior to the Subscription Date and (B) the exercise price of any such options is not lowered, none of such options are amended to increase the number of shares issuable thereunder and none of the terms or conditions of any such options are otherwise materially changed in any manner that materially adversely affects any of the Buyers; (ii) Common Shares issued upon the conversion or exercise of Convertible Securities or Options (other than Options issued pursuant to an Approved Share Plan that are covered by clause (i) above) issued prior to the Subscription Date; *provided* that the conversion price of any such Convertible Securities or Options is not lowered, none of such Convertible Securities or Options are amended to increase the number of shares issuable thereunder and none of the terms or conditions of any such Convertible Securities or Options are otherwise materially changed in any manner that materially adversely affects any of the Buyers; (iii) the Common Shares issuable upon conversion of the Notes or otherwise pursuant to the terms of the Notes; *provided* that the terms of the Notes are not amended, modified or changed on or after the Subscription Date (other than antidilution adjustments pursuant to the terms thereof in effect as of the Subscription Date); (iv) the Common Shares issuable upon exercise of the SPA Warrants; *provided* that the terms of the SPA Warrants are not amended, modified or changed on or after the Subscription Date (other than antidilution adjustments pursuant to the terms thereof in effect as of the Subscription Date); (v) the Placement Agent Securities (as defined in the Securities Purchase Agreement); *provided* that the terms of the Placement Agent Securities are not amended, modified or changed on or after the Subscription Date (other than antidilution adjustments pursuant to the terms thereof in effect as of the Subscription Date); and (vi) the SAF Securities (as defined in the Securities Purchase Agreement); *provided* that the terms of the SAF Securities are not amended, modified or changed

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on or after the Subscription Date (other than antidilution adjustments pursuant to the terms thereof in effect as of the Subscription Date).

(u) "**Expiration Date**" means the date that is the forty-two month anniversary of the Applicable Date (as defined in the Securities Purchase Agreement) or, if such date falls on a day other than a Trading Day or on which trading does not take place on the Principal Market (a "**Holiday**"), the next date that is not a Holiday.

(v) "**Fundamental Transaction**" means (A) that the Company shall, directly or indirectly, including through subsidiaries, Affiliates or otherwise, in one or more related transactions, (i) consolidate or merge with or into (whether or not the Company is the surviving corporation) another Subject Entity, or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company or any of its "significant subsidiaries" (as defined in Rule 1-02 of Regulation S-X) to one or more Subject Entities, or (iii) make, or allow one or more Subject Entities to make, or allow the Company to be subject to or have its Common Shares be subject to or party to one or more Subject Entities making, a purchase, tender or exchange offer that is accepted by the holders of at least either (x) 50% of the outstanding Common Shares, (y) 50% of the outstanding Common Shares calculated as if any Common Shares held by all Subject Entities making or party to, or Affiliated with any Subject Entities making or party to, such purchase, tender or exchange offer were not outstanding; or (z) such number of Common Shares such that all Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such purchase, tender or exchange offer, become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding Common Shares, or (iv) consummate a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with one or more Subject Entities whereby all such Subject Entities, individually or in the aggregate, acquire, either (x) at least 50% of the outstanding Common Shares, (y) at least 50% of the outstanding Common Shares calculated as if any Common Shares held by all the Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such stock or share purchase agreement or other business combination were not outstanding; or (z) such number of Common Shares such that the Subject Entities become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding Common Shares, or (v) reorganize, recapitalize or reclassify its Common Shares, (B) that the Company shall, directly or indirectly, including through subsidiaries, Affiliates or otherwise, in one or more related transactions, allow any Subject Entity individually or the Subject Entities in the aggregate to be or become the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, whether through acquisition, purchase, assignment, conveyance, tender, tender offer, exchange, reduction in outstanding Common Shares, merger, consolidation, business combination, reorganization, recapitalization, spin-off, scheme of arrangement, reorganization, recapitalization or reclassification or otherwise in any manner whatsoever, of either (x) at least 50% of the aggregate ordinary voting power represented by issued and outstanding Common Shares, (y) at least 50% of the aggregate ordinary voting power represented by issued and outstanding Common Shares not held by all such Subject Entities as of the date of this Warrant calculated as if any Common Shares held by all such Subject Entities were not outstanding, or (z) a percentage of the aggregate ordinary voting power represented by issued and outstanding Common Shares or other equity securities of the Company sufficient to allow such Subject Entities to effect a statutory short

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form merger or other transaction requiring other shareholders of the Company to surrender their Common Shares without approval of the shareholders of the Company or (C) directly or indirectly, including through subsidiaries, Affiliates or otherwise, in one or more related transactions, the issuance of or the entering into any other instrument or transaction structured in a manner to circumvent, or that circumvents, the intent of this definition in which case this definition shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this definition to the extent necessary to correct this definition or any portion of this definition which may be defective or inconsistent with the intended treatment of such instrument or transaction.

(w) "**Group**" means a "group" as that term is used in Section 13(d) of the 1934 Act and as defined in Rule 13d-5 thereunder.

(x) "**Holder Pro Rata Amount**" means, with respect to any given holder of SPA Warrants, means the quotient of (1) the aggregate number of Common Shares issued to such holder of SPA Warrants as of the Closing Date (as defined in the Securities Purchase Agreement) divided by (2) the aggregate number of Common Shares issued to the holders of SPA Warrants as of the Closing Date.

(y) "**Notes**" has the meaning ascribed to such term in the Securities Purchase Agreement, and shall include all notes issued in exchange therefor or replacement thereof.

(z) "**Options**" means any rights, warrants or options to subscribe for or purchase Common Shares or Convertible Securities.

(aa) "**Parent Entity**" of a Person means an entity that, directly or indirectly, controls the applicable Person and whose common shares or equivalent equity security is quoted or listed on an Eligible Market, or, if there is more than one such Person or Parent Entity, the Person or Parent Entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

(bb) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity or a government or any department or agency thereof.

(cc) "**Principal Market**" means Nasdaq Global Select Market.

(dd) "**Registration Rights Agreement**" means that certain registration rights agreement, dated as of the Closing Date, by and among the Company and the initial holders of the Notes relating to, among other things, the registration of the resale of the Common Shares issuable upon conversion of the Notes or otherwise pursuant to the terms of the Notes and exercise of the SPA Warrants, as may be amended from time to time.

(ee) "**SEC**" means the United States Securities and Exchange Commission or the successor thereto.

(ff) **"Subject Entity**" means any Person, Persons or Group or any Affiliate or associate of any such Person, Persons or Group.

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(gg) "**Successor Entity**" means the Person (or, if so elected by the Holder, the Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or the Person (or, if so elected by the Holder, the Parent Entity) with which such Fundamental Transaction shall have been entered into.

(hh) "**Trading Day**" means, as applicable, (x) with respect to all price or trading volume determinations relating to the Common Shares, any day on which the Common Shares is traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Shares, then on the principal securities exchange or securities market on which the Common Shares is then traded, provided that "Trading Day" shall not include any day on which the Common Shares is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Shares is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York time) unless such day is otherwise designated as a Trading Day in writing by the Holder or (y) with respect to all determinations other than price or trading volume determinations relating to the Common Shares, any day on which Principal Market (or any successor thereto) is open for trading of securities.

(ii) "**Volume Failure**" means, with respect to a particular date of determination, the aggregate daily dollar trading volume (as reported on Bloomberg) of the Common Stock on the Principal Market on any Trading Days during the twenty (20) Trading Day period ending on the Trading Day immediately preceding such date of determination (such period, the "**Volume Failure Measuring Period**"), is less than $1 million.

(jj) "**VWAP**" means, for any security as of any date, the dollar volume-weighted average price for such security on the Principal Market (or, if the Principal Market is not the principal trading market for such security, then on the principal securities exchange or securities market on which such security is then traded), during the period beginning at 9:30 a.m., New York time, and ending at 4:00 p.m., New York time, as reported by Bloomberg through its "VAP" function (set to 09:30 start time and 16:00 end time) or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30 a.m., New York time, and ending at 4:00 p.m., New York time, as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the "pink sheets" by OTC Markets Group Inc. (formerly Pink Sheets LLC). If the VWAP cannot be calculated for such security on such date on any of the foregoing bases, the VWAP of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 15. All such determinations shall be appropriately adjusted for any share dividend, share split, share combination, recapitalization or other similar transaction during such period.

[*signature page follows*]

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IN WITNESS WHEREOF, the Company has caused this Warrant to Purchase Common Shares to be duly executed as of the Issuance Date set out above.

SUNDIAL GROWERS INC.

By: _____
Name:
Title:

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FORM OF REGISTRATION RIGHTS AGREEMENT

This **REGISTRATION RIGHTS AGREEMENT** (this "**Agreement**"), dated as of June 5, 2020, is by and among Sundial Growers Inc., a company incorporated under the laws of the Province of Alberta, Canada (the "**Company**"), and the undersigned buyers (each, a "**Buyer**," and collectively, the "**Buyers**").

RECITALS

A. In connection with the Securities Purchase Agreement by and among the parties hereto, dated as of June 5, 2020 (the "**Securities Purchase Agreement**"), the Company has agreed, upon the terms and subject to the conditions of the Securities Purchase Agreement, to issue and sell to each Buyer (i) the Notes (as defined in the Securities Purchase Agreement) which will be convertible into Conversion Shares (as defined in the Securities Purchase Agreement) in accordance with the terms of the Notes and (ii) the Warrants (as defined in the Securities Purchase Agreement) which will be exercisable to purchase Warrant Shares (as defined in the Securities Purchase Agreement) in accordance with the terms of the Warrants.

B. To induce the Buyers to consummate the transactions contemplated by the Securities Purchase Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the "**1933 Act**"), and applicable state securities laws.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and each of the Buyers hereby agree as follows:

1. Definitions.

Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Securities Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

(a) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York or the Province of Alberta are authorized or required by law to remain closed; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to "stay at home", "shelter-in-place", "non-essential employee" or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York or the Province of Alberta generally are open for use by customers on such day.

(b) "**Closing Date**" shall have the meaning set forth in the Securities Purchase Agreement.

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(c) "**Effective Date**" means the date that the applicable Registration Statement has been declared effective by the SEC.

(d) "**Effectiveness Deadline**" means (i) with respect to the initial Registration Statement required to be filed pursuant to Section 2(a), the earlier of the (A) 90th calendar day after the Closing Date and (B) 2nd Business Day after the date the Company is notified (orally or in writing, whichever is earlier) by the SEC that such Registration Statement will not be reviewed or will not be subject to further review and (ii) with respect to any additional Registration Statements that may be required to be filed by the Company pursuant to this Agreement, the earlier of the (A) 90th calendar day following the date on which the Company was required to file such additional Registration Statement and (B) 2nd Business Day after the date the Company is notified (orally or in writing, whichever is earlier) by the SEC that such Registration Statement will not be reviewed or will not be subject to further review.

(e) "**Filing Deadline**" means (i) with respect to the initial Registration Statement required to be filed pursuant to Section 2(a), the 30th calendar day after the Closing Date and (ii) with respect to any additional Registration Statements that may be required to be filed by the Company pursuant to this Agreement, the date on which the Company was required to file such additional Registration Statement pursuant to the terms of this Agreement.

(f) "**Remaining Indebtedness Threshold Date**" means the date upon which the aggregate amount of indebtedness outstanding under the Notes is less than $3,000,000.

