No. S1912098
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

AND

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT,* RSC 1985, c. B-3, AS AMENDED AND SECTION 39 OF THE *LAW AND EQUITY ACT*, RSBC 1996 c. 253, AS AMENDED

AND

IN THE MATTER OF THE RECEIVERSHIP OF
DIONYMED BRANDS INC.

SECOND REPORT OF FTI CONSULTING CANADA INC, in its capacity as Receiver of DIONYMED BRANDS INC.

January 7, 2020

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APPENDICES

1. INTRODUCTION

1.1 By the order (the "**Receivership Order**") of the Honourable Mr. Justice Marchand of the Supreme Court of British Columbia pronounced October 29, 2019, FTI Consulting Canada Inc. ("**FTI**") was appointed receiver, without security, of all of the assets, undertakings and property of DionyMed Brands Inc. (the "**Company**"), including all proceeds thereof (in such capacity, the "**Receiver**").

1.2 On November 20, 2019, the Receiver filed its first report to the Court (the "**First Report**") in support of an application for an order, among other things,

1.2.1 approving bidding procedures (the "**Bidding Procedures**") for the sale of the Company's Property (as defined in the Receivership Order); and

1.2.2 authorizing, but not requiring, the Receiver to provide financing to Herban Industries Inc. ("**Herban Delaware**"), a U.S. subsidiary of the Company, to acquire the Gotham Green Debt and Security (as defined below),

(the "**Bidding Procedures and Funding Order**").

1.3 On November 26, 2019, the Court granted the Bidding Procedures and Funding Order, as requested.

1.4 This is the Second Report of the Receiver (the "**Second Report**"), the purpose of which is to provide the Court with information regarding:

1.4.1 background about the Company and the receivership proceeding;

1.4.2 the results of the Receiver's efforts to market and offer the Property for sale in accordance with the terms of the Bidding Procedures;

1.4.3 the proposed transaction (the "**Transaction**") pursuant to an asset purchase agreement dated January 3, 2020 between the Receiver, various direct and indirect subsidiaries of the Company, Eaze Technologies, Inc. ("**Eaze**" or the "**Purchaser**") and DYME US Acquisition Sub, LLC ("**DYME Acquisition**") (the "**APA**");

1.4.4 the proposed distributions to be made by the Receiver;

1.4.5 the status of the Gotham Green Litigation (as defined below);

1.4.6 the status of the Flow Capital (as defined below) dispute;

1.4.7 an update on the activities of the Receiver;

1.4.8 the fees and disbursements of the Receiver and its counsel;

And to seek an Order of the Court:

1.4.9 approving the Transaction;

1.4.10 contemporaneously with the completion of the Transaction, authorizing and directing the Receiver to make one or more distributions to the first secured creditor of the Company, SP1 (as defined below);

1.4.11 sealing the First Affidavit of Victor Fong, as further detailed below (the "**Confidential Fong Affidavit**");

1.4.12 approving the fees and disbursements of the Receiver and its counsel; and

1.4.13 approving this Second Report and the activities of the Receiver as set out herein.

1.5 Unless otherwise stated, all monetary amounts referenced in this Second Report are expressed in United States dollars. Capitalized terms not otherwise defined are as defined in the First Report.

1.6 In preparing this Second Report, the Receiver has relied upon audited and unaudited financial information provided by the Company and its direct and indirect subsidiaries, including their books and records, financial information, and forecasts and analysis, in addition to discussions with various parties, including senior management ("**Management**") of the Company and its direct and indirect subsidiaries (collectively, the "**Information**").

1.7 Except as otherwise described in this Second Report:

1.7.1 the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and

1.7.2 the Receiver has not examined or reviewed the financial forecasts or projections referred to in this Second Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.

1.8 Future-oriented financial information reported in or relied on in preparing this Second Report is based on Management's assumptions regarding future events. Actual results will vary from these forecasts and such variations may be material.

1.9 The Receiver has prepared this Second Report in connection with the application to be heard January 16, 2020 seeking, among other things, approval of the Transaction. This Second Report should not be relied upon for any other purpose.

1.10 A copy of the filed Second Report, along with all other materials filed in the Receivership Proceeding, will be available on the Receiver's website at http://cfcanada.fticonsulting.com/Dionymed (the "**Website**").

2. CONDENSED BACKGROUND OF THE COMPANY

2.1 Condensed background information regarding the Company is set out in this Second Report for ease of reference. Additional background information regarding the Company's operations is set out in the First Report.

2.2 The Company is a company continued into British Columbia pursuant to the *Business Corporations Act* (British Columbia). Through its direct and indirect subsidiaries, it operates a multi-state distribution and direct-to-consumer cannabis delivery platform in the United States.

2.3 Since 2018, the Company has been listed on the Canadian Securities Exchange under the symbol "DYME".

2.4 The Company is a holding company and through its wholly owned subsidiaries it generates revenue, primarily in the United States, by (a) manufacturing and processing cannabis products, (b) selling wholly-owned branded products, such as cannabis vaporiser cartridges, and (c) providing wholesale distribution and logistics management on behalf of cultivators, manufacturers and third-party brands.

2.5 The Company's primary assets are the capital stock of its subsidiaries. The Company wholly owns, directly and/or indirectly, the issued and outstanding shares or membership interests, as applicable, of the following entities:

2.5.1 DionyMed Inc. ("**DMI**");

2.5.2 Herban Delaware;

2.5.3 Gourmet Green Room, Inc ("**GGR**");

2.5.4 Herban Industries CA LLC dba Rise Logistics ("**Herban CA**");

2.5.5 Herban Industries OR LLC dba Winberry Farms (**Herban OR**");

2.5.6 Herban CA 2 LLC ("**Herban 2**");

2.5.7 Herban Industries CO LLC ("**Herban CO**");

2.5.8 Herban Industries MI LLC ("**Herban MI**");

2.5.9 Herban Industries NJ LLC ("**Herban NJ**"); and

2.5.10 Herban Industries NV LLC ("**Herban NV**").

2.6 In addition, the Company has an interest in HomeTown Heart ("**HomeTown**"), a California corporation, through a master services agreement (the "**Master Services Agreement**") and a modification and replacement agreement (the "**Modification and Replacement Agreement**"), each dated January 3, 2020, and an assignment and option agreement dated December 5, 2018 (the "**Option Agreement**") whereby the Company can acquire all of the outstanding shares of HomeTown for a nominal sum following the occurrence of certain events.

2.7 DMI is the Company's sole Canadian subsidiary. DMI (and not the Company) is the employer to the employees in Canada, and the Receiver has been funding DMI to continue paying those employees during the receivership proceedings.

2.8 On June 4, 2019, Herban CA filed a complaint against Eaze in the Superior Court of San Francisco, Case No. 19-576443, alleging one count of violation of California Unfair Business Practices, Cal. Bus. & Prof. Code § 17200 (the "**Complaint**"). On September 18, 2019, Eaze filed a Cross-Complaint against Herban CA, Hometown Heart, and the Company for breach of contract, inducing breach of contract, tortious interference with prospective economic advantage, and violation of California unfair competition law (together with the Complaint and all associated pleadings and actions, the "**Herban Litigation**").

2.9 A corporate chart for the Company and its subsidiaries is attached to this Second Report as **Appendix A.**

3. CREDITORS

3.1 Pursuant to a definitive agreement dated January 16, 2019, as amended and supplemented or otherwise modified (the "**Credit Agreement**"), the Company obtained a credit facility from a syndicate of lenders (the "**Lenders**"), in the initial amount of $13 million.

3.2 As of the date of this Second Report, the syndicate of Lenders was comprised of only one lender, SP1 Credit Fund ("**SP1**") (there have, at other times, been additional Lenders).

3.3 The funds drawn by the Company under the Credit Agreement are secured by a first-ranking security interest over all or substantially all of the assets of the Company and certain of its subsidiaries and/or entities over which it has control.

3.4 Each of HomeTown, DMI, Herban Delaware, Herban CA, Herban OR, Herban NJ, Herban 2 and GGR have guaranteed the Company's obligations pursuant to the Credit Agreement and granted security in favour of GLAS Americas LLC (the "**Collateral Agent**") over all or substantially all of their assets in connection therewith.

3.5 Pursuant to the Credit Agreement, the petitioner in the Receivership Proceeding, GLAS Americas LLC was appointed the Collateral Agent on behalf of the Lenders.

GLAS USA LLC was appointed the Administrative Agent under the Credit Agreement on behalf of the Lenders.

3.6 According to the Affidavit of Yana Kislenko made October 22, 2019 in support of the Receivership Order, as at October 15, 2019, the Company was indebted to the Lenders pursuant to the Credit Agreement in the following amounts (with interest and fees continuing to accrue):

3.6.1 $24,078,106.80, representing the principal amount of outstanding indebtedness of the Company pursuant to the Credit Agreement, including the applicable prepayment premium;

3.6.2 $610,971.36, representing accrued and unpaid interest on the principal amount as of but excluding October 15, 2019; and

3.6.3 $121,604.64, the accrued and unpaid anniversary fee as of but excluding October 15, 2019, and all other fees and expenses and other amounts owing as obligations as of October 15, 2019.

3.7 In addition, the Company is indebted to Flow Capital Corp ("**Flow Capital**"). Flow Capital is the only other creditor with a security registration against the Company, and as of October 2, 2019, Flow Capital held registered financing statements in respect of the Company and certain of its subsidiaries, as detailed in the First Report. As set out in the First Report, the Receiver had identified certain potential issues with Flow Capital's alleged security. The debt and security of Flow Capital are discussed in further detail below.

3.8 According to the books and records of the Company, as of December 27, 2019, the Company owed its secured and unsecured creditors, including trade creditors, approximately $55.0 million.

4. MARKETING AND SALE PROCESS

4.1 As discussed in the First Report, the Company engaged Cormark Securities Inc. ("**Cormark**") in June 2019[1] as its strategic financial advisor to explore various strategic alternatives, including, among other things, a sale or merger of the Company. Although the process undertaken by Cormark did not result in an executable transaction, it did result in the Company being well exposed to the market of potential purchasers (over a period of five (5) months). In the marketing process undertaken by the Receiver described immediately below, the Receiver reached out to many of the parties that had shown interest in pursuing a transaction involving the Company during the offering presented by Cormark.

[1] The First Report stated that Cormark was engaged by the Company in June 2018. In fact, Cormark commenced its work with the Company in April 2019, although an engagement letter between Cormark and the Company was not signed until June 2019.

4.2 The Receiver commenced a sale process for the Company's assets on or about October 31, 2019. That sale process was approved by this Court on November 26, 2019. A copy of the Bidding Procedures and Funding Order is attached to this Second Report as **Appendix B.**

4.3 The Receiver conducted an extensive marketing process based on materials developed by the Receiver, with the assistance of Management. The Receiver developed a teaser letter (the "**Teaser Letter**") and a confidential information memoranda (the "**CIM**") detailing the opportunity for the purchase of the Property.

4.4 The Receiver sent in excess of 215 Teaser Letters detailing the offering to a list of potential bidders (the "**Potential Bidders**"), including both strategic and financial parties who, in the Receiver's reasonable professional judgment in consultation with Management, may have had an interest in acquiring some or all of the assets offered for sale.

4.5 The Potential Bidders included, among others, global investment and venture capital firms, and companies and businesses operating in the medicinal and legal recreational cannabis industry.

4.6 The Receiver's efforts in marketing the Property included, among other things:

4.6.1 identifying and obtaining contact information for more than 215 Potential Bidders;

4.6.2 preparing a form of confidentiality agreement, the Teaser Letter and the CIM;

4.6.3 assisting in the creation of documents to populate the electronic due diligence data site;

4.6.4 negotiating confidentiality agreements with prospective purchasers;

4.6.5 working with Management to prepare responses to significant and voluminous information requests from prospective purchasers conducting due diligence in accordance with the Bidding Procedures, and participating in many diligence calls;

4.6.6 working closely with U.S. counsel to understand and, to be able to answer questions from potential purchasers regarding, the various cannabis regulatory considerations in connection with various potential transaction structures;

4.6.7 attending meetings with Management in Oakland and Los Angeles; and

4.6.8 attending numerous meeting with Management and prospective purchasers, primarily in New York City.

4.7 The marketing process was structured such that prospective purchasers would have sufficient time to consider the opportunity and allow an executable transaction to be completed in the near future, having regard to the Company's limited cash-flow liquidity and the prior marketing process undertaken by Cormark earlier in 2019.

4.8 As a result of the marketing efforts described above, twenty-eight (28) prospective purchasers executed confidentiality agreements and received access to the Company's electronic due diligence data room.

4.9 A summary of the key milestones in the Bidding Procedures is set out below:

Milestone	**Timing**
Development of confidentiality agreement, Teaser Letter and CIM	Forthwith after appointment pursuant to the Receivership Order
Teaser Letter campaign commences. More than 215 Teaser Letters sent to Potential Bidders	Beginning on October 31, 2019
Electronic data room available to prospective buyers	November 7, 2019
Facilitating provision of information in response to requests from prospective purchasers, and attending meetings with prospective purchasers	Beginning on October 31, 2019
Bid Deadline	1:00 p.m. (Vancouver time) on December 9, 2019 (the "**Bid Deadline**")
Review and analysis of Qualified Bids	Beginning on December 9, 2019
Auction	Scheduled for December 11, 2019, but no Auction was held in accordance with the Bidding Procedures

5. PROPOSED TRANSACTION[2]

5.1 The marketing process resulted in three (3) offers prior to the Bid Deadline, including an offer submitted by the Purchaser. Copies of each of the three (3) offers, and a comparison of them, are attached as Exhibits B, C, D and E respectively to the Confidential Fong Affidavit.

5.2 Following the Bid Deadline, the Receiver, with the assistance of Management, assisted the Purchaser with an extensive and lengthy due diligence exercise[3], while also negotiating the asset purchase agreement submitted.

5.3 Attached as **Appendix C** is a redacted version of the APA. An unredacted copy of the APA is attached as Exhibit **A** to the Confidential Fong Affidavit. The Receiver's rationale for attaching only a redacted version of the APA to this Second Report is discussed below in paragraphs 5.10 and 5.11.

5.4 The parties to the APA are the Receiver, Herban Delaware, Herban CA, Herban OR, Herban NJ, Herban NV, Herban CO, Herban MI, Eaze and DYME Acquisition.

5.5 Pursuant to the APA, at a high level, DYME Acquisition will acquire (i) all assets of the Company, Herban Delaware and its subsidiaries that are party to the APA (the "**Herban Parties**") pertaining to the operation of the Hometown Heart business, and (ii) the rights to any claims the Receiver, the Company, Herban Delaware and the Herban Parties have involving the Purchaser or Hometown Heart, including the Herban Litigation. More specifically, DYME Acquisition will acquire:

5.5.1 Any and all rights to any Claims of any nature available to, or being pursued by the Company, the Receiver, Herban Delaware, and any of the Herban Parties, whether by way of any Legal Proceeding or otherwise, that involves in any manner the Purchaser, Hometown Heart or any of the Purchaser's or Hometown Heart's respective affiliates, or any of the Purchaser's or Hometown Heart's or any of their affiliates' respective employees, shareholders, directors, officers or representatives, including without limitation the Herban Litigation and all rights to litigate or seek any damages or equitable relief with respect thereto in any court, before any regulatory body or any other Tribunal, in any jurisdiction;

5.5.2 All Herban Assets and all assets (excluding any Contracts other than the Assumed Contracts) held by the Company, Herban Delaware or any of the Herban Parties, in each case to the extent such assets or Herban Assets pertain to the operation of the Hometown Heart business;

[2] Capitalized terms in this section not otherwise defined herein have the meaning given them to the APA.
[3] Notwithstanding the Bidding Procedures, the original asset purchase agreement submitted by the Purchaser prior to the Bid Deadline was conditional on due diligence.

5.5.3 All rights and entitlements under any and all contracts between any of Herban Delaware, the Herban Subsidiaries or the Company (or any of the Company's subsidiaries or affiliates) and where the counterparty is Hometown Heart or its equity holders;

5.5.4 All books and records held for use or owned by the Company, Herban Delaware or any Herban Party pertaining to any financial operation related to the operation of Hometown Heart, including without limitation all bank account passwords, log in and other similar operational information;

5.5.5 All equity interests, if any, in Hometown Heart held by any of the Company, Herban Delaware, the Herban Parties or any of their affiliates; and

5.5.6 The Herban Books and Records pertaining to Hometown Heart.

(collectively, the "**Purchased Assets**").

5.6 Contemporaneously with closing of the Transaction, the Purchaser will assume the Master Services Agreement, the Option Agreement and the Modification and Replacement Agreement relating to ownership and operation of Hometown Heart.

5.7 A summary of the other key terms of the Transaction is as follows:

5.7.1 **Purchase Price:** The Receiver recommends that the purchase price be sealed for the reasons described below in paragraphs 5.10 and 5.11. The purchase price is made up of (i) Series C Preferred Shares of the Purchaser, (ii) the Warrants, and (iii) the assumption of certain liabilities. The purchase price is less than the amounts owing to SP1, as described below.

5.7.1.1 As described below, the Receiver proposes to direct that the Series C Preferred Shares and the Warrants be issued directly to SP1.

5.7.1.2 Any Transfer Taxes are the responsibility of and for the account of the Purchaser.

5.7.2 **Deposit:** The Purchaser has paid a deposit equal to US$400,000, which the Receiver acknowledges to be a lower percentage of the purchase price than is contemplated in the Bidding Procedures (the "**Deposit**"). The Deposit will be returned to the Purchaser on the earliest of (i) January 21, 2020 (such period between signing of the APA and January 21, 2020, the "**Deposit Period**") and (ii) the Closing. The Receiver agreed to the relatively modest deposit and the return mechanic after consulting with SP1, in recognition of the cash position of the Purchaser.

5.7.2.1 If, during the Deposit Period, the Closing has not occurred solely due to the APA having been terminated by the Receiver as a result of a material violation or breach by the Purchaser of any agreement,

covenant, representation or warranty of the Purchaser in the APA, then the full amount of the Deposit may be retained by the Receiver as liquidated damages. If the Closing does not occur for any other reason, the full amount of the Deposit shall be returned by the Receiver to the Purchaser.

5.7.3 **Representations and Warranties:** Consistent with the standard terms of an insolvency transaction, i.e. on an "as is, where is" basis, with limited representations and warranties.

5.7.4 **Closing:** Two (2) Business Days after the Approval Order is granted, and no later than January 31, 2020.

5.7.5 **Material Conditions:** The material conditions are as follows:

5.7.5.1 The Purchaser's receipt of a release and waiver of all Claims by the Company, the Receiver, Herban Delaware, and each of the Herban Parties, against the Purchaser and Hometown Heart (and all of Purchaser's affiliates, and Hometown Heart's and Purchaser's respective subsidiaries, officers, directors and employees), including without limitation the Herban Litigation.

5.7.5.2 The Purchaser's receipt of evidence reasonably satisfactory to the Purchaser that all Encumbrances on (i) any and all of the Purchased Assets, or (ii) Hometown Heart or of any of its assets, in each case held by or in favor of Flow Capital have been released.

5.7.5.3 The Purchaser's receipt of evidence reasonably satisfactory to the Purchaser that all Encumbrances on any and all of the Purchased Assets or Hometown Heart or any of its Assets, held by or in favor of the Receiver, have been released and that the Receiver has executed a release and waiver of all Claims by the Receiver against the Purchaser and Hometown Heart (and all of Purchaser's affiliates, and Purchaser's and Hometown Heart's respective subsidiaries, officers, directors and employees) with respect to any matters or Claims arising out of the pre-Closing period.

5.7.5.4 The Purchaser's receipt of an executed (by the Company's counsel of record) Judicial Council of California form CIV-110, dismissing, with prejudice the Herban Litigation.

5.7.5.5 Delivery by the Receiver of executed signature pages from SP1, joining SP1 as a party to the Purchaser's Voting Agreement and IRA.

5.7.5.6 The Receiver shall have delivered a copy of a release and discharge made by the Administrative Agent and the Collateral Agent in

favour of Purchaser, Hometown Heart and DYME Acquisition of the obligations of Hometown Heart under the Credit Agreement and its guarantee in favour of the Collateral Agent and a release of the security held by the Collateral Agent with respect to the assets of Hometown Heart and the other Purchased Assets.

5.7.5.7 The Eaze Note Conversion (which includes the conversion of certain secured convertible promissory notes issued by the Purchaser into Series C Preferred Shares of the Purchaser) shall have been completed.

5.7.5.8 The applicable parties shall have entered into the Non-Dilutive Rights Agreement (which, among other things, will provide SP1 with certain board observer rights with respect to the board of the Purchaser), which agreement has been settled.

5.7.5.9 The Approval Order shall have been issued and entered by the Court and shall not have been stayed, vacated or appealed, and no order shall have been issued which restrains or prohibits the completion of the Transaction.

5.7.6 **Assumed Contracts:** The Master Services Agreement, the Option Agreement the Modification and Replacement Agreement, each as set out in Schedule 3 to the APA.

5.7.7 **Assumed Liabilities:** The liabilities of the Receiver, Herban Delaware and the Herban Parties, if any, arising from and after the Closing Time solely under the Assumed Contracts in respect of the period after the Closing Time and not related to or arising out of any breach or default occurring prior to the Closing.

5.8 It is the Receiver's view that the marketing process it undertook since October 31, 2019, as approved by this Court pursuant to the Bidding Procedures and Funding Order, was the best way to establish market value of the Purchased Assets from qualified purchasers in the circumstances.

Recommendation regarding the Transaction

5.9 The Receiver is of the view that the Transaction represents the best opportunity to recover value for the Purchased Assets in the circumstances, and supports the approval of the APA. Among other reasons:

5.9.1 the sale process was conducted in accordance with the Court-approved Bidding Procedures;

5.9.2 through the implementation of the Court-approved Bidding Procedures, the Property was offered for sale in a transparent, orderly and timely process;

5.9.3 in the Receiver's opinion, given the nature of the Property offered for sale, the potential pool of interested purchasers was limited. However, the Receiver still contacted more than 215 prospective purchasers with the likely resources and potential interest in the purchase of the Property;

5.9.4 the Bidding Procedures were designed to provide prospective purchasers adequate time to evaluate the opportunity, and also to yield a transaction that would maximize value for the benefit of all of the Company's stakeholders;

5.9.5 the Property was marketed for sale on an unpriced basis which allowed its market value to be confirmed by the amount that qualified buyers were willing to pay in the current circumstances of the Company and reflecting current market conditions;

5.9.6 The APA is on an "as is, where is" basis and is only subject to conditions that the Receiver has a high degree of confidence will be satisfied prior to Closing;

5.9.7 The Transaction represents the highest and best offer received during the sale process;

5.9.8 SP1, the principal secured creditor of the Company, who will be realizing a loss as a result of the Transaction, supports the Transaction; and

5.9.9 Absent the Transaction, a protracted marketing period would be necessary. The Receiver does not have the cash, or access to cash, for any further marketing period, and the Receiver does not believe a further marketing process would result in a superior offer.

Remaining Assets

5.9.10 All of the assets of the Company and its subsidiaries that are not Purchased Assets are "Excluded Assets" under the APA.

5.9.11 The Receiver understands that certain of the subsidiaries may continue to operate in the ordinary course and others may be shuttered imminently. The Collateral Agent and all other applicable parties will maintain their existing claims and/or security over the various entities, subject to the releases required to be provided pursuant to the APA.

5.9.12 The Receiver is assisting Management in order to try to sell the L.A. business and certain equipment in the Oakland facility, none of which is owned directly by the Company. In addition, the Receiver understands that SP1 is considering potential next steps with respect to the Oregon business.

Sealing of the Confidential Fong Affidavit

5.10 If the Transaction does not close for any reason, the Receiver is of the view that efforts to re-market the property may be impaired if the information set out in the exhibits to the Confidential Fong Affidavit are made public. In addition, certain of the information proposed to be sealed is commercially sensitive information of the Company or the Purchaser.

5.11 As such, the Receiver is of the view it is appropriate that the information contained in the exhibits to the Confidential Fong Affidavit remains confidential until further Order of the Court and respectfully requests that the Confidential Fong Affidavit be sealed. The Receiver is of the view that disclosure of the sensitive commercial information contained therein is likely to materially jeopardize the value that the Receiver might subsequently obtain in respect of the Property of the Company if the Receiver is required to again market the assets in the future.

6. UPDATE ON GOTHAM GREEN LITIGATION

6.1 As described in further detail in the First Report, the Company and Herban 2 were indebted to Gotham Green Fund (Q) II, L.P. ("**Gotham Q**") and Gotham Green Fund II, L.P ("**Gotham Green**") pursuant to two Secured Convertible Demand Notes (the "**Secured Notes**") in the aggregate principal amount of $2 million (USD).

6.2 Herban CA, Herban Delaware and GGR guaranteed the Secured Notes. All debt, including interest and fees accruing thereon, and security in connection with the Secured Notes are collectively referred to as the "**Gotham Green Debt and Security**". The Secured Notes are secured by security granted over substantially all of the assets of Herban 2 and GGR only.

6.3 On September 16, 2019, Gotham Green demanded repayment in full of the Secured Notes from the Company and Herban 2.

6.4 The Company and Herban 2 failed to pay the amounts outstanding under the Secured Notes and on October 30, 2019, Gotham Q and Gotham Green filed a lawsuit against the Company, Herban 2, Herban Delaware and Herban CA in the Superior Court of the State of California, County of Los Angeles, Central Division, in relation to the outstanding Gotham Green Debt and Security (the "**Gotham Green Litigation**").

6.5 As of the date of the First Report, the Receiver was of the view that it would be detrimental to the Company and the proposed marketing and sale process of its Property (described above) if the Gotham Green Litigation were to continue.

6.6 On November 26, 2019, this Honourable Court pronounced the Bidding Procedures and Funding Order that, among other things, authorized the Receiver to provide

financing to Herban Delaware to acquire the Gotham Green Debt and Security as the Receiver considered necessary or desirable.

6.7 Given the result of the sale process, and specifically the fact that GGR and its assets are not part of the Transaction, the Receiver has determined that it is not necessary or desirable to directly or indirectly acquire the Gotham Green Debt and Security at this time.

7. UPDATE ON FLOW CAPITAL DISPUTE

7.1 As set out in the First Report, the Company is indebted to Flow Capital pursuant to two Royalty Purchase Agreements dated April 4, 2018 and May 25, 2018.

7.2 In about September 2019, Flow Capital registered financing statements against a number of the Company's U.S. subsidiaries under the *Uniform Commercial Code* in effect in California and certain other states and against the Company under the *Personal Property Security Act* (British Columbia) (collectively, the "**Flow Capital Registrations**").

7.3 On November 11, 2019, counsel for the Receiver sent a letter to counsel for Flow Capital requesting that it withdraw the security registrations, or in the alternative, provide the Receiver with any missing documentation justifying the Flow Capital Registrations. The basis of this request was that the Receiver did not believe any security interests were granted by the Company or any of its subsidiaries in favour of Flow Capital pursuant to the Royalty Purchase Agreements (the "**Flow Registrations Dispute**"). A copy of the November 11, 2019 letter to Flow Capital, setting out the basis of the Receiver's request to Flow Capital, is attached as **Appendix D**.

7.4 Following the November 11, 2019 letter and a detailed response from Flow Capital's counsel, a copy of which is attached as **Appendix E**, the Receiver and Flow Capital, through their respective counsel, engaged in discussions and negotiations regarding the resolution of the Flow Registrations Dispute, and reached a consensual resolution which was memorialized in a binding term sheet. A copy of the term sheet is attached is **Appendix F.**

7.5 In summary, Flow Capital agreed to discharge its debt and security against any purchased assets in any transaction to be completed by the Receiver to allow a transaction to be effected free of Flow Capital's debt and security, but to the extent any transaction created sufficient net proceeds to result in a distribution to Flow Capital in accordance with its priorities, Flow Capital would still be entitled to such a distribution to the extent it was determined its debt and security are valid.

7.6 In the circumstances, the Transaction will not result in any proceeds for Flow Capital.

8. PROPOSED DISTRIBUTION

8.1 The Receiver's Canadian counsel, Bennett Jones LLP ("**Bennett Jones**"), has provided an opinion on the validity and enforceability of the Collateral Agent's security against the Company. The opinion provides that, subject to the standard assumptions and qualifications contained therein, the Collateral Agent holds a valid and perfected security interest in the Company's assets as set out in its security documents. A copy of the security opinion will be made available to the Court upon request.

8.2 Other than the Receiver's Charge and the Receiver's Borrowing Charge (each as defined in the Receivership Order), the latter of which is in favour of SP1, the Receiver is not aware of any other claim that may rank in priority to the Collateral Agent.