(g) "**Hellard Registration Rights Agreement**" means the registration rights agreement dated as of August 6, 2019 between the Company and Edward Hellard.

(h) "**Investor**" means a Buyer or any transferee or assignee of any Registrable Securities, Notes or Warrants, as applicable, to whom a Buyer assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 9 and any transferee or assignee thereof to whom a transferee or assignee of any Registrable Securities, Notes or Warrants, as applicable, assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 9.

(i) "**Lead Buyer**" has the meaning ascribed to it in the Securities Purchase Agreement.

(j) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization or a government or any department or agency thereof.

(k) "**register**," "**registered**," and "**registration**" refer to a registration effected by preparing and filing one or more Registration Statements in compliance with the 1933 Act and pursuant to Rule 415 and the declaration of effectiveness of such Registration Statement(s) by the SEC.

(l) "**Registrable Securities**" means (i) the Conversion Shares, (ii) the Warrant Shares and (iii) any share capital of the Company issued or issuable with respect to the Conversion Shares, the Warrant Shares, the Notes or the Warrants, including, without limitation, (1) as a result of any

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share split, share dividend, recapitalization, exchange or similar event or otherwise and (2) any share capital of the Company into which the Common Shares (as defined in the Notes) are converted or exchanged and share capital of a Successor Entity (as defined in the Warrants) into which the Common Shares are converted or exchanged, in each case, without regard to any limitations on conversion of the Notes or exercise of the Warrants.

(m) "**Registration Statement**" means a registration statement or registration statements of the Company filed under the 1933 Act covering Registrable Securities.

(n) "**Required Holders**" means, as of any given time, the holders of a majority of the Registrable Securities as of such time (excluding any Registrable Securities held by the Company or any of its Subsidiaries as of such time).

(o) "**Required Registration Amount**" means 300% of the sum of (i) the maximum number of Conversion Shares issuable upon conversion of the Notes (assuming for purposes hereof that (x) the Notes are convertible at the initial Alternate Triggering Event Conversion Price (as defined in the Notes) and (y) any such conversion shall not take into account any limitations on the conversion of the Notes set forth in the Notes) and (ii) the maximum number of Warrant Shares issuable upon exercise of the Warrants (without taking into account any limitations on the exercise of the Warrants set forth therein), all subject to adjustment as provided in Section 2(d) and/or Section 2(f).

(p) "**Rule 144**" means Rule 144 promulgated by the SEC under the 1933 Act, as such rule may be amended from time to time, or any other similar or successor rule or regulation of the SEC that may at any time permit the Investors to sell securities of the Company to the public without registration.

(q) "**Rule 415**" means Rule 415 promulgated by the SEC under the 1933 Act, as such rule may be amended from time to time, or any other similar or successor rule or regulation of the SEC providing for offering securities on a continuous or delayed basis.

(r) "**SEC**" means the United States Securities and Exchange Commission or any successor thereto.

2. Registration.

(a) Mandatory Registration. The Company shall prepare and, as soon as practicable, but in no event later than the Filing Deadline, file with the SEC an initial Registration Statement on Form F-3 covering the resale of all of the Registrable Securities; *provided* that such initial Registration Statement shall register for resale at least the number of Common Shares equal to the Required Registration Amount as of the date such Registration Statement is initially filed with the SEC; *provided further* that if Form F-3 is unavailable for such a registration, the Company shall use such other form as is required by Section 2(c). Such initial Registration Statement, and each other Registration Statement required to be filed pursuant to the terms of this Agreement, shall contain (except if otherwise directed by the Required Holders) the "Selling Shareholders" and "Plan of Distribution" sections in substantially the forms attached hereto as Exhibit A and Exhibit B, respectively. The Company shall use its best efforts to have such initial Registration Statement, and each other Registration Statement required to be filed pursuant to the terms of this Agreement,

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declared effective by the SEC as soon as practicable, but in no event later than the applicable Effectiveness Deadline for such Registration Statement.

(b) Legal Counsel. Subject to Section 5 hereof, Kelley Drye & Warren LLP, counsel solely to the Lead Buyer ("**Legal Counsel**"), shall review and oversee any registration, solely on behalf of the Lead Buyer, pursuant to this Section 2.

(c) Ineligibility to Use Form F-3. In the event that Form F-3 is not available for the registration of the resale of Registrable Securities hereunder, the Company shall (i) register the resale of the Registrable Securities on Form F-1 or another appropriate form reasonably acceptable to the Required Holders and (ii) undertake to register the resale of the Registrable Securities on Form F-3 as soon as such form is available, provided that the Company shall maintain the effectiveness of all Registration Statements then in effect until such time as a Registration Statement on Form F-3 covering the resale of all the Registrable Securities has been declared effective by the SEC and the prospectus contained therein is available for use.

(d) Sufficient Number of Shares Registered. In the event the number of shares available under any Registration Statement is insufficient to cover all of the Registrable Securities required to be covered by such Registration Statement or an Investor' s allocated portion of the Registrable Securities pursuant to Section 2(h), the Company shall amend such Registration Statement (if permissible), or file with the SEC a new Registration Statement (on the short form available therefor, if applicable), or both, so as to cover at least the Required Registration Amount as of the Trading Day immediately preceding the date of the filing of such amendment or new Registration Statement, in each case, as soon as practicable, but in any event not later than fifteen (15) days after the necessity therefor arises (but taking account of any Staff position with respect to the date on which the Staff will permit such amendment to the Registration Statement and/or such new Registration Statement (as the case may be) to be filed with the SEC). The Company shall use its best efforts to cause such amendment to such Registration Statement and/or such new Registration Statement (as the case may be) to become effective as soon as practicable following the filing thereof with the SEC, but in no event later than the applicable Effectiveness Deadline for such Registration Statement. For purposes of the foregoing provision, the number of shares available under a Registration Statement shall be deemed "insufficient to cover all of the Registrable Securities" if at any time the number of Common Shares available for resale under the applicable Registration Statement is less than the product determined by multiplying (i) the Required Registration Amount (less the amount of shares previously sold pursuant to a Reigstration Staement or available for resale under Rule 144) as of such time by (ii) 0.90. The calculation set forth in the foregoing sentence shall be made without regard to any limitations on conversion, amortization and/or redemption of the Notes ir exercise of the Warrants (and such calculation shall assume (A) that the Notes are then convertible in full into Common Shares at the then prevailing Conversion Rate (as defined in the Notes), (B) the initial outstanding principal amount of the Notes remains outstanding through the scheduled Maturity Date (as defined in the Notes) and no redemptions of the Notes occur prior to the scheduled Maturity Date and (C) the Warrants are then exercisable in full into Common Shares at the then prevailing Exercise Price (as defined in the Warrants)).

(e) Effect of Failure to File and Obtain and Maintain Effectiveness of any Registration Statement. If (i) a Registration Statement covering the resale of all of the Registrable Securities

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required to be covered thereby (disregarding any reduction pursuant to Section 2(f)) and required to be filed by the Company pursuant to this Agreement is (A) not filed with the SEC on or before the Filing Deadline for such Registration Statement (a "**Filing Failure**") (it being understood that if the Company files a Registration Statement without affording each Investor and Legal Counsel the opportunity to review and comment on the same as required by Section 3(c) hereof, the Company shall be deemed to not have satisfied this clause (i)(A) and such event shall be deemed to be a Filing Failure) or (B) not declared effective by the SEC on or before the Effectiveness Deadline for such Registration Statement (an "**Effectiveness Failure**") (it being understood that if on the Business Day immediately following the Effective Date for such Registration Statement the Company shall not have filed a "final" prospectus for such Registration Statement with the SEC under Rule 424(b) in accordance with Section 3(b) (whether or not such a prospectus is technically required by such rule), the Company shall be deemed to not have satisfied this clause (i)(B) and such event shall be deemed to be an Effectiveness Failure), (ii) other than during an Allowable Grace Period (as defined below), on any day after the Effective Date of a Registration Statement sales of all of the Registrable Securities required to be included on such Registration Statement (disregarding any reduction pursuant to Section 2(f)) cannot be made pursuant to such Registration Statement (including, without limitation, because of a failure to keep such Registration Statement effective, a failure to disclose such information as is necessary for sales to be made pursuant to such Registration Statement, a suspension or delisting of (or a failure to timely list) the Common Shares on the Principal Market (as defined in the Securities Purchase Agreement) or any other limitations imposed by the Principal Market, or a failure to register a sufficient number of Common Shares or by reason of a stop order) or the prospectus contained therein is not available for use for any reason (a "**Maintenance Failure**"), or (iii) if, following the six-month anniversary of the Closing Date, a Registration Statement is not effective for any reason or the prospectus contained therein is not available for use for any reason, and either (x) the Company fails for any reason to satisfy the requirements of Rule 144(c)(1), including, without limitation, the failure to satisfy the current public information requirement under Rule 144(c) or (y) the Company becomes an issuer described in Rule 144(i)(1)(i), and the Company shall fail to satisfy any condition set forth in Rule 144(i)(2) (a "**Current Public Information Failure**") as a result of which any of the Investors are unable to sell Registrable Securities without restriction under Rule 144 (including, without limitation, volume restrictions) (other than as a result of such Investor being an "affiliate" of the Company for purposes of Rule 144), then, as partial relief for the damages to any holder by reason of any such delay in, or reduction of, its ability to sell the underlying Common Shares (which remedy shall not be exclusive of any other remedies available at law or in equity, including, without limitation, specific performance), the Company shall pay to each holder of Registrable Securities relating to such Registration Statement an amount in cash equal to one-half percent (0.5%) of such Investor' s original principal amount stated in such Investor' s Note on the Closing Date (1) on the date of such Filing Failure, Effectiveness Failure, Maintenance Failure or Current Public Information Failure, as applicable, and (2) on every thirty (30) day anniversary of (I) a Filing Failure until such Filing Failure is cured; (II) an Effectiveness Failure until such Effectiveness Failure is cured; (III) a Maintenance Failure until such Maintenance Failure is cured; and (IV) a Current Public Information Failure until the earlier of (i) the date such Current Public Information Failure is cured and (ii) such time that such public information is no longer required pursuant to Rule 144 (in each case, pro rated for periods totaling less than thirty (30) days). The payments to which a holder of Registrable Securities shall be entitled pursuant to this Section 2(e) are referred to herein as "**Registration Delay Payments**."

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Following the initial Registration Delay Payment for any particular event or failure (which shall be paid on the date of such event or failure, as set forth above), without limiting the foregoing, if an event or failure giving rise to the Registration Delay Payments is cured prior to any thirty (30) day anniversary of such event or failure, then such Registration Delay Payment shall be made on the third (3rd) Business Day after such cure. In the event the Company fails to make Registration Delay Payments in a timely manner in accordance with the foregoing, such Registration Delay Payments shall bear interest at the rate of one-half percent (0.5%) per month (prorated for partial months) until paid in full. Notwithstanding the foregoing, no Registration Delay Payments shall be owed to an Investor with respect to any period during which all of such Investor' s Registrable Securities may be sold by such Investor without restriction under Rule 144 (including, without limitation, volume restrictions) and without the need for current public information required by Rule 144(c)(1) (or Rule 144(i)(2), if applicable).