8.3 Pursuant to paragraph 23 of the Receivership Order, the Receiver was authorized and empowered to borrow up to US$8,000,000 under the Receiver's Borrowing Charge. US$5,000,000 has been borrowed by the Receiver in order to fund the necessary operating costs of the Company and its subsidiaries, as well as pay professional fees.

8.4 The Receiver is seeking the Court's authority to distribute to SP1 (as the beneficiary of the Receiver's Borrowing Charge and the designee of the Administrative Agent and Collateral Agent) all of the consideration the Receiver is entitled to under the APA. The proceeds of realization will be less than the amounts owing to SP1 in such capacities.

9. RECEIVER'S ACTIVITIES

9.1 In addition to the other activities of the Receiver described in this Second Report, the Receiver continues to maintain the Website, where all materials filed with the Court and all orders granted by the Court in connection with the receivership have been, and continue to be, made available in electronic form.

9.2 Certain of the activities of the Receiver since the filing of the First Report are described below.

9.2.1 carrying out the Receiver's duties and responsibilities in accordance with the Receivership Order;

9.2.2 corresponding extensively with key stakeholders in these proceedings, including SP1;

9.2.3 responding to questions from certain bondholders and various unsecured creditors;

9.2.4 discussions with landlords of the Company and its subsidiaries;

9.2.5 carrying out the Bidding Procedures in accordance with the Bidding Procedures and Funding Order;

9.2.6 reviewing and commenting on a draft form of asset purchase agreement;

9.2.7 preparing the form of confidentiality agreement, the Teaser and the CIM;

9.2.8 reviewing all offers submitted in the sale process;

9.2.9 negotiating and executing the APA and all ancillary documents;

9.2.10 negotiating (or assisting to negotiate) compromises of certain obligations of the Company and its subsidiaries in order to facilitate a transaction;

9.2.11 negotiation a resolution to the Flow Capital dispute;

9.2.12 attending at Court in connection with the applications for the Receivership Order and the Bidding Procedures and Funding Order;

9.2.13 paying receivership expenses;

9.2.14 monitoring the businesses and operations of the Company's subsidiaries;

9.2.15 putting in place loan and security documents to effect intercompany loans from the Company to certain of its subsidiaries; and

9.2.16 drafting the First Report and this Second Report.

10. PROFESSIONAL FEES OF THE RECEIVER AND ITS COUNSEL

10.1 Pursuant to paragraphs 21 of the Receivership Order, the Receiver and its counsel are to pass their accounts from time to time before this Court.

10.2 In accordance with paragraph 22 of the Receivership Order, throughout the course of the receivership proceedings, the fees and disbursements of the Receiver and its counsel have been paid from time to time. The Receiver and its counsel have maintained detailed records of the time and disbursements as they relate to the receivership proceedings.

10.3 The Affidavit of Jeffrey Rosenberg sworn January 7, 2020 (the "**Rosenberg Affidavit**"), filed in conjunction with this Second Report, includes, at Exhibit "A" thereto, copies of the invoices rendered by the Receiver in respect of the receivership proceeding that have been redacted to protect certain privileged information. For the period from October 30, 2019 to December 31, 2019, the Receiver's accounts total CAD$661,447.00 in fees, CAD$11,551.60 in expenses and disbursements and CAD$87,489.82 in HST for a total amount of

CAD$760,488.42. At Exhibit "C" to the Rosenberg Affidavit, there is a summary of the personnel, hours and hourly rates charged by the Receiver.

10.4 The Affidavit of Sean H. Zweig sworn January 6, 2020 (the "**Zweig Affidavit**"), filed in conjunction with this Second Report, includes, at Exhibit "A" thereto, copies of the invoices rendered by counsel to the Receiver in respect of the receivership proceedings that have been redacted to protect certain privileged information. For the period from October 17, 2019 to December 31, 2020, counsel to the Receiver's accounts total CAD$190,253.00 in fees, CAD$3,471.74 in expenses and disbursements and CAD$22,995.34 in HST for a total amount of CAD$216,720.08. At Exhibit "C" to the Zweig Affidavit, there is a summary of the personnel, hours and hourly rates charged by counsel to the Receiver.

10.5 The Receiver submits that the fees and disbursements incurred by the Receiver and its counsel, as more particularly described in the Fee Affidavits, are reasonable in the circumstances and have been validly incurred in accordance with the provisions of the Receivership Order. The Receiver respectfully requests the approval of the fees and disbursements of the Receiver and its counsel as set out in the Fee Affidavits.

11. CONCLUSION AND RECOMMENDATION

11.1 The Receiver respectfully recommends that the Court issue an order:

11.1.1 approving the Transaction;

11.1.2 contemporaneously with the completion of the Transaction, authorizing and directing the Receiver to make one or more distributions to SP1;

11.1.3 sealing the Confidential Fong Affidavit;

11.1.4 approving the fees and disbursements of the Receiver and its counsel; and

11.1.5 approving this Second Report and the activities of the Receiver as set out herein,

This report is respectfully submitted this 7th day of January, 2020.

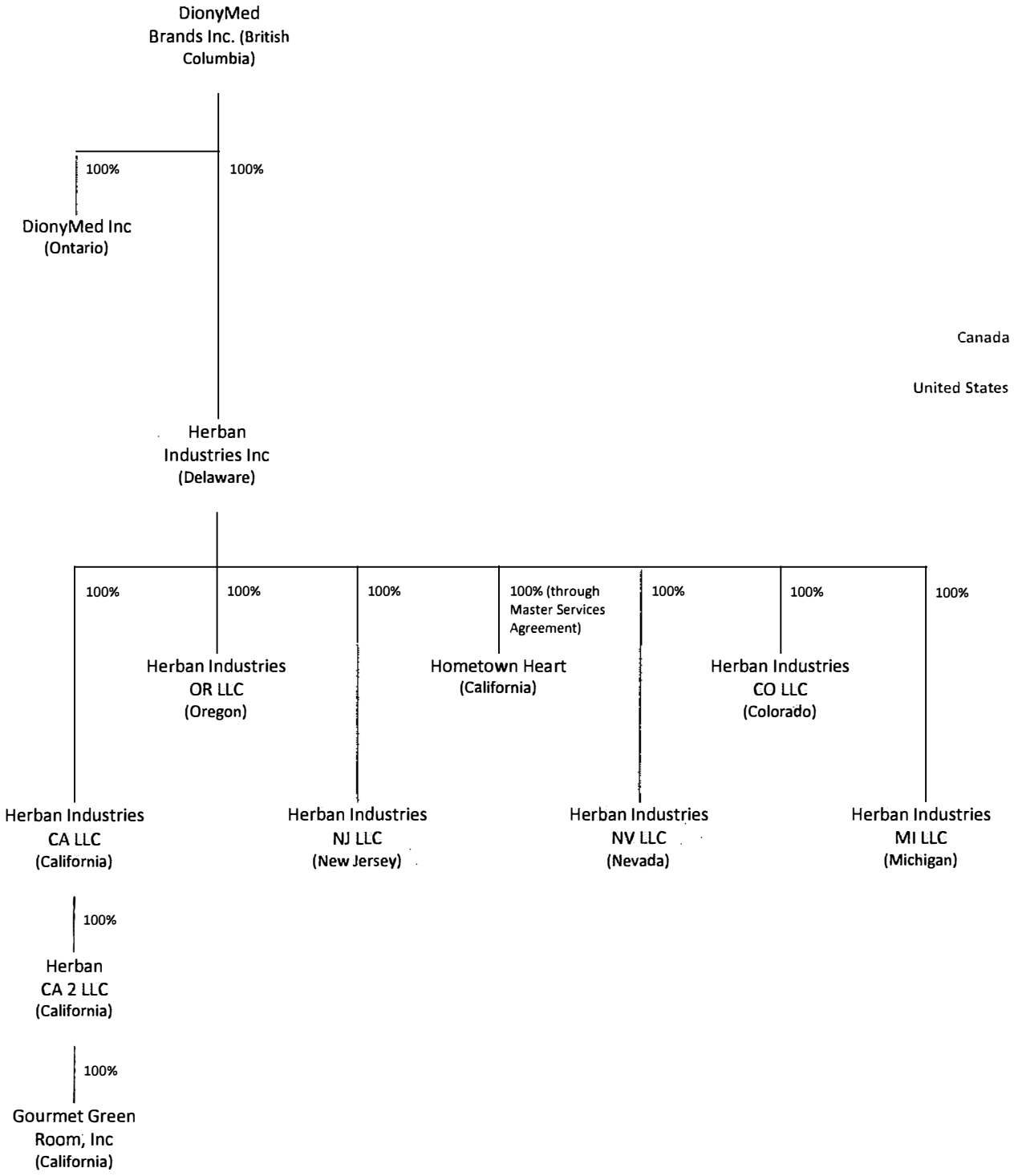
This report is respectfully submitted this 7th day of January, 2020.

FTI Consulting Canada Inc.,
solely in its capacity as receiver and
manager of the assets, undertakings and
property of DionyMed Brands Inc., and not
in its personal capacity

Jeffrey Rosenberg
Senior Managing Director

APPENDIX "A"

DionyMed's Corporate Chart



APPENDIX "B"

No. S1912098
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

AND

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c. B-3, AS AMENDED AND SECTION 39 OF THE *LAW AND EQUITY ACT*, RSBC 1996 c. 253, AS AMENDED

AND

IN THE MATTER OF THE RECEIVERSHIP OF DIONYMED BRANDS INC.

BETWEEN:

GLAS Americas LLC

PETITIONER

AND:

DionyMed Brands Inc.

RESPONDENT

ORDER MADE AFTER APPLICATION
(Approving bidding procedures)

BEFORE) THE HONOURABLE MR. JUSTICE MYERS) November 26, 2019

ON THE APPLICATION of FTI Consulting Canada Inc., in its capacity as the court-appointed receiver (the "**Receiver**") of all of the assets, undertakings and property of DionyMed Brands Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor pursuant to the receivership order issued on October 29, 2019 (the "**Receivership Order**") in the within proceedings; AND ON READING the Receiver's First Report to the Court dated November 19, 2019 (the "**First Report**"); AND ON HEARING from counsel for the Receiver and other counsel as listed on **Schedule "A"** hereto, and no one else appearing, although duly served;

THIS COURT ORDERS AND DECLARES THAT:

Service

1. The time for service of the Notice of Application herein and supporting materials be and are hereby abridged and deemed good and sufficient such that the Notice of Application is properly returnable today, and service upon any interested party other than those parties on the service list maintained by the Receiver in this proceeding is hereby dispensed with.

Approval of Receiver's Actions

2. The actions, conduct, and activities of the Receiver, as outlined in the First Report, are hereby approved.

Approval of bidding procedures

3. The bidding procedures (the "**Bidding Procedures**") for the sale of the Debtor's Property (as defined in the Bidding Procedures), substantially in the form attached as Schedule B to this Order, are hereby approved.

4. The Receiver is authorized and directed to implement the Bidding Procedures and to do all such things as it considers necessary or desirable to conduct and give full effect to the Bidding Procedures.

5. The Receiver, and its affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of performing its obligations under the Bidding Procedures, except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct of the Receiver in performing its obligations under the Bidding Procedures (as determined by this Court).

6. In connection with the Bidding Procedures and pursuant to clause 7(3)(c) of the *Personal Information and Electronic Documents Act* (Canada), the Receiver and the Debtor are authorized and permitted to disclose personal information of identifiable individuals to prospective purchasers or offerors and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more transactions (each, a "**Transaction**"). Each prospective purchaser or offeror to whom such information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall: (i) return all such information to the Receiver or the Debtor, as applicable; (ii) destroy all such information, or (iii) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so. The transacting party with respect to any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver or the Debtor, as applicable, or ensure that all other personal information is destroyed.

Authorization to provide funding

7. The Receiver is empowered and authorized, but not obligated, to provide funding to Herban Industries Inc. ("**Herban Delaware**"), as the Receiver considers necessary or desirable, for the purpose of Herban Delaware acquiring the Gotham Green Debt and Security, as that term is defined in the First Report.

General

8. Service of this Order shall be deemed good and sufficient by:

   (a) serving the same in accordance with the Receivership Order on:

      (i) the persons listed on the service list created in these proceedings;

      (ii) any other person served with notice of the application for this Order;

      (iii) any other parties attending or represented at the application for this Order; and

   (b) posting a copy of this Order on the Receiver's website at http://cfcanada.fticonsulting.com/DionyMed/

   and service on any other person is hereby dispensed with.

9. Endorsement of this Order by counsel appearing on this application other than counsel for the Receiver is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER.

Signature of Alexandra Andrisoi
Lawyer for the Receiver

BY THE COURT

REGISTRAR

CHECKED

Schedule "A" – List of Counsel

Counsel Name	Party Represented

Schedule "B" – Bidding Procedures

Bidding Procedures

Background

GLAS USA LLC and GLAS Americas Inc. (collectively the "**Agents**") are the administrative and collateral agent, respectively, of the lenders (the "**Secured Lenders**") from time to time party to the credit agreement dated January 16, 2019 with DionyMed Brands Inc. (the "**Debtor**") and certain of its subsidiaries, as amended, modified and supplemented from time to time.

On October 29, 2019, on the application of the Agents, the Supreme Court of British Columbia (the "**Court**") granted an order (the "**Receivership Order**") appointing FTI Consulting Canada Inc. as receiver (the "**Receiver**") of all of the assets, undertakings and properties of the Debtor, including all proceeds thereof (collectively, the "**Property**"). Pursuant to the Receivership Order, the Receiver is authorized to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver considers appropriate, and, subject to a further order of the Court, to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business.

Property for Sale

The Property is available for sale pursuant to these bidding procedures (these "**Bidding Procedures**"). The Property includes the following:

1. All shares in the capital of Herban Industries Inc. ("**Herban**"), a Delaware corporation;

2. All of the books, records, books of account, supplier and customer lists, business information, research and development information, business analyses and plans, and records, and all other documents, files, records, correspondence, electronic information (including emails and web page content), and other data and information, financial or otherwise related to the business of Herban, Herban Industries CA LLC, Herban CA 2 LLC, Gourmet Green Room, Inc., Herban Industries OR LLC, Herban Industries NJ LLC, Hometown Heart, Herban Industries NV LLC, Herban Industries CO LLC and Herban Industries MI LLC, in each case, which is owned by, and within the control or possession of DYME, at the Closing Date; and

3. The agricultural lease dated January 1, 2019 between Cynthia A. Jessup and DionyMed Holdings Inc. (a predecessor corporation of the Debtor) in respect of 42466 Winberry Creek Road, Fall Creek, Oregon 97438 and the lease agreement dated July 23, 2019 between IIP-CA 3 LP and DYME in respect of 1454, 1458 and 1500 Esperanza Street, Los Angeles, California.

Notwithstanding anything else contained herein, the Receiver may consider offers for individual assets of the Debtor and/or any of its direct or indirect subsidiaries.[1] However, the Receiver will favour a bid that includes all of the shares of Herban.

Free of Any And All Claims and Interests

All of the right, title and interests of the Receiver and the Debtor in and to the Property, or any portion thereof, to be acquired will be sold free and clear of all security interests, hypothecs, mortgages, trusts or deemed trusts, liens, executions, levies, charges, or other financial or monetary claims (collectively, the "**Charges**") pursuant to an Approval and Vesting Order in form reasonably satisfactory to the Successful Bidder(s) (as defined below) and the Receiver and approved by the Court, such Charges to attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding priority, validity or enforceability thereof).

Bidding Procedures

The Receiver filed an application with the Court seeking, among other things, approval of: (a) the solicitation of offers for the acquisition of the Property or any parts thereof (each a "**Bid**", and each party who submits a Bid, a "**Bidder**") in accordance with the terms of these Bidding Procedures; and (b) the rules for the conduct of an auction (the "**Auction**") if and when (i) the conditions for the holding of the Auction are satisfied as provided in these Bidding Procedures, and (ii) the Receiver determines in its sole discretion that an Auction would be advisable.

On November [●], 2019, the Court issued an order approving the Bidding Procedures (the "**Bidding Procedures Order**"). Accordingly, these Bidding Procedures shall govern the solicitation by the Receiver of Bids for all or part of the Property and the selection by the Receiver of one or more Successful Bids (as defined below).

1. **Solicitation**

The Receiver has prepared: (a) a list of potential bidders for the Property (the "**Potential Bidders**"), including both strategic and financial parties who, in the Receiver's reasonable professional judgment, may be interested in acquiring the Property; (b) an initial offering summary (the "**Teaser Letter**") to notify Potential Bidders of the existence of this solicitation process and invite the Potential Bidders to make an offer to acquire all or any part of the Property; (c) a form of confidentiality agreement (the "**Confidentiality Agreement**"); and (d) a form of acknowledgment (the "**Acknowledgement**") whereby the Potential Bidder agrees to be bound by the provisions of these Bidding Procedures.

In accordance with the Receivership Order, the Receiver has already sent the Teaser Letter to the Potential Bidders. The Receiver will continue the solicitation process in accordance with the Bidding Procedures.

[1] The structuring of any transaction involving individual assets of any direct or indirect subsidiary will require discussion between the Receiver and the bidder.

2. **As is, where is**

Any sale of any or all of the Property will be completed on an "as is, where is" basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Receiver or the Debtor or their respective agents, professionals, advisors, or otherwise, except to the extent set forth in the relevant agreement(s) with the Successful Bidder(s).

3. **Access to Due Diligence Materials**

Interested parties that execute and deliver to the Receiver the Confidentiality Agreement and the Acknowledgement shall receive (a) a detailed confidential information memorandum prepared by the Receiver describing the opportunity to acquire all or part of the Property; and (b) access to an electronic due diligence data site (collectively, the "**Due Diligence Access**"). In addition, the Receiver will populate the due diligence data site with a template asset purchase agreement (the "**Template APA**"), which is to be used by interested parties who intend to submit binding offers as described below.

Each party's Due Diligence Access shall terminate upon the earliest of the following events to occur:

(a) Such party advises that it is no longer interested in pursuing an acquisition of any Property;

(b) Such party does not submit a bid by the Bid Deadline (as defined below);

(c) Such party submits a Bid by the Bid Deadline but the Receiver determines that such party does not constitute a Qualified Bidder (as defined herein);

(d) If there is an Auction, such party does not participate in the Auction;

(e) If there is an Auction, at the conclusion of the Auction; or

(f) If there is no Auction, the approval by the Court of the Successful Bid.

The Receiver will designate a representative to coordinate all reasonable requests for Due Diligence Access for all parties eligible to receive such access in accordance with this Section. The Receiver and the Debtor are not responsible for, and will bear no liability with respect to, any information obtained by any party in connection with the Property and do not make any representations or warranties as to the information or materials provided, except to the extent of any representations or warranties provided for in the relevant agreement(s) with the Successful Bidder(s).

Notwithstanding that a party's Due Diligence Access may continue following the Bid Deadline, the Receiver shall not be obligated to furnish any additional due diligence information after the Bid Deadline.

4. Bidding

These Bidding Procedures provide for one phase of bidding in which to solicit binding offers to purchase all or part of the Property. In the event that the Receiver determines that the results of any Bids received satisfy the conditions for an Auction, as set out below, the Receiver may, in the Receiver's sole discretion, conduct an Auction in accordance with the procedures set out in Section 8 below.

All bids are to be denominated in dollars of the United States of America.

5. Bidding Deadlines

All bids must be submitted in writing via email or by personal delivery so that they are actually received by the Receiver no later than 1:00 p.m. (Vancouver time) on December 9, 2019 (the "**Bid Deadline**") at:

FTI Consulting Canada Inc.
TD Waterhouse Tower, Suite 2010
79 Wellington Street
Toronto, ON M5K 1G8

Attention: Jeffrey Rosenberg
Email: Jeffrey.rosenberg@fticonsulting.com

Unless the Receiver determines otherwise, a bid received by the Receiver after the Bid Deadline shall not constitute a Qualified Bid (as defined below).

6. Bid Requirements

In order to be eligible to be a Qualified Bidder, a Bidder must deliver a bid to the Receiver which satisfies each of the following conditions (a "**Bid**"):

(a) Confidentiality: The Bidder must deliver an executed Confidentiality Agreement and Acknowledgement (if not already delivered);

(b) Identification: The Bid must identify the Bidder and representatives thereof who are authorized to appear and act on behalf of the Bidder for all purposes regarding the contemplated transaction;

(c) Form and Content. The Bid must be in the form of the Template APA and be executed by the Bidder (each, a "**Proposed Purchase Agreement**"). Any changes and modifications to the Template APA are to be indicated on a blackline to the Template APA, which is to be submitted along with the executed version;

(d) Allocation. The Bid must provide an allocation of the aggregate consideration of the Bid among the Property;

(e) Good-Faith Deposit. The Bid must be accompanied by a cash deposit equal to the greater of (x) US$3,000,000.00 and (y) twenty percent (20%) of the total cash purchase price contemplated by the Bid (the "**Good Faith Deposit**"), and the Good Faith Deposit shall be paid to the Receiver, to be held by the Receiver in trust in accordance with these Bidding Procedures[2];

(f) Financial Wherewithal. The Bid must include evidence satisfactory to the Receiver of the Bidder's financial ability to close by the Closing Date (as defined below);

(g) Closing Date. The Bid must contain a binding commitment by the Bidder to close on the terms and conditions set forth in the Proposed Purchase Agreement as soon as practicable after satisfaction or waiver of all conditions; provided that such closing must take place by no later than December 31, 2019 (the "**Closing Date**");

(h) Irrevocable. The Bid must be accompanied by a letter which confirms that the Bid: (i) may be accepted by the Receiver, by the Receiver countersigning the Proposed Purchase Agreement, and (ii) is irrevocable and capable of acceptance until the earlier of (I) the day on which the Bidder is notified that the Bid is not a Qualified Bid (as defined below); (II) the day on which a Successful Bid or Successful Bids are selected, if the Bid is neither a Successful Bid nor a Back-Up Bid (as defined below) selected on such day; (III) if the Bid is the Back-Up Bid, then the day on which the Successful Bid(s) closes; and (IV) December 20, 2019 (the "**Termination Date**");

(i) No Representations and Warranties. The Bid shall include an "as is, where is" clause substantially on the same terms as the "as is, where is" clause set out in the Template APA;

(j) Contingencies. The Bid may not be conditional on obtaining financing or any internal approval or on the outcome or review of due diligence;

(k) No Fees Payable to Bidder. The Bid may not request or entitle the Bidder to any break-up fee, expense reimbursement, termination or similar type of fee or payment. Further, by submitting a Bid, a Bidder shall be deemed to irrevocably waive any right to pursue a claim in any way related to the submission of its Bid or these Bidding Procedures; and

(l) Other Information. A Bid shall contain such other information reasonably requested by the Receiver.

Each Bidder shall comply with all reasonable requests for additional information by the Receiver regarding such Bidder and its contemplated transaction. Failure by the Bidder to comply with requests for additional information will be a basis for the Receiver to determine that the Bidder is not a Qualified Bidder (as defined below).

7. Designation as Qualified Bidder

[2] In connection with an offer for individual assets of the Debtor and/or any of its direct or indirect subsidiaries (i.e. an offer that does not include all of the shares of Herban), the Good Faith Deposit must be equal to at least twenty-five percent (25%) of the total cash purchase price contemplated by the offer. For greater certainty, there is no US$3,000,000 minimum in that circumstance.

The Receiver may discuss, negotiate or seek clarification of any Bid. A Bidder may not modify, amend or withdraw its Bid without the written consent of the Receiver. Any purported modification, amendment or withdrawal of a Bid by a Bidder without the written consent of the Receiver shall result in a forfeiture of such Bidder's Deposit.

After any clarifying discussions or negotiations, the Receiver shall review all Bids and other documentation and information submitted by the Bidders, and shall determine, in its reasonable judgment, those Bidders, if any, that are qualified to participate in the Auction (the "**Qualified Bidders**" and the Bid of each Qualified Bidder, a "**Qualified Bid**"). The Receiver shall notify all Qualified Bidders with respect to whether such Bidder is a Qualified Bidder as soon as practicable after the Bid Deadline. All Bids will be considered, but the Receiver reserves the right to reject any and all Bids.

8. **Auction**

If the Receiver determines that there are less than two (2) Qualified Bids, then there will be no auction.

If the Receiver determines that there are at least two (2) Qualified Bids for the Property, or any combination thereof, or a combination of non-overlapping Qualified Bids (an "**Aggregated Bid**"), the Receiver may conduct an auction to determine the highest and/or best Qualified Bid or Aggregated Bid (the "**Auction**").

In all cases, the Receiver shall post notice of such facts on its website established in connection with the receivership of the Debtor, at http://cfcanada.fticonsulting.com/DionyMed/

If the Auction is to take place, then as soon as practicable after the Bid Deadline, and in any event not less than two days prior to the Auction, the Receiver shall provide all Qualified Bidders with a copy of the Opening Bid (as defined below) for the Auction.

The Auction shall commence on December 11, 2019, at a time and place to be determined by the Receiver, and shall be conducted according to the following procedures:

(a) Participation at the Auction. The Receiver and its professionals shall direct and preside over the Auction. Only Qualified Bidders are eligible to participate in the Auction. Each Qualified Bidder must have present or available, the individual or individuals with the necessary decision making authority to submit Overbids (as defined below) and to make such necessary and ancillary decisions as may be required during the Auction. Only the authorized representatives, including counsel and other advisors, of each of the Qualified Bidders and the Receiver shall be permitted to attend the Auction;

(b) Rounds. Bidding at the Auction shall be conducted in rounds. The Qualified Bid or Aggregated Bid with the highest and/or best value shall constitute the "**Opening Bid**" for the first round of bidding. The highest Overbid at the end of each round shall constitute the "**Opening Bid**" for the following round. The Receiver shall determine what constitutes the Opening Bid for each round in accordance with the Bid Assessment Criteria set out in Section 8(d) below. An Aggregated Bid may be

an Opening Bid in the opening round. A combination of non-overlapping Overbids (an "**Aggregated Overbid**") may also be an Opening Bid in any subsequent round, if such Aggregated Overbid is determined to be the highest Bid. In each round, a Qualified Bidder may submit no more than one Overbid. The Receiver reserves the right to impose time limits for the submission of Overbids;

(c) Failure to Submit an Overbid. If, at the end of any round of bidding, a Qualified Bidder or Aggregated Bidder (other than the Qualified Bidder or Aggregated Bidder that submitted the Opening Bid for such round) fails to submit an Overbid, then such Qualified Bidder may not participate in any further round of bidding at the Auction. Any Qualified Bidder or Aggregated Bidder that submits an Overbid or Aggregated Overbid during a round (including the Qualified Bidder or Aggregated Bidder that submitted the Opening Bid for such round) shall be entitled to participate in the next round of bidding at the Auction;

(d) Bid Assessment Criteria. The Receiver shall determine which Qualified Bid or Aggregated Bid constitutes the Opening Bid for the first round of bidding and the determination of which Overbid or Aggregated Overbid constitutes the Opening Bid for each subsequent round of bidding taking into account all factors which the Receiver, with the assistance of its advisors, reasonably deems relevant to the value of such Bid, including, among other things: (i) the amount and nature of the consideration; (ii) the proposed assumption of any liabilities; (iii) the ability of the Bidder(s) to close the proposed transaction(s); (iv) the proposed closing date and the likelihood, extent and impact of any potential delays in closing; (v) the net after-tax consideration to be received by the Receiver (including assumed liabilities and other obligations to be performed or assumed by the Bidder(s) and any purchase price adjustments); (vi) the claims likely to be created by such Bid in relation to other Bids; (vii) the proposed revisions to the Template APA and the terms of any other transaction documents; (viii) other factors affecting the speed, certainty and value of the transaction (including any regulatory approvals or third party consents required to close the transaction); (ix) the Property included or excluded from the Bid and the transaction costs and risks associated with closing multiple transactions versus a single transaction for all or substantially all of the Property; (x) the transition services required from the Receiver post-closing and any related costs; (xi) the monetary value that may reasonably be attributed to any non-cash consideration by the Receiver in its reasonable discretion; and (xii) such other considerations as the Receiver deems relevant in its reasonable business judgment.

(e) Overbids. All Bids made during the Auction shall be "**Overbids**". Overbids will be submitted in a form to be determined by the Receiver, in its reasonable discretion, including further revised and executed purchase agreements. The identity of each Qualified Bidder and all material terms of each Overbid shall be fully disclosed to all other Qualified Bidders participating in the Auction. The Receiver shall maintain a transcript of the Opening Bid and all Overbids made and announced at the Auction, including the Successful Bid(s) (as defined below) and the Back-Up Bid(s) (as defined below). To be considered an "Overbid", a Bid made during the Auction must satisfy the following criteria:

(i) Minimum Consideration. The amount of purchase price consideration of any Overbid shall not be less than the purchase price consideration of the Opening Bid of the applicable round of bidding plus US$250,000 or such lower or higher amount as the Receiver may determine in advance of such round of bidding in order to facilitate the Auction (the "**Minimum Overbid Increment**").

The Receiver reserves the right to attribute monetary value to certain non-monetary terms and conditions contained in an Overbid and credit such value to the purchase price consideration of an Overbid. The Receiver will disclose to all Bidders any monetary value attributed to non-monetary terms and conditions prior to soliciting Overbids in any given round; and

(ii) Remaining terms are the same as for Qualified Bids. Except as modified herein, an Overbid must comply with the conditions for a Bid set forth in Section 6 above; provided, however, that the Bid Deadline shall not apply and Overbids need not be accompanied by additional cash deposits (subject to subsection (h) hereof).

To the extent not previously provided (which shall be determined by the Receiver), a Qualified Bidder submitting an Overbid must submit, as part of its Overbid, evidence acceptable to the Receiver demonstrating such Qualified Bidder's ability (including financial ability) to close the transaction contemplated by its Overbid;

(f) Announcing Highest Overbids. At the end of each round of bidding, the Receiver, with the assistance of its advisors, shall (i) immediately review each Overbid made in such round; (ii) identify the highest and/or best Overbid or Aggregated Overbid; and (iii) announce the terms of such highest and/or best Overbid or Aggregated Overbid to all Qualified Bidders entitled to participate in the next round of bidding. Such highest and/or best Overbid or Aggregated Overbid shall be the Opening Bid for the next round of the Auction;

(g) Adjournments. The Receiver reserves the right, in its reasonable business judgment, to make one or more adjournments in the Auction to, among other things: (i) facilitate discussions between the Receiver and individual Qualified Bidders, including any discussion, negotiation or clarification of any Overbid; (ii) allow individual Qualified Bidders to consider how they wish to proceed; (iii) consider and determine the current highest and/or best Overbid or Aggregated Overbid at any given time during the Auction; (iv) give Qualified Bidders the opportunity to provide the Receiver with such additional evidence as it may require, in its reasonable business judgment, that the Qualified Bidder has sufficient internal resources or has received sufficient non-contingent debt and/or equity funding commitments to consummate the proposed transaction at the Overbid amount; and (v) subject to such rules and guidelines as the Receiver may consider appropriate, facilitate any appropriate consultation by the Receiver and/or Qualified Bidders with third party stakeholders;

(h) Closing the Auction. If, in any round of bidding, no Overbid or Aggregated Overbid is made, the Auction shall be closed and the Receiver shall, with the assistance of its advisors: (i) declare the last Opening Bid as the successful Bid(s) (the "**Successful Bid(s)**" and the party or parties submitting such Successful Bid(s), the "**Successful Bidder(s)**"); (ii) immediately review the other Overbids or Aggregated Overbids made in the previous round (or the Qualified Bids and Aggregated Bids if no Overbids were made at the Auction) and identify and record the next highest and/or best Overbid or Aggregated Overbid (or Qualified Bid or Aggregated Bid) (the "**Back-Up Bid(s)**" and the party or parties submitting such Back-Up Bid(s), the "**Back-Up Bidder(s)**"); and (iii) advise the Successful Bidder(s) and the Back-Up Bidder(s) of such determinations and all other Qualified Bidders that they are not a Successful Bidder or a Back-Up Bidder.

To the extent not already provided, the Successful Bidder(s) and the Back-Up Bidder(s) shall each, within two (2) business days of the conclusion of the Auction, provide the Receiver with an additional cash deposit to increase its original Good Faith Deposit to equal at least twenty percent (20%) of the total cash purchase price contemplated by its Successful Bid or Back-Up Bid, as applicable, to be held by the Receiver in trust as such party's "Good Faith Deposit" in accordance with these Bidding Procedures;

(i) Consent to Jurisdiction as Condition to Bid. All Qualified Bidders shall be deemed to have consented to the exclusive jurisdiction of the Court and waived any right to a jury trial in connection with any disputes relating to the Auction, and the construction and enforcement of the Qualified Bidder's transaction documents, as applicable; and

(j) No Collusion. Each Qualified Bidder shall be required to confirm that it has not engaged in any discussions or any other collusive behaviour with respect to the submissions of Overbids. The Receiver may permit discussions between Qualified Bidders at the Auction, subject to such rules and guidelines as the Receiver considers appropriate.

9. Receiver's Reservation of Rights

In addition to the other reservations of rights set out herein, the Receiver reserves the right in its reasonable discretion to: (a) waive strict compliance with any one or more of the Bid requirements specified herein, and deem such non-compliant Bids to be Qualified Bids; provided that such non-compliance is not material in nature; (b) reject any or all Bids if, in the Receiver's reasonable business judgment, no Bid is for fair and adequate consideration; and (c) adopt such ancillary and procedural rules not otherwise set out herein for these Bidding Procedures (including rules that may depart from those set forth herein) that in its reasonable business judgment will better promote the goals of these Bidding Procedures and facilitate the Auction; provided that the adoption of any rule that materially deviates from these Bidding Procedures shall require an order of the Court.

Subject to such confidentiality arrangements as the Receiver deems appropriate, the Receiver shall consult regularly with Tribeca Global Resources Credit Pty Ltd., the investor representative of

Evolution Trustees Limited as sole trustee of SP1 Credit Fund (the "**SP1 Representative**"), with respect to the conduct and status of these Bidding Procedures, and shall provide the SP1 Representative with true and complete copies of any and all Bids received by the Receiver and such other information as is reasonably requested from time to time by the SP1 Representative in respect of the conduct and status of these Bidding Procedures.

For greater certainty, the Receiver is under no obligation to conduct an Auction under any circumstances, and the Receiver retains the sole discretion as to whether to conduct an Auction.

10. **Sale Motion**

The Receiver shall, within seven (7) days of the conclusion of the Auction, or if there is no Auction by December 13, 2019, serve notice of an application seeking approval of the Successful Bidder(s) and the sale of the applicable Property to the Successful Bidder(s) free and clear of all liens and encumbrances, other than those liens and encumbrances expressly to be assumed by the Successful Bidder(s) (the "**Sale Motion**"). The Sale Motion shall be conducted by the Court as soon as possible thereafter at 800 Smithe Street, Vancouver, British Columbia. At the Sale Motion, the Receiver may also seek, in its sole discretion, conditional approval of the Back-Up Bid(s) authorizing the Receiver to close the Back-Up Bid(s) if the Successful Bid(s) is/are not closed by the Closing Date.

11. **Closing the Successful Bid**

The Receiver and the Successful Bidder(s) shall take all reasonable steps to complete the sale transaction contemplated by the Successful Bid(s) as soon as possible after the Successful Bid(s) are approved by the Court. Notwithstanding the foregoing, in the event that there is more than one Successful Bid, the Receiver reserves the right to impose a condition in each Successful Bid that the obligation of the Receiver to complete the sale transaction contemplated by each Successful Bid is conditional upon the completion of the transaction(s) contemplated by each other Successful Bid. The Receiver will be deemed to have accepted the Successful Bid(s) only when the Successful Bid(s) has/have been approved by the Court. If the transaction(s) contemplated by the Successful Bid(s) has/have not closed by the Closing Date or the Successful Bid(s) is/are terminated for any reason prior to the Closing Date, the Receiver may elect, in its sole discretion seek to complete the transaction(s) contemplated by the Back-Up Bid(s), and upon making such election, the Receiver will seek Court approval of the Back-Up Bid(s) (if such approval has not already been obtained) and promptly seek to close the transaction(s) contemplated by the Back-Up Bid(s) after such Court approval. The Back-Up Bid(s) will be deemed to be the Successful Bid(s) and the Receiver will be deemed to have accepted the Back- Up Bid(s) only when the Back-Up Bid(s) has/have been approved by the Court and the Receiver has made such election.

12. **Return of Good Faith Deposit**

(a) All Good Faith Deposits shall be held in an interest-bearing account until returned to the applicable Bidder or otherwise dealt with in accordance with Section 6 or this Section 12;

(b) Good Faith Deposits of all Bidders who are determined not to be Qualified Bidders shall be returned to such Bidders within two (2) business days after the day on which the Bidder is notified that it is not a Qualified Bidder;

(c) Good Faith Deposits of all Qualified Bidders other than the Successful Bidder(s) and the Back-Up Bidder(s) shall be returned to such Qualified Bidders within two (2) business days after the day on which one or more Successful Bidders is selected;

(d) The Good Faith Deposit(s) of the Successful Bidder(s) shall be applied to the purchase price of such transaction(s) at closing. If the Successful Bid(s) fail(s) to close by the Termination Date because of a breach or failure to perform on the part of the Successful Bidder(s), the Receiver shall be entitled to retain the Good Faith Deposit of the applicable Successful Bidder(s) as part of its damages resulting from the breach or failure to perform by the applicable Successful Bidder(s). The Good Faith Deposit of the Successful Bidder(s) shall otherwise be returned to the Successful Bidder(s) in accordance with the terms of the Successful Bid(s);

(e) If the Back-Up Bid(s) has/have not been deemed to be a Successful Bid(s), the Good Faith Deposit(s) of the Back-Up Bidder(s) shall be returned to the Back-Up Bidder(s) as soon as practicable after the earlier of: (i) the closing of the transaction(s) contemplated by the Successful Bid(s); (ii) the date on which the Receiver provides written notice to the Back-Up Bidder(s) that the Receiver will not elect to complete the transaction(s) contemplated by the Back-Up Bid(s) and (iii) the Termination Date; and

(f) If a Back-Up Bid is deemed to be a Successful Bid, the Good Faith Deposit of such Back-Up Bidder shall be applied to the purchase price of such transaction at closing. If a Back-Up Bid fails to close by the Termination Date because of a breach or failure to perform on the part of such Back-Up Bidder, the Receiver shall be entitled to retain the Good Faith Deposit of such Back-Up Bidder as part of its damages resulting from the breach or failure to perform by such Back-Up Bidder. The Good Faith Deposit of a Back-Up Bidder shall otherwise be returned to the applicable Back-Up Bidder in accordance with the terms of its Back-Up Bid.

13. **No Qualified Bid**

If the Receiver determines that no Qualified Bid was received, or at least one Qualified Bid was received but it is not likely that the transactions contemplated in any such Qualified Bid will be consummated, the Receiver shall notify the SPI Representative forthwith, and within ten (10) Business Days of such determination, file an application with the Court seeking directions and/or such other relief as the Receiver deems appropriate in the circumstances. In the circumstances described in this subsection, the Secured Lenders shall have the option within five (5) Business Days from such determination to submit a credit bid (that would constitute a binding agreement if accepted) even if they did not submit a credit bid at any other point during the bidding process, and notwithstanding the receipt of any new information regarding bids or offers after the Bid Deadline.

APPENDIX "C"

FTI CONSULTING CANADA INC.,
solely in its capacity as the Court-appointed receiver of
DionyMed Brands Inc. and not in its personal or corporate capacity,

HERBAN INDUSTRIES, INC., HERBAN INDUSTRIES CA LLC, HERBAN INDUSTRIES OR LLC, HERBAN INDUSTRIES NJ LLC, HERBAN INDUSTRIES NV LLC, HERBAN INDUSTRIES CO LLC, HERBAN INDUSTRIES MI LLC,

EAZE TECHNOLOGIES, INC., a Delaware corporation

AND

DYME US ACQUISITION SUB, LLC, a Delaware limited liability company,

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ASSET PURCHASE AGREEMENT

January 3, 2020

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT dated as of the third day of January, 2020 is made by and between FTI Consulting Canada Inc. (**"FTI**"), solely in its capacity as the Court-appointed receiver and manager of the assets, undertakings and properties of DionyMed Brands Inc., a corporation incorporated under the laws of the Province of British Columbia ("**DYME")**, and not in its personal or corporate capacity (the "**Receiver**"), Herban Industries, Inc., a Delaware corporation ("**Herban**"), Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC, Herban Industries NV LLC, Herban Industries CO LLC, and Herban Industries MI LLC (the "**Herban Parties**") Eaze Technologies, Inc., a corporation incorporated pursuant to the laws of the state of Delaware (the "**Purchaser**") and DYME US Acquisition Sub, LLC, a Delaware limited liability company ("**Dyme Acquisition**").

WHEREAS:

A. DYME, together with its direct and indirect subsidiaries, are in the business of producing, wholesaling, retailing and distributing Cannabis and all such other commercial activities incidental and ancillary thereto (the "**Business**");

B. FTI was appointed as Receiver, without security, of all of the assets, undertakings and properties of DYME acquired for, or used in relation to a business carried on by DYME, including all proceeds thereof (collectively, the "**Property**") pursuant to an order (as such order may be amended or restated from time to time, the "**Receivership Order**") of the Supreme Court of British Columbia (the "**Court**") dated October 29, 2019, bearing Court File No. S1912098 (the "**Receivership Proceedings**");

C. The Receivership Order authorizes the Receiver to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and to negotiate such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

D. On November 26, 2019, the Court issued an order (the "**Bidding Procedures Order**") approving a process for the solicitation by the Receiver of offers to purchase all of the Receiver's and DYME's right, title and interest, if any, in and to the Property, including the Purchased Assets, and the selection by the Receiver of one or more Successful Bid(s), pursuant to the Bidding Procedures; and

E. The Parties (as defined below) acknowledge that if the Receiver determines, in accordance with the Bidding Procedures, that this Agreement is a Successful Bid, the Receiver, Herban and the Herban Parties shall, as applicable, sell, assign and convey and the Purchaser shall be obligated to purchase all of the Receiver's, DYME's, Herban's and the Herban Parties' right, title and interest, if any, in and to the Purchased Assets on the terms and subject to the conditions set forth in this Agreement including the issuance of the Approval Order;

NOW THEREFORE this Agreement witnesses that in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each Party to the others, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 Definitions

Whenever used in this Agreement the following words and terms shall have the meanings set out below:

In this Agreement:

"**Affiliate**" has the meaning ascribed thereto under the *Business Corporations Act* (British Columbia).

"**Agreement**" means this asset purchase agreement, including all schedules, and all supplements, amendments or restatements, as permitted, and references to "**Article**", "**Section**" or "**Schedule**" mean the specified Article or Section of, or Schedule to, this Agreement.

"**Applicable Law**" means, in respect of any Person, property, transaction or event, any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order that applies in whole or in part to such Person, property, transaction or event.

"**Approval Order**" means one or more orders approving the transactions relating to the Receiver and the Receivership Proceedings described herein, which order(s) shall be substantially agreed to by the Receiver and the Purchaser, each acting reasonably.

"**Assignment**" means one or more assignment and assumption agreements between the Purchaser and the applicable assignor Party in respect of the Assumed Contracts and the assignment of all rights and the assumption of the liabilities thereunder.

"**Assumed Contracts**" means, collectively, the contracts referred to in Schedule 3.

"**Assumed Liabilities**" means Liabilities of the Receiver, Herban and the Herban Parties, if any, arising from and after the Closing Time solely under the Assumed Contracts arising in respect of the period after the Closing Time and not related to or arising out of any breach or default occurring prior to the Closing.

"**Bidding Procedures**" means the bidding procedures approved by the Court pursuant to the Bidding Procedures Order substantially in the form appended as Schedule 2 or otherwise as consented to by the Purchaser acting reasonably.

"**Bidding Procedures Order**" has the meaning ascribed thereto in the Recitals.

"**Books and Records**" means all of the books, records, books of account, supplier and customer lists, business information, research and development information, business analyses and plans, and records, and all other documents, files, records, correspondence, electronic information (including emails and web page content), and other data and information, financial or otherwise related to the Business, in each case, owned by, and

within the control or possession of, DYME, and including all data and information stored by DYME electronically, digitally or on computer related media.

"**Business**" has the meaning ascribed thereto in the Recitals.

"**Business Day**" means any day which is not a Saturday, a Sunday or a day observed as a statutory or civic holiday under the laws of the Province of British Columbia or the federal laws of Canada applicable in the Province of British Columbia, on which the principal commercial banks in the City of Vancouver, British Columbia are open for business.

"**Cannabis**" includes dried marijuana, fresh marijuana, cannabis oil, cannabinoids and starting materials with respect thereto.

"**Claim**" means any claim, action, demand, cause of action, suit, complaint, proceeding, arbitration, judgment, settlement, award, assessment, re-assessment, order, investigation, enquiry or hearing made or threatened.

"**Closing**" means the completion of the purchase by the Purchaser and sale by the Receiver, Herban and/or the Herban Parties of the Purchased Assets in accordance with the terms and subject to the conditions of this Agreement on the Closing Date at the Closing Time.

"**Closing Date**" means the date on which Closing occurs, which date shall be two (2) Business Days after the Approval Order is granted.

"**Closing Time**" has the meaning ascribed thereto in Section 8.1(b).

"**Consent**" means any approval, authorization, consent, order, license, permission, permit (including any environmental permit), qualification, exemption or waiver by any Governmental Authority or other Person.

"**Contracts**" means all contracts, licences, leases, agreements, obligations, promises, undertakings, understandings, arrangements, documents, commitments, entitlements or engagements to which DYME, Herban and/or the Herban Parties is a party or by which DYME, Herban and/or the Herban Parties is bound or under which DYME, Herban and/or the Herban Parties has, or will have, any liability or contingent liability (in each case, whether written or oral, express or implied) relating to the Business, as same may be amended and/or restated, and including any and all related quotations, orders, proposals or tenders which remain open for acceptance, warranties and guarantees and documents ancillary thereto.

"**Convertible Notes**" means the secured convertible promissory notes in the aggregate principal amount of [redacted] issued by the Purchaser pursuant to the note and warrant purchase agreement dated as of October 4, 2019.

"**Court**" has the meaning ascribed thereto in the Recitals.

"**Deposit**" has the meaning ascribed thereto in Section 3.1.

"DYME Credit Agreement" means the credit agreement dated January 16, 2019 among DYME, as borrower, HomeTown Heart, Herban and the Herban Subsidiaries, as credit parties, the lenders party thereto and GLAS, as amended, modified and supplemented from time to time.

"**Eaze Note Conversion**" means (i) the satisfaction in full of the Convertible Notes by the conversion of all of the issued and outstanding Convertible Notes into Series C Preferred Shares at a price per share of [redacted], and (ii) the release and discharge of all Encumbrances that secure the Convertible Notes, and any of them, including the termination of any deposit account control agreements.

"**Encumbrances**" means any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise including (i) any encumbrances or charges created by Receivership Order or subsequent orders in the Receivership Proceedings; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (British Columbia).

"**Excluded Assets**" means all assets of DYME, Herban and the Herban Parties other than the Purchased Assets, including:

(i) cash on hand and bank accounts;

(ii) choses in action;

(iii) all accounts receivable;

(iv) goodwill and all intellectual property and intellectual property rights;

(v) all Books and Records other than the Herban Books and Records;

(vi) all capital stock of DYME;

(vii) all insurance claims relating to the Business and any proceeds thereof;

(viii) Excluded Contracts;

(ix) all Tax attributes; and

(x) the Receiver's rights under this Agreement.

"**Excluded Contracts**" means all Contracts other than the Assumed Contracts.

"**Excluded Liabilities**" means all Liabilities of DYME, Herban and each of the Herban Subsidiaries, other than the Assumed Liabilities, including, without limitation, any Encumbrances, and any Liabilities relating to any Excluded Contract or any claim for Taxes, interest, penalties or fines.

"**Flow Capital**" has the meaning ascribed to it in the FTI First Report.

"**FTI**" has the meaning ascribed thereto in the Recitals.

"**FTI First Report**" means the First Report of the Receiver dated November 19, 2019.

"**GLAS**" means, collectively, GLAS Americas LLC, as collateral agent, and GLAS USA LLC, as administrative agent, in each case, for the lenders under the DYME Credit Agreement.

"**GLAS Security**" means, collectively, the following:

(xi) guaranty agreement dated as of January 30, 2019 granted by Herban, Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC and HomeTown Heart in favour of GLAS and the lenders under the DYME Credit Agreement;

(xii) pledge and security agreement dated as of January 30, 2019 between Herban, Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NJ LLC and HomeTown Heart and GLAS;

(xiii) trademark security agreement dated as of January 30, 2019 granted by Herban Industries OR LLC to GLAS;

(xiv) assignment of agreement HomeTown Heart option dated as of January 30, 2019 between Herban, DYME, Evan Tanenbaum and GLAS;

(xv) assignment of master services agreement dated as of January 30, 2019 between Herban, HomeTown Heart and GLAS;

(xvi) deposit account control agreement dated as of February 4, 2019 between HomeTown Heart, Dama Financial, Lead Bank and GLAS;

(xvii) guaranty agreement dated as of August 21, 2019 granted by Herban 2 and Gourmet Green Room, Inc. to GLAS and the lenders under the DYME Credit Agreement;

(xviii) pledge and security agreement dated as of October 23, 2019 between Herban 2 and Gourmet Green Room, Inc. and GLAS; and

(xix) any and all other liens, security interests and/or charges granted to GLAS by Herban and the Herban Subsidiaries to secure the Liabilities and indebtedness of DYME, Herban and/or the Herban Subsidiaries arising from, under and/or relating to the DYME Credit Agreement.

"**Governmental Authority**" means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court (including the Court), Tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial,

regulatory or administrative functions of, or pertaining to, government or securities market regulation.

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

"**Herban**" means Herban Industries, Inc., a corporation incorporated and existing under the laws of the State of Delaware.

"**Herban 2**" means Herban CA 2 LLC, a corporation incorporated and existing under the laws of the State of California.

"**Herban Assets**" means all property and assets, if any, of Herban and the Herban Parties.

"**Herban Books and Records**" means all of the books, records, books of account, supplier and customer lists, business information, research and development information, business analyses and plans, and records, and all other documents, files, records, correspondence, electronic information (including emails and web page content), and other data and information, financial or otherwise related to the business conducted by Herban and the Herban Parties and, in each case, owned by, and within the control or possession of, DYME, Herban, or any of the Herban Parties, and including all data and information stored by DYME, Herban or any of the Herban Parties,electronically, digitally or on computer related media, but excluding any of the foregoing as applicable to any Excluded Asset or any Excluded Liability.

"**Herban Litigation**" means the litigation captioned Herban Industries CA, LLC v. Eaze Technologies Inc., No. CGC 19-576443, and all related litigation.

"**Herban Parties**" has the meaning ascribed to it in the recitals.

"**Herban Subsidiaries**" means Herban Industries CA LLC, Herban 2, Gourmet Green Room, Inc., Herban Industries OR LLC, Herban Industries NJ LLC, Herban Industries NV LLC, Herban Industries CO LLC and Herban Industries MI LLC.

"**Hometown Heart**" means Hometown Heart, a California Corporation.

"**Income Tax Act**" means, collectively, the *Income Tax Act* (Canada), the Income Tax Application Rules (Canada) and the Income Tax Regulations, in each case as amended to the date hereof.

"**IRA**" means the Purchaser's Third Amended and Restated Investors' Rights Agreement, dated September 20, 2018, as amended.

"**Legal Proceeding**" means any trial, investigation, hearing, grievance, arbitration or other proceeding in respect of any Claim, and includes any appeal or review or retrial of any of the foregoing and any application for same.

"**Liabilities**" means, with respect to any Person, any and all debts, liabilities and obligations of such Person, whether accrued or fixed, absolute or contingent, matured or

unmatured or determined or determinable, including those arising under any Applicable Law, Claim or Governmental Order, and those arising under any contract, agreement, arrangement, commitment or undertaking.

"**Loss**" means any and all loss, liability, damage, cost, charge, fine, penalty or assessment, including the costs and expenses of any Legal Proceeding, assessment, judgment, settlement or compromise relating thereto, and all interest, fines and penalties and reasonable legal fees and expenses incurred in connection therewith.

"**Non-Dilutive Rights Agreement**" means the side letter attached hereto on Schedule 4.

"**Parties**" means, collectively, each of the signatories to this Agreement, and "**Party**" means any one of them.

"**Person**" means individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and Governmental Authorities.

"**Property**" has the meaning ascribed thereto in the Recitals.

"**Purchase Price**" has the meaning ascribed thereto in Section 3.2.

"**Purchased Assets**" means:

(i) Any and all rights to any Claims of any nature available to, or being pursued by DYME, the Receiver, Herban, any of the Herban Parties, whether by way of any Legal Proceeding or otherwise, that involves in any manner the Purchaser, Hometown Heart or any of the Purchaser's or Hometown Heart's respective affiliates, or any of the Purchaser's or Hometown Heart' or any of their affiliates' respective employees, shareholders, directors, officers or representatives, including without limitation the Herban Litigation and all rights to litigate or seek any damages or equitable relief with respect thereto in any court, before any regulatory body or any other Tribunal, in any jurisdiction;

(ii) All Herban Assets and all assets (excluding any Contracts other than the Assumed Contracts) held by DYME, Herban or any of the Herban Parties, in each case to the extent such assets or Herban Assets pertain to the operation of the Hometown Heart business;

(iii) All rights and entitlements under any and all contracts between any of Herban, the Herban Subsidiaries or DYME (or any of DYME's subsidiaries or affiliates) and where the counterparty is Hometown Heart or its equityholders;

(iv) All books and records held for use or owned by DYME, Herban or any Herban Party pertaining to any financial operation related to the operation of Hometown Heart, including without limitation all bank account passwords, log in and other similar operational information;

(v) All equity interests, if any, in Hometown Heart held by any of DYME, Herban, the Herban Parties or any of their affiliates; and

(vi) The Herban Books and Records pertaining to Hometown Heart.

"**Purchaser**" has the meaning ascribed thereto in the Recitals.

"**Purchaser's Solicitors**" means the law firm of Gowling WLG (Canada) LLP.

"**Receiver**" has the meaning ascribed thereto in the Recitals.

"**Receiver's Solicitors**" means the law firm of Bennett Jones LLP.

"**Receivership Order**" has the meaning ascribed thereto in the Recitals.

"**Receivership Proceedings**" has the meaning ascribed thereto in the Recitals.

"**Representative**" means, in respect of a Party, each director, officer, employee, agent, Affiliate, manager, lender, solicitor, accountant, professional advisor, consultant, contractor and other representative of such Party or such Party's Affiliates and shall include each director, officer, employee, agent, Affiliate, manager, lender, solicitor, accountant, professional advisor, consultant, contractor and other representative of such Affiliate.

"**Series C Preferred Shares**" means shares of Series C preferred stock in the capital of the Purchaser, such shares having the terms and conditions set out with respect to such shares in Schedule 5.

"**Successful Bid**" has the meaning ascribed thereto in the Bidding Procedures.

"**Successful Bidder**" has the meaning ascribed thereto in the Bidding Procedures.

"**Tax Legislation**" means, collectively, the *Income Tax Act* and all federal, provincial, territorial, municipal, foreign, or other statutes imposing a Tax, including all treaties, conventions, rules, regulations, orders, and decrees of any jurisdiction.

"**Tax**" **or** "**Taxes**" means all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Authority under any applicable Tax Legislation, including Canadian federal, provincial, territorial, municipal and local, foreign or other income, capital, goods and services, sales, harmonized sales, use, consumption, excise, value added, business, real property, personal property, transfer, franchise, withholding, payroll, or employer health taxes, customs, import, anti-dumping or countervailing duties, Canada Pension Plan contributions, employment insurance premiums, and provincial workers' compensation payments, including any interest, penalties and fines associated therewith.

"**Termination Date**" means January 31, 2020.

"**Transaction**" means the purchase and sale of all of the Receiver's, DYME's, Herban's, and/or the Herban Parties' right, title and interest, if any, in and to the Purchased Assets contemplated by this Agreement, the assignment of the Assumed Contracts, and the issuance and sale of the Share Consideration and the Warrants by the Purchaser (including the issuance of any equity securities by the Purchaser upon the exercise of the Warrants).

"**Transfer Taxes**" means all present and future transfer taxes, sales taxes, harmonized sales taxes, use taxes, production taxes, value-added taxes, goods and services taxes, land transfer taxes, registration and recording fees, and any other similar or like taxes and charges imposed by a Governmental Authority in connection with the sale, transfer or registration of the transfer of the Purchased Assets to the Purchaser, or payable upon completion of the Transaction, including under the *Excise Tax Act* (Canada) and any other provincial or state Tax Legislation but excluding any taxes imposed or payable under the *Income Tax Act* and any other similar income tax legislation.