(f) Offering. Notwithstanding anything to the contrary contained in this Agreement, but subject to the payment of the Registration Delay Payments pursuant to Section 2(e), in the event the staff of the SEC (the "**Staff**") or the SEC seeks to characterize any offering pursuant to a Registration Statement filed pursuant to this Agreement as constituting an offering of securities by, or on behalf of, the Company, or in any other manner, such that the Staff or the SEC do not permit such Registration Statement to become effective and used for resales in a manner that does not constitute such an offering and that permits the continuous resale at the market by the Investors participating therein (or as otherwise may be acceptable to each Investor) without being named therein as an "underwriter," then the Company shall reduce the number of shares to be included in such Registration Statement by all Investors until such time as the Staff and the SEC shall so permit such Registration Statement to become effective as aforesaid. In making such reduction, the Company shall reduce the number of shares to be included by all Investors on a pro rata basis (based upon the number of Registrable Securities otherwise required to be included for each Investor) unless the inclusion of shares by a particular Investor or a particular set of Investors are resulting in the Staff or the SEC' s "by or on behalf of the Company" offering position, in which event the shares held by such Investor or set of Investors shall be the only shares subject to reduction (and if by a set of Investors on a pro rata basis by such Investors or on such other basis as would result in the exclusion of the least number of shares by all such Investors); provided, that, with respect to such pro rata portion allocated to any Investor, such Investor may elect the allocation of such pro rata portion among the Registrable Securities of such Investor. In addition, in the event that the Staff or the SEC requires any Investor seeking to sell securities under a Registration Statement filed pursuant to this Agreement to be specifically identified as an "underwriter" in order to permit such Registration Statement to become effective, and such Investor does not consent to being so named as an underwriter in such Registration Statement, then, in each such case, the Company shall reduce the total number of Registrable Securities to be registered on behalf of such Investor, until such time as the Staff or the SEC does not require such identification or until such Investor accepts such identification and the manner thereof. Any reduction pursuant to this paragraph will first reduce all Registrable Securities other than those issued pursuant to the Securities Purchase Agreement (which, for the avoidance of doubt, will be reduced as follows: first, any Common Shares issuable upon exercise of any Placement Agent Securities, second, any Common Shares issuable upon exercise of any SAF Securities (as allocated among such SAF Securities as elected by the holder of such SAF Securities at such time), third, any Common Shares subject to the Hellard Registration Rights Agreement and, lastly, any Registrable Securities. In the event of any reduction in Registrable Securities

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pursuant to this paragraph, an affected Investor shall have the right to require, upon delivery of a written request to the Company signed by such Investor, the Company to file a registration statement within twenty (20) days of such request (subject to any restrictions imposed by Rule 415 or required by the Staff or the SEC) for resale by such Investor in a manner acceptable to such Investor, and the Company shall following such request cause to be and keep effective such registration statement in the same manner as otherwise contemplated in this Agreement for registration statements hereunder, in each case until such time as: (i) all Registrable Securities held by such Investor have been registered and sold pursuant to an effective Registration Statement or (ii) all Registrable Securities may be resold by such Investor without restriction (including, without limitation, volume limitations) pursuant to Rule 144 or (iii) such Investor agrees to be named as an underwriter in any such Registration Statement in a manner acceptable to such Investor as to all Registrable Securities held by such Investor and that have not theretofore been included in a Registration Statement under this Agreement (it being understood that the special demand right under this sentence may be exercised by an Investor multiple times and with respect to limited amounts of Registrable Securities in order to permit the resale thereof by such Investor as contemplated above).

(g) Piggyback Registrations. Without limiting any obligation of the Company hereunder or under the Securities Purchase Agreement, if there is not an effective Registration Statement covering all of the Registrable Securities or the prospectus contained therein is not available for use and the Company shall determine to prepare and file with the SEC a registration statement or offering statement relating to an offering for its own account or the account of others under the 1933 Act of any of its equity securities (other than on Form F-4 or Form S-8 (each as promulgated under the 1933 Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with the Company' s share option or other employee benefit plans), then the Company shall deliver to each Investor a written notice of such determination and, if within fifteen (15) days after the date of the delivery of such notice, any such Investor shall so request in writing, the Company shall include in such registration statement or offering statement all or any part of such Registrable Securities such Investor requests to be registered subject to any customary cut-back or similar rights; provided, however, the Company shall not be required to register any Registrable Securities pursuant to this Section 2(g) that are eligible for resale pursuant to Rule 144 or that are the subject of a then-effective Registration Statement.

(h) Allocation of Registrable Securities. The initial number of Registrable Securities included in any Registration Statement and any increase in the number of Registrable Securities included therein shall be allocated pro rata among the Investors based on the number of Registrable Securities held by each Investor at the time such Registration Statement covering such initial number of Registrable Securities or increase thereof is declared effective by the SEC. In the event that an Investor sells or otherwise transfers any of such Investor' s Warrants or Notes, each transferee or assignee (as the case may be) that becomes an Investor shall be allocated a pro rata portion of the then-remaining number of Registrable Securities included in such Registration Statement for such transferor or assignee (as the case may be). Any Common Shares included in a Registration Statement and which remain allocated to any Person which ceases to hold any Registrable Securities covered by such Registration Statement shall be allocated to the remaining Investors, pro rata based on the number of Registrable Securities then held by such Investors which are covered by such Registration Statement.

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(i) No Inclusion of Other Securities. The Company shall in no event include any securities other than Registrable Securities and any Common Shares subject to the Hellard Registration Rights Agreement on any Registration Statement filed in accordance herewith without the prior written consent of the Required Holders. Until the Applicable Date (as defined in the Securities Purchase Agreement), the Company shall not enter into any agreement providing any registration rights to any of its security holders, other than with respect to the Common Shares issuable upon exercise of the SAF Securities (as defined in the Securities Purchase Agreement) and the Placement Agent Securities (as defined in the Securities Purchase Agreement); provided that in each case such rights are solely available after the Remaining Indebtedness Threshold Date and subject to compliance with Section 2(f) above. For the avoidance of doubt, until the Remaining Indebtedness Threshold Date, the Company shall not include any Common Shares issuable upon exercise of the SAF Securities (as defined in the Securities Purchase Agreement) or the Placement Agent Securities (as defined in the Securities Purchase Agreement) on any Registration Statement without the prior written consent of the Required Holders.

3. Related Obligations.

The Company shall use its best efforts to effect the registration of the Registrable Securities in accordance with the intended method of disposition thereof, and, pursuant thereto, the Company shall have the following obligations:

(a) The Company shall promptly prepare and file with the SEC a Registration Statement with respect to all the Registrable Securities (but in no event later than the applicable Filing Deadline) and use its best efforts to cause such Registration Statement to become effective as soon as practicable after such filing (but in no event later than the Effectiveness Deadline). Subject to Allowable Grace Periods, the Company shall keep each Registration Statement on Form F-3 effective (and the prospectus contained therein available for use) pursuant to Rule 415 for resales by the Investors on a delayed or continuous basis at then-prevailing market prices (and not fixed prices) at all times until the earlier of (i) the date as of which all of the Investors may sell all of the Registrable Securities required to be covered by such Registration Statement (disregarding any reduction pursuant to Section 2(f)) without restriction pursuant to Rule 144 (including, without limitation, volume restrictions) and without the need for current public information required by Rule 144(c)(1) (or Rule 144(i)(2), if applicable) or (ii) the date on which the Investors shall have sold all of the Registrable Securities covered by such Registration Statement (the "**Registration Period**"). Notwithstanding anything to the contrary contained in this Agreement, the Company shall ensure that, when filed and at all times while effective, each Registration Statement (including, without limitation, all amendments and supplements thereto) and the prospectus (including, without limitation, all amendments and supplements thereto) used in connection with such Registration Statement (1) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein (in the case of prospectuses, in the light of the circumstances in which they were made) not misleading and (2) will disclose (whether directly or through incorporation by reference to other SEC filings to the extent permitted) all information required to comply with the immediately preceding clause. The Company shall submit to the SEC, within one (1) Business Day after the later of the date that (i) the Company learns that no review of a particular Registration Statement will be made by the Staff or that the Staff has no further comments on a particular Registration Statement (as the case may be) and (ii) the consent of Legal Counsel is obtained pursuant to Section 3(c) (which consent

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shall be immediately sought), a request for acceleration of effectiveness of such Registration Statement to a time and date not later than twenty-four (24) hours after the submission of such request.

(b) Subject to Section 3(r) of this Agreement, the Company shall prepare and file with the SEC such amendments (including, without limitation, post-effective amendments) and supplements to each Registration Statement and the prospectus used in connection with each such Registration Statement, which prospectus is to be filed pursuant to Rule 424 promulgated under the 1933 Act, as may be necessary to keep each such Registration Statement effective at all times during the Registration Period for such Registration Statement, and, during such period, comply with the provisions of the 1933 Act with respect to the disposition of all Registrable Securities of the Company required to be covered by such Registration Statement until such time as all of such Registrable Securities shall have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in such Registration Statement; provided, however, by 8:30 a.m. (New York time) on the Business Day immediately following each Effective Date, the Company shall file with the SEC in accordance with Rule 424(b) under the 1933 Act the final prospectus to be used in connection with sales pursuant to the applicable Registration Statement if required by the 1933 Act. In the case of amendments and supplements to any Registration Statement which are required to be filed pursuant to this Agreement (including, without limitation, pursuant to this Section 3(b)) by reason of the Company filing a report on Form 6-K, Form 20-F or any analogous report under the Securities Exchange Act of 1934, as amended (the "**1934 Act**"), the Company shall, if permitted under the applicable rules and regulations of the SEC, have incorporated such report by reference into such Registration Statement, if applicable, or shall file such amendments or supplements with the SEC on the same day on which the 1934 Act report is filed which created the requirement for the Company to amend or supplement such Registration Statement.

(c) The Company shall (A) permit Legal Counsel and legal counsel for each other Investor to review and comment upon (i) each Registration Statement at least five (5) Business Days prior to its filing with the SEC and (ii) all amendments and supplements to each Registration Statement (including, without limitation, the prospectus contained therein) (except for Annual Reports on Form 20-F, Report of Foreign Issuer on Form 6-K, and any similar or successor reports) within a reasonable number of days prior to their filing with the SEC, and (B) not file any Registration Statement or amendment or supplement thereto in a form to which Legal Counsel or any legal counsel for any other Investor reasonably objects. The Company shall not submit a request for acceleration of the effectiveness of a Registration Statement or any amendment or supplement thereto or to any prospectus contained therein without the prior consent of Legal Counsel, which consent shall not be unreasonably withheld. The Company shall promptly furnish to Legal Counsel and legal counsel for each other Investor, without charge, (i) copies of any correspondence from the SEC or the Staff to the Company or its representatives relating to each Registration Statement, provided that such correspondence shall not contain any material, non-public information regarding the Company or any of its Subsidiaries (as defined in the Securities Purchase Agreement), (ii) after the same is prepared and filed with the SEC, one (1) copy of each Registration Statement and any amendment(s) and supplement(s) thereto, including, without limitation, financial statements and schedules, all documents incorporated therein by reference, if requested by an Investor, and all exhibits and (iii) upon the effectiveness of each Registration Statement, one (1) copy of the prospectus included in such Registration Statement and all

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amendments and supplements thereto. The Company shall reasonably cooperate with Legal Counsel and legal counsel for each other Investor in performing the Company' s obligations pursuant to this Section 3.

(d) Unless otherwise available on the SEC' s Electronic Data Gathering, Analysis, and Retrieval system, the Company shall promptly furnish to each Investor whose Registrable Securities are included in any Registration Statement, without charge, (i) after the same is prepared and filed with the SEC, at least one (1) copy of each Registration Statement and any amendment(s) and supplement(s) thereto, including, without limitation, financial statements and schedules, all documents incorporated therein by reference, if requested by an Investor, all exhibits and each preliminary prospectus, (ii) upon the effectiveness of each Registration Statement, ten (10) copies of the prospectus included in such Registration Statement and all amendments and supplements thereto (or such other number of copies as such Investor may reasonably request from time to time) and (iii) such other documents, including, without limitation, copies of any preliminary or final prospectus, as such Investor may reasonably request from time to time in order to facilitate the disposition of the Registrable Securities owned by such Investor.

(e) The Company shall use its best efforts to (i) register and qualify, unless an exemption from registration and qualification applies, the resale by Investors of the Registrable Securities covered by a Registration Statement under such other securities or "blue sky" laws of all applicable jurisdictions in the United States, (ii) prepare and file in those jurisdictions, such amendments (including, without limitation, post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof during the Registration Period, (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Registration Period, and (iv) take all other actions reasonably necessary or advisable to qualify the Registrable Securities for sale in such jurisdictions; provided, however, the Company shall not be required in connection therewith or as a condition thereto to (x) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(e), (y) subject itself to general taxation in any such jurisdiction, or (z) file a general consent to service of process in any such jurisdiction. The Company shall promptly notify Legal Counsel, legal counsel for each other Investor and each Investor who holds Registrable Securities of the receipt by the Company of any notification with respect to the suspension of the registration or qualification of any of the Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction in the United States or its receipt of actual notice of the initiation or threatening of any proceeding for such purpose.

(f) The Company shall notify Legal Counsel, legal counsel for each other Investor and each Investor in writing of the happening of any event, as promptly as practicable after becoming aware of such event, as a result of which the prospectus included in a Registration Statement, as then in effect, may include an untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided that in no event shall such notice contain any material, non-public information regarding the Company or any of its Subsidiaries), and, subject to Section 3(r), promptly prepare a supplement or amendment to such Registration Statement and such prospectus contained therein to correct such untrue statement or omission and, if requested in writing by an Investor (or its counsel) deliver ten (10) copies of such supplement or amendment to such Investor (or its counsel) (or such other number of copies as such

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Invstor (or its counsel) may reasonably request). The Company shall also promptly notify Legal Counsel, legal counsel for each other Investor and each Investor in writing (i) when a prospectus or any prospectus supplement or post-effective amendment has been filed, when a Registration Statement or any post-effective amendment has become effective (notification of such effectiveness shall be delivered to Legal Counsel, legal counsel for each other Investor and each Investor by facsimile or e-mail on the same day of such effectiveness), and when the Company receives written notice from the SEC that a Registration Statement or any post-effective amendment will be reviewed by the SEC, (ii) of any request by the SEC for amendments or supplements to a Registration Statement or related prospectus or related information, (iii) of the Company' s reasonable determination that a post-effective amendment to a Registration Statement would be appropriate; and (iv) of the receipt of any request by the SEC or any other federal or state governmental authority for any additional information relating to the Registration Statement or any amendment or supplement thereto or any related prospectus. The Company shall respond as promptly as practicable to any comments received from the SEC with respect to each Registration Statement or any amendment thereto (it being understood and agreed that the Company' s response to any such comments shall be delivered to the SEC no later than fifteen (15) Business Days after the receipt thereof).

(g) The Company shall (i) use its best efforts to prevent the issuance of any stop order or other suspension of effectiveness of each Registration Statement or the use of any prospectus contained therein, or the suspension of the qualification, or the loss of an exemption from qualification, of any of the Registrable Securities for sale in any jurisdiction and, if such an order or suspension is issued, to obtain the withdrawal of such order or suspension at the earliest possible moment and (ii) notify Legal Counsel, legal counsel for each other Investor and each Investor who holds Registrable Securities of the issuance of such order and the resolution thereof or its receipt of actual notice of the initiation of any proceeding for such purpose.

(h) If any Investor may be required under applicable securities law to be described in any Registration Statement as an underwriter and such Investor consents to so being named an underwriter, at the request of any Investor, the Company shall furnish to such Investor, on the date of the effectiveness of such Registration Statement and thereafter from time to time on such dates as an Investor may reasonably request (i) a letter, dated such date, from the Company' s independent certified public accountants in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the Investors, and (ii) an opinion, dated as of such date, of counsel representing the Company for purposes of such Registration Statement, in form, scope and substance as is customarily given in an underwritten public offering, addressed to the Investors.

(i) If any Investor may be required under applicable securities law to be described in any Registration Statement as an underwriter and such Investor consents to so being named an underwriter, upon the written request of such Investor, the Company shall make available for inspection by (i) such Investor, (ii) legal counsel for such Investor and (iii) one (1) firm of accountants or other agents retained by such Investor (collectively, the "**Inspectors**"), all pertinent financial and other records, and pertinent corporate documents and properties of the Company (collectively, the "**Records**"), as shall be reasonably deemed necessary by each Inspector, and cause the Company' s officers, directors and employees to supply all information which any Inspector may reasonably request; provided, however, each Inspector shall agree in writing to hold

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in strict confidence and not to make any disclosure (except to such Investor) or use of any Record or other information which the Company' s board of directors determines in good faith to be confidential, and of which determination the Inspectors are so notified, unless (1) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in any Registration Statement or is otherwise required under the 1933 Act, (2) the release of such Records is ordered pursuant to a final, non-appealable subpoena or order from a court or government body of competent jurisdiction, or (3) the information in such Records has been made generally available to the public other than by disclosure in violation of this Agreement or any other Transaction Document (as defined in the Securities Purchase Agreement). Such Investor agrees that it shall, upon learning that disclosure of such Records is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, the Records deemed confidential. Nothing herein (or in any other confidentiality agreement between the Company and such Investor, if any) shall be deemed to limit any Investor' s ability to sell Registrable Securities in a manner which is otherwise consistent with applicable laws and regulations.

(j) The Company shall hold in confidence and not make any disclosure of information concerning an Investor provided to the Company unless (i) disclosure of such information is necessary to comply with federal or state securities laws, (ii) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement or is otherwise required to be disclosed in such Registration Statement pursuant to the 1933 Act, (iii) the release of such information is ordered pursuant to a subpoena or other final, non-appealable order from a court or governmental body of competent jurisdiction, or (iv) such information has been made generally available to the public other than by disclosure in violation of this Agreement or any other Transaction Document. The Company agrees that it shall, upon learning that disclosure of such information concerning an Investor is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt written notice to such Investor and allow such Investor, at such Investor' s expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

(k) Without limiting any obligation of the Company under the Securities Purchase Agreement, the Company shall use its best efforts either to (i) cause all of the Registrable Securities covered by each Registration Statement to be listed on each securities exchange on which securities of the same class or series issued by the Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such exchange, (ii) secure designation and quotation of all of the Registrable Securities covered by each Registration Statement on an Eligible Market (as defined in the Securities Purchase Agreement), or (iii) if, despite the Company' s best efforts to satisfy the preceding clauses (i) or (ii) the Company is unsuccessful in satisfying the preceding clauses (i) or (ii), without limiting the generality of the foregoing, to use its best efforts to arrange for at least two market makers to register with the Financial Industry Regulatory Authority ("**FINRA**") as such with respect to such Registrable Securities. In addition, the Company shall cooperate with each Investor and any broker or dealer through which any such Investor proposes to sell its Registrable Securities in effecting a filing with FINRA pursuant to FINRA Rule 5110 as requested by such Investor. The Company shall pay all fees and expenses in connection with satisfying its obligations under this Section 3(k).

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(l) [Intentionally Omitted]

(m) If requested by an Investor, the Company shall as soon as practicable after receipt of notice from such Investor and subject to Section 3(r) hereof, (i) incorporate in a prospectus supplement or post-effective amendment such information as an Investor reasonably requests to be included therein relating to the sale and distribution of Registrable Securities, including, without limitation, information with respect to the number of Registrable Securities being offered or sold, the purchase price being paid therefor and any other terms of the offering of the Registrable Securities to be sold in such offering; (ii) make all required filings of such prospectus supplement or post-effective amendment after being notified of the matters to be incorporated in such prospectus supplement or post-effective amendment; and (iii) supplement or make amendments to any Registration Statement or prospectus contained therein if reasonably requested by an Investor holding any Registrable Securities.

(n) The Company shall use its best efforts to cause the Registrable Securities covered by a Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to consummate the disposition of such Registrable Securities.

(o) The Company shall make generally available to its security holders as soon as practical, but not later than ninety (90) days after the close of the period covered thereby, an earnings statement (in form complying with, and in the manner provided by, the provisions of Rule 158 under the 1933 Act) covering a twelve-month period beginning not later than the first day of the Company' s fiscal quarter next following the applicable Effective Date of each Registration Statement.

(p) The Company shall otherwise use its best efforts to comply with all applicable rules and regulations of the SEC in connection with any registration hereunder.

(q) Within one (1) Business Day after a Registration Statement which covers Registrable Securities is declared effective by the SEC, the Company shall deliver, or shall cause legal counsel for the Company to deliver, to the transfer agent for such Registrable Securities (with copies to the Investors whose Registrable Securities are included in such Registration Statement) confirmation that such Registration Statement has been declared effective by the SEC in the form reasonably satisfactory to such transfer agent.

(r) Notwithstanding anything to the contrary herein (but subject to the last sentence of this Section 3(r)), at any time after the Effective Date of a particular Registration Statement, the Company may delay the disclosure of material, non-public information concerning the Company or any of its Subsidiaries the disclosure of which at the time is not, in the good faith opinion of the board of directors of the Company, in the best interest of the Company and, in the advice of counsel to the Company, otherwise required (a "**Grace Period**"), provided that the Company shall promptly notify the Investors in writing of the (i) existence of material, non-public information giving rise to a Grace Period (provided that in each such notice the Company shall not disclose the content of such material, non-public information to any of the Investors) and the date on which such Grace Period will begin and (ii) date on which such Grace Period ends, provided further that (I) no Grace Period shall exceed ten (10) consecutive days and during any three hundred sixty five (365) day period all such Grace Periods shall not exceed an aggregate of thirty (30) days, (II) the

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first day of any Grace Period must be at least five (5) Trading Days after the last day of any prior Grace Period and (III) no Grace Period may exist during the sixty (60) Trading Day period immediately following the Effective Date of such Registration Statement (provided that such sixty (60) Trading Day period shall be extended by the number of Trading Days during such period and any extension thereof contemplated by this proviso during which such Registration Statement is not effective or the prospectus contained therein is not available for use) (each, an "**Allowable Grace Period**"). For purposes of determining the length of a Grace Period above, such Grace Period shall begin on and include the date the Investors receive the notice referred to in clause (i) above and shall end on and include the later of the date the Investors receive the notice referred to in clause (ii) above and the date referred to in such notice. The provisions of Section 3(g) hereof shall not be applicable during the period of any Allowable Grace Period. Upon expiration of each Grace Period, the Company shall again be bound by the first sentence of Section 3(f) with respect to the information giving rise thereto unless such material, non-public information is no longer applicable. Notwithstanding anything to the contrary contained in this Section 3(r), the Company shall cause its transfer agent to deliver unlegended Common Shares to a transferee of an Investor in accordance with the terms of the Securities Purchase Agreement in connection with any sale of Registrable Securities with respect to which such Investor has entered into a contract for sale, and delivered a copy of the prospectus included as part of the particular Registration Statement to the extent applicable, prior to such Investor' s receipt of the notice of a Grace Period and for which the Investor has not yet settled.