"**Tribunal**" means any court (including a court of equity), arbitrator or arbitration panel and any other Governmental Authority, stock exchange, professional or business organization or association or other body exercising adjudicative, regulatory, judicial or quasi-judicial powers.

"**Voting Agreement**" means the Purchaser's Third Amended and Restated Voting Agreement, dated as of September 20th, 2018 (as amended).

"**Warrants**" means purchase warrants issued to such Person as the Receiver may direct, in the form attached hereto as Schedule 8.

Section 1.2 Currency

All references in this Agreement to monetary amounts, unless indicated to the contrary, are to the currency of the United States of America.

Section 1.3 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to its subject matter, and supersedes any and all prior negotiations, understandings and agreements between the Parties. This Agreement may not be amended or modified in any respect except by written instrument signed by the Parties. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and the Purchaser shall acquire all of the Receiver's and DYME' right, title and interest, if any, in and to the Purchased Assets on an "as is, where is" basis. Any cost estimates, projections or other predictions contained or referred to in any other material that has been provided to the Purchaser or any of its Representatives are not and shall not be deemed to be representations or warranties of the Receiver or any of its Representatives. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar), nor shall such waiver constitute a waiver or continuing waiver unless otherwise expressly provided in writing duly executed by the Party to be bound thereby.

Section 1.4 Governing Law

This Agreement is a contract made under and shall be governed by and construed in accordance with the Laws of the Province of British Columbia and the federal Laws of Canada applicable in the Province of British Columbia. Each Party irrevocably submits to the exclusive jurisdiction of the Court supervising the Receivership Proceedings with respect to any matter arising hereunder or relating hereto.

Section 1.5 Singular, Plural and Gender

Words importing the singular include the plural and vice versa, and words importing gender include the masculine, feminine and neuter genders.

Section 1.6 Certain Words

In this Agreement, the words "**including**" and "**includes**" means "i**ncluding (or includes) without limitation**", and "**third party**" means any Person who is not a Party.

Section 1.7 Headings and Table of Contents

The headings and any table of contents contained in this Agreement, including the separation of this Agreement into articles, sections, subsections, paragraphs and clauses, are for convenience of reference only, and shall not affect the meaning or interpretation.

Section 1.8 Statutory References

All references to any statute is to that statute or regulation as now enacted or as may from time to time be amended, re-enacted or replaced and includes all regulations made thereunder, unless something in the subject matter or context is inconsistent therewith or unless expressly provided otherwise in this Agreement.

Section 1.9 Actions to be Performed on a Business Day

Whenever this Agreement provides for or contemplates that a covenant or obligation is to be performed, or a condition is to be satisfied or waived on a day which is not a Business Day, such covenant or obligation shall be required to be performed, and such condition shall be required to be satisfied or waived on the next Business Day following such day.

Section 1.10 Schedules

The following are the Schedules attached to and incorporated in this Agreement by reference and deemed to be a part hereof.

Schedule 1 – Receivership Order
Schedule 2 – Form of Bidding Procedures
Schedule 3 – Assumed Contracts
Schedule 4 – Non-Dilutive Rights Agreement
Schedule 5 – Description of Common Stock and Preferred Stock
Schedule 6 – Authorized and Issued Capital (Signing)

Schedule 7 – Dismissal Form
Schedule 8 – Form of Warrant

ARTICLE 2
PURCHASE AND SALE OF PURCHASED ASSETS AND ASSUMPTION OF LIABILITIES

Section 2.1 Agreement of Purchase and Sale

On the Closing Date and subject to the terms and conditions of this Agreement (which conditions, for greater certainty, include the determination by the Receiver that this Agreement is a Successful Bid, and the issuance of the Approval Order), the Receiver, DYME, Herban and the Herban Parties, hereby agree to sell, assign and transfer to Dyme Acquisition, and the Purchaser agrees to purchase from the applicable party all of such party's right, title and interest, if any, in and to the Purchased Assets, and such foregoing purchase shall be free and clear of all Encumbrances (including any Encumbrances held as of the date of this Agreement by Flow Capital).

Section 2.2 Excluded Assets

Notwithstanding anything to the contrary in Section 2.1 or elsewhere in this Agreement, the Purchased Assets shall not include the Excluded Assets, which shall remain the property of DYME, Herban and the Herban Parties, as applicable, and nothing herein shall be deemed to sell, transfer, assign or convey the Excluded Assets.

Section 2.3 Assumed Liabilities

Upon the terms and subject to the conditions set forth in this Agreement, subject to Closing, as of the Closing Time the Purchaser shall assume and shall pay, discharge, honour and perform, as the case may be and as and when due, from and after the Closing Date, the Assumed Liabilities. Subject to Closing, where the Purchaser has, with the consent of the counterparty to an Assumed Contract, assumed the obligations of DYME, Herban or the Herban Parties, as applicable, under such Assumed Contract, the Purchaser shall perform such obligations from and following the Closing Time. The Purchaser hereby agrees to indemnify and save harmless the Receiver, Herban and the Herban Parties from all Claims, Liabilities, damages, Losses and other amounts to the extent arising directly out of the Assumed Liabilities.

Section 2.4 Exclusion of Liabilities

For certainty, the Purchaser shall not, at Closing or otherwise, assume or be liable for the Excluded Liabilities or any other Liabilities of DYME, Herban or any of the Herban Parties whatsoever other than the Assumed Liabilities from and following the Closing Time.

Section 2.5 Assignment and Assumption of Assumed Contracts

(a) Subject to the terms and conditions of this Section 2.5, the Assumed Contracts shall form part of the Purchased Assets assigned and transferred to the Purchaser at Closing, the consideration for which is included in the Purchase Price, and the Purchaser will assume and agree to perform and discharge the Assumed

Liabilities under the Assumed Contracts pursuant to this Agreement and the Assignment;

(b) The Receiver, Herban and/or the Herban Parties will use their reasonable commercial efforts to take such actions as are necessary to obtain the Consents to cause the Assumed Contracts to be assigned to the Purchaser as of the Closing;

(c) The Purchaser will use its reasonable commercial efforts to assist the Receiver, Herban and/or the Herban Parties in obtaining the Consents and, prior to the Closing, to the extent specifically requested by the Receiver, Herban or a Herban Parties, will provide reasonably required documentation or other evidence to support its ability to provide adequate assurance of future performance of each Assumed Contract

(d) Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any Assumed Contract, to the extent such Assumed Contract is not assignable under Applicable Law without the Consent of any other Person unless such Consent has been obtained; and

(e) For greater certainty, provided that the Receiver, Herban and the Herban Parties have complied with the covenant to use commercial reasonable efforts as set out in Section 2.5(b) above, if any Consent is required to assign an Assumed Contract, but is not obtained, no Party shall be in breach of this Agreement, nor shall (i) any condition to Closing be unsatisfied, (ii) the Purchase Price be adjusted, or (iii) the Closing be delayed.

ARTICLE 3
PURCHASE PRICE

Section 3.1 Earnest Money Deposit

(a) The Receiver acknowledges receipt from the Purchaser of an earnest money deposit (the "**Deposit**") in the amount of four hundred thousand ($400,000) dollars to be held in trust by the Receiver.

(b) The Deposit will be returned to the Purchaser on the earliest to occur of (i) January 21, 2020 (such period between signing and January 21, 2020, the "**Deposit Period**") and (ii) the Closing. If, during the Deposit Period, the Closing has not occurred solely due to the Agreement having been terminated by the Receiver pursuant to a material breach of Section 9.1(d), then the full amount of the Deposit, together with all interest accrued thereon, if any, shall become the property of, and may be retained by, the Receiver on its own behalf and on behalf of Herban and the Herban Parties as liquidated damages (and not as a penalty) to compensate it, Herban and the Herban Parties for the expenses incurred and opportunities foregone as a result of the failure of the transaction of purchase and sale contemplated hereby to close and the Receiver, Herban and the Herban Parties agree that the Deposit shall be in full and complete satisfaction of any obligations of Purchaser to Receiver, Herban, and any Herban Parties and in full satisfaction

of any damages that Receiver, Herban, or any of the Herban Parties may assert in any Claim involving Purchaser or Purchaser's affiliates; provided, for greater certainty, that in the event the Closing does not occur for any reason, the Receiver, Herban and the Herban Parties shall still be permitted to pursue the Herban Litigation or any other litigation against the Purchaser and/or its affiliates for matters other than the failure to close under this Agreement. If the Closing does not occur for any other reason, then without limiting Receiver's obligation to return the Deposit to Purchaser as otherwise set forth in this Agreement, then the full amount of the Deposit together with all accrued interest accrued thereon, if any, shall be returned by the Receiver to the Purchaser, in immediately available funds, in accordance with Purchaser's instructions, within two (2) Business Days.

Section 3.2 Determination of Purchase Price

The purchase price for the Purchased Assets, exclusive of all applicable Transfer Taxes, shall be (i) [redacted] Series C Preferred Shares (the "**Share Consideration"**) plus (ii) the Warrants plus (iii) the covenants contained herein, plus (iv) the assumption of the Assumed Liabilities (such Share Consideration plus the Warrants plus the covenants of the Purchaser contained herein plus the assumption of the Assumed Liabilities, the "**Purchase Price**").

Section 3.3 Payment of Purchase Price

The Purchase Price shall be paid and be satisfied on Closing by the Purchaser issuing to such party as the Receiver may direct: (i) new Series C Preferred Shares that constitute the total amount of the Share Consideration and (ii) the Warrants.

Section 3.4 Allocation of Purchase Price

The Parties agree to allocate the Purchase Price among the Purchased Assets in such manner as they may mutually agree prior to the Closing. The Parties shall report the sale and purchase of the Purchased Assets for all tax purposes in a manner consistent with such allocation, and will complete all tax returns, designations and elections in a manner consistent with such allocation and otherwise follow such allocation for all tax purposes on and subsequent to the Closing Date and may not take any position inconsistent with such allocation.

Section 3.5 Transfer Taxes

The Parties agree that the Purchase Price payable by the Purchaser to the Receiver pursuant to this Agreement does not include any Transfer Taxes and all Transfer Taxes are the responsibility of and for the account of the Purchaser. The Parties agree to cooperate to determine the amount of Transfer Taxes payable in connection with the Transaction. If the Receiver, Herban or any Herban Party is required by Applicable Law or by administration thereof to collect any applicable Transfer Taxes from the Purchaser, the Purchaser shall pay such Transfer Taxes to the applicable Party on Closing, unless the Purchaser qualifies for an exemption from any such applicable Transfer Taxes, in which case the applicable Party shall not collect any such applicable Transfer Taxes from the Purchaser, provided that the Purchaser, in lieu of payment of such applicable Transfer Taxes to the applicable Party, deliver to such Party such certificates, elections or other documentation required by Applicable Law or the administration thereof to substantiate and

affect the exemption claimed by the Purchaser. The Purchaser and DYME Acquisition shall indemnify the Receiver, DYME, Herban the Herban Parties against any Claims which may arise in connection with such Transfer Taxes, and the Purchaser and DYME Acquisition further agrees to pay all such amounts including interest and penalties if any, upon written request by the Receiver provided in accordance with the provisions of Section 10.10.

Section 3.6 Tax Election

With respect to the Taxes:

(a) The Parties agree to furnish or cause to be furnished to each other, as promptly as reasonably practicable, such information and assistance relating to the Purchased Assets and the Assumed Liabilities as is reasonably necessary for the preparation and filing of any Tax return, claim for refund or other required or optional filings relating to Tax matters, for the preparation for and proof of facts during any Tax audit, for the preparation for any Tax protest, for the prosecution of any suit or other proceedings relating to Tax matters and for the answer to any governmental or regulatory inquiry relating to Tax matters;

(b) The Purchaser and DYME Acquisition hereby agree to indemnify the Receiver, DYME, Herban and the Herban Parties for any assessment of any Transfer Taxes made against such Parties and the Purchaser further agrees to pay all such amounts including interest and penalties if any, upon written request by the Receiver provided in accordance with the provisions of Section 10.10.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations of the Receiver, Herban and the Herban Parties

The Receiver, Herban and the Herban Parties represent and warrant to the Purchaser as follows and acknowledges that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

(a) The Receiver has been appointed by the Court as receiver of the Property pursuant to the Receivership Order, a copy of which is appended as Schedule 1;

(b) Subject to the issuance of the Bidding Procedures Order and the Approval Order, the Receiver has all necessary power and authority to enter into this Agreement and to carry out its obligations under this Agreement.

(c) Each of Herban and the Herban Parties has all necessary power to enter into this Agreement and to carry out its obligations under this Agreement.

(d) This Agreement constitutes a legal, valid and binding obligation of the Receiver enforceable against it in accordance with its terms, subject to any limitations imposed by Applicable Law; and

(e) Neither the Receiver nor, to the knowledge of the Receiver, DYME, is a non-resident of Canada within the meaning of section 116 of the *Income Tax Act*.

Section 4.2 Representations of the Purchaser

The Purchaser represents and warrants to each of the other Parties as follows and acknowledges that each of the other Parties is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

(a) The Purchaser is a corporation duly formed and validly subsisting under the laws of the jurisdiction of its formation and has the requisite power and authority to carry on its business as now conducted by it and to own its properties and assets, and is qualified to carry on business under the Applicable Laws of the jurisdictions where it carries on a material portion of its business;

(b) The Purchaser has taken all necessary action to authorize the entering into and performance by it of this Agreement and completion of the Transaction, and the execution, delivery and performance by the Purchaser of this Agreement and completion of the Transaction does not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) require any Consent or approval under, result in a breach or a violation of, or conflict with, any of the terms or provisions of its constating documents or by-laws or any contracts or instruments to which it is a party or pursuant to which any of its assets or property may be affected, and will not result in the violation of any Applicable Law;

(c) The execution, delivery and performance of this Agreement by the Purchaser and completion of the Transaction does not and will not require any Consent, approval, authorization or other order of, action by, filing with or notification to, any Governmental Authority, except where failure to obtain such Consent, approval, authorization or action, or to make such filing or notification, would not prevent, affect or delay the consummation by the Purchaser of the Transaction;

(d) There is no action, suit, proceeding or Claim against the Purchaser that is pending or, to the Purchaser's knowledge, threatened against the Purchaser in any court or by or before any Governmental Authority that would adversely affect the Purchaser's ability to perform its obligations under this Agreement on a timely basis;

(e) This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser and is enforceable against the Purchaser in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar Applicable Laws relating to creditors' rights generally and subject to general principles of equity; and

(f) On the date hereof (i) the total authorized and issued capital of the Purchaser, both actual and on a fully diluted basis, is as set forth in Schedule 6, (ii) the shares of

Common Stock, Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock in the capital of the Purchaser have the respective rights, preferences and privileges set forth in the Amended and Restated Certificate of Incorporation attached hereto on Schedule 5, and (iii) the Conversion Price of the Series C Preferred Stock (as defined in the Amended and Restated Certificate of Incorporation) is [redacted]; and

(g) At the Closing Time and after completion of the Eaze Note Conversion and after giving effect to the delivery of the Warrants and Share Consideration pursuant to Section 3.3: (i) the shares of Common Stock, Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock of the Purchaser have the respective rights, preferences and privileges set forth in the Amended and Restated Certificate of Incorporation attached hereto on Schedule 5, *provided*, the Purchaser shall file a certificate of amendment to such Amended and Restated Certificate of Incorporation prior to the Closing Time to authorized additional shares of its Common Stock, Preferred Stock and Series C Preferred Stock; (ii) the Share Consideration will have been duly authorized and will be validly issued, fully paid and non-assessable shares in the capital of the Purchaser; and (iii) the Warrants will have been duly authorized and will be validly issued, and the shares in the capital of the Purchaser issuable upon the exercise of the Warrants will have been authorized and allotted for issuance and, upon the issuance of such shares, will be validly issuance, fully paid and non-assessable shares in the capital of the Purchaser.

Section 4.3 Limitations

With the exception of the Receiver's, Herban's and the Herban Parties' representations and warranties in Section 4.1 and the Purchaser's representations and warranties in Section 4.2, No Party or their Representatives have made or shall be deemed to have made any other representation or warranty, express or implied, at law or in equity, in respect of the Receiver, Herban, the Herban Parties, the Purchaser, the Purchased Assets, the Herban Assets or the sale or purchase of the Purchased Assets pursuant to this Agreement.

ARTICLE 5
COVENANTS

Section 5.1 Pre-Closing Cooperation

Following any determination by the Receiver in accordance with the Bidding Procedures that this Agreement is the Successful Bidder and prior to the Closing, upon the terms and subject to the conditions of this Agreement, each of the Parties shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, and cooperate with each other in order to do, all things necessary, proper or advisable under Applicable Law to consummate the Transaction as soon as reasonably practicable.

Section 5.2 Acquisition of Assets on "As Is, Where Is" Basis

The Purchaser hereby acknowledges and agrees as follows:

(a) The Purchased Assets are being purchased on an "as is, where is" basis as they exist at the Closing Time;

(b) It has conducted or will conduct its own searches and investigations relating to the Purchased Assets;

(c) It has conducted such inspections of the Purchased Assets as deemed appropriate, satisfied itself with respect to the Purchased Assets and all matters connected with or related to the Purchased Assets, and has relied entirely upon its own investigations and inspections in entering into this Agreement to acquire all of the Receiver's, DYME', Herban's and the Herban Parties' right, title and interest, if any, in and to the Purchased Assets, without regard to any information made available or provided by the Receiver, Herban, the Herban Parties or their respective Representatives; and

(d) Subject to Closing, Dyme Acquisition will accept the Purchased Assets in their state, condition and location as at the Closing Time. Except as expressly set forth in this Agreement, the Receiver, Herban and the Herban Parties make no representations, warranties, statements or promises on their own behalf or on behalf of DYME in favour of the Purchaser concerning the Purchased Assets, the Herban Assets or their right, title or interest in or to the Purchased Assets, which the Purchaser acknowledges are being acquired on an "as is, where is" basis (including, without limitation, title thereto and/or the state of any Encumbrances), or the uses or applications of the Purchased Assets, whether express or implied, statutory or collateral, arising by operation of Applicable Law or otherwise, including express or implied warranties of merchantability, fitness for a particular purpose, title, description, quantity, condition or quality, and that any and all conditions and warranties expressed or implied by the *Sale of Goods Act* (British Columbia) or other Applicable Law do not apply to the Transaction and are hereby waived by the Purchaser.

Section 5.3 Eaze Note Conversion; Non-Dilutive Rights Agreement

The Purchaser hereby agrees (i) to complete the Eaze Note Conversion, including taking and causing to be taken all actions necessary or desirable to complete the Eaze Note Conversion, prior to the Closing Time and (ii) to enter into the Non-Dilutive Rights Agreement on or prior to the Closing Time.

Section 5.4 Changes in Capital of the Purchaser

The Purchaser will, as soon as reasonably practicable and in any event within 2 Business Days of the issuance thereof, give Receiver notice of any issuances of shares (or securities convertible into shares) of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock and of any conversion of options or warrants into such shares between the date of this Agreement and the Closing Time.

ARTICLE 6
APPROVAL ORDER

Section 6.1 Approval Order

(a) If this Agreement is determined by the Receiver in accordance with the Bidding Procedures to be a Successful Bid, the Receiver shall use its commercially reasonable efforts to promptly file and serve a motion with the Court seeking the Approval Order; and

(b) If this Agreement is determined by the Receiver in accordance with the Bidding Procedures to be a Successful Bid, and leave to appeal is sought, an appeal is taken or a stay pending appeal is requested with respect to the Bidding Procedures Order or the Approval Order, the Receiver shall promptly notify the Purchaser of such leave to appeal, appeal or stay request and shall promptly provide to the Purchaser a copy of the related notice(s) or order(s) and written notice of any motion or application filed in connection with any leave to appeal or appeal from such orders.

ARTICLE 7
CONDITIONS

Section 7.1 Conditions for the Benefit of the Purchaser

The obligation of the Purchaser to complete the Transaction shall be subject to the satisfaction of, or compliance with, at or before the Closing Time, each of the following conditions precedent:

(a) All representations and warranties of the Receiver, Herban and the Herban Parties contained in this Agreement shall be true and correct as at the Closing Time with the same force and effect as if made at and as of such time;

(b) Purchaser's receipt of a release and waiver of all Claims by DYME, the Receiver, Herban, and each of the Herban Parties, against the Purchaser and Hometown Heart (and all of Purchaser's affiliates, and Hometown Heart's and Purchaser's respective subsidiaries, officers, directors and employees) including without limitation the Herban Litigation in a form reasonably satisfactory to Purchaser and substantially similar to the form circulated between the Parties concurrently with the execution of this Agreement (the "**Dyme Release**");

(c) Purchaser's receipt of evidence reasonably satisfactory to the Purchaser that all Encumbrances on (i) any and all of the Purchased Assets, or (ii) Hometown Heart of any of its assets, in each case held by or in favor of Flow Capital have been released (the "**Flow Release**");

(d) Purchaser's receipt of evidence reasonably satisfactory to the Purchaser that all Encumbrances on any and all of the Purchased Assets or Hometown Heart or any of its Assets, held by or in favor of the Receiver, have been released and that the Receiver has executed a release and waiver of all Claims by the Receiver against

the Purchaser and Hometown Heart (and all of Purchaser's affiliates, and Purchaser's and Hometown Heart's respective subsidiaries, officers, directors and employees) with respect to any matters or Claims arising out of the pre-Closing period in a form satisfactory to Purchaser (the "**Receiver Release**");

(e) The Receiver, Herban and the Herban Parties shall have complied with and performed in all material respects all of their covenants and obligations contained in this Agreement required to be performed by them prior to or by the Closing Time, including those obligations set out in Section 6.1;

(f) The full amount of the Deposit shall have been returned to Purchaser;

(g) Purchaser's receipt of an executed (by DYME's counsel of record) Judicial Council of California form CIV-110, dismissing, with prejudice the Herban Litigation in form attached hereto as Schedule 7 (the "**Dismissal Form**");

(h) Delivery by the Receiver of executed signature pages from each of the third parties receiving any portion of the Share Consideration, joining such third parties as parties to the Purchaser's Voting Agreement and IRA; and

(i) The Receiver shall have delivered a copy of a release and discharge made by GLAS in favour of Purchaser, Hometown Heart and Dyme Acquisition of the obligations of Hometown Heart under the DYME Credit Agreement and the GLAS Security and a release of the GLAS Security with respect to the assets of Hometown Heart and the other Purchased Assets in a form satisfactory to the Purchaser, acting reasonably.

The foregoing conditions are for the exclusive benefit of the Purchaser and non-satisfaction or non-performance of any such condition may only be waived by the Purchaser, in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Purchaser may have. Any such waiver is only binding on the Purchaser if it is made in writing.

Section 7.2 Conditions for the Benefit of the Receiver, Herban and the Herban Parties

The obligation of the Receiver, Herban and the Herban Parties to complete the Transaction shall be subject to the satisfaction of, or compliance with, at or before the Closing Time, each of the following conditions precedent:

(a) The Eaze Note Conversion shall have been completed;

(b) The applicable Parties shall have entered into the Non-Dilutive Rights Agreement;

(c) All representations and warranties of the Purchaser contained in this Agreement shall be true and correct in all material respects as at the Closing Time with the same force and effect as if made at and as of such time; and

(d) The Purchaser shall have complied with and performed in all material respects all of their covenants and obligations contained in this Agreement to be performed

by them before or by the Closing Time, including delivery by the Purchaser of the documents and instruments contemplated by Section 8.3.

The foregoing conditions are for the exclusive benefit of the Receiver, Herban and the Herban Parties and non-satisfaction or non-performance of any such condition may only be waived by the Receiver, Herban and the Herban Parties in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Receiver, Herban and the Herban Parties may have. Any such waiver is only binding on the Receiver, Herban and the Herban Parties if it is made in writing.

Section 7.3 Mutual Conditions

The obligation of the Parties to complete the Transaction shall be subject to the satisfaction of, or compliance with, at or before the Closing Time, each of the following conditions precedent:

(a) The Receiver shall have determined in accordance with the Bidding Procedures that this Agreement is a Successful Bid;

(b) The Receivership Order, the Bidding Procedures Order and the Approval Order shall have been issued and entered by the Court and such orders shall not have been stayed, vacated or appealed and no order shall have been issued which restrains or prohibits the completion of the Transaction; and

(c) There shall be no order issued by any Governmental Authority delaying, restricting or preventing the consummation of this Transaction.

The foregoing conditions are for the benefit of all Parties and non-satisfaction or non-performance of any such condition may only be waived by no less than all of them, in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which they each may have. Any such waiver is only binding on a Party if it is made in writing, however no Party shall be able to delay or prevent Closing due to non-satisfaction of these mutual conditions due to a breach of this Agreement by that Party.

ARTICLE 8
CLOSING

Section 8.1 Closing Date and Place of Closing

(a) If this Agreement is determined by the Receiver in accordance with the Bidding Procedures to be a Successful Bid,

(i) The Purchaser shall use commercially reasonable efforts to provide any information and take such actions as may be reasonably requested by the Receiver to assist the Receiver in obtaining the Approval Order and any other order of the Court reasonably necessary to consummate the Transaction; and

(ii) the Parties, as applicable, hereby covenant and agree to use commercially reasonable efforts to satisfy all conditions set forth in Section 7.1, Section 7.2 and Section 7.3 as soon as reasonably practicable; and

(b) Closing shall take place at 10:00 a.m. (the "**Closing Time**") on the Closing Date at the offices of the Receiver's Solicitors, or such other time and location as the Parties may agree upon in writing. Any tender of documents or money hereunder may be made upon the Parties or upon the solicitors acting for the Party on whom tender is desired. All proceedings to be taken and all documents to be executed and delivered by all Parties at the Closing shall be deemed to have been taken and executed simultaneously and no proceedings shall be deemed to have been taken nor documents executed or delivered until all have been taken, executed and delivered.

Section 8.2 Deliveries on Closing by the Receiver, Herban and the Herban Parties

At the Closing Time, the Receiver, Herban and the Herban Parties, as applicable, shall deliver, or cause to be delivered to the Purchaser:

(a) A true and complete copy of the Approval Order, as issued by the Court;

(b) The Receiver's Certificate (as defined in the Approval Order) executed by the Receiver;

(c) A bring-down certificate executed by the Receiver and each of the Herban Parties, in a form satisfactory to the Purchaser, acting reasonably, certifying that all of the representations and warranties of the Receiver and the Herban Parties, respectively, hereunder remain true and correct as of the Closing Time;

(d) The elections referred to in Section 3.6, executed by the Receiver on behalf of DYME, to the extent such elections are applicable to the Transaction and available to the Purchaser;

(e) The fully executed and unconditional DYME Release;

(f) The fully executed and unconditional Receiver Release;

(g) The Flow Release;

(h) The full amount of the Deposit;

(i) The fully executed and unconditional Dismissal Form;

(j) The Assignment executed by the Receiver, Herban and/or the Herban Parties, in a form satisfactory to the Purchaser, acting reasonably; and

(k) Such other documents as may be reasonably requested by the Purchaser's Solicitors to effect or evidence Closing and the transfer of the Purchased Assets.

Section 8.3 Deliveries on Closing by the Purchaser

At the Closing Time, the Purchaser shall deliver, or cause to be delivered to the Receiver:

(a) The book entry positions in Carta representing the Share Consideration and the certificate(s) representing the Warrants, in each case, in accordance with Section 3.3;

(b) The Non-Dilutive Rights Agreement;

(c) A bring-down certificate executed by the Purchaser, in a form satisfactory to the Receiver, Herban and the Herban Parties, acting reasonably, certifying that all of the representations and warranties of the Purchaser hereunder remain true and correct as of the Closing Time;

(d) The elections referred to in Section 3.6, executed by the Purchaser, to the extent such elections are applicable to the Transaction and available to the Purchaser;

(e) The Assignment executed by the Purchaser, in a form satisfactory to the Receiver, Herban and the Herban Parties, acting reasonably;

(f) A certified copy of (i) the amended and restated certificate of incorporation of the Purchaser, (ii) the by-laws of the Purchaser, (iii) the securities register of the Purchaser (after giving effect to the issuance of the Share Consideration), and a good standing certificate in respect of the Purchaser issued by the applicable Governmental Authority of Delaware; and

(g) Such other documents as may be reasonably requested by the Receiver, Herban or the Herban Parties to effect or evidence Closing and the transfer of the Purchased Assets.

Section 8.4 Risk

The Purchased Assets will be and remain at the risk of DYME, Herban and/or the Herban Parties, as applicable, to the extent of their interest until Closing and at the risk of the Purchaser from and after Closing.