(s) The Company shall take all other reasonable actions necessary to expedite and facilitate disposition by each Investors of its Registrable Securities pursuant to each Registration Statement.

(t) Neither the Company nor any Subsidiary or affiliate thereof shall identify any Investor as an underwriter in any public disclosure or filing with the SEC, the Principal Market or any Eligible Market and any Buyer being deemed an underwriter by the SEC shall not relieve the Company of any obligations it has under this Agreement or any other Transaction Document (as defined in the Securities Purchase Agreement); provided, however, that the foregoing shall not prohibit the Company from including the disclosure found in the "Plan of Distribution" section attached hereto as Exhibit B in the Registration Statement.

(u) Neither the Company nor any of its Subsidiaries has entered, as of the date hereof, nor shall the Company or any of its Subsidiaries, on or after the date of this Agreement, enter into any agreement with respect to its securities, that would have the effect of impairing the rights granted to the Buyers in this Agreement or otherwise conflicts with the provisions hereof.

4. Obligations of the Investors.

(a) At least five (5) Business Days prior to the first anticipated filing date of each Registration Statement, the Company shall notify each Investor in writing of the information the Company requires from each such Investor with respect to such Registration Statement. It shall be a condition precedent to the obligations of the Company to complete the registration pursuant to this Agreement with respect to the Registrable Securities of a particular Investor that such Investor shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it, as shall

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be reasonably required to effect and maintain the effectiveness of the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request.

(b) Each Investor, by such Investor' s acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of each Registration Statement hereunder, unless such Investor has notified the Company in writing of such Investor' s election to exclude all of such Investor' s Registrable Securities from such Registration Statement.

(c) Each Investor agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(g) or the first sentence of 3(f), such Investor will immediately discontinue disposition of Registrable Securities pursuant to any Registration Statement(s) covering such Registrable Securities until such Investor' s receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(g) or the first sentence of Section 3(f) or receipt of notice that no supplement or amendment is required. Notwithstanding anything to the contrary in this Section 4(c), the Company shall cause its transfer agent to deliver unlegended Common Shares to a transferee of an Investor in accordance with the terms of the Securities Purchase Agreement in connection with any sale of Registrable Securities with respect to which such Investor has entered into a contract for sale prior to the Investor' s receipt of a notice from the Company of the happening of any event of the kind described in Section 3(g) or the first sentence of Section 3(f) and for which such Investor has not yet settled.

5. Expenses of Registration.

All reasonable expenses, other than underwriting discounts and commissions, incurred in connection with registrations, filings or qualifications pursuant to Sections 2 and 3, including, without limitation, all registration, listing and qualifications fees, printers and accounting fees, FINRA filing fees (if any) and fees and disbursements of counsel for the Company shall be paid by the Company. The Company shall reimburse Legal Counsel for its fees and disbursements in connection with registration, filing or qualification pursuant to Sections 2 and 3 of this Agreement which amount shall be limited to $10,000 for each such registration, filing or qualification.

6. Indemnification.

(a) To the fullest extent permitted by law, the Company will, and hereby does, indemnify, hold harmless and defend each Investor and each of its directors, officers, shareholders, members, partners, employees, agents, advisors, representatives (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding the lack of such title or any other title) and each Person, if any, who controls such Investor within the meaning of the 1933 Act or the 1934 Act and each of the directors, officers, shareholders, members, partners, employees, agents, advisors, representatives (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding the lack of such title or any other title) of such controlling Persons (each, an "**Indemnified Person**"), against any losses, obligations, claims, damages, liabilities, contingencies, judgments, fines, penalties, charges, costs (including, without limitation, court costs, reasonable attorneys' fees and costs of defense and investigation), amounts paid in settlement or expenses, joint or several, (collectively, "**Claims**") incurred in investigating,

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preparing or defending any action, claim, suit, inquiry, proceeding, investigation or appeal taken from the foregoing by or before any court or governmental, administrative or other regulatory agency, body or the SEC, whether pending or threatened, whether or not an Indemnified Person is or may be a party thereto ("**Indemnified Damages**"), to which any of them may become subject insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a Registration Statement or any post-effective amendment thereto or in any filing made in connection with the qualification of the offering under the securities or other "blue sky" laws of any jurisdiction in which Registrable Securities are offered ("**Blue Sky Filing**"), or the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus if used prior to the effective date of such Registration Statement, or contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading or (iii) any violation or alleged violation by the Company of the 1933 Act, the 1934 Act, any other law, including, without limitation, any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities pursuant to a Registration Statement or (iv) any violation of this Agreement (the matters in the foregoing clauses (i) through (iv) being, collectively, "**Violations**"). Subject to Section 6(c), the Company shall reimburse the Indemnified Persons, promptly as such expenses are incurred and are due and payable, for any legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(a): (i) shall not apply to a Claim by an Indemnified Person arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by such Indemnified Person for such Indemnified Person expressly for use in connection with the preparation of such Registration Statement or any such amendment thereof or supplement thereto, if such prospectus was timely made available by the Company pursuant to Section 3(d); and (ii) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld or delayed. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person and shall survive the transfer of any of the Registrable Securities by any of the Investors pursuant to Section 9.

(b) In connection with any Registration Statement in which an Investor is participating, such Investor agrees to severally and not jointly indemnify, hold harmless and defend, to the same extent and in the same manner as is set forth in Section 6(a), the Company, each of its directors, each of its officers who signs the Registration Statement and each Person, if any, who controls the Company within the meaning of the 1933 Act or the 1934 Act (each, an "**Company Indemnified Party**"), against any Claim or Indemnified Damages to which any of them may become subject, under the 1933 Act, the 1934 Act or otherwise, insofar as such Claim or Indemnified Damages arise out of or are based upon any Violation, in each case, to the extent, and only to the extent, that such Violation occurs in reliance upon and in conformity with written information furnished to the Company by such Investor expressly for use in connection with such Registration Statement; and, subject to Section 6(c) and the below provisos in this Section 6(b), such Investor will reimburse a

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Company Indemnified Party any legal or other expenses reasonably incurred by such Company Indemnified Party in connection with investigating or defending any such Claim; provided, however, the indemnity agreement contained in this Section 6(b) and the agreement with respect to contribution contained in Section 7 shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of such Investor, which consent shall not be unreasonably withheld or delayed, provided further that such Investor shall be liable under this Section 6(b) for only that amount of a Claim or Indemnified Damages as does not exceed the net proceeds to such Investor as a result of the applicable sale of Registrable Securities pursuant to such Registration Statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Company Indemnified Party and shall survive the transfer of any of the Registrable Securities by any of the Investors pursuant to Section 9.

(c) Promptly after receipt by an Indemnified Person or Company Indemnified Party (as the case may be) under this Section 6 of notice of the commencement of any action or proceeding (including, without limitation, any governmental action or proceeding) involving a Claim, such Indemnified Person or Company Indemnified Party (as the case may be) shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 6, deliver to the indemnifying party a written notice of the commencement thereof, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Company Indemnified Party (as the case may be); provided, however, an Indemnified Person or Company Indemnified Party (as the case may be) shall have the right to retain its own counsel with the fees and expenses of such counsel to be paid by the indemnifying party if: (i) the indemnifying party has agreed in writing to pay such fees and expenses; (ii) the indemnifying party shall have failed promptly to assume the defense of such Claim and to employ counsel reasonably satisfactory to such Indemnified Person or Company Indemnified Party (as the case may be) in any such Claim; or (iii) the named parties to any such Claim (including, without limitation, any impleaded parties) include both such Indemnified Person or Company Indemnified Party (as the case may be) and the indemnifying party, and such Indemnified Person or such Company Indemnified Party (as the case may be) shall have been advised by counsel that a conflict of interest is likely to exist if the same counsel were to represent such Indemnified Person or such Company Indemnified Party and the indemnifying party (in which case, if such Indemnified Person or such Company Indemnified Party (as the case may be) notifies the indemnifying party in writing that it elects to employ separate counsel at the expense of the indemnifying party, then the indemnifying party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the indemnifying party, provided further that in the case of clause (iii) above the indemnifying party shall not be responsible for the reasonable fees and expenses of more than one (1) separate legal counsel for such Indemnified Person or Company Indemnified Party (as the case may be). The Company Indemnified Party or Indemnified Person (as the case may be) shall reasonably cooperate with the indemnifying party in connection with any negotiation or defense of any such action or Claim by the indemnifying party and shall furnish to the indemnifying party all information reasonably available to the Company Indemnified Party or Indemnified Person (as the case may be) which relates to such action or Claim. The indemnifying party shall keep the Company Indemnified Party or Indemnified Person (as the case may be) reasonably apprised at all times as to the status of the defense or any settlement negotiations with respect thereto. No indemnifying party shall be liable for any settlement of any action, claim or proceeding effected without its prior

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written consent; provided, however, the indemnifying party shall not unreasonably withhold, delay or condition its consent. No indemnifying party shall, without the prior written consent of the Company Indemnified Party or Indemnified Person (as the case may be), consent to entry of any judgment or enter into any settlement or other compromise which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Company Indemnified Party or Indemnified Person (as the case may be) of a release from all liability in respect to such Claim or litigation, and such settlement shall not include any admission as to fault on the part of the Company Indemnified Party. Following indemnification as provided for hereunder, the indemnifying party shall be subrogated to all rights of the Company Indemnified Party or Indemnified Person (as the case may be) with respect to all third parties, firms or corporations relating to the matter for which indemnification has been made. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person or Company Indemnified Party (as the case may be) under this Section 6, except to the extent that the indemnifying party is materially and adversely prejudiced in its ability to defend such action.

(d) The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or Indemnified Damages are incurred.

(e) The indemnity and contribution agreements contained herein shall be in addition to (i) any cause of action or similar right of the Company Indemnified Party or Indemnified Person against the indemnifying party or others, and (ii) any liabilities the indemnifying party may be subject to pursuant to the law.

7. Contribution.

To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 6 to the fullest extent permitted by law; provided, however: (i) no contribution shall be made under circumstances where the maker would not have been liable for indemnification under the fault standards set forth in Section 6 of this Agreement, (ii) no Person involved in the sale of Registrable Securities which Person is guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) in connection with such sale shall be entitled to contribution from any Person involved in such sale of Registrable Securities who was not guilty of fraudulent misrepresentation; and (iii) contribution by any seller of Registrable Securities shall be limited in amount to the amount of net proceeds received by such seller from the applicable sale of such Registrable Securities pursuant to such Registration Statement. Notwithstanding the provisions of this Section 7, no Investor shall be required to contribute, in the aggregate, any amount in excess of the amount by which the net proceeds actually received by such Investor from the applicable sale of the Registrable Securities subject to the Claim exceeds the amount of any damages that such Investor has otherwise been required to pay, or would otherwise be required to pay under Section 6(b), by reason of such untrue or alleged untrue statement or omission or alleged omission.

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8. Reports Under the 1934 Act.

With a view to making available to the Investors the benefits of Rule 144, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the 1933 Act and the 1934 Act so long as the Company remains subject to such requirements (it being understood and agreed that nothing herein shall limit any obligations of the Company under the Securities Purchase Agreement) and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and

(c) furnish to each Investor, so long as such Investor owns Registrable Securities, promptly upon request, (i) a written statement by the Company, if true, that it has complied with the reporting, submission and posting requirements of Rule 144, the 1933 Act and the 1934 Act, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company with the SEC if such reports are not publicly available via EDGAR, and (iii) such other information as may be reasonably requested to permit the Investors to sell such securities pursuant to Rule 144 without registration.

9. Assignment of Registration Rights.

All or any portion of the rights under this Agreement shall be automatically assignable by each Investor to any transferee or assignee (as the case may be) of all or any portion of such Investor' s Registrable Securities, Notes or Warrants if: (i) such Investor agrees in writing with such transferee or assignee (as the case may be) to assign all or any portion of such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such transfer or assignment (as the case may be); (ii) the Company is, within a reasonable time after such transfer or assignment (as the case may be), furnished with written notice of (a) the name and address of such transferee or assignee (as the case may be), and (b) the securities with respect to which such registration rights are being transferred or assigned (as the case may be); (iii) immediately following such transfer or assignment (as the case may be) the further disposition of such securities by such transferee or assignee (as the case may be) is restricted under the 1933 Act or applicable state securities laws if so required; (iv) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence such transferee or assignee (as the case may be) agrees in writing with the Company to be bound by all of the provisions contained herein; (v) such transfer or assignment (as the case may be) shall have been made in accordance with the applicable requirements of the Securities Purchase Agreement, the Notes and the Warrants (as the case may be); and (vi) such transfer or assignment (as the case may be) shall have been conducted in accordance with all applicable federal and state securities laws.

10. Amendment of Registration Rights.

Provisions of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Required Holders; provided that any such amendment or

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waiver that complies with the foregoing, but that disproportionately, materially and adversely affects the rights and obligations of any Investor relative to the comparable rights and obligations of the other Investors shall require the prior written consent of such adversely affected Investor. Any amendment or waiver effected in accordance with this Section 10 shall be binding upon each Investor and the Company, provided that no such amendment shall be effective to the extent that it (1) applies to less than all of the holders of Registrable Securities or (2) imposes any obligation or liability on any Investor without such Investor' s prior written consent (which may be granted or withheld in such Investor' s sole discretion). No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party. No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of this Agreement unless the same consideration (other than the reimbursement of legal fees) also is offered to all of the parties to this Agreement.

11. Miscellaneous.

(a) Solely for purposes of this Agreement, a Person is deemed to be a holder of Registrable Securities whenever such Person owns, or is deemed to own, of record such Registrable Securities. If the Company receives conflicting instructions, notices or elections from two or more Persons with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from such record owner of such Registrable Securities.

(b) Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party) or electronic mail (provided that such sent email is kept on file (whether electronically or otherwise) by the sending party and the sending party does not receive an automatically generated message from the recipient' s email server that such e-mail could not be delivered to such recipient); or (iii) one (1) Business Day after deposit with a nationally recognized overnight delivery service with next day delivery specified, in each case, properly addressed to the party to receive the same. The addresses, facsimile numbers and email addresses for such communications shall be:

If to the Company:

Sundial Growers Inc.
919 - 11 Avenue SW, Suite 200
Calgary, AB, Canada T2R 1P3
Telephone: (403) 948-5227
Attention: *[Redacted: Confidential Information]*
E-Mail: *[Redacted: Confidential Information]*

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With a copy (for informational purposes only) to:

Shearman & Sterling LLP
599 Lexington Avenue
New York, NY 10022-6069
Telephone: (212) 848-4000
Attention: *[Redacted: Confidential Information]*
E-Mail: *[Redacted: Confidential Information]*

If to the Transfer Agent:

Odyssey Trust Company
350 – 300 - 5th Ave SW
Calgary, AB T2P 3C4
Telephone: *[Redacted: Confidential Information]*
Attention: *[Redacted: Confidential Information]*
Email: *[Redacted: Confidential Information]*

If to Legal Counsel:

Kelley Drye & Warren LLP
101 Park Avenue
New York, NY 10178
Telephone: *[Redacted: Confidential Information]*
Facsimile: *[Redacted: Confidential Information]*
Attention: *[Redacted: Confidential Information]*
Email: *[Redacted: Confidential Information]*

If to a Buyer, to its address, facsimile number and/or email address set forth on the Schedule of Buyers attached to the Securities Purchase Agreement, with copies to such Buyer' s representatives as set forth on the Schedule of Buyers, or to such other address, facsimile number, and/or email address and/or to the attention of such other Person as the recipient party has specified by written notice given to each other party five (5) days prior to the effectiveness of such change, provided that Kelley Drye & Warren LLP shall only be provided notices sent to the Lead Buyer. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender' s facsimile machine or email containing the time, date, recipient facsimile number or email address and an image of the first page of such transmission or (C) provided by a courier or overnight courier service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

(c) Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof. The Company and each Investor acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that each party

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hereto shall be entitled to an injunction or injunctions to prevent or cure breaches of the provisions of this Agreement by any other party hereto and to enforce specifically the terms and provisions hereof (without the necessity of showing economic loss and without any bond or other security being required), this being in addition to any other remedy to which any party may be entitled by law or equity.

(d) All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. The Company hereby appoints Corporation Service Company, as its agent for service of process in New York. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HEREWITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY. The choice of the laws of the State of New York as the governing law of this Agreement is a valid choice of law and would be recognized and given effect to in any action brought before a court of competent jurisdiction in the Province of Alberta, except for those laws (i) which such court considers to be procedural in nature, (ii) which are revenue or penal laws or (iii) the application of which would be inconsistent with public policy, as such term is interpreted under the laws of the Province of Alberta. The choice of laws of the State of New York as the governing law of this Agreement will be honored by competent courts in the Canada, subject to compliance with relevant Canadian civil procedural requirements. The Company or any of their respective properties, assets or revenues does not have any right of immunity under Province of Alberta, Canadian or New York law, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from set-off or counterclaim, from the jurisdiction of any Province of Alberta, Canadian, New York or United States federal court, from service of process, attachment upon or prior to judgment, or attachment in aid of execution of judgment, or from execution of a judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of a judgment, in any such court, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Agreement; and, to the extent that the Company, or any of its properties, assets or revenues may have or may hereafter become entitled to any such right of immunity in any such court in which proceedings may at any time be commenced, the Company hereby waives such right to the extent permitted by law and hereby consents to such relief and enforcement as provided in this Agreement and the other Transaction Documents.

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(e) If any provision of this Agreement is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Agreement so long as this Agreement as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

(f) This Agreement, the other Transaction Documents, the schedules and exhibits attached hereto and thereto and the instruments referenced herein and therein constitute the entire agreement among the parties hereto and thereto solely with respect to the subject matter hereof and thereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement, the other Transaction Documents, the schedules and exhibits attached hereto and thereto and the instruments referenced herein and therein supersede all prior agreements and understandings among the parties hereto solely with respect to the subject matter hereof and thereof; provided, however, nothing contained in this Agreement or any other Transaction Document shall (or shall be deemed to) (i) have any effect on any agreements any Investor has entered into with the Company or any of its Subsidiaries prior to the date hereof with respect to any prior investment made by such Investor in the Company, (ii) waive, alter, modify or amend in any respect any obligations of the Company or any of its Subsidiaries or any rights of or benefits to any Investor or any other Person in any agreement entered into prior to the date hereof between or among the Company and/or any of its Subsidiaries and any Investor and all such agreements shall continue in full force and effect or (iii) limit any obligations of the Company under any of the other Transaction Documents.

(g) Subject to compliance with Section 9 (if applicable), this Agreement shall inure to the benefit of and be binding upon the permitted successors and assigns of each of the parties hereto. This Agreement is not for the benefit of, nor may any provision hereof be enforced by, any Person, other than the parties hereto, their respective permitted successors and assigns and the Persons referred to in Sections 6 and 7 hereof.

(h) The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof. Unless the context clearly indicates otherwise, each pronoun herein shall be deemed to include the masculine, feminine, neuter, singular and plural forms thereof. The terms “including,” “includes,” “include” and words of like import shall be construed broadly as if followed by the words “without limitation.” The terms “herein,” “hereunder,” “hereof” and words of like import refer to this entire Agreement instead of just the provision in which they are found.

(i) This Agreement may be executed in two or more identical counterparts, each of which shall be deemed an original, but all of which shall be considered one and the same agreement

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and shall become effective when counterparts have been signed by each party and delivered to the other party. In the event that any signature is delivered by facsimile transmission or by an email which contains a portable document format (.pdf) file of an executed signature page, such signature page shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such signature page were an original thereof.

(j) Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents as any other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

(k) The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent and no rules of strict construction will be applied against any party. Notwithstanding anything to the contrary set forth in Section 10, terms used in this Agreement but defined in the other Transaction Documents shall have the meanings ascribed to such terms on the Closing Date in such other Transaction Documents unless otherwise consented to in writing by each Investor.

(l) All consents and other determinations required to be made by the Investors pursuant to this Agreement shall be made, unless otherwise specified in this Agreement, by the Required Holders, determined as if all of the outstanding Notes then held by the Investors have been converted for Registrable Securities without regard to any limitations on redemption, amortization and/or conversion of the Notes and the outstanding Warrants then held by Investors have been exercised for Registrable Securities without regard to any limitations on exercise of the Warrants.

(m) This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other Person.

(n) The obligations of each Investor under this Agreement and the other Transaction Documents are several and not joint with the obligations of any other Investor, and no Investor shall be responsible in any way for the performance of the obligations of any other Investor under this Agreement or any other Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Investor pursuant hereto or thereto, shall be deemed to constitute the Investors as, and the Company acknowledges that the Investors do not so constitute, a partnership, an association, a joint venture or any other kind of group or entity, or create a presumption that the Investors are in any way acting in concert or as a group or entity with respect to such obligations or the transactions contemplated by the Transaction Documents or any matters, and the Company acknowledges that the Investors are not acting in concert or as a group, and the Company shall not assert any such claim, with respect to such obligations or the transactions contemplated by this Agreement or any of the other the Transaction Documents. Each Investor shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of any other Transaction Documents, and it shall not be necessary for any other Investor to be joined as an additional party in any proceeding for such purpose. The use of a single agreement with respect to the obligations of the Company

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contained herein was solely in the control of the Company, not the action or decision of any Investor, and was done solely for the convenience of the Company and not because it was required or requested to do so by any Investor. It is expressly understood and agreed that each provision contained in this Agreement and in each other Transaction Document is between the Company and an Investor, solely, and not between the Company and the Investors collectively and not between and among Investors.

[signature page follows]

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IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

COMPANY:

SUNDIAL GROWERS INC.

By: _____
Name:
Title:

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IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

BUYERS:

HUDSON BAY MASTER FUND LTD

By: _____
Name:
Title:

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IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

ANSON INVESTMENTS MASTER FUND LP

By: _____
Name:
Title:

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IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

ANSON EAST MASTER FUND LP

By: _____
Name:
Title:

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Exhibit 99.6

[INSERT LEGEND(S) REQUIRED PURSUANT TO RELEVANT SECURITIES LAWS]

SUNDIAL GROWERS INC.