Section 8.5 Herban Books and Records

The Receiver, any trustee, trustee in bankruptcy or similar official appointed with respect to DYME, and each of their Representatives shall, subject to entering into appropriate confidentiality arrangements to the extent necessary to preserve confidentiality or to preserve privilege (including the attorney / client privilege) for a period of six (6) years from the Closing Date, have access to, and the right to copy, at their expense to the extent necessary or useful in connection with their administration and discharge of their duties and obligations, including the filing of any Tax return or the defence or settlement of any litigation or to comply with any Applicable Law and during usual business hours, upon reasonable prior notice to the Purchaser, all Herban Books and Records which are to be transferred and conveyed to the Purchaser pursuant to this Agreement. The Purchaser shall use reasonable efforts to retain and preserve all

such Herban Books and Records for such six (6) year period. The Purchaser shall not be responsible or liable to the Receiver or any other Person for or as a result of any unintentional loss or destruction of or damage to any of the Herban Books and Records.

ARTICLE 9
TERMINATION

Section 9.1 Termination

This Agreement may be terminated at any time prior to the Closing:

(a) Automatically and without any action or notice by any Party immediately upon the issuance of a final and non-appealable order, decree, or ruling or any other action by a Governmental Authority to restrain, enjoin or otherwise prohibit the Transaction;

(b) Subject to any required Court approval, by mutual written consent of the Parties;

(c) By any Party if the Closing has not occurred on or before the Termination Date other than in the circumstances described in Section 9.1(d) or Section 9.1(e);

(d) By the Receiver, Herban or any Herban Party if there has been a material violation or breach by the Purchaser of any agreement, covenant, representation or warranty of the Purchaser in this Agreement which would prevent the satisfaction of, or compliance with, any condition set forth in Section 7.2 by the Termination Date and such violation or breach has not been waived by the Receiver or cured by the Termination Date, unless the Receiver, Herban or a Herban Party is in material breach of its obligations under this Agreement;

(e) By the Purchaser, if there has been a material violation or breach by the Receiver, Herban or any Herban Party of any agreement, covenant, representation or warranty which would prevent the satisfaction of, or compliance with, any condition set forth in Section 7.1 by the Termination Date and such violation or breach has not been waived by the Purchaser or cured by the Termination Date, unless the Purchaser is in material breach of its obligations under this Agreement; or

(f) By any Party, if the conditions set forth in Section 7.3 have not been satisfied by the Termination Date.

ARTICLE 10
MISCELLANEOUS

Section 10.1 Disclosure of Agreement

Each of the Parties agrees that this Agreement shall be filed in the Receivership Proceedings with such redactions as are determined by the Receiver in consultation with the Purchaser, subject to the approval of the Court; provided, however, that unless otherwise required by Applicable Law, none of DYME, the Receiver, Herban, or any Herban Party, shall make any public announcements

in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the Purchaser.

Section 10.2 Liability of the Parties

The Purchaser acknowledges and agrees that in all matters pertaining to this Agreement, including in its execution, FTI is acting solely in its capacity as Receiver of DYME and, as such, its liability under this Agreement, if any, will be in its capacity as Receiver, and FTI and its Representatives shall have no personal or corporate liability of any kind, whether in contract, in tort or otherwise and in no circumstance will the Receiver be liable for any consequential damages including loss of profit.

Section 10.3 Obligations to Survive

(a) The obligations and covenants of the Parties set out in the following sections and articles of this Agreement shall survive Closing, shall remain in full force and effect, shall not merge as a result of Closing and shall be binding on the Parties thereafter: Section 2.3 [Assumed Liabilities], Section 2.4 [Exclusion of Liabilities], Section 2.5(a) [Assignment and Assumption of Assumed Contracts, Section 3.5 [Transfer Taxes], Section 3.6 [Tax Election], Section 5.2 [Acquisition of Assets on "As Is, Where Is" Basis],, Section 8.5 [Herban Books and Records], Section 10.2 [Liability of the Parties], Section 10.4 [Damages], Section 10.5 [Further Assurances] and Section 10.8 [Costs and Expenses]; and

(b) The obligations and covenants of the Parties set out in the following sections and articles of this Agreement shall survive termination of this Agreement: Section 10.2 [Liability of the Parties], Section 10.4 [Damages], Section 10.9 [Costs and Expenses] and Section 10.13 [No Brokers].

Section 10.4 Damages

Under no circumstance shall any of the Parties or their Representatives be liable for any special, punitive, exemplary, consequential or indirect damages (including loss of profits) that may be alleged to result, in connection with, arising out of, or relating to this Agreement or the transactions contemplated herein.

Section 10.5 Further Assurances

Each of the Parties from and after the date hereof shall, from time to time, and at the request and expense of the Party requesting the same, do all such further acts and things and execute and deliver such further instruments, documents, matters, papers and assurances as may be reasonably requested to complete the Transaction, including, without limitation, the transfer to DYME Acquisition's control of all of the Purchased Assets, and for more effectually carrying out the true intent and meaning of this Agreement. The Receiver's obligations under this Section shall terminate on its discharge as Receiver.

Section 10.6 Assignment by Purchaser

The Purchaser shall not be permitted to assign this Agreement or any of its rights or obligations under this Agreement without the prior written consent of the Receiver.

Section 10.7 Time of the Essence

Time shall be of the essence of this Agreement.

Section 10.8 Costs and Expenses

Each Party shall be responsible for all costs and expenses (including the fees and disbursements of legal counsel, bankers, investment bankers, accountants, brokers and other advisors) incurred by it in connection with this Agreement and the transactions contemplated herein, including that the Receiver shall be solely responsible in respect of the Receiver's costs and expenses relating to all Court applications provided for herein.

Section 10.9 Notices

Any notice, demand or other communication required or permitted to be given to any Party hereunder shall be given in writing and addressed as follows:

(a) In the case of the Receiver:

FTI Consulting Canada Inc., in its capacity as Court-appointed receiver of DionyMed Brands Inc.
TD Waterhouse Tower, Suite 2010
79 Wellington Street
Toronto, ON M5K 1G8

Attention: Jeffrey Rosenberg
Email: jeffrey.rosenberg@fticonsulting.com

And with a copy to:

FTI Consulting Canada Inc., in its capacity as Court-appointed receiver of DionyMed Brands Inc.
Suite 15 – 131
555 Burrard Street
Vancouver, BC V7X 1M8

Attention: Craig Munro
Email: craig.munro@fticonsulting.com

And with a copy to the Receiver's Solicitors:

Bennett Jones LLP
2500-666 Burrard Street
Vancouver, British Columbia V6C 2X8

Attention: Sean Zweig/David Gruber
Email: zweigs@bennettjones.com/gruberd@bennettjones.com

(b) In the case of Herban or any Herban Party:

c/o DionyMed Brands Inc.
One University Avenue
4th Floor, Suite 116
Toronto, Ontario M5J 2P1

Attention: Chris Wimmer
Email: chris.wimmer@dyme.com

And with a copy to:

Dorsey & Whitney LLP
600 Anton Boulevard, Suite 200
Costa Mesa, California 92626

Attention: Jason Brenkert
Email: brenkert.jason@dorsey.com

(c) In the case of the Purchaser or DYME Acquisition:

Eaze Technologies, Inc.
Attention: Legal
Email: Legal@eaze.com, Andrea@eaze.com

And with a copy to the Purchaser's Solicitors:

Gowling WLG (Canada) LLP
2300-550 Burrard Street,
Vancouver, BC V6C 2B5
Attention: Jonathan Ross/David Cohen
Email: jonathan.ross@gowlingwlg.com / david.cohen@gowlingwlg.com

Any such notice, if personally delivered (including courier delivery), shall be deemed to have been validly and effectively given and received on the Business Day of such delivery provided such notice is received before 4:00 p.m. (addressee's local time); and if such notice is received after 4:00 p.m. (addressee's local time) or if the notice is sent by email, such notice shall be deemed to have been validly and effectively given and received on the Business Day next following the day it was received.

Section 10.10 Solicitors and Agents and Tender

Any notice, approval, waiver, agreement, instrument, document or communication permitted, required or contemplated in this Agreement may be given or delivered and accepted or received by the Party's solicitors on behalf of such Party and any tender of closing documents and the Purchase Price may be made upon the applicable Parties' solicitors.

Section 10.11 Successors and Assigns

This Agreement shall be binding upon, and enure to the benefit of, the Parties and their respective successors and permitted assigns.

Section 10.12 No Brokers

It is understood and agreed that no Party shall be liable for any commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for another Party.

Section 10.13 Third Party Beneficiaries

Each Party intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the Parties and their successors and permitted assigns, and no Person, other than the Parties and their successors and their permitted assigns shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum, save and except in the event of any action, suit, proceeding, hearing or other forum as it pertains to matters of confidentiality and any particular Representative in connection therewith.

Section 10.14 Severability

If any provision of this Agreement or any document delivered in connection with this Agreement is determined by a court of competent jurisdiction to be partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provision validity or enforceability in any other jurisdiction.

Section 10.15 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by facsimile or other electronic means of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

Section 10.16 No Strict Construction

The parties have participated jointly in the negotiation and drafting of this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favouring or disfavouring either Party by virtue of authorship of any provision of this Agreement.

IN WITNESS WHEREOF this Agreement has been properly executed by the Parties as of the date first above written.

FTI Consulting Canada Inc., solely in its capacity as the Court-appointed Receiver of **DIONYMED BRANDS INC.**, and not in its personal capacity or corporate capacity

Per: _____
Name: JEFFREY ROSENBERG
Title: SENIOR MANAGING DIRECTOR

I have authority to bind the Receiver.

DYME US Acquisition Sub, LLC

By Eaze Technologies, Inc., its sole member

Per:_____

Name:

Title:

I have authority to bind the company.

EAZE TECHNOLOGIES, INC.

Per: _____
Name:
Title:

I have authority to bind the company.

IN WITNESS WHEREOF this Agreement has been properly executed by the Parties as of the date first above written.

FTI Consulting Canada Inc., solely in its capacity as the Court-appointed Receiver of **DIONYMED BRANDS INC**., and not in its personal capacity or corporate capacity

Per: _____

Name:
Title:

I have authority to bind the Receiver.

DYME US Acquisition Sub, LLC

By Eaze Technologies, Inc., its sole member

Per: _____

Name: Rogelio Choy

Title: CEO

I have authority to bind the company.

EAZE TECHNOLOGIES, INC.

Per: _____

Name: Rogelio Choy

Title: CEO

I have authority to bind the company.

HERBAN INDUSTRIES, INC.

Per: Cory Azzalino
Name: Cory Azzalino
Title: CEO
I have authority to bind the Receiver.

HERBAN INDUSTRIES CA LLC

Per: Cory Azzalino
Name: Cory Azzalino
Title: CEO
I have authority to bind the Receiver.

HERBAN INDUSTRIES OR LLC

Per: Cory Azzalino
Name: Cory Azzalino
Title: CEO
I have authority to bind the Receiver.

HERBAN INDUSTRIES NJ LLC

Per: Cory Azzalino
Name: Cory Azzalino
Title: CEO
I have authority to bind the Receiver.

HERBAN INDUSTRIES NV LLC

Per: Cory Azzalino
Name: Cory Azzalino
Title: CEO
I have authority to bind the Receiver.

HERBAN INDUSTRIES CO LLC

Per: Cory Azzalino
Name: Cory Azzalino
Title: CEO
I have authority to bind the Receiver.

HERBAN INDUSTRIES MI LLC

Per: Cory Azzalino
Name: Cory Azzalino
Title: CEO
I have authority to bind the Receiver.

SCHEDULE 1
RECEIVERSHIP ORDER

No. S1912098
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

GLAS Americas LLC

Petitioners

- and -

DionyMed Brands Inc.

Respondent

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE RECEIVERSHIP OF
DIONYMED BRANDS INC.

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE MR. JUSTICE MARCHAND) 29/10/2019

ON THE APPLICATION of GLAS USA LLC and GLAS Americas LLC for an Order pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and Section 39 of the *Law and Equity Act*, R.S.B.C. 1996 c. 253, as amended (the "**LEA**") appointing FTI Consulting Canada Inc. ("**FTI**"), as Receiver and Manager (in such capacity, the "**Receiver**") without security, of all of the assets, undertakings and property of DionyMed Brands Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, coming on for hearing this day at Vancouver, British Columbia.

AND ON READING the Affidavit #1 of Yana Kislenko sworn October 22, 2019 and the consent of FTI to act as the Receiver; AND ON HEARING from Cindy Cheuk, Counsel for GLAS Americas LLC, and other counsel as listed on Schedule "A" hereto, and no one else appearing, although duly served.

THIS COURT ORDERS AND DECLARES that:

APPOINTMENT

1. Pursuant to Section 243(1) of the BIA and Section 39 of the LEA, FTI is appointed Receiver, without security, of all of the assets, undertakings and property of the Debtor, including all proceeds (the "**Property**").

RECEIVER'S POWERS

2. The Receiver is empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

   (a) to take possession of and exercise control over the Property and any and all receipts and disbursements arising out of or from the Property;

   (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, changing locks and security codes, relocation of Property, engaging independent security personnel, taking physical inventories and placing insurance coverage;

   (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

   (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including, without limitation, those conferred by this Order;

   (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;

   (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting these amounts, including, without limitation, enforcement of any security held by the Debtor;

   (g) to settle, extend or compromise any indebtedness owing to the Debtor;

   (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

   (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;

   (j) to initiate, manage and direct all legal proceedings now pending or hereafter pending (including appeals or applications for judicial review) in respect of the

Debtor, the Property or the Receiver, including initiating, prosecuting, continuing, defending, settling or compromising the proceedings;

(k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver considers appropriate;

(l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:

(i) without the approval of this Court in respect of a single transaction for consideration up to $50,000, provided that the aggregate consideration for all such transactions does not exceed $500,000; and

(ii) with the approval of this Court in respect of any transaction in which the individual or aggregate purchase price exceeds the limits set out in subparagraph (i) above,

and in each such case notice under Section 59(10) of the *Personal Property Security Act*, R.S.B.C. 1996, c. 359 shall not be required;

(m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers, free and clear of any liens or encumbrances;

(n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver considers appropriate on all matters relating to the Property and the receivership, and to share information, subject to confidentiality terms as the Receiver considers appropriate;

(o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

(p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if considered necessary or appropriate by the Receiver, in the name of the Debtor;

(q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limitation, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

(r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and

(s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

3. Each of (i) the Debtor; (ii) all of the Debtor's current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf; and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (collectively, "**Persons**" and each a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.

4. All Persons, other than governmental authorities, shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (collectively, the "**Records**") in that Person's possession or control. Upon request, governmental authorities shall advise the Receiver of the existence of any Records in that Person's possession or control.

5. Upon request, all Persons shall provide to the Receiver or permit the Receiver to make, retain and take away copies of the Records and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities, provided however that nothing in paragraphs 4, 5 or 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to solicitor client privilege or statutory provisions prohibiting such disclosure.

6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by an independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may require including, without limitation, providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are stayed and suspended pending further Order of this Court; provided, however, that nothing in this Order shall prevent any Person from commencing a Proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such Proceeding is not commenced before the expiration of the stay provided by this paragraph and provided that no further step shall be taken in respect of the Proceeding except for service of the initiating documentation on the Debtor and the Receiver.

NO EXERCISE OF RIGHTS OR REMEDIES

9. All rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Property, are stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this Order shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) affect the rights of any regulatory body as set forth in section 69.6(2) of the BIA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien. This stay and suspension shall not apply in respect of any "eligible financial contract" as defined in the BIA.

NO INTERFERENCE WITH THE RECEIVER

10. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract from closing out and terminating such contract in accordance with its terms.

CONTINUATION OF SERVICES

11. All Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and the Receiver shall be entitled to the continued use of the Debtor's current

telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever including, without limitation, the sale of all or any of the Property and the collection of any accounts receivable, in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post-Receivership Accounts**") and the monies standing to the credit of such Post-Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

13. Subject to the employees' right to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities of the Debtor, including any successor employer liabilities as referred to in Section 14.06(1.2) of the BIA, other than amounts the Receiver may specifically agree in writing to pay or in respect of obligations imposed specifically on receivers by applicable legislation, including sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47. The Receiver shall be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts relating to any employees that the Receiver may hire in accordance with the terms and conditions of such employment by the Receiver.

PERSONAL INFORMATION

14. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 or Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the

Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. Nothing in this Order shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release, or deposit of a substance contrary to any federal, provincial or other law relating to the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination (collectively "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation.

16. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless the Receiver is actually in possession.

17. Notwithstanding anything in federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arises or environmental damage that occurred:

    (a) before the Receiver's appointment; or,

    (b) after the Receiver's appointment, unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.

18. Notwithstanding anything in federal or provincial law, but subject to paragraph 17 of this Order, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, if the Receiver complies with the BIA section 14.06(4), the Receiver is not personally liable for the failure to comply with the order and is not personally liable for any costs that are or would be incurred by any Person in carrying out the terms of the order.

LIMITATION ON THE RECEIVER'S LIABILITY

19. The Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except:

    (a) any gross negligence or wilful misconduct on its part; or

    (b) amounts in respect of obligations imposed specifically on receivers by applicable legislation.

Nothing in this Order shall derogate from the protections afforded the Receiver by Section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

20. The Receiver and its legal counsel, if any, are granted a charge (the "**Receiver's Charge**") on the Property as security for the payment of their fees and disbursements, in each case at their standard rates, in respect of these proceedings, whether incurred before or after the making of this Order. The Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. The Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are referred to a judge of the Supreme Court of British Columbia and may be heard on a summary basis.

22. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

23. The Receiver is authorized and empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed US$8,000,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as the Receiver deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

24. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

25. The Receiver is authorized to issue certificates substantially in the form annexed as Schedule "B" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

26. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION

27. Any interested party may apply to this Court on notice to any other party likely to be affected for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the Property.

SERVICE AND NOTICE OF MATERIALS

28. The Receiver shall establish and maintain a website in respect of these proceedings at: http://cfcanada.fticonsulting.com/Dionymed (the "**Website**") and shall post there as soon as practicable:

    (a) all materials prescribed by statute or regulation to be made publicly available, including pursuant to Rule 10-2 of the *Supreme Court Civil Rules*; and,

    (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.

29. Any Person who is served with a copy of this Order and that wishes to be served with any future application or other materials in these proceedings must provide to counsel for each of the Receiver and the Applicant a demand for notice in the form attached as Schedule "C" (the "**Demand for Notice**"). The Receiver and the Applicant need only provide further notice in respect of these proceedings to Persons that have delivered a properly completed Demand for Notice. The failure of any Person to provide a properly completed Demand for Notice releases the Receiver and the Applicant from any requirement to provide further notice in respect of these proceedings until such Person delivers a properly completed Demand for Notice.

30. The Receiver shall maintain a service list identifying all parties that have delivered a properly completed Demand for Notice (the "**Service List**"). The Receiver shall post and maintain an up-to-date form of the Service List on the Website.

31. Any interested party, including the Receiver, may serve any court materials in these proceedings by facsimile or by emailing a PDF or other electronic copy of such materials to the numbers or addresses, as applicable, set out on the Service List. Any interested party, including the Receiver, may serve any court materials in these proceedings by mail to any party on the Service List that has not provided a facsimile number or email address, and materials delivered by mail shall be deemed received five (5) days after mailing.

32. Notwithstanding paragraph 31 of this Order, service of the Petition and any affidavits filed in support shall be made on the Federal and British Columbia Crowns in accordance

with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c.C-50 and its regulations for the Federal Crown and the *Crown Proceedings Act*, R.S.B.C. 1996 c.89 in respect of the British Columbia Crown.

33. The Receiver and its counsel are authorised to serve or distribute this Order, any other orders and any other materials as may be reasonably required in these proceedings, including any notices or other correspondence, by forwarding copies by facsimile or by email to the Debtor's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of any legal or juridical obligation and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*.

GENERAL

34. Any interested party may apply to this Court to vary or amend this Order on not less than seven (7) clear business days' notice to the Service List and to any other party who may be affected by the variation or amendment, or upon such other notice, if any, as this Court may order.

35. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

36. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

37. This Court requests the aid, recognition and assistance of any court, tribunal, regulatory or administrative body having jurisdiction, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All such courts, tribunals and regulatory and administrative bodies are respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

38. The Receiver is authorized and empowered to apply to any court, tribunal or regulatory or administrative body, wherever located, for recognition of this Order and for assistance in carrying out the terms of this Order and the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

39. The Applicant shall have its costs of this motion, up to and including entry and service of this Order, as provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

40. Endorsement of this Order by counsel appearing on this application other than the Applicant is dispensed with.

THE FOLLOWING PARTIES APPROVE OF THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

APPROVED BY:

Signature of: Cindy Cheuk

Counsel for the Petitioner

BY THE COURT

~~DISTRICT~~ REGISTRAR

CHECKED

SCHEDULE "A"

OTHER COUNSEL

Counsel	Party
Maria Konyukhova (Stikeman Elliott LLP)	SP1 Credit Fund
Alexandra Andrisoi (Bennett Jones LLP)	FTI Consulting Canada Inc.
Claire Hildebrand	Ad Hoc Bondholders

SCHEDULE "B"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT $ _____

1. THIS IS TO CERTIFY that FTI Consulting Canada Inc., the Receiver and Manager (the "**Receiver**") of all of the assets, undertakings and properties of DionyMed Brands Inc. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the "**Court**") dated the _____ day of _____, 2019 (the "**Order**") made in SCBC Action No. S1912098 has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of $_____, being part of the total principal sum of $_____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded **[daily] / [monthly]** not in advance on the _____ day of each month after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at _____.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 20__.

FTI Consulting Canada Inc., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per:
Name:
Title:

Schedule "C"

Demand for Notice

TO: **GLAS Americas LLC**
c/o **Dentons Canada LLP**
77 King Street West, Suit 400
Toronto, ON M5K 0A1
Attention: John Salmas
Email: john.salmas@dentons.com

AND TO: **FTI Consulting Canada Inc.**
c/o **Bennett Jones LLP**
66 Burrard Street, Suite 2500
Vancouver, BC V6C 2X8
Attention: David Gruber & Sean Zweig
Email: gruberd@bennettjones.com
zweigs@bennettjones.com

Re: In the matter of the Receivership of DionyMed Brands Inc.

I hereby request that notice of all further proceedings in the above Receivership be sent to me in the following manner:

1. By email, at the following address (or addresses):

   _____

   OR

2. By facsimile, at the following facsimile number (or numbers):

   _____

   OR

3. By mail, at the following address:

   _____

Name of Creditor:_____

Name of Counsel (if any): _____

Creditor's Contact Address: _____

_____

_____

Creditor's Contact Phone Number: _____

Action No. S1912098

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

GLAS Americas LLC

Petitioner

- and -

DionyMed Brands Inc.

Respondent

AND:

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE RECEIVERSHIP OF
DIONYMED BRANDS INC.

B.C. MODEL RECEIVERSHIP ORDER VERSION NO. 3, _____, 2015

SCHEDULE 2
FORM OF BIDDING PROCEDURES

No. S1912098
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

AND

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c. B-3, AS AMENDED AND SECTION 39 OF THE *LAW AND EQUITY ACT*, RSBC 1996 c. 253, AS AMENDED

AND

IN THE MATTER OF THE RECEIVERSHIP OF DIONYMED BRANDS INC.

BETWEEN:

GLAS Americas LLC

PETITIONER

AND:

DionyMed Brands Inc.

RESPONDENT

ORDER MADE AFTER APPLICATION
(Approving bidding procedures)

BEFORE) THE HONOURABLE MR. JUSTICE MYERS) November 26, 2019

ON THE APPLICATION of FTI Consulting Canada Inc., in its capacity as the court-appointed receiver (the "**Receiver**") of all of the assets, undertakings and property of DionyMed Brands Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor pursuant to the receivership order issued on October 29, 2019 (the "**Receivership Order**") in the within proceedings; AND ON READING the Receiver's First Report to the Court dated November 19, 2019 (the "**First Report**"); AND ON HEARING from counsel for the Receiver and other counsel as listed on **Schedule "A"** hereto, and no one else appearing, although duly served;

THIS COURT ORDERS AND DECLARES THAT:

Service

1. The time for service of the Notice of Application herein and supporting materials be and are hereby abridged and deemed good and sufficient such that the Notice of Application is properly returnable today, and service upon any interested party other than those parties on the service list maintained by the Receiver in this proceeding is hereby dispensed with.

Approval of Receiver's Actions

2. The actions, conduct, and activities of the Receiver, as outlined in the First Report, are hereby approved.

Approval of bidding procedures

3. The bidding procedures (the "**Bidding Procedures**") for the sale of the Debtor's Property (as defined in the Bidding Procedures), substantially in the form attached as Schedule B to this Order, are hereby approved.

4. The Receiver is authorized and directed to implement the Bidding Procedures and to do all such things as it considers necessary or desirable to conduct and give full effect to the Bidding Procedures.

5. The Receiver, and its affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of performing its obligations under the Bidding Procedures, except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct of the Receiver in performing its obligations under the Bidding Procedures (as determined by this Court).

6. In connection with the Bidding Procedures and pursuant to clause 7(3)(c) of the *Personal Information and Electronic Documents Act* (Canada), the Receiver and the Debtor are authorized and permitted to disclose personal information of identifiable individuals to prospective purchasers or offerors and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more transactions (each, a "**Transaction**"). Each prospective purchaser or offeror to whom such information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall: (i) return all such information to the Receiver or the Debtor, as applicable; (ii) destroy all such information, or (iii) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so. The transacting party with respect to any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver or the Debtor, as applicable, or ensure that all other personal information is destroyed.

Authorization to provide funding

7. The Receiver is empowered and authorized, but not obligated, to provide funding to Herban Industries Inc. ("**Herban Delaware**"), as the Receiver considers necessary or desirable, for the purpose of Herban Delaware acquiring the Gotham Green Debt and Security, as that term is defined in the First Report.

General

8. Service of this Order shall be deemed good and sufficient by:

   (a) serving the same in accordance with the Receivership Order on:

      (i) the persons listed on the service list created in these proceedings;

      (ii) any other person served with notice of the application for this Order;

      (iii) any other parties attending or represented at the application for this Order; and

   (b) posting a copy of this Order on the Receiver's website at http://cfcanada.fticonsulting.com/DionyMed/

   and service on any other person is hereby dispensed with.

9. Endorsement of this Order by counsel appearing on this application other than counsel for the Receiver is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER.

Signature of Alexandra Andrisoi
Lawyer for the Receiver

BY THE COURT

REGISTRAR

CHECKED

Schedule "A" – List of Counsel

Counsel Name	Party Represented

Schedule "B" – Bidding Procedures

Bidding Procedures

Background

GLAS USA LLC and GLAS Americas Inc. (collectively the "**Agents**") are the administrative and collateral agent, respectively, of the lenders (the "**Secured Lenders**") from time to time party to the credit agreement dated January 16, 2019 with DionyMed Brands Inc. (the "**Debtor**") and certain of its subsidiaries, as amended, modified and supplemented from time to time.

On October 29, 2019, on the application of the Agents, the Supreme Court of British Columbia (the "**Court**") granted an order (the "**Receivership Order**") appointing FTI Consulting Canada Inc. as receiver (the "**Receiver**") of all of the assets, undertakings and properties of the Debtor, including all proceeds thereof (collectively, the "**Property**"). Pursuant to the Receivership Order, the Receiver is authorized to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver considers appropriate, and, subject to a further order of the Court, to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business.

Property for Sale

The Property is available for sale pursuant to these bidding procedures (these "**Bidding Procedures**"). The Property includes the following:

1. All shares in the capital of Herban Industries Inc. ("**Herban**"), a Delaware corporation;

2. All of the books, records, books of account, supplier and customer lists, business information, research and development information, business analyses and plans, and records, and all other documents, files, records, correspondence, electronic information (including emails and web page content), and other data and information, financial or otherwise related to the business of Herban, Herban Industries CA LLC, Herban CA 2 LLC, Gourmet Green Room, Inc., Herban Industries OR LLC, Herban Industries NJ LLC, Hometown Heart, Herban Industries NV LLC, Herban Industries CO LLC and Herban Industries MI LLC, in each case, which is owned by, and within the control or possession of DYME, at the Closing Date; and

3. The agricultural lease dated January 1, 2019 between Cynthia A. Jessup and DionyMed Holdings Inc. (a predecessor corporation of the Debtor) in respect of 42466 Winberry Creek Road, Fall Creek, Oregon 97438 and the lease agreement dated July 23, 2019 between IIP-CA 3 LP and DYME in respect of 1454, 1458 and 1500 Esperanza Street, Los Angeles, California.