PLACEMENT AGENT WARRANT TO PURCHASE COMMON SHARES

Warrant No.: [ ]
Number of Common Shares: [ ]
Date of Issuance: [ ], 20[ ] ("**Issuance Date**")

Sundial Growers Inc., a company incorporated under the laws of the Province of Alberta, Canada (the "**Company**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, [ ], the registered holder hereof or its permitted assigns (the "**Holder**"), is entitled, subject to the terms set forth below, to purchase from the Company, at the Exercise Price (as defined below) then in effect, upon surrender of this Placement Agent Warrant to Purchase Common Shares (including any Placement Agent Warrants to Purchase Common Shares issued in exchange, transfer or replacement hereof, the "**Warrant**"), at any time or times on or after the Issuance Date (the "**Initial Exercisability Date**"), but not after 5:00 p.m., New York time, on the Expiration Date (as defined below), [ ] ([ ]) fully paid nonassessable Common Shares (as defined below) (the "**Warrant Shares**"). Except as otherwise defined herein, capitalized terms in this Warrant shall have the meanings set forth in Section 15. This Warrant is being issued to the Holder in connection with the Company' s sale of securities pursuant to that certain Engagement Letter, dated as of February 10, 2020, by and between the Company, Canaccord Genuity LLC and AltaCorp Capital Inc.

1. EXERCISE OF WARRANT.

(a) Mechanics of Exercise. Subject to the terms and conditions hereof (including, without limitation, the limitations set forth in Section 1(e)), this Warrant may be exercised by the Holder on any day on or after the Initial Exercisability Date, in whole or in part, by (i) delivery of a written notice, in the form attached hereto as Exhibit A (the "**Exercise Notice**"), of the Holder' s election to exercise this Warrant and (ii) (A) payment to the Company of an amount equal to the applicable Exercise Price multiplied by the number of Warrant Shares as to which this

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Warrant is being exercised (the "**Aggregate Exercise Price**") in cash or by wire transfer of immediately available funds or (B) by notifying the Company that this Warrant is being exercised pursuant to a Cashless Exercise (as defined in Section 1(c)). The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder. Execution and delivery of the Exercise Notice with respect to less than all of the Warrant Shares shall have the same effect as cancellation of the original Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Warrant Shares. On or before the second Business Day following the date on which the Company has received each of the Exercise Notice and the Aggregate Exercise Price (or notice of a Cashless Exercise) (the "**Exercise Delivery Documents**"), the Company shall transmit by facsimile or e-mail an acknowledgment of confirmation of receipt of the Exercise Delivery Documents to the Holder and the Company' s transfer agent (the "**Transfer Agent**"). On or before the second Trading Day following the date on which the Company has received all of the Exercise Delivery Documents (the "**Share Delivery Date**"), the Company shall (X) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program, upon the request of the Holder, credit such aggregate number of Common Shares to which the Holder is entitled pursuant to such exercise to the Holder' s or its designee' s balance account with DTC through its Deposit Withdrawal Agent Commission system, or (Y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and dispatch by overnight courier to the address as specified in the Exercise Notice, a certificate, registered in the Company' s share register in the name of the Holder or its designee, for the number of Common Shares to which the Holder is entitled pursuant to such exercise. Upon delivery of the Exercise Delivery Documents, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date such Warrant Shares are credited to the Holder' s DTC account or the date of delivery of the certificates evidencing such Warrant Shares, as the case may be. If this Warrant is submitted in connection with any exercise pursuant to this Section 1(a) and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the number of Warrant Shares being acquired upon an exercise, then the Company shall as soon as practicable and in no event later than two Business Days after any exercise and at its own expense, issue a new Warrant (in accordance with Section 5(d)) representing the right to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised. No fractional Common Shares are to be issued upon the exercise of this Warrant, but rather the number of Common Shares to be issued shall be rounded up to the nearest whole number. The Company shall pay any and all taxes which may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant.

(b) Exercise Price. For purposes of this Warrant, "**Exercise Price**" means $1.00 subject to adjustment as provided herein.

(c) Cashless Exercise. Notwithstanding anything contained herein to the contrary, the Holder may, in its sole discretion, exercise this Warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the Aggregate Exercise Price, elect instead to receive upon such exercise the net number of Warrant Shares determined according to the following formula (a "**Cashless Exercise**"):

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Net Number = (A x B) - (A x C)

B

For purposes of the foregoing formula:

A= the total number of shares with respect to which this Warrant is then being exercised.

B= the Closing Sale Price of the Common Shares (as reported by Bloomberg) on the date immediately preceding the date of the Exercise Notice.

C= the Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

(d) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 11.

(e) Limitation on Exercises. The Company shall not effect the exercise of this Warrant, and the Holder shall not have the right to exercise this Warrant, to the extent that after giving effect to such exercise, such Holder (together with such Holder' s affiliates) would beneficially own in excess of 4.99% (the "**Maximum Percentage**") of the Common Shares outstanding immediately after giving effect to such exercise. For purposes of the foregoing sentence, the aggregate number of Common Shares beneficially owned by such Holder and its affiliates shall include the number of Common Shares issuable upon exercise of this Warrant with respect to which the determination of such sentence is being made, but shall exclude Common Shares which would be issuable upon (A) exercise of the remaining, unexercised portion of this Warrant beneficially owned by such Holder and its affiliates and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company beneficially owned by such Holder and its affiliates (including, without limitation, any convertible notes or convertible preferred shares or warrants) subject to a limitation on conversion or exercise analogous to the limitation contained herein. Except as set forth in the preceding sentence, for purposes of this paragraph, beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). For purposes of this Warrant, in determining the number of outstanding Common Shares, the Holder may rely on the number of outstanding Common Shares as reflected in (1) the Company' s most recent Form 40-F, Form 20-F, Form 10-K, Form 10-Q, Current Report on Form 8-K, Report on Form 6-K or other public filing with the Securities and Exchange Commission (the "**Commission**"), as the case may be, or the Company' s most recent filing on the System for Electronic Document Analysis and Retrieval ("**SEDAR**"), (2) a more recent public announcement by the Company or (3) any other notice by the Company or the Transfer Agent setting forth the number of Common Shares outstanding. For any reason at any time, upon the written or oral request of the Holder, the Company shall within one (1) Business Day confirm orally and in writing to the Holder the number of Common Shares then outstanding. In any case, the number of outstanding Common Shares shall be determined after giving effect to any actual conversions or exercises of securities of

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the Company by the Holder and its affiliates since the date as of which such number of outstanding Common Shares was reported. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 1(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended beneficial ownership limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation.

2. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF WARRANT SHARES. The Exercise Price and the number of Warrant Shares shall be adjusted from time to time as follows:

(a) If the Company at any time on or after the Issuance Date subdivides (by any share split, share dividend, recapitalization or otherwise) its outstanding Common Shares into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of Warrant Shares will be proportionately increased. If the Company at any time on or after the Issuance Date combines (by combination, reverse share split or otherwise) its outstanding Common Shares into a smaller number of shares, the Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares will be proportionately decreased. Any adjustment under this Section 2(a) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(b) Voluntary Adjustment By Company. The Company may at any time during the term of this Warrant reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the Board of Directors of the Company, and such reduction may be qualified or conditioned in any manner as the Board of Directors of the Company may deem appropriate.

3. WARRANT HOLDER NOT DEEMED A SHAREHOLDER. Except as otherwise specifically provided herein, the Holder, solely in such Holder' s capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of share capital of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in such Holder' s capacity as the Holder of this Warrant, any of the rights of a shareholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of shares, reclassification of shares, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which such Holder is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a shareholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 3, the Company shall provide the Holder with copies of the same notices and other information given to the shareholders of the Company generally, contemporaneously with the giving thereof to the shareholders; provided, that such requirement shall be satisfied upon the filing of such notice or other information with the Commission or on SEDAR generally, contemporaneously with the giving thereof to the shareholders.

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4. NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its articles of incorporation, bylaws or similar governing documents through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any Common Shares receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Common Shares upon the exercise of this Warrant, and (iii) shall, so long as any of the Warrants are outstanding, take all action necessary to reserve and keep available out of its authorized and unissued Common Shares, solely for the purpose of effecting the exercise of the Warrants, 100% of the number of Common Shares as shall from time to time be necessary to effect the exercise of the Warrants then outstanding (without regard to any limitations on exercise).

5. REISSUANCE OF WARRANTS.

(a) Transfer of Warrant. If this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 5(d)), registered as the Holder may request, representing the right to purchase the number of Warrant Shares being transferred by the Holder and, if less than the total number of Warrant Shares then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 5(d)) to the Holder representing the right to purchase the number of Warrant Shares not being transferred.

(b) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 5(d)) representing the right to purchase the Warrant Shares then underlying this Warrant.

(c) Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 5(d)) representing in the aggregate the right to purchase the number of Warrant Shares then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Shares as is designated by the Holder at the time of such surrender; provided, however, that no Warrants for fractional Common Shares shall be given.

(d) Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Shares then underlying this Warrant (or in the case of a new Warrant being

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issued pursuant to Section 5(a) or Section 5(c), the Warrant Shares designated by the Holder which, when added to the number of Common Shares underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Shares then underlying this Warrant), (iii) shall have an issuance date, as indicated on the face of such new Warrant, which is the same as the Issuance Date, and (iv) shall have the same rights and conditions as this Warrant.

6. REGISTRATION RIGHTS.

(a) Demand Registration.

(i) Grant of Right. At any time during the Available Registration Time, the Company, upon written demand (a "**Demand Notice**") of the Holder(s) of at least 51% of the Warrant Shares ("**Majority Holders**"), agrees to register, on one occasion, all or any portion of the Registrable Securities. On such occasion, the Company will file a registration statement with the Commission covering the Registrable Securities within thirty (30) days after receipt of a Demand Notice and use its commercially reasonable efforts to have the registration statement declared effective promptly thereafter, subject to compliance with review by the Commission; provided, however, that the Company shall not be required to comply with a Demand Notice if the Company has filed a registration statement with respect to which the Holder is entitled to piggyback registration rights pursuant to Section 6(b) hereof and either: (i) the Holder has elected to participate in the offering covered by such registration statement or (ii) if such registration statement relates to an underwritten primary offering of securities of the Company, until the offering covered by such registration statement has been withdrawn or until thirty (30) days after such offering is consummated. The demand for registration may be made at any time. The Company covenants and agrees to give written notice of its receipt of any Demand Notice by any Holder(s) to all other registered Holders of the Warrants and/or the Registrable Securities within ten (10) days after the date of the receipt of any such Demand Notice.

(ii) Terms. The Company shall bear all fees and expenses attendant to the registration of the Registrable Securities pursuant to Section 6(a)(i), but the Holders shall pay any and all underwriting commissions and the expenses of any legal counsel selected by the Holders to represent them in connection with the sale of the Registrable Securities. The Company agrees to use its commercially reasonable efforts to cause the filing required herein to become effective promptly and to qualify or register the Registrable Securities in such states as are reasonably requested by the Holder(s); provided, however, that in no event shall the Company be required to register the Registrable Securities in a state in which such registration would cause: (i) the Company to be obligated to register or license to do business in such state or submit to general service of process in such state, or (ii) the principal shareholders of the Company to be obligated to escrow their shares of capital stock of the Company. The Company shall cause any registration statement filed pursuant to the demand right granted under Section 6(a)(i) to remain effective for a period of at least twelve (12) consecutive months after the date that the Holders of the Registrable Securities covered by such registration statement are first given the opportunity to sell all of such securities. The Holders shall only use the prospectuses provided by the Company to sell the shares covered by such registration statement, and will immediately cease to use any prospectus furnished by the Company if the Company advises the Holder that such prospectus may no longer be used due to a material misstatement or omission.