Notwithstanding anything else contained herein, the Receiver may consider offers for individual assets of the Debtor and/or any of its direct or indirect subsidiaries.[1] However, the Receiver will favour a bid that includes all of the shares of Herban.

Free of Any And All Claims and Interests

All of the right, title and interests of the Receiver and the Debtor in and to the Property, or any portion thereof, to be acquired will be sold free and clear of all security interests, hypothecs, mortgages, trusts or deemed trusts, liens, executions, levies, charges, or other financial or monetary claims (collectively, the "**Charges**") pursuant to an Approval and Vesting Order in form reasonably satisfactory to the Successful Bidder(s) (as defined below) and the Receiver and approved by the Court, such Charges to attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding priority, validity or enforceability thereof).

Bidding Procedures

The Receiver filed an application with the Court seeking, among other things, approval of: (a) the solicitation of offers for the acquisition of the Property or any parts thereof (each a "**Bid**", and each party who submits a Bid, a "**Bidder**") in accordance with the terms of these Bidding Procedures; and (b) the rules for the conduct of an auction (the "**Auction**") if and when (i) the conditions for the holding of the Auction are satisfied as provided in these Bidding Procedures, and (ii) the Receiver determines in its sole discretion that an Auction would be advisable.

On November [●], 2019, the Court issued an order approving the Bidding Procedures (the "**Bidding Procedures Order**"). Accordingly, these Bidding Procedures shall govern the solicitation by the Receiver of Bids for all or part of the Property and the selection by the Receiver of one or more Successful Bids (as defined below).

1. **Solicitation**

The Receiver has prepared: (a) a list of potential bidders for the Property (the "**Potential Bidders**"), including both strategic and financial parties who, in the Receiver's reasonable professional judgment, may be interested in acquiring the Property; (b) an initial offering summary (the "**Teaser Letter**") to notify Potential Bidders of the existence of this solicitation process and invite the Potential Bidders to make an offer to acquire all or any part of the Property; (c) a form of confidentiality agreement (the "**Confidentiality Agreement**"); and (d) a form of acknowledgment (the "**Acknowledgement**") whereby the Potential Bidder agrees to be bound by the provisions of these Bidding Procedures.

In accordance with the Receivership Order, the Receiver has already sent the Teaser Letter to the Potential Bidders. The Receiver will continue the solicitation process in accordance with the Bidding Procedures.

[1] The structuring of any transaction involving individual assets of any direct or indirect subsidiary will require discussion between the Receiver and the bidder.

2. **As is, where is**

Any sale of any or all of the Property will be completed on an "as is, where is" basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Receiver or the Debtor or their respective agents, professionals, advisors, or otherwise, except to the extent set forth in the relevant agreement(s) with the Successful Bidder(s).

3. **Access to Due Diligence Materials**

Interested parties that execute and deliver to the Receiver the Confidentiality Agreement and the Acknowledgement shall receive (a) a detailed confidential information memorandum prepared by the Receiver describing the opportunity to acquire all or part of the Property; and (b) access to an electronic due diligence data site (collectively, the "**Due Diligence Access**"). In addition, the Receiver will populate the due diligence data site with a template asset purchase agreement (the "**Template APA**"), which is to be used by interested parties who intend to submit binding offers as described below.

Each party's Due Diligence Access shall terminate upon the earliest of the following events to occur:

(a) Such party advises that it is no longer interested in pursuing an acquisition of any Property;

(b) Such party does not submit a bid by the Bid Deadline (as defined below);

(c) Such party submits a Bid by the Bid Deadline but the Receiver determines that such party does not constitute a Qualified Bidder (as defined herein);

(d) If there is an Auction, such party does not participate in the Auction;

(e) If there is an Auction, at the conclusion of the Auction; or

(f) If there is no Auction, the approval by the Court of the Successful Bid.

The Receiver will designate a representative to coordinate all reasonable requests for Due Diligence Access for all parties eligible to receive such access in accordance with this Section. The Receiver and the Debtor are not responsible for, and will bear no liability with respect to, any information obtained by any party in connection with the Property and do not make any representations or warranties as to the information or materials provided, except to the extent of any representations or warranties provided for in the relevant agreement(s) with the Successful Bidder(s).

Notwithstanding that a party's Due Diligence Access may continue following the Bid Deadline, the Receiver shall not be obligated to furnish any additional due diligence information after the Bid Deadline.

4. Bidding

These Bidding Procedures provide for one phase of bidding in which to solicit binding offers to purchase all or part of the Property. In the event that the Receiver determines that the results of any Bids received satisfy the conditions for an Auction, as set out below, the Receiver may, in the Receiver's sole discretion, conduct an Auction in accordance with the procedures set out in Section 8 below.

All bids are to be denominated in dollars of the United States of America.

5. Bidding Deadlines

All bids must be submitted in writing via email or by personal delivery so that they are actually received by the Receiver no later than 1:00 p.m. (Vancouver time) on December 9, 2019 (the "**Bid Deadline**") at:

FTI Consulting Canada Inc.
TD Waterhouse Tower, Suite 2010
79 Wellington Street
Toronto, ON M5K 1G8

Attention: Jeffrey Rosenberg
Email: Jeffrey.rosenberg@fticonsulting.com

Unless the Receiver determines otherwise, a bid received by the Receiver after the Bid Deadline shall not constitute a Qualified Bid (as defined below).

6. Bid Requirements

In order to be eligible to be a Qualified Bidder, a Bidder must deliver a bid to the Receiver which satisfies each of the following conditions (a "**Bid**"):

(a) Confidentiality: The Bidder must deliver an executed Confidentiality Agreement and Acknowledgement (if not already delivered);

(b) Identification: The Bid must identify the Bidder and representatives thereof who are authorized to appear and act on behalf of the Bidder for all purposes regarding the contemplated transaction;

(c) Form and Content. The Bid must be in the form of the Template APA and be executed by the Bidder (each, a "**Proposed Purchase Agreement**"). Any changes and modifications to the Template APA are to be indicated on a blackline to the Template APA, which is to be submitted along with the executed version;

(d) Allocation. The Bid must provide an allocation of the aggregate consideration of the Bid among the Property;

(e) Good-Faith Deposit. The Bid must be accompanied by a cash deposit equal to the greater of (x) US$3,000,000.00 and (y) twenty percent (20%) of the total cash purchase price contemplated by the Bid (the "**Good Faith Deposit**"), and the Good Faith Deposit shall be paid to the Receiver, to be held by the Receiver in trust in accordance with these Bidding Procedures[2];

(f) Financial Wherewithal. The Bid must include evidence satisfactory to the Receiver of the Bidder's financial ability to close by the Closing Date (as defined below);

(g) Closing Date. The Bid must contain a binding commitment by the Bidder to close on the terms and conditions set forth in the Proposed Purchase Agreement as soon as practicable after satisfaction or waiver of all conditions; provided that such closing must take place by no later than December 31, 2019 (the "**Closing Date**");

(h) Irrevocable. The Bid must be accompanied by a letter which confirms that the Bid: (i) may be accepted by the Receiver, by the Receiver countersigning the Proposed Purchase Agreement, and (ii) is irrevocable and capable of acceptance until the earlier of (I) the day on which the Bidder is notified that the Bid is not a Qualified Bid (as defined below); (II) the day on which a Successful Bid or Successful Bids are selected, if the Bid is neither a Successful Bid nor a Back-Up Bid (as defined below) selected on such day; (III) if the Bid is the Back-Up Bid, then the day on which the Successful Bid(s) closes; and (IV) December 20, 2019 (the "**Termination Date**");

(i) No Representations and Warranties. The Bid shall include an "as is, where is" clause substantially on the same terms as the "as is, where is" clause set out in the Template APA;

(j) Contingencies. The Bid may not be conditional on obtaining financing or any internal approval or on the outcome or review of due diligence;

(k) No Fees Payable to Bidder. The Bid may not request or entitle the Bidder to any break-up fee, expense reimbursement, termination or similar type of fee or payment. Further, by submitting a Bid, a Bidder shall be deemed to irrevocably waive any right to pursue a claim in any way related to the submission of its Bid or these Bidding Procedures; and

(l) Other Information. A Bid shall contain such other information reasonably requested by the Receiver.

Each Bidder shall comply with all reasonable requests for additional information by the Receiver regarding such Bidder and its contemplated transaction. Failure by the Bidder to comply with requests for additional information will be a basis for the Receiver to determine that the Bidder is not a Qualified Bidder (as defined below).

7. Designation as Qualified Bidder

[2] In connection with an offer for individual assets of the Debtor and/or any of its direct or indirect subsidiaries (i.e. an offer that does not include all of the shares of Herban), the Good Faith Deposit must be equal to at least twenty-five percent (25%) of the total cash purchase price contemplated by the offer. For greater certainty, there is no US$3,000,000 minimum in that circumstance.

The Receiver may discuss, negotiate or seek clarification of any Bid. A Bidder may not modify, amend or withdraw its Bid without the written consent of the Receiver. Any purported modification, amendment or withdrawal of a Bid by a Bidder without the written consent of the Receiver shall result in a forfeiture of such Bidder's Deposit.

After any clarifying discussions or negotiations, the Receiver shall review all Bids and other documentation and information submitted by the Bidders, and shall determine, in its reasonable judgment, those Bidders, if any, that are qualified to participate in the Auction (the "**Qualified Bidders**" and the Bid of each Qualified Bidder, a "**Qualified Bid**"). The Receiver shall notify all Qualified Bidders with respect to whether such Bidder is a Qualified Bidder as soon as practicable after the Bid Deadline. All Bids will be considered, but the Receiver reserves the right to reject any and all Bids.

8. **Auction**

If the Receiver determines that there are less than two (2) Qualified Bids, then there will be no auction.

If the Receiver determines that there are at least two (2) Qualified Bids for the Property, or any combination thereof, or a combination of non-overlapping Qualified Bids (an "**Aggregated Bid**"), the Receiver may conduct an auction to determine the highest and/or best Qualified Bid or Aggregated Bid (the "**Auction**").

In all cases, the Receiver shall post notice of such facts on its website established in connection with the receivership of the Debtor, at http://cfcanada.fticonsulting.com/DionyMed/

If the Auction is to take place, then as soon as practicable after the Bid Deadline, and in any event not less than two days prior to the Auction, the Receiver shall provide all Qualified Bidders with a copy of the Opening Bid (as defined below) for the Auction.

The Auction shall commence on December 11, 2019, at a time and place to be determined by the Receiver, and shall be conducted according to the following procedures:

(a) Participation at the Auction. The Receiver and its professionals shall direct and preside over the Auction. Only Qualified Bidders are eligible to participate in the Auction. Each Qualified Bidder must have present or available, the individual or individuals with the necessary decision making authority to submit Overbids (as defined below) and to make such necessary and ancillary decisions as may be required during the Auction. Only the authorized representatives, including counsel and other advisors, of each of the Qualified Bidders and the Receiver shall be permitted to attend the Auction;

(b) Rounds. Bidding at the Auction shall be conducted in rounds. The Qualified Bid or Aggregated Bid with the highest and/or best value shall constitute the "**Opening Bid**" for the first round of bidding. The highest Overbid at the end of each round shall constitute the "**Opening Bid**" for the following round. The Receiver shall determine what constitutes the Opening Bid for each round in accordance with the Bid Assessment Criteria set out in Section 8(d) below. An Aggregated Bid may be

an Opening Bid in the opening round. A combination of non-overlapping Overbids (an "**Aggregated Overbid**") may also be an Opening Bid in any subsequent round, if such Aggregated Overbid is determined to be the highest Bid. In each round, a Qualified Bidder may submit no more than one Overbid. The Receiver reserves the right to impose time limits for the submission of Overbids;

(c) Failure to Submit an Overbid. If, at the end of any round of bidding, a Qualified Bidder or Aggregated Bidder (other than the Qualified Bidder or Aggregated Bidder that submitted the Opening Bid for such round) fails to submit an Overbid, then such Qualified Bidder may not participate in any further round of bidding at the Auction. Any Qualified Bidder or Aggregated Bidder that submits an Overbid or Aggregated Overbid during a round (including the Qualified Bidder or Aggregated Bidder that submitted the Opening Bid for such round) shall be entitled to participate in the next round of bidding at the Auction;

(d) Bid Assessment Criteria. The Receiver shall determine which Qualified Bid or Aggregated Bid constitutes the Opening Bid for the first round of bidding and the determination of which Overbid or Aggregated Overbid constitutes the Opening Bid for each subsequent round of bidding taking into account all factors which the Receiver, with the assistance of its advisors, reasonably deems relevant to the value of such Bid, including, among other things: (i) the amount and nature of the consideration; (ii) the proposed assumption of any liabilities; (iii) the ability of the Bidder(s) to close the proposed transaction(s); (iv) the proposed closing date and the likelihood, extent and impact of any potential delays in closing; (v) the net after-tax consideration to be received by the Receiver (including assumed liabilities and other obligations to be performed or assumed by the Bidder(s) and any purchase price adjustments); (vi) the claims likely to be created by such Bid in relation to other Bids; (vii) the proposed revisions to the Template APA and the terms of any other transaction documents; (viii) other factors affecting the speed, certainty and value of the transaction (including any regulatory approvals or third party consents required to close the transaction); (ix) the Property included or excluded from the Bid and the transaction costs and risks associated with closing multiple transactions versus a single transaction for all or substantially all of the Property; (x) the transition services required from the Receiver post-closing and any related costs; (xi) the monetary value that may reasonably be attributed to any non-cash consideration by the Receiver in its reasonable discretion; and (xii) such other considerations as the Receiver deems relevant in its reasonable business judgment.

(e) Overbids. All Bids made during the Auction shall be "**Overbids**". Overbids will be submitted in a form to be determined by the Receiver, in its reasonable discretion, including further revised and executed purchase agreements. The identity of each Qualified Bidder and all material terms of each Overbid shall be fully disclosed to all other Qualified Bidders participating in the Auction. The Receiver shall maintain a transcript of the Opening Bid and all Overbids made and announced at the Auction, including the Successful Bid(s) (as defined below) and the Back-Up Bid(s) (as defined below). To be considered an "Overbid", a Bid made during the Auction must satisfy the following criteria:

(i) Minimum Consideration. The amount of purchase price consideration of any Overbid shall not be less than the purchase price consideration of the Opening Bid of the applicable round of bidding plus US$250,000 or such lower or higher amount as the Receiver may determine in advance of such round of bidding in order to facilitate the Auction (the "**Minimum Overbid Increment**").

The Receiver reserves the right to attribute monetary value to certain non-monetary terms and conditions contained in an Overbid and credit such value to the purchase price consideration of an Overbid. The Receiver will disclose to all Bidders any monetary value attributed to non-monetary terms and conditions prior to soliciting Overbids in any given round; and

(ii) Remaining terms are the same as for Qualified Bids. Except as modified herein, an Overbid must comply with the conditions for a Bid set forth in Section 6 above; provided, however, that the Bid Deadline shall not apply and Overbids need not be accompanied by additional cash deposits (subject to subsection (h) hereof).

To the extent not previously provided (which shall be determined by the Receiver), a Qualified Bidder submitting an Overbid must submit, as part of its Overbid, evidence acceptable to the Receiver demonstrating such Qualified Bidder's ability (including financial ability) to close the transaction contemplated by its Overbid;

(f) Announcing Highest Overbids. At the end of each round of bidding, the Receiver, with the assistance of its advisors, shall (i) immediately review each Overbid made in such round; (ii) identify the highest and/or best Overbid or Aggregated Overbid; and (iii) announce the terms of such highest and/or best Overbid or Aggregated Overbid to all Qualified Bidders entitled to participate in the next round of bidding. Such highest and/or best Overbid or Aggregated Overbid shall be the Opening Bid for the next round of the Auction;

(g) Adjournments. The Receiver reserves the right, in its reasonable business judgment, to make one or more adjournments in the Auction to, among other things: (i) facilitate discussions between the Receiver and individual Qualified Bidders, including any discussion, negotiation or clarification of any Overbid; (ii) allow individual Qualified Bidders to consider how they wish to proceed; (iii) consider and determine the current highest and/or best Overbid or Aggregated Overbid at any given time during the Auction; (iv) give Qualified Bidders the opportunity to provide the Receiver with such additional evidence as it may require, in its reasonable business judgment, that the Qualified Bidder has sufficient internal resources or has received sufficient non-contingent debt and/or equity funding commitments to consummate the proposed transaction at the Overbid amount; and (v) subject to such rules and guidelines as the Receiver may consider appropriate, facilitate any appropriate consultation by the Receiver and/or Qualified Bidders with third party stakeholders;

(h) Closing the Auction. If, in any round of bidding, no Overbid or Aggregated Overbid is made, the Auction shall be closed and the Receiver shall, with the assistance of its advisors: (i) declare the last Opening Bid as the successful Bid(s) (the "**Successful Bid(s)**" and the party or parties submitting such Successful Bid(s), the "**Successful Bidder(s)**"); (ii) immediately review the other Overbids or Aggregated Overbids made in the previous round (or the Qualified Bids and Aggregated Bids if no Overbids were made at the Auction) and identify and record the next highest and/or best Overbid or Aggregated Overbid (or Qualified Bid or Aggregated Bid) (the "**Back-Up Bid(s)**" and the party or parties submitting such Back-Up Bid(s), the "**Back-Up Bidder(s)**"); and (iii) advise the Successful Bidder(s) and the Back-Up Bidder(s) of such determinations and all other Qualified Bidders that they are not a Successful Bidder or a Back-Up Bidder.

To the extent not already provided, the Successful Bidder(s) and the Back-Up Bidder(s) shall each, within two (2) business days of the conclusion of the Auction, provide the Receiver with an additional cash deposit to increase its original Good Faith Deposit to equal at least twenty percent (20%) of the total cash purchase price contemplated by its Successful Bid or Back-Up Bid, as applicable, to be held by the Receiver in trust as such party's "Good Faith Deposit" in accordance with these Bidding Procedures;

(i) Consent to Jurisdiction as Condition to Bid. All Qualified Bidders shall be deemed to have consented to the exclusive jurisdiction of the Court and waived any right to a jury trial in connection with any disputes relating to the Auction, and the construction and enforcement of the Qualified Bidder's transaction documents, as applicable; and

(j) No Collusion. Each Qualified Bidder shall be required to confirm that it has not engaged in any discussions or any other collusive behaviour with respect to the submissions of Overbids. The Receiver may permit discussions between Qualified Bidders at the Auction, subject to such rules and guidelines as the Receiver considers appropriate.

9. Receiver's Reservation of Rights

In addition to the other reservations of rights set out herein, the Receiver reserves the right in its reasonable discretion to: (a) waive strict compliance with any one or more of the Bid requirements specified herein, and deem such non-compliant Bids to be Qualified Bids; provided that such non-compliance is not material in nature; (b) reject any or all Bids if, in the Receiver's reasonable business judgment, no Bid is for fair and adequate consideration; and (c) adopt such ancillary and procedural rules not otherwise set out herein for these Bidding Procedures (including rules that may depart from those set forth herein) that in its reasonable business judgment will better promote the goals of these Bidding Procedures and facilitate the Auction; provided that the adoption of any rule that materially deviates from these Bidding Procedures shall require an order of the Court.

Subject to such confidentiality arrangements as the Receiver deems appropriate, the Receiver shall consult regularly with Tribeca Global Resources Credit Pty Ltd., the investor representative of

Evolution Trustees Limited as sole trustee of SP1 Credit Fund (the "**SP1 Representative**"), with respect to the conduct and status of these Bidding Procedures, and shall provide the SP1 Representative with true and complete copies of any and all Bids received by the Receiver and such other information as is reasonably requested from time to time by the SP1 Representative in respect of the conduct and status of these Bidding Procedures.

For greater certainty, the Receiver is under no obligation to conduct an Auction under any circumstances, and the Receiver retains the sole discretion as to whether to conduct an Auction.

10. **Sale Motion**

The Receiver shall, within seven (7) days of the conclusion of the Auction, or if there is no Auction by December 13, 2019, serve notice of an application seeking approval of the Successful Bidder(s) and the sale of the applicable Property to the Successful Bidder(s) free and clear of all liens and encumbrances, other than those liens and encumbrances expressly to be assumed by the Successful Bidder(s) (the "**Sale Motion**"). The Sale Motion shall be conducted by the Court as soon as possible thereafter at 800 Smithe Street, Vancouver, British Columbia. At the Sale Motion, the Receiver may also seek, in its sole discretion, conditional approval of the Back-Up Bid(s) authorizing the Receiver to close the Back-Up Bid(s) if the Successful Bid(s) is/are not closed by the Closing Date.

11. **Closing the Successful Bid**

The Receiver and the Successful Bidder(s) shall take all reasonable steps to complete the sale transaction contemplated by the Successful Bid(s) as soon as possible after the Successful Bid(s) are approved by the Court. Notwithstanding the foregoing, in the event that there is more than one Successful Bid, the Receiver reserves the right to impose a condition in each Successful Bid that the obligation of the Receiver to complete the sale transaction contemplated by each Successful Bid is conditional upon the completion of the transaction(s) contemplated by each other Successful Bid. The Receiver will be deemed to have accepted the Successful Bid(s) only when the Successful Bid(s) has/have been approved by the Court. If the transaction(s) contemplated by the Successful Bid(s) has/have not closed by the Closing Date or the Successful Bid(s) is/are terminated for any reason prior to the Closing Date, the Receiver may elect, in its sole discretion seek to complete the transaction(s) contemplated by the Back-Up Bid(s), and upon making such election, the Receiver will seek Court approval of the Back-Up Bid(s) (if such approval has not already been obtained) and promptly seek to close the transaction(s) contemplated by the Back-Up Bid(s) after such Court approval. The Back-Up Bid(s) will be deemed to be the Successful Bid(s) and the Receiver will be deemed to have accepted the Back- Up Bid(s) only when the Back-Up Bid(s) has/have been approved by the Court and the Receiver has made such election.

12. **Return of Good Faith Deposit**

(a) All Good Faith Deposits shall be held in an interest-bearing account until returned to the applicable Bidder or otherwise dealt with in accordance with Section 6 or this Section 12;

(b) Good Faith Deposits of all Bidders who are determined not to be Qualified Bidders shall be returned to such Bidders within two (2) business days after the day on which the Bidder is notified that it is not a Qualified Bidder;

(c) Good Faith Deposits of all Qualified Bidders other than the Successful Bidder(s) and the Back-Up Bidder(s) shall be returned to such Qualified Bidders within two (2) business days after the day on which one or more Successful Bidders is selected;

(d) The Good Faith Deposit(s) of the Successful Bidder(s) shall be applied to the purchase price of such transaction(s) at closing. If the Successful Bid(s) fail(s) to close by the Termination Date because of a breach or failure to perform on the part of the Successful Bidder(s), the Receiver shall be entitled to retain the Good Faith Deposit of the applicable Successful Bidder(s) as part of its damages resulting from the breach or failure to perform by the applicable Successful Bidder(s). The Good Faith Deposit of the Successful Bidder(s) shall otherwise be returned to the Successful Bidder(s) in accordance with the terms of the Successful Bid(s);

(e) If the Back-Up Bid(s) has/have not been deemed to be a Successful Bid(s), the Good Faith Deposit(s) of the Back-Up Bidder(s) shall be returned to the Back-Up Bidder(s) as soon as practicable after the earlier of: (i) the closing of the transaction(s) contemplated by the Successful Bid(s); (ii) the date on which the Receiver provides written notice to the Back-Up Bidder(s) that the Receiver will not elect to complete the transaction(s) contemplated by the Back-Up Bid(s) and (iii) the Termination Date; and

(f) If a Back-Up Bid is deemed to be a Successful Bid, the Good Faith Deposit of such Back-Up Bidder shall be applied to the purchase price of such transaction at closing. If a Back-Up Bid fails to close by the Termination Date because of a breach or failure to perform on the part of such Back-Up Bidder, the Receiver shall be entitled to retain the Good Faith Deposit of such Back-Up Bidder as part of its damages resulting from the breach or failure to perform by such Back-Up Bidder. The Good Faith Deposit of a Back-Up Bidder shall otherwise be returned to the applicable Back-Up Bidder in accordance with the terms of its Back-Up Bid.

13. **No Qualified Bid**

If the Receiver determines that no Qualified Bid was received, or at least one Qualified Bid was received but it is not likely that the transactions contemplated in any such Qualified Bid will be consummated, the Receiver shall notify the SPI Representative forthwith, and within ten (10) Business Days of such determination, file an application with the Court seeking directions and/or such other relief as the Receiver deems appropriate in the circumstances. In the circumstances described in this subsection, the Secured Lenders shall have the option within five (5) Business Days from such determination to submit a credit bid (that would constitute a binding agreement if accepted) even if they did not submit a credit bid at any other point during the bidding process, and notwithstanding the receipt of any new information regarding bids or offers after the Bid Deadline.

SCHEDULE 3
ASSUMED CONTRACTS

1) The Master Services Agreement, dated January 3, 2020 by and among Herban Industries, Inc., a Delaware corporation, ("Herban"), Herban Industries CA LLC ("Herban CA"), a California limited liability corporation and a wholly owned subsidiary of Herban, DionyMed Brands, Inc. formerly DionyMed Holdings, Inc., an British Columbia corporation and parent of Herban and Hometown Heart, a California corporation.

2) The Modification and Replacement Agreement dated January 3, 2020 between and among Hometown Heart, a California corporation, Herban Industries, Inc., a Delaware corporation, Herban Industries CA LLC, a California limited liability corporation and a wholly owned subsidiary of Herban, DionyMed Brands, Inc. formerly DionyMed Holdings, Inc., an British Columbia corporation and parent of Herban, Evan Tenenbaum, a California resident and the sole owner of Hometown, the "Option Sellers," as that term is defined therein, the former shareholders of Hometown, all of whom are also Option Sellers, namely Daniel Martin, Ty Markey, Martin Schneider, Evan Tenenbaum, John Mai, Vinh Lee, and Daniel Bornstein, Jeffrey Morgen and Susie Monson, both of whom are California residents and former officers of Hometown.

3) The Assignment and Option Agreement, dated December 5, 2018 by and among Herban Industries, Inc., a Delaware corporation, ("Herban"), DionyMed Brands, Inc. formerly DionyMed Holdings, Inc., an British Columbia corporation and parent of Herban, Evan Tenenbaum, a California resident and Owner of Hometown Heart, a California corporation.

SCHEDULE 4
NON-DILUTIVE RIGHTS AGREEMENT

[REDACTED]

SCHEDULE 5

[REDACTED]

SCHEDULE 6
AUTHORIZED AND ISSUED CAPITAL (SIGNING)

[REDACTED]

Schedule 7

Dismissal Form

ATTORNEY OR PARTY WITHOUT ATTORNEY: STATE BAR NO: 236341
NAME: JEANNE A. FUGATE
FIRM NAME: BOIES SCHILLER FLEXNER LLP
STREET ADDRESS: 725 S. Figueroa Street, 31st Floor
CITY: Los Angeles STATE: CA ZIP CODE: 90017-5524
TELEPHONE NO.: (213) 629-9040 FAX NO. : (213) 629-9022
E-MAIL ADDRESS: jfugate@bsfllp.com
ATTORNEY FOR (*Name*): Defendant and Cross-Complainant EAZE TECHNOLOGIES, INC.

FOR COURT USE ONLY

SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN FRANCISCO
STREET ADDRESS: 400 McAllister Street
MAILING ADDRESS: 400 McAllister Street
CITY AND ZIP CODE: San Francisco, California 94102
BRANCH NAME: Civic Center Courthouse

Plaintiff/Petitioner: HERBAN INDUSTRIES CA LLC
Defendant/Respondent: EAZE TECHNOLOGIES, INC.

REQUEST FOR DISMISSAL

CASE NUMBER:
CGC-19-576443

A conformed copy will not be returned by the clerk unless a method of return is provided with the document.

This form may not be used for dismissal of a derivative action or a class action or of any party or cause of action in a class action. (Cal. Rules of Court, rules 3.760 and 3.770.)

1. TO THE CLERK: Please **dismiss** this action as follows:
   a. (1) ☐ With prejudice (2) ☐ Without prejudice
   b. (1) ☐ Complaint (2) ☐ Petition
   (3) ☐ Cross-complaint filed by *(name):* on *(date)*:
   (4) ☐ Cross-complaint filed by *(name):* on *(date)*:
   (5) ☐ Entire action of all parties and all causes of action
   (6) ☐ Other *(specify):**

2. *(Complete in all cases except family law cases.)*
   The court ☐ did ☐ did not waive court fees and costs for a party in this case. *(This information may be obtained from the clerk. If court fees and costs were waived, the declaration on the back of this form must be completed).*

Date:

(TYPE OR PRINT NAME OF ☐ ATTORNEY ☐ PARTY WITHOUT ATTORNEY)

(SIGNATURE)

Attorney or party without attorney for:
☐ Plaintiff/Petitioner ☐ Defendant/Respondent
☐ Cross Complainant

*If dismissal requested is of specified parties only of specified causes of action only, or of specified cross-complaints only, so state and identify the parties, causes of action, or cross-complaints to be dismissed.

3. **TO THE CLERK:** Consent to the above dismissal is hereby given.**

Date:

(TYPE OR PRINT NAME OF ☐ ATTORNEY ☐ PARTY WITHOUT ATTORNEY)

(SIGNATURE)

Attorney or party without attorney for:
☐ Plaintiff/Petitioner ☐ Defendant/Respondent
☐ Cross Complainant

** If a cross-complaint – or Response (Family Law) seeking affirmative relief – is on file, the attorney for cross-complainant (respondent) must sign this consent if required by Code of Civil Procedure section 581 (i) or (j).

(To be completed by clerk)

4. ☐ Dismissal entered as requested on *(date):*
5. ☐ Dismissal entered on *(date):* as to only *(name)*:
6. ☐ Dismissal **not entered** as requested for the following reasons *(specify)*:

7. a. ☐ Attorney or party without attorney notified on *(date):*
   b. ☐ Attorney or party without attorney not notified. Filing party failed to provide
   ☐ a copy to be conformed ☐ means to return conformed copy

Date: Clerk, by _____, Deputy

Form Adopted for Mandatory Use
Judicial Council of California
CIV-110 [Rev. Jan. 1, 2013]

Code of Civil Procedure, § 581 et seq.; Gov. Code, § 68637(c); Cal. Rules of Court, rule 3.1390
www.courts.ca.gov

Plaintiff/Petitioner: HERBAN INDUSTRIES CA LLC Defendant/Respondent: EAZE TECHNOLOGIES, INC.	CASE NUMBER: CGC-19-576443

COURT'S RECOVERY OF WAIVED COURT FEES AND COSTS

If a party whose court fees and costs were initially waived has recovered or will recover $10,000 or more in value by way of settlement, compromise, arbitration award, mediation settlement, or other means, the court has a statutory lien on that recovery. The court may refuse to dismiss the case until the lien is satisfied. (Gov. Code, § 68637.)

Declaration Concerning Waived Court Fees

1. The court waived court fees and costs in this action for *(name):*

2. The person named in item 1 is *(check one below):*
   a. ☐ not recovering anything of value by this action.
   b. ☐ recovering less than $10,000 in value by this action.
   c. ☐ recovering $10,000 or more in value by this action. *(If item 2c is checked, item 3 must be completed.)*

3. ☐ All court fees and court costs that were waived in this action have been paid to the court *(check one):* Yes No

I declare under penalty of perjury under the laws of the State of California that the information above is true and correct.

Date:

(TYPE OR PRINT NAME OF ☐ ATTORNEY ☐ PARTY MAKING DECLARATION)

(SIGNATURE)

For your protection and privacy, please press the Clear This Form button after you have printed the form.

Print this form Save this form Clear this form

Schedule 8

Form of Warrant

[REDACTED]

APPENDIX "D"

Bennett Jones

Bennett Jones LLP
3400 One First Canadian Place, P.O. Box 130
Toronto, Ontario, M5X 1A4 Canada
T: 416.863.1200
F: 416.863.1716

Sean H. Zweig
Partner
Direct Line: 416.777.6254
e-mail: zweigs@bennettjones.com

November 11, 2019

Via E-Mail

Torkin Manes LLP
151 Yonge Street
Suite 1500
Toronto, Ontario
M5C 2W7

Attention: Jeffrey Simpson

Dear Sir:

Re: Flow Capital Corp. Security Registrations

We write to you in your capacity as counsel to Flow Capital Corp. ("**Flow**"). As you know, we are counsel for FTI Consulting Canada Inc., in its capacity as receiver and manager of the assets, undertakings and properties of DionyMed Brands Inc. (the "**Receiver**").

Based on UCC and PPSA searches, Flow has made security registrations against Herban Industries CA LLC, Gourmet Green Room, Inc. and DionyMed Brands Inc. ("**DYME**") purported to be registered in accordance with two separate Royalty Purchase Agreements dated April 4, 2018 and May 25, 2018. As described below, the Receiver does not believe that any security interests have been granted by any of these entities in favour of Flow. Accordingly, the UCC and PPSA registrations are not valid and we hereby request that Flow voluntarily withdraw the registrations, or immediately provide documentation that supports the validity of Flow's purported security.

Section 2.13 of each of the Royalty Purchase Agreements provide that a condition precedent to the grant of any security is that an Event of Default (as defined in the Agreements) "continues and remains uncured for a period of 180 consecutive days". The Receiver is not aware of any purported Event of Default having remained uncured for a period of 180 consecutive days, in which case no security interests were validly created pursuant to that provision. This would invalidate all security registrations purported to be made pursuant to this provision.

Even if there was the requisite Event of Default uncured for a period of 180 consecutive days (which the Receiver does not understand to be the case), the Receiver believes the security registrations against Herban Industries CA LLC and Gourmet Green Room, Inc. are still invalid. Section 2.13 of the Royalty Purchase Agreements provide that each member of the DionyMed Group will grant a first-ranking continuing security interest in favour of the "Purchasers". DionyMed Group is defined to

mean DionyMed Holdings Inc. (a predecessor of DYME) and DionyMed Subsidiaries. "DionyMed Subsidiaries" expressly includes Herban Industries CA LLC but not Gourmet Green Room, Inc. Neither Herban Industries CA LLC nor Gourmet Green Room, Inc. were party to these Agreements and did not agree to grant any such security interest. The Royalty Purchase Agreements with their parent entity, DYME, does not create a grant of security in favour of Flow by DYME's subsidiaries, which are separate corporate entities and not signatories to either Agreement. Furthermore, Gourmet Green Room, Inc. was not a subsidiary of DYME at the time the Royalty Purchase Agreements were executed. As such, the purported grant of security cannot, in any event, bind that entity.

Moreover, even if the Royalty Purchase Agreements granted such authority (which the Receiver denies), the security is invalid as there is no debt owed to Flow by Herban Industries CA LLC and/or Gourmet Green Room, Inc. The Royalty Purchase Agreements create a debt owed by DYME but do not provide for a guarantee or other obligation by either Herban Industries CA LLC or Gourmet Green Room, Inc. As such, the security registered against both of these entities is invalid as it does not secure any underlying obligation on behalf of the relevant companies.

In light of the above, we hereby request that Flow withdraw the security registrations in respect of DYME, Herban Industries CA LLC and Gourmet Green Room, Inc. Alternatively, if Flow believes the Receiver is missing the requisite documentation in respect of the purported security, we would ask that you immediately forward it to our attention. If Flow does not withdraw the security registrations, or provide the necessary documentation to satisfy the Receiver, by November 18, 2019, the Receiver intends to seek the assistance of the Court in discharging the security registrations and will seek costs against Flow in connection with same. In addition, the Receiver will seek to hold Flow liable for any damages that may occur as a result of the invalid registrations, including any damages relating to the sale process that the Receiver is currently undertaking. We note that we requested certain information with respect to Flow's security on our call on November 5, 2019, but we have not yet been provided with anything.

Yours truly,

BENNETT JONES LLP

Sean H. Zweig

Cc: Jeff Rosenberg, FTI Consulting Canada Inc.

APPENDIX "E"

Torkin Manes LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto, Ontario M5C 2W7

Tel: 416-863-1188
Fax: 416-863-0305
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Jeffrey J. Simpson
Legal Services provided through
Jeffrey J. Simpson Professional Corporation
Direct Tel: 416-777-5413
Direct Fax: 1-888-587-9143
jsimpson@torkinmanes.com

Our File No: 35594.0008

Ally Law

November 18, 2019

SENT VIA E-MAIL: **ZweigS@bennettjones.com**

Mr. Sean H. Zweig
Bennett Jones LLP
3400-1 First Canadian Place
Toronto, ON M5X 1A4

Dear Mr. Zweig:

Re: DionyMed Brands Inc., et al – In Receivership

We are writing to you further to our telephone conversation of November 5, 2019 and in response to your letter to us of November 11, 2019 respecting the security dated September 20, 2019 (the "**Security**") held by Flow Capital Corp. ("**Flow Capital**") in relation to DionyMed Brands Inc. ("**DionyMed**") and its various subsidiaries (the "**Subsidiaries**").

BASIS FOR THE SECURITY

The basis for the execution of the Security is found in Section 2.13(a) of the Royalty Purchase Agreement (the "**RPA**") dated as of May 25, 2018[1] [**Attachment A**], which provides as follows:

> (a) at any time following the expiration of such 180 day period each member of the DionyMed Group will, upon written request by Grenville, grant to the Purchasers, as security for the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) of, and the performance of, all amounts and obligations owing to the Purchasers under this Agreement, a first-ranking continuing security interest (subordinate only to Senior Indebtedness of the DionyMed Group) in, lien on, assignment of and right of

[1] The purchaser specified in the RPA, Grenville Strategic Royalty Corp., was subsequently amalgamated with other corporations pursuant to the British Columbia *Business Corporations Act*, and continued under the name "Flow Capital Corp." Flow Capital is one and the same entity as Grenville and the names Grenville and Flow Capital are used interchangeably herein. In November, 2018, DionyMed Holdings Inc. changed its name to DionyMed Brands Inc. as a result of an amalgamation pursuant to the British Columbia *Business Corporations Act* and DionyMed Holdings Inc. is one and the same party as DionyMed Brands Inc.

> set off against, all of the tangible and intangible personal property assets of the members of the DionyMed Group then owned or at any time thereafter acquired by any of the members of the DionyMed Group, regardless of where located, and in connection therewith the members of the DionyMed Group hereby appoint Grenville (and any officer thereof), in the event that any member of the DionyMed Group fails to execute and deliver all documents as may be required by Grenville to grant and perfect such security interest as aforesaid, as such entity's attorney, with full power of substitution, in the name of such entity but on behalf of Grenville, to execute and deliver all deeds, transfers, registrations, agreements, assignments and assurances necessary to effectively grant and perfect such security. Such appointment, being coupled with an interest, is irrevocable by each such entity and will not be revoked by the insolvency, bankruptcy, death, incapacity, dissolution, liquidation or other termination of the existence of any such entity and each member of the DionyMed Group agrees to ratify and confirm all that Grenville may do or cause to be done pursuant to the foregoing. If, following the registration of any security interest by Grenville in accordance with this Section 2.13(a).

To summarize the above-quoted section of the RPA, DionyMed and its Subsidiaries agreed to grant in favour of Flow Capital a first-ranking continuing security interest subordinate only to the Senior Indebtedness of the DionyMed Group Inc., against all of the current and future tangible and intangible personal property assets of all of the members of the DionyMed Group, on the expiration of a period of 180 consecutive days following the date of an Event of Default, as defined in the RPA.

You will note from the above-noted excerpt of Section 2.13(a) of the RPA that Flow Capital is entitled to execute and register the specified security agreement on behalf of, and as power of attorney for, all members of the DionyMed Group, in the event that DionyMed Group fails to execute any such security agreement after being requested to do so.

EVENT OF DEFAULT CONTINUING FOR 180 DAYS

An Event of Default is defined in the RPA as either:

(a) a failure to make any royalty payment when due; or

(b) default in the observation or performance of any of the Specified Covenants. The Specified Covenants are defined in the RPA as those "covenants set out in

Sections 2.10(a), 2.10(b), 2.10(c), 2.10(d), 2.10(e), 2.10(f), 2.10(g), 2.10(h), 2.10(i), 2.10(j), 2.10(l), 2.10(m), 2.10(o), 2.10(p), 2.10(q), 2.10(r) and 2.10(s)".

A. Default in Payment of Royalty Payments

As the attached chart shows [**Attachment B**], royalty payments are payable pursuant to the RPA on a monthly basis. Default first occurred in February, 2019 when the January, 2019 royalty payment of $147,745.85 was not made in full. Several further royalty payments were not made thereafter. This initial Event of Default has never been cured.

As an accommodation only, and without waiving its rights under the RPA, Flow Capital subsequently agreed to accept payment of the royalty payments that had been outstanding since February, 2019 by the end of July, 2019. This "catch-up" payment was not made, although DionyMed made a partial payment of $40,673.29 on August 2, 2019. Accordingly, the default that had initially occurred in February, 2019 has never been cured, and this Event of Default has not been waived by Flow Capital.

B. Non-Monetary Defaults under the RPA

In addition to the above-noted failure to make royalty payments on the date due, as of September 20, 2019, being the date on which the Security was executed by Flow Capital on behalf of DionyMed pursuant to Section 2.13 of the RPA, several other Events of Default had been in existence for a period in excess of 180 consecutive days.

Specifically, the following covenants pursuant to Section 2.10 of the RPA were in default, insofar as DionyMed had failed to (utilizing the lettering used in the RPA itself):

> (e) (ii) provide to Grenville a monthly unaudited management-prepared income statement and balance sheet of each member of the DionyMed Group, in each case within 21 days after the last day of each calendar month. For greater certainty, all such information shall be printed directly from the Company's accounting software with date and time stamps marked thereon;
>
> (f) provide to Grenville unaudited management-prepared quarterly financial statements of each member of the DionyMed Group within 60 days after the last day of each fiscal quarter of each such entity;
>
> (h) provide to Grenville, contemporaneously with the reports provided pursuant to Sections 2.10(e), (2.10(f) and 2.10(g), a certificate of a senior officer of the Company, dated as of the date of delivery of each such report, certifying, based on the knowledge of such officer having exercised reasonable

diligence, that such reports: (i) are accurate and complete and do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the applicable report; and (ii) the financial information included in the reports fairly present in all material respects the financial condition, financial performance and cash flows of the members of the DionyMed Group as of the date of and for the periods covered by the reports;

(i) provide to Grenville copies of all tax returns by each member of the DionyMed Group promptly following the date on which such returns are filed.

THE EXECUTION OF THE SECURITY

On September 19, 2019, Flow Capital requested, pursuant to Section 2.13 of the RPA, that DionyMed execute the required Security. DionyMed took the position that it required additional time to consult legal counsel to determine its position in regards to the request for security. As a result, Flow Capital granted a limited extension for the execution of the Security. We attach hereto an exchange of e-mails between Flow Capital and DionyMed in this regard [**Attachment C**].

It should be noted that as of this date, September 19, 2019, DionyMed was not only in serious default of its obligations to Flow Capital but was also in default of its obligations in favour of its senior, secured lender and various other creditors. In September, 2019, Flow Capital caused to be issued in the Ontario Superior of Justice a Statement of Claim against DionyMed in respect of its outstanding unsecured (at the time) obligations. Security enforcement proceedings against DionyMed by its senior secured lender, as well as legal proceedings on the part of other unsecured creditors, appeared to be imminent (including, but not limited to, a potential foreclosure over the assets of DionyMed). Time was of the essence in these circumstances. Flow Capital takes the position that DionyMed was afforded a reasonable opportunity to assess its position and to respond adequately to Flow Capital's requirement that it execute the Security.

On or about September 20, 2019, DionyMed sent to Flow Capital a document entitled "Notice of Objection" [**Attachment D**] in which it purported to object to the execution of the Security by Flow Capital on its behalf. The Notice of Objection, which speaks for itself, makes it clear that, no matter how much time Flow Capital afforded to DionyMed to respond to its request for the execution of the Security, DionyMed would never have consensually agreed to execute the Security.

The Notice of Objection noted that a Statement of Claim had been previously issued by Flow Capital against DionyMed. A number of the Events of Default cited in Flow Capital's

September 19, 2019 request for the execution of the Security, set out in detail above, were not specifically referenced in the Statement of Claim. Rather, the Statement of Claim only makes reference to more recent Events of Default that had taken place in July, 2019. The Notice of Objection suggests that Flow Capital had "admitted" in its Statement of Claim that the earliest default on the part of DionyMed was July 31, 2019, only 51 days prior to the date of the execution of the security in question.

In an e-mail dated September 20, 2019 [included in Attachment C], counsel to Flow Capital addressed this alleged "admission" on the part of Flow Capital:

> … The fact that Flow Capital has chosen to commence legal proceedings in respect of certain breaches of the agreement, and not others, is not a concession or an admission of that events of default that are not mentioned in the Statement of Claim did not occur or have been cured.
>
> ... other events of default have occurred long before the July 31, 2019 breach summarized in the Statement of Claim. In particular, Dionymed has not complied with its obligations pursuant to s. 2.10(e) (ii), (f), (h), (i) of the Amended and Restated Royalty Agreement.
>
> In addition, default in the payment of the Hometown Heart royalty payments commenced in December, 2018. Although the December, 2018 and January 2019 payments were later made, payment for the month of February, 2019 was not made in full on the date due. We understand that an agreement for "catch-up" payments was later reached between the parties, but even these catch-up payments have not been made, such that the events of default that commenced in the month of February, 2019 have never been cured.

THE SECURITY

On September 20, 2019, Alex Baluta, CEO of Flow Capital, executed the Security on behalf of DionyMed and its Subsidiaries (as defined in the RPA). The Security consists of three separate security agreements on behalf of DionyMed and/or its Subsidiaries:

(a) a General Security Agreement between DionyMed and Flow Capital [**Attachment E**];

(b) a Security Agreement between the various DionyMed Subsidiaries and Flow Capital [**Attachment F**]; and

(c) a Trademark Security Agreement between Herban Industries OR LLC, an Oregon limited liability company and Flow Capital [**Attachment G**].

The Security was registered in British Columbia (Registration Number 775763L, Control File No.: D6318891), and in the California (Filing Numbers 19-7736644774 – Gourmet Green Room, Inc.; 19-7735764706 – Herban Industries CA LLC; 19-7736645169 – Herban Industries CA LLC, 19-7735765959 – Hometown Heart), Colorado (Master ID/Validation Number: 20192085572 – Herban Industries CO LLC), New Jersey (Filing Number 53606987 – Herban Industries NJ LLC), Nevada (Initial/Document Filing Number 2019038467-1 Herban Industries NV LLC), Oregon (Lien No. 92046465 – Herban Industries OR LLC), and Delaware (Initial Filing No. 2019 6555333 Herban Industries, Inc.).

Pursuant to Section 2.13 of the RPA, **each member of the DionyMed Group** is required upon written request by Flow Capital to grant the required Security in favour of Flow Capital. The DionyMed Group is a defined term in the RPA to mean collectively, DionyMed Holdings Inc. (as it then was), DionyMed, Inc.; Herban Industries, Inc.; Herban Industries CA LLC; Herban Industries OR LLC; **and each direct or indirect subsidiary or investee of the Company (whether wholly, partially or not at all owned, directly or indirectly, by the Company and whether or not controlled by the Company)**.

POSITIONS ASSERTED BY THE RECEIVER

We note the Receiver's position set out in your November 11, 2019 letter to the effect that certain specifically-named Subsidiaries, including Gourmet Green Room, Inc., are not specifically named as members of the DionyMed Group pursuant to the definition of "DionyMed Group" and "DionyMed Subsidiaries" in the RPA; and therefore are not subject to the terms of the agreement.

In response to this concern, Flow Capital relies on the entirety of the wording of the definitions of "DionyMed Group" and "DionyMed Subsidiaries", which we reproduce below:

> DionyMed Group means, collectively, the Company and each of the DionyMed Subsidiaries.
>
> DionyMed Subsidiaries means collectively: (a) DionyMed, Inc.; (b) Herban Industries, Inc.; (c) Herban Industries CA LLC; (d) Herban Industries OR LLC; and (e) each direct or indirect subsidiary or investee of the Company (whether wholly, partially or not at all owned, directly or indirectly, by the Company and whether or not controlled by the Company) incorporated, acquired or established after the Effective Date**, including any direct or indirect interest held by any member of the DionyMed Group in any joint venture, partnership or similar entity or structure, and "DionyMed Subsidiary" means any one of the aforementioned entities**. [emphasis added]

As you can see, the definition of the members of the DionyMed Group is not restricted to the specifically-referenced entities. In fact, item (e) specifically includes "…each direct or indirect subsidiary or investee of the Company (whether wholly, partially or not at all owned, directly or indirectly, by the Company and whether or not controlled by the Company)."

We understand that both of the entities mentioned in your November 11, 2019 letter, namely Herban Industries CA LLC and Gourmet Green Room, Inc. would fall under item (e) above. Specifically, we understand that both of these entities are directly or indirectly controlled by DionyMed and constitute "investees" of DionyMed, either directly or indirectly. Please advise us if the Receiver's understanding of the facts is inconsistent with our understanding.

We attach hereto a copy of a disclosure letter dated April 3, 2018, executed by Peter Kampian, CFO of DionyMed, which letter was executed in conjunction with the RPA transaction. On page 2 of this letter DionyMed certified to Flow Capital that Herban Industries CA LLC is a subsidiary of DionyMed for purposes of the RPA [**Attachment H**].

Assuming that our factual understanding of the corporate structure of the DionyMed Group is accurate, it would appear that both entities mentioned in your November 11, 2019 correspondence are members of the DionyMed Group for purposes of the RPA, as are any other corporations or entities falling under item (e) of the definition of "DionyMed Subsidiary," notwithstanding that they are not specifically named therein;

The Receiver also takes the position that there is no evidence of any indebtedness owed to Flow Capital by Herban Industries CA LLC, or Gourmet Green Room, Inc. (or, for that matter, any other DionyMed Subsidiaries) pursuant to the RPA or otherwise. In any event, according to the position taken by the Receiver, none of the DionyMed Subsidiaries including Herban Industries CA LLC and Gourmet Green Room, Inc. executed the RPA, or any other document specifically creating any debt in favour of Flow Capital, or granting Flow Capital a security interest.

A. A Debt does Exist

Pursuant to Section 5.2(a) and (c) of the RPA, all members of the DionyMed Group jointly and severally indemnified Flow Capital:

> … against all Direct Damages and Indirect Damages incurred or suffered by any of them in any capacity and resulting from or relating to:
>
> (i) an Event of Default;
>
> (ii) a Bankruptcy Occurrence; or
>
> (iii) a breach by the Company of Section 6.2 or Section 6.8

> The rights of indemnity under this Section 5.2(c) shall not be subject to any monetary limitation and shall be in addition to, and not in substitution for, all of the rights and remedies of the Indemnitees otherwise afforded to the Indemnitees by law, equity or otherwise in respect of the occurrence of an Event of Default, a Bankruptcy Occurrence or a breach by the Company of Section 6.2 or Section 6.8, including all rights and remedies of the Purchaser under Section 2.12.

Direct Damages, as defined in the RPA, "means all damages and losses of any kind excluding Indirect Damages".

Accordingly, under the indemnity provisions of Section 5.2 of the RPA, all members of the DionyMed Group, including but not limited to Herban Industries CA LLC and Gourmet Green Room, Inc. are liable to Flow Capital for all damages and losses to Flow Capital arising from the royalty purchase transaction. As you are undoubtedly aware, an indemnity is different from a guarantee; no formal process is required to create or engage the liability of a party pursuant to an indemnity, unlike a guarantee. An indemnity operates as a separate, contractual obligation between the indemnifier and the indemnitee.

Flow Capital has suffered self-evident losses arising from the failure of DionyMed to make payment in full of the amounts claimed in the Statement of Claim, and under Section 5.2 of the RPA, each DionyMed Subsidiary is liable to Flow Capital for the entire amount claimed.

B. Flow Capital has Authority to Execute the RPA on behalf of the Subsidiaries

Flow Capital takes the position that DionyMed executed the RPA on its own behalf, and on behalf of its Subsidiaries. This is not only implicit from the overall structure of the RPA, but also expressly stated in Section 5.2(c) of the RPA, being the indemnity section referenced above. Specifically, Section 5.2(c) states "the Indemnitors [i.e. each of the DionyMed Subsidiaries], **for each of which the Company acts as agent hereunder, will jointly and severally indemnify**….". [emphasis added].

This proposition is borne out by the conduct of the parties in relation to the calculation of the overall royalty, payable by the entire group of companies, in respect of the discussions and negotiations surrounding another of DionyMed's Subsidiaries, namely, Hometown Heart. A dispute arose between Flow Capital and DionyMed regarding the treatment of income earned by Hometown Heart, insofar as that income was relevant to the calculation of quantum of royalty payments due and payable in favour of Flow Capital. Ultimately, the parties agreed that Hometown Heart did constitute a Subsidiary of DionyMed and that certain income realized by Hometown Heart would be included in the royalty calculation. The treatment of the Hometown Heart income reinforces Flow Capital's position to the effect that Flow Capital dealt with all members of the DionyMed Group jointly, and that DionyMed itself made no differentiation between liabilities owed by different members of the group.

CONCLUSION RE: SECURITY HELD BY FLOW CAPITAL

Flow Capital takes the following positions:

(a) Multiple Events of Default pursuant to the RPA had been in existence for a period of 180 consecutive days or longer as of September 20, 2019, being the date on which the Security in question was executed on behalf of DionyMed;

(b) Flow Capital was legally in a position to execute the Security on behalf of DionyMed and the members of the DionyMed Group pursuant to Section 2.13 of the RPA;

(c) Flow Capital complied with all the requirements of the RPA in all material respects in executing the Security on behalf of DionyMed and the members of the DionyMed Group;

(d) Under the indemnity provisions of Section 5.2 of the RPA, and as a result of (and evidenced by) the conduct of the parties, all members of the DionyMed Group are jointly and severally indebted to Flow Capital; and

(e) DionyMed executed the RPA on its own behalf and as authorized agent on behalf of each of its Subsidiaries.

As a result, the Security is valid and binding in accordance with its terms.

UNILATERAL DEADLINES IMPOSED BY THE RECEIVER

We are concerned with the timing of the determination regarding the security held by Flow Capital proposed by the Receiver. While we understand the issues raised by the Receiver with respect to Flow Capital's security, we see no reason why the parties need to go to the expense of dealing with the validity of the security at this particular time.

Specifically, we see no reason why the Receiver could not engage in the proposed marketing process, and then assess what offers are obtained. The presence of a secured creditor against the assets of certain of the corporations should not affect the value offered by a potential purchaser or the structure of the transaction proposed by the potential purchaser (to the extent prospective purchasers have any ability to determine the structure of the transaction, which would, in the ordinary course, be determined solely by the Receiver).

Leaving aside the question of the validity of Flow Capital's security for the moment, the security held by Flow Capital ranks in a subsequent position to at least one other secured creditor, whom we understand is owed a significant amount. Unless and until the Receiver receives an offer or offers with a purchase price high enough to put Flow Capital "in the money", is there any point to the parties spending time and money on a dispute over the validity of the subsequent-ranking security? Why would the Receiver not wait to force a determination on this issue until it sees

Torkin Manes
Barristers & Solicitors

what offers come in as a result of the sales process, in order, to use vernacular terminology, to see if there is actually anything to fight about?

Yours truly,

Torkin Manes LLP
Per:

Jeffrey J. Simpson
JJS/jj

Att.
cc. Jeffrey Rosenberg @ FTI Consulting Canada Inc.
Donnacha Rahill @ Flow Capital Corp.
Kenny Leung @ Flow Capital Corp.
35594.0008/13299781_.3

TAB A

ROYALTY PURCHASE AGREEMENT

THIS AGREEMENT is made as at May 25, 2018 (the "**Effective Date**"),

AMONG:

DIONYMED HOLDINGS INC.

- and -

GRENVILLE STRATEGIC ROYALTY CORP.

- and -

DARWIN STRATEGIC ROYALTY FUND, L.P.

- and -

ROYCO I LLC

WHEREAS the Parties (other than RoyCo I and Darwin Strategic Royalty Fund, L.P.) entered into a royalty purchase agreement dated April 4, 2018 (the "**Initial Agreement**");

WHEREAS on April 13, 2018 Darwin Strategic Royalty Corporation assigned its interest in the Initial Agreement to Darwin Strategic Royalty Fund, L.P.; and

WHEREAS the Parties wish to amend and restate the Initial Agreement in accordance with the terms and conditions contained herein.

THE PARTIES agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

Capitalized terms not otherwise defined herein shall have the respective meanings ascribed to such terms in Schedule "A" attached hereto.

1.2 **Certain Rules of Interpretation**

In this Agreement:

(a) **Currency** – Unless otherwise specified, all references to money amounts are to the lawful currency of Canada.

(b) **Governing Law** – This Agreement is a contract made under, governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario.

(c) **Headings** – Headings of Articles and Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.

(d) **Including** – Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".

(e) **Number and Gender** – Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders.