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(b) "Piggy-Back" Registration.

(i) Grant of Right. At any time during the Available Registration Time, in addition to the demand right of registration described in Section 6(a) hereof, the Holder shall have the right at any time to include the Registrable Securities not subject to an effective registration statement pursuant to a Demand Notice as part of any other registration of securities filed by the Company (other than in connection with a transaction contemplated by Rule 145 promulgated under the Securities Act of 1933, as amended (the "**Securities Act**"), or pursuant to Form S-8 or any equivalent form or pursuant to any of the Company' s registration statements filed with the Commission and in effect as of the Issuance Date); provided, however, that if, solely in connection with any primary underwritten public offering for the account of the Company, the managing underwriter(s) thereof shall, in its reasonable discretion, impose a limitation on the number of Common Shares which may be included in the Registration Statement because, in such underwriter(s)' judgment, marketing or other factors dictate such limitation is necessary to facilitate public distribution, then the Company shall be obligated to include in such Registration Statement only such limited portion of the Registrable Securities with respect to which the Holder requested inclusion hereunder as the underwriter shall reasonably permit. The Company may also limit or exclude any Registerable Securities to the extent that their inclusion would not be permitted under an Existing Registration Rights Agreement. Any exclusion of Registrable Securities shall be made pro rata among the Holders seeking to include Registrable Securities in proportion to the number of Registrable Securities sought to be included by such Holders; provided, however, that the Company shall not exclude any Registrable Securities unless the Company has first excluded all outstanding securities, the holders of which are not entitled to inclusion of such securities in such Registration Statement or are not entitled to pro rata inclusion with the Registrable Securities.

(ii) Terms. The Company shall bear all fees and expenses attendant to registering the Registrable Securities pursuant to Section 6(b)(i) hereof, but the Holders shall pay any and all underwriting commissions and the expenses of any legal counsel selected by the Holders to represent them in connection with the sale of the Registrable Securities. In the event of such a proposed registration, the Company shall furnish the then Holders of outstanding Registrable Securities with not less than thirty (30) days written notice prior to the proposed date of filing of such registration statement. Such notice to the Holders shall continue to be given for each registration statement filed by the Company until such time as all of the Registrable Securities have been sold by the Holder. The holders of the Registrable Securities shall exercise the "piggy-back" rights provided for herein by giving written notice, within ten (10) days of the receipt of the Company' s notice of its intention to file a registration statement. Except as otherwise provided in this Warrant, there shall be no limit on the number of times the Holder may request registration under this Section 6(b).

(c) General Terms.

(i) Indemnification. The Company shall indemnify the Holders of the Registrable Securities to be sold pursuant to any registration statement hereunder, their directors, officers, agents and employees, and each person, if any, who controls such Holders within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act,

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against all loss, claim, damage, expense or liability (including all reasonable attorneys' fees and other expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which any of them may become subject under the Securities Act, the Exchange Act or otherwise, arising from any untrue or alleged untrue statement of a material fact contained in such registration statement, or arising out of or relating to any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, except to the extent that (A) such untrue statements, alleged untrue statements, omissions or alleged omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder' s proposed method of distribution of Registrable Securities and was reviewed and approved in writing by such Holder expressly for use in such registration statement or (B) any such losses giving rise to a claim for indemnification are related to the Holder' s sale of Registrable Securities after the Company has advised the Holder that such registration statement may no longer be used due to a material misstatement or omission.

(ii) Exercise of Warrants. Nothing contained in this Warrant shall be construed as requiring the Holder(s) to exercise their Warrants prior to or after the initial filing of any registration statement or the effectiveness thereof.

(iii) Documents Delivered to Holders. The Company shall furnish to each Holder participating in any underwritten offering of Registrable Securities and to each underwriter of any such offering: (i) an opinion of counsel to the Company, addressed to the underwriters and dated the date of the closing under any underwriting agreement related thereto, and (ii) a "cold comfort" letter addressed to the underwriters and dated the date of the closing under the underwriting agreement signed by the independent registered public accounting firm which has issued a report on the Company' s financial statements included in such registration statement, in each case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of such accountants' letter, with respect to events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer' s counsel and in accountants' letters delivered to underwriters in underwritten public offerings of securities. The Company shall also deliver promptly to each Holder participating in the underwritten offering of Registrable Securities and to the managing underwriter, if any, copies of all correspondence between the Commission and the Company, its counsel or auditors and all memoranda relating to discussions with the Commission or its staff with respect to the registration statement and permit each Holder and underwriter to do such investigation, upon reasonable advance notice, with respect to information contained in or omitted from the registration statement as it deems reasonably necessary to comply with applicable securities laws or rules of FINRA. Such investigation shall include access to books, records and properties and opportunities to discuss the business of the Company with its officers and independent auditors, all to such reasonable extent and at such reasonable times as any such Holder or underwriter shall reasonably request.

(iv) Underwriting Agreement. The Company shall enter into an underwriting agreement with the managing underwriter(s), if any, selected by any Holders whose Registrable Securities are being registered pursuant to this Section 6, which managing

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underwriter(s) shall be reasonably satisfactory to the Company. Such agreement shall be reasonably satisfactory in form and substance to the Company, each Holder and such managing underwriters, and shall contain such representations, warranties and covenants by the Company and such other terms as are customarily contained in agreements of that type used by the managing underwriter. The Holders shall be parties to any underwriting agreement relating to an underwritten sale of their Registrable Securities. Such Holders shall not be required to make any representations or warranties to or agreements with the Company or the underwriters except as they may relate to such Holders, their Warrant Shares and their intended methods of distribution.

(v) Documents to be Delivered by Holder(s). Each of the Holder(s) participating in any registration of Registrable securities shall furnish to the Company a completed and executed questionnaire provided by the Company requesting information customarily sought of selling security holders.

7. NOTICES. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Warrant, including in reasonable detail a description of such action and the reason therefore. Without limiting the generality of the foregoing, the Company will give written notice to the Holder immediately upon any adjustment of the Exercise Price, setting forth in reasonable detail, and certifying, the calculation of such adjustment.

8. AMENDMENT AND WAIVER. Except as otherwise provided herein, the provisions of this Warrant may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Required Holders; provided that no such action may increase the exercise price of any Warrant or decrease the number of shares or class of shares obtainable upon exercise of any Warrant without the written consent of the Holder. No such amendment shall be effective to the extent that it applies to less than all of the holders of the Warrants then outstanding.

9. GOVERNING LAW. This Warrant shall be governed by and construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Warrant shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York.

10. CONSTRUCTION; HEADINGS. This Warrant shall be deemed to be jointly drafted by the Company and the Holder and shall not be construed against any person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant.

11. DISPUTE RESOLUTION. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall submit the disputed determinations or arithmetic calculations via facsimile or e-mail within two Business Days of receipt of the Exercise Notice giving rise to such dispute, as the

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case may be, to the Holder. If the Holder and the Company are unable to agree upon such determination or calculation of the Exercise Price or the Warrant Shares within three Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall, within two Business Days submit via facsimile or e-mail (a) the disputed determination of the Exercise Price to an independent, reputable investment bank selected by the Company and approved by the Holder or (b) the disputed arithmetic calculation of the Warrant Shares to the Company' s independent, outside accountant. The Company shall cause at its expense the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than ten Business Days from the time it receives the disputed determinations or calculations. Such investment bank' s or accountant' s determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

12. REMEDIES, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant, at law or in equity, and nothing herein shall limit the right of the Holder right to pursue actual damages for any failure by the Company to comply with the terms of this Warrant.

13. TRANSFER. This Warrant may be offered for sale, sold, transferred or assigned without the consent of the Company; provided, that the Holder provides notice of any sale, transfer or assignment at least two Business Days prior thereto.

14. SEVERABILITY. If any provision of this Warrant is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Warrant so long as this Warrant as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

15. CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

(a) "**Available Registration Time**" means the earlier of (x) the date upon which the aggregate amount of indebtedness outstanding under the Notes (as such term is used in New Investor Registration Rights Agreement) is less than $3,000,000 and (y) February 1, 2021.

(b) "**Bloomberg**" means Bloomberg Financial Markets.

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(c) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York or the Province of Alberta are authorized or required by law to remain closed.

(d) "**Closing Bid Price**" and "**Closing Sale Price**" means, for any security as of any date, the last closing bid price and last closing trade price, respectively, for such security on the Principal Market, as reported by Bloomberg, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing bid price or the closing trade price, as the case may be, then the last bid price or last trade price, respectively, of such security prior to 4:00:00 p.m., New York Time, as reported by Bloomberg, or, if the Principal Market is not the principal securities exchange or trading market for such security, the last closing bid price or last trade price, respectively, of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing do not apply, the last closing bid price or last trade price, respectively, of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no closing bid price or last trade price, respectively, is reported for such security by Bloomberg, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported in the "pink sheets" by Pink Sheets LLC (formerly the National Quotation Bureau, Inc.). If the Closing Bid Price or the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Bid Price or the Closing Sale Price, as the case may be, of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved pursuant to Section 11. All such determinations to be appropriately adjusted for any share dividend, share split, share combination or other similar transaction during the applicable calculation period.

(e) "**Common Shares**" means (i) the Company' s common shares, no par value per share, and (ii) any share capital into which such Common Shares shall have been changed or any share capital resulting from a reclassification of such Common Shares.

(f) "**Dollars**" or "**$**" means United States Dollars.

(g) "**Existing Registration Rights Agreement**" means each of (i) that certain registration rights agreement, dated as of August 6, 2019, by and between the Company and Edward Hellard, (ii) that certain registration rights agreement, dated as of June 5, 2020, by and between, *inter alia*, the Company and SAF Jackson II LP and (iii) that certain registration rights agreement, dated as of June 5, 2020, by and between the Company and the buyers party thereto (the "**New Investor Registration Rights Agreement**").

(h) "**Expiration Date**" means June 5, 2025, or if such date falls on a day other than a Business Day or on which trading does not take place on the Principal Market, the next Business Day.

(i) "**Principal Market**" means the Nasdaq Global Select Market.

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(j) "**Registrable Securities**" means any Warrant Shares; provided that such Warrant Shares shall cease to be Registrable Securities: (a) when their registration has become effective and such Warrant Shares have been disposed of pursuant to such registration, (b) when such Common Shares may be sold pursuant to Rule 144 under the Securities Act, (c) when certificates for the Warrant Shares are not required to bear a legend restricting further transfer under the Securities Act and are delivered by the Company or (d) when such Common Shares cease to be outstanding.

(k) "**Required Holders**" means the holders of the Warrants representing at least a majority of Common Shares underlying the Warrants then outstanding.

(l) "**Trading Day**" means any day on which the Common Shares is traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Shares, then on the principal securities exchange or securities market on which the Common Shares is then traded; provided that "**Trading Day**" shall not include any day on which the Common Shares is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Shares is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York time).

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IN WITNESS WHEREOF, the Company has caused this Placement Agent Warrant to Purchase Common Shares to be duly executed as of the Issuance Date set out above.

SUNDIAL GROWERS INC.

By: _____

Name:

Title:

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