(f) **Statutory References** – A reference to a statute includes all regulations made pursuant to the statute and, unless otherwise specified, the provisions of any statute or regulation that amends, supplements or supersedes the statute or the regulation.

(g) **Schedules** – The schedules attached to this Agreement (as the same may be amended from time to time, whether by way of an amendment to this Agreement or otherwise) are incorporated into, and form an integral part of, this Agreement.

1.3 Knowledge

Unless otherwise stated herein, any reference to the knowledge of the Company means the actual knowledge of the officers and directors of the Company.

1.4 **Entire Agreement; Waiver**

This Agreement constitutes the entire agreement among the Parties and sets out all the covenants, promises, warranties, representations, conditions, understandings and agreements among the Parties concerning the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, including the Term Sheet. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between or among the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement. 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.

1.5 **Disclosure Letter**

Any disclosure made in a section of the Disclosure Letter shall be deemed to be disclosed for one or more sections of the Disclosure Letter to the extent that such disclosure sets forth facts in sufficient detail so that its application to such other section of the Disclosure Letter is reasonably clear.

ARTICLE 2
INSTALLMENTS AND ROYALTIES

2.1 **Payment of Installments**

(a) The Company acknowledges and agrees that $1,000,000 (the "**Initial Installment**") was previously advanced to or for the benefit of the Company pursuant to the terms of the Initial Agreement and shall be deemed for all purposes of this Agreement to have been paid by the Purchasers under this Agreement and to form part of the Aggregate Installment Amount.

(b) Effective as of May 25, 2018 (the "**Second Installment Effective Date**"), RoyCo I agree to purchase a royalty from the Companies for the sum of $900,000 (the "**Second Installment**"), which shall be paid, less the aggregate of the Purchasers' expenses in accordance with Section 6.10, by RoyCo I to the Company in immediately available funds on the Second Installment Effective Date to an account specified by the Company, it being

understood that, effective immediately following the advance by RoyCo I of the Second Installment, the Aggregate Installment Amount will be deemed to be $1,900,000

(c) In addition to the amounts specified in Section 2.1(a) and Section 2.1(b), upon mutual written agreement of the Purchasers and the Company, and in each case subject to compliance with Section 2.11, the Purchasers may (but shall have no obligation to) purchase one or more additional royalties from the Company in such amounts as may be jointly determined by Grenville and the Company, up to a maximum additional amount of $1,000,000 (for a total potential investment of $2,900,000) (each such additional payment made by the Purchasers to the Company pursuant to this Section 2.1(c) is referred to as a "**Subsequent Installment**"). For greater certainty, the Company acknowledges and agrees that Grenville may elect to permit one or more co-investors to participate in the funding of any Subsequent Installment, and any such participating co-investor will be deemed for all purposes to be a Purchaser (and, by virtue of Section 6.14, a Minority Purchaser) under this Agreement and will execute a counterpart to this Agreement effective as of the date of advance of the applicable Installment.

2.2 Gross Sales Royalty

(a) As consideration for, and conditional on, the payment by the Purchasers of the Initial Installment, the Second Installment and (if applicable) any Subsequent Installment, and subject to the terms hereof, the Company covenants and agrees to pay to Grenville, at such times and in such manner as required by Sections 2.4 and 2.5, subject to termination or reduction as set forth in this Agreement, a perpetual monthly royalty payment (each, a "**Royalty Payment**"), pro-rated for any partial month, equal to the greater of: (i) $39,583.33 (the "**Minimum Monthly Amount**"); and (ii) an amount equal to 3.8% of Revenue of the DionyMed Group during each calendar month (the "**Gross Sales Royalty**").

(b) If the Purchasers advance a Subsequent Installment to the Company, the Gross Sales Royalty will be adjusted proportionately based on the actual amount of the Subsequent Installment that is advanced to the Company. For illustrative purposes only, assuming that only the Initial Installment has been advanced to the Company, if the Purchasers advance a Subsequent Installment of $100,000 to the Company, the Gross Sales Royalty will, effective as of the date on which the Subsequent Installment is advanced to the Company, automatically and without any further action or formality of any Party, increase from 3.8% to 4.0% (being 3.8% + (100,000/1,900,000) x 3.8%).

(c) As additional consideration for the payment of the Second Installment, the Corporation will on the Effective Date issue to Grenville (on its own behalf and not on behalf of any other Purchaser) a fully-vested common share purchase warrant in the form of the warrant certificate attached hereto as Schedule "B" (the "**Warrant Certificate**") to purchase 90,000 common shares of the Company at an exercise price of $1.50 per common share (subject to adjustment in accordance with the terms of the Warrant Certificate), exercisable for a period of 5 years following the date of issuance (the "**Secondary Warrants**"). If the Purchasers advance a Subsequent Installment to the Company, the Company will on the date of each such advance issue to Grenville (on its own behalf and not on behalf of any other Purchaser) fully-vested common share purchase warrants to purchase 10,000 common shares of the Company for each $100,000 Subsequent Installment (such that if the Purchasers advance Subsequent Installments totalling $1,000,000 in the aggregate, the Company will issue a total of 100,000 common share purchase warrants to Grenville in addition to the Secondary Warrants and any other purchase warrants issued by the Company to Grenville), in each case at an exercise price of $1.50 per common share

(subject to adjustment in accordance with the terms of the Warrant Certificate), exercisable for a period of 5 years following the date of issuance.

2.3 **Minimum Monthly Amount**

(a) If the Purchasers advance a Subsequent Installment to the Company, the then applicable Minimum Monthly Amount will be adjusted proportionately based on the actual amount of each Subsequent Installment that is advanced to the Company. For illustrative purposes only, assuming that only the Initial Installment has been advanced to the Company, if the Purchasers advance a Subsequent Installment of $100,000 to the Company, the Minimum Monthly Amount will be deemed to be amended to be $41,666.66 (pro-rated for any partial month) (being $39,583.33 + (100,000/1,900,000 x $39,583.33)).

(b) The applicable Minimum Monthly Amount will be partially or fully extinguished, as the case may be, on the completion of the Buyout Option.

2.4 **Payment Mechanism, Adjustments and Delinquent Royalty Payments**

(a) In accordance with the payment procedures specified in Section 2.5, commencing on May 31, 2018 and thereafter on the last Business Day of each calendar month during the term of this Agreement, the Company shall pay to the Purchasers the amount determined in accordance with Section 2.2(a) in respect of such calendar month, subject to reconciliation pursuant to Sections 2.4(b), 2.4(c) and 2.4(d); and

(b) Within 55 days following the end of the first, second and third fiscal quarters of the Company during each fiscal year of the Company, and within 75 days following the end of the fourth fiscal quarter of the Company of each fiscal year of the Company (the last day of each such 55 day and 75 day period being the "**Quarterly Determination Date**"), the Company and Grenville will determine:

(i) the aggregate royalties in respect of such fiscal quarter that would have been payable based on an application of the applicable Gross Sales Royalty to Revenue of the DionyMed Group (without regard to any Minimum Monthly Amounts) for such fiscal quarter (or prorated for any partial fiscal quarter) using the financial statements of the DionyMed Group in respect of such fiscal quarter (which in the case of the fourth fiscal quarter of the Company shall be the Annual Financial Statements) (the "**Pre-Adjusted Quarterly Royalties**"); and

(ii) whether the aggregate Minimum Monthly Amounts in respect of such fiscal quarter were greater than or less than the Pre-Adjusted Quarterly Royalties for such fiscal quarter (the greater of such amounts being the "**Confirmed Quarterly Royalties**").

(c) If the actual Royalty Payments paid to or for the benefit of the Purchasers in respect of a fiscal quarter were, in the aggregate, greater than the Confirmed Quarterly Royalties for such fiscal quarter, the Purchasers will pay to the Company the amount by which such actual Royalty Payments exceeded the Confirmed Quarterly Royalties within 20 Business Days following the Quarterly Determination Date.

(d) If the actual Royalty Payments paid to or for the benefit of the Purchasers in respect of a fiscal quarter were, in the aggregate, less than the Confirmed Quarterly Royalties for such fiscal quarter, the Company will pay to Grenville the amount by which the Confirmed

Quarterly Royalties exceeded such actual Royalty Payments within 20 Business Days following the Quarterly Determination Date.

(e) Notwithstanding anything else contained herein, a Party may at any time elect to pay any amounts referenced in Sections 2.4(c) and 2.4(d) in such other manner as is agreed to by all other Parties .

(f) Any payment required to be made under this Agreement that is not paid within 30 days following the date on which it was originally due shall bear interest at a rate of 1.0% per month, compounded monthly.

2.5 **Payment of Royalty Payments and Buyout Amounts**

All Royalty Payments and other amounts payable by the Company under or pursuant to this Agreement, including under Section 2.9 (the "**Buyout Payments**"), plus all applicable Taxes thereon, if any, that the Purchasers are required by Law to collect from the Company in connection therewith, shall be made by wire transfer of immediately available funds to Grenville to an account (located in Toronto, Ontario, Canada) designated in writing by Grenville on the date on which each such payment is due. For greater certainty, all Royalty Payments and Buyout Payments will be made directly by the Company from an account located in a province of Canada (provided that if at any time the Company continues its corporate existence into a jurisdiction outside of Canada, all Royalty Payments and Buyout Payments will subsequently be made directly to Grenville by another Canadian-incorporated member of the DionyMed Group from an account located in a province of Canada, or as may otherwise be directed in writing by Grenville). The Company shall withhold from any Royalty Payment and Buyout Payment, and remit to the appropriate Governmental Authority, all Taxes that it is required to withhold that are levied thereon by any Governmental Authority, and the payment in each case of the applicable Royalty Payment or Buyout Payment net of any such withheld amount shall be deemed to satisfy the Company's payment obligations hereunder, provided that the Company shall deliver to Grenville copies of the filed tax return reporting such payments and official receipts (or such other evidence of payment reasonably acceptable to Grenville) evidencing that such payments were in fact paid to the applicable Governmental Authority. Notwithstanding anything to the contrary, the Parties agree that any Taxes paid by the Company to any Governmental Authority on behalf of (or for the benefit of) the Purchasers will be deducted from any applicable Royalty Payment or Buyout Payment.

2.6 **Royalty Payments Following Termination**

The termination of this Agreement or the royalties payable hereunder shall not terminate the obligation of the Company to pay any Royalty Payment accrued prior to the date of termination. Upon termination of this Agreement or the royalties payable hereunder, the Parties will determine the aggregate royalties in respect of the portion of the fiscal year of the Company in which the termination occurs, and will make such adjustments to the amount of royalties paid or to be paid during such period, as may be necessary, in accordance with the terms of Section 2.4.

2.7 **Audit Right**

(a) Upon not less than 10 days' written notice to the Company, the Purchasers shall have the right to audit all books and records, including all financial records, of the members of the DionyMed Group (including those obtained from third parties). Any such audit shall be conducted during normal business hours by an accounting firm selected by Grenville at the cost of the Purchasers. The members of the DionyMed Group shall provide such accounting firm and Grenville with access to all pertinent books and records, subject to any confidentiality obligations owed to any third parties, and shall reasonably cooperate with such accounting firm's efforts to conduct such audits.

(b) If any such audit reveals that there has been an underpayment of Royalty Payments due for the fiscal period being audited of more than 10% of the amount of Royalty Payments which were actually due in respect of such fiscal period, the Company shall reimburse the Purchasers for the reasonable costs and expenses (including accountants' fees) incurred by the Purchasers in connection with such audit. If Grenville claims that any such audit reveals an underpayment of Royalty Payments, Grenville will make the audit papers for the relevant period available to the Company. For greater certainty, if an audit reveals that there has been an underpayment of Royalty Payments, an Event of Default in respect of any such underpayment shall be deemed to occur only if such underpayment is not satisfied by the Company within 5 Business Days following the date on which the Company has been given written notice of such underpayment.

2.8 **Dispute Mechanism**

If the Company or Grenville disputes the amount of one or more Royalty Payments or Buyout Payments (including the determination of such amounts following an audit conducted pursuant to Section 2.7) (a "**Dispute**"), they shall each use commercially reasonable efforts to reach a negotiated resolution of the Dispute and shall exchange reasonable information with one another concerning the Dispute. If the Company and Grenville are unable to reach a negotiated resolution within 30 days from the commencement of negotiations to resolve the Dispute, then either such Party may elect for the Dispute to be determined by an independent public accounting firm (the "**Independent Accountant**") licensed to practice accounting in Canada selected by mutual agreement of the Parties, or in the absence of such agreement, KPMG LLP, and the Parties shall provide to the Independent Accountant their respective final figures in respect of the disputed amounts along with supporting documentation to substantiate their positions. None of the Parties will disclose to the Independent Accountant, and the Independent Accountant will not consider, for any purpose, any settlement offer made by a Party to another Party. The determination of the Independent Accountant shall be final and binding upon the Parties, absent manifest error. Costs of the Independent Accountant shall be paid as determined by the Independent Accountant, and in the absence of such determination, the Company and the Purchasers shall each pay 50% of the Independent Accountant's reasonable costs; provided, however, that each Party shall bear its own costs in presenting its arguments to the Independent Accountant. The Independent Accountant shall be deemed to act as an expert and not as an arbitrator. For greater certainty, in the event of a Dispute, and until such time as such Dispute is finally resolved in accordance with the terms of this Section 2.8, the Parties shall continue to be bound by all of the provisions of this Agreement in accordance with their terms (including the Gross Sales Royalty and Minimum Monthly Amount then in effect) notwithstanding the subject-matter of the Dispute.

2.9 **Buyout Option**

(a) Subject to Section 2.9(b), the Company may at any time by delivery of notice in writing to Grenville (a "**Buyout Notice**") purchase and extinguish all (but not less than all) of the amounts owing or to become owing to the Purchasers hereunder (but excluding any amounts which are or which may become owing under Section 2.12(c)), including the Aggregate Installment Amount and the Gross Sales Royalty applicable thereto (the "**Buyout Option**"), upon payment to Grenville by wire transfer of immediately available funds on a date that is no later than the third Business Day following the date of the Buyout Notice of an amount equal to two times the Aggregate Installment Amount as at the date of the Buyout Notice.

(b) Notwithstanding anything else contained herein, the Company's right to exercise the Buyout Option shall immediately and forever cease to be effective as of the occurrence of an Event of Default or a Bankruptcy Occurrence that in each case is not cured to the satisfaction of the Purchaser, acting reasonably, within 21 days following the date of occurrence of the Event of Default or Bankruptcy Occurrence, as the case may be (which

period shall, if the applicable Event of Default is the subject of dispute resolution under Section 2.8, be deemed to be stayed until such time as, and will only re-commence once, such dispute is finally resolved in accordance with Section 2.8). If an Event of Default has occurred, the Company shall not be permitted to exercise the Buyout Option until such time as the Event of Default has been cured in accordance with the terms hereof.

2.10 **Acknowledgments and Obligations**

The Company acknowledges, covenants and agrees that at all times on and following the Effective Date it will (and will cause the applicable members of the DionyMed Group over which the Company has the right to exercise, or actually exercises, control to):

(a) operate the Business in good faith and in the ordinary course consistent with past practices, industry standards and best practices, and will not knowingly to operate the Business so as to minimize Revenue of the DionyMed Group;

(b) not take any steps or actions, or omit or fail to take any steps or actions or enforce any right, the intent of which is to directly or indirectly reduce the calculation of or improperly characterize or account for, or which would reasonably result in or does result in any direct or indirect reduction in the calculation of or improper characterization or accounting for of, Revenue of the DionyMed Group or any Royalty Payment;

(c) keep and maintain complete, true and materially accurate books and records of all transactions involving Revenue of the DionyMed Group;

(d) not, without the prior written consent of Grenville (which consent will not be unreasonably withheld): (i) change the fiscal year end of any member of the DionyMed Group; or (ii) in any way modify, amend or change the accounting practices of any member of the DionyMed Group where the effect of such change in any way reduces, or would potentially have the effect of reducing, whether alone or in combination with or as a result of any other factor, the amount payable to the Purchasers hereunder, except for changes required under GAAP;

(e) provide to Grenville: (i) a monthly unaudited summary of Revenue of the DionyMed Group; and (ii) a monthly unaudited management-prepared income statement and balance sheet of each member of the DionyMed Group, in each case within 21 days after the last day of each calendar month. For greater certainty, all such information shall be printed directly from the Company's accounting software with date and time stamps marked thereon;

(f) provide to Grenville unaudited management-prepared quarterly financial statements of each member of the DionyMed Group within 60 days after the last day of each fiscal quarter of each such entity;

(g) provide to Grenville: (i) audited annual financial statements of each member of the DionyMed Group within 120 days after the last day of each fiscal year of each such entity (which audit shall be performed by a firm of chartered accountants approved by Grenville in its sole discretion, acting reasonably), together with a written confirmation from the Company's auditor (in a form acceptable to Grenville, in its sole discretion acting reasonably) regarding the authenticity of its audit report; (ii) reasonable advance notice, and full details of, any equity or debt financing, change in business or material transaction proposed to be undertaken by any member of the DionyMed Group; and (iii) copies of all information and materials that are distributed, or proposed to be distributed, to the members

of the Company at the same time as such materials are provided to the members of the Company;

(h) provide to Grenville, contemporaneously with the reports provided pursuant to Sections 2.10(e), 2.10(f) and 2.10(g), a certificate of a senior officer of the Company, dated as of the date of delivery of each such report, certifying, based on the knowledge of such officer having exercised reasonable diligence, that such reports: (i) are accurate and complete and do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the applicable report; and (ii) the financial information included in the reports fairly present in all material respects the financial condition, financial performance and cash flows of the members of the DionyMed Group as of the date of and for the periods covered by the reports;

(i) provide to Grenville copies of all tax returns filed by each member of the DionyMed Group promptly following the date on which such returns are filed;

(j) use the proceeds of each Installment only for working capital and other general business purposes (subject in all cases to the prohibition on the use of any portion of any Installment contained in Section 2.10(s));

(k) make all necessary material filings required of the members of the DionyMed Group under Law, obtain all necessary regulatory consents and approvals (if any) required of the members of the DionyMed Group under Law and pay all filing fees required to be paid by the members of the DionyMed Group under Law in connection with the Transaction;

(l) do all things necessary to maintain the corporate existence of each member of the DionyMed Group, provided, however that this Section 2.10(l) shall not prevent the amalgamation, merger or wind-up of any member of the DionyMed Group with or into another member of the DionyMed Group;

(m) other than in connection with a transaction in respect of which the Company has exercised the Buyout Option, not consolidate, amalgamate with, or merge with or into, or reorganize, reincorporate or reconstitute into or as another entity, or continue to any other jurisdiction, or otherwise complete or enter into a binding agreement for the completion of a Change of Control (other than an IPO), unless, at the time of completion of any such transaction, the resulting, surviving or transferee entity in writing assumes in favour of the Purchasers all of the obligations of the Company under this Agreement or as otherwise agreed by Grenville in writing;

(n) advise Grenville promptly of any material default or breach committed by any member of the DionyMed Group under any agreement, document or instrument relating to any indebtedness for borrowed money owing to any Person (including any payment default), which breach or default continues for more than the applicable cure period, if any, with respect thereto;

(o) (i) maintain insurance upon the assets of each member of the DionyMed Group comparable in amount, scope and coverage to that in effect on the Effective Date, subject to such changes as may be determined by the applicable member of the DionyMed Group, having regard to normal commercial practices and market standards; (ii) not at any time do or omit to do anything, or cause anything to be done or omitted to be done, whereby any such insurance would, or would be likely to, be rendered void or voidable or suspended,

impaired or defeated in whole or in part; (iii) notify Grenville of any termination, lapse or loss of any material coverage under such insurance no later than 10 days following the occurrence thereof; and (iv) rectify or otherwise cure any such termination, lapse or loss of coverage no later than 10 days following the occurrence thereof (with notice of such rectification or cure provided to Grenville within a reasonable period of time thereafter);

(p) not, without the prior written consent of Grenville, which consent will not be unreasonably withheld, in any way encumber or allow a security interest (other than security interests existing as of the Effective Date or any security interest granted to one or more Purchasers) to attach to any material asset of any member of the DionyMed Group where such encumbrance would prior to an event of default thereunder, in the reasonable opinion of Grenville, directly or indirectly reduce the calculation of, or result in any direct or indirect reduction in the calculation of, Revenue of the DionyMed Group or any Royalty Payment;

(q) not sell, transfer or otherwise dispose (whether to an arm's length party or otherwise) of any material property or assets of any member of the DionyMed Group (including, in the case of the Company, any DionyMed Subsidiary) without the prior written consent of Grenville, which consent will not be unreasonably withheld; provided, in addition, that the Purchaser agrees that it will provide such consent if, contemporaneously with a sale, transfer or disposition of property or assets to an arm's length third party buyer, the buyer enters into an agreement with the Purchasers in respect of such property or assets in a form and on terms similar to this Agreement or as is otherwise acceptable to Grenville in its sole discretion, acting reasonably;

(r) be fully responsible for the full amount of any success fee, broker's fee, commission or similar fees which any Person claims is owing or payable to such Person (whether by any member of the DionyMed Group or any Purchaser) in connection with the initiation, negotiation or consummation of the Transaction; and

(s) not, without the prior written consent of Grenville, which consent may be unreasonably withheld, make any debt (whether convertible or otherwise) or equity investment in, loan, advance, distribute, pay or contribute any funds to, subsidize, guarantee or satisfy the debts or liabilities of, or use any funds or other assets of the Company (including any portion of any Installment) for the benefit or use of, any Insider (or any entity in which an Insider has an equity, debt or other form of direct or indirect economic interest), other than wages, salary, bonus or other service compensation paid to such Person(s) in the ordinary course of business consistent with the financial condition of the Business at the time any such payment is made.

2.11 **Conditions to Payment of Installments**

The Purchasers shall not pay any Installment to the Company unless and until each of the following conditions has been fulfilled, satisfied and performed in a manner completely satisfactory to Grenville in all respects (in the sole discretion of Grenville) on or before the date specified herein for each payment of an Installment:

(a) the Disclosure Letter shall have been delivered to the Purchasers (and updated as necessary in connection with the payment of any Subsequent Installment);

(b) the Company shall have executed and delivered to the Purchasers each of the following documents:

(i) a certificate of status or good standing (or other applicable certificate of like form) issued by the applicable Governmental Authority dated on or about the date of payment of each Installment with respect to the legal existence and good standing of each member of the DionyMed Group under the laws of the jurisdiction of incorporation or formation of each such entity;

(ii) a certificate of a senior officer of the Company, dated as of the date of payment of each Installment, certifying:

(A) the accuracy of an attached copy of the constating documents of each member of the DionyMed Group, in each case together with all amendments thereto;

(B) in the case of the Initial Installment only, the accuracy of an attached copy of the resolutions of the members of the Company with respect to the Transaction;

(C) that no Material Adverse Effect has occurred as of the date of payment of each Installment; and

(D) that no Event of Default has occurred and is continuing and that no event or circumstance has occurred, and no condition exists, which would result, either immediately, or with the lapse of time or giving of notice or both, in the occurrence or existence of an Event of Default; and

(iii) an invoice of the Company in respect of the applicable Installment, and any applicable Taxes thereon, addressed to Grenville;

(c) Grenville shall have received such financial and other information in respect of the Business as may be reasonably required by Grenville (including the financial and other information specified in this Agreement);

(d) the Company shall have received all third party consents, approvals or waivers required to be obtained pursuant to any Contract by which any member of the DionyMed Group is bound and under which consent, approval or waiver from a third party is required as a result of the Company entering into this Agreement or in connection with the completion of the Transaction (including all required consents from lenders of the Company);

(e) the Company shall have, as applicable, executed and delivered such other documents, agreements, instruments, undertakings and assurances as Grenville or Grenville's counsel (in each case, acting reasonably) may deem necessary or advisable in connection with, relating to or arising from, or to give effect to or support, this Agreement;

(f) the Company shall have delivered to Grenville all other materials and information reasonably requested by Grenville; and

(g) payment of the Installment shall have been approved by each Purchaser's investment committee.

Each of the conditions set forth in this Section 2.11 is for the exclusive benefit of the Purchasers and, unless waived in writing by Grenville, shall be fulfilled, satisfied and performed by the Company.

2.12 **Event of Default and Bankruptcy Occurrence**

(a) Upon the occurrence of: (i) an Event of Default; or (ii) a Bankruptcy Occurrence that in each case is not cured to the satisfaction of Grenville, acting reasonably, within 21 days following the date of occurrence of the Event of Default or Bankruptcy Occurrence, as the case may be (which period shall, if the applicable Event of Default is the subject of dispute resolution under Section 2.8, be deemed to be stayed until such time as, and will only re-commence once, such dispute is finally resolved in accordance with Section 2.8), the Aggregate Installment Amount will, at Grenville's option and without notice to any member of the DionyMed Group, be deemed to become immediately due and payable in a manner determined by Grenville, and in connection therewith the Purchasers may exercise any or all of the rights and remedies contained in this Agreement or otherwise afforded by law, in equity or otherwise in connection therewith. For clarity, notwithstanding any number of Events of Default or Bankruptcy Occurrences, the Aggregate Installment Amount is only payable once.

(b) Grenville may waive default or any breach by the Company of any of the provisions contained in this Agreement. No waiver extends to a subsequent breach or default, whether or not the same as or similar to the breach or default waived, and no act or omission of Grenville extends to or is to be taken in any manner to affect any subsequent breach or default of the Company or the rights of the Purchasers resulting therefrom. Any such waiver must be in writing and signed by Grenville to be effective.

(c) The Company will pay or reimburse the Purchasers for any reasonable costs or expenses incurred by the Purchasers in collecting amounts owing to the Purchasers by the Company hereunder.

(d) For greater certainty, this Agreement, and all covenants and obligations of the Company hereunder, including the obligation to pay Royalty Payments, will continue in full force and effect, and will not be impaired in any way by, the occurrence of an Event of Default or a Bankruptcy Occurrence or the election by Grenville to have the Aggregate Installment Amount become immediately due and payable to the Purchaser, and all Royalty Payments due and owing hereunder shall continue to be paid to Grenville following the occurrence of an Event of Default or a Bankruptcy Occurrence in accordance with the terms of this Agreement in addition to, and not in substitution for, the repayment of the Aggregate Installment Amount.

2.13 **Grant of Security and Director Nomination Right on Continuing Event of Default**

In the event of an Event of Default that continues and remains uncured for a period of 180 consecutive days, then:

(a) at any time following the expiration of such 180 day period each member of the DionyMed Group will, upon written request by Grenville, grant to the Purchasers, as security for the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) of, and the performance of, all amounts and obligations owing to the Purchasers under this Agreement, a first-ranking continuing security interest (subordinate only to Senior Indebtedness of the DionyMed Group) in, lien on, assignment of and right of set off against, all of the tangible and intangible personal property assets of the members of the DionyMed Group then owned or at any time thereafter acquired by any of the members of the DionyMed Group, regardless of where located, and in connection therewith the members of the DionyMed Group hereby appoint Grenville (and any officer thereof), in the event that any member of the DionyMed Group fails to execute and deliver all

documents as may be required by Grenville to grant and perfect such security interest as aforesaid, as such entity's attorney, with full power of substitution, in the name of such entity but on behalf of Grenville, to execute and deliver all deeds, transfers, registrations, agreements, assignments and assurances necessary to effectively grant and perfect such security. Such appointment, being coupled with an interest, is irrevocable by each such entity and will not be revoked by the insolvency, bankruptcy, death, incapacity, dissolution, liquidation or other termination of the existence of any such entity and each member of the DionyMed Group agrees to ratify and confirm all that Grenville may do or cause to be done pursuant to the foregoing. If, following the registration of any security interest by Grenville in accordance with this Section 2.13(a):

(i) the applicable Event of Default has been cured to the satisfaction of Grenville and there has not occurred another Event of Default within the 180 day period following the date on which the original Event of Default was cured; or

(ii) this Agreement is terminated in connection with the completion of a transaction in respect of which DionyMed exercised the Buyout Option,

Grenville covenants and agrees that it will promptly execute and deliver to the applicable members of the DionyMed Group such discharges and registrations as the DionyMed Group may reasonably request in order to discharge the security interest granted herein; provided, however, that if subsequent to the curing of such Event of Default another Event of Default occurs and continues uncured for a period of 180 consecutive days, the Purchasers shall again have the right to require the grant by the DionyMed Group of the security interest referenced above. For greater certainty, other than any security which may be granted pursuant to this Section 2.13, the obligations of the Company to make Royalty Payments and Buyout Payments under this Agreement shall be unsecured obligations of the Company; and

(b) upon the expiration of such 180 day period (such 180th day being the "**Triggering Date**") Grenville will have the right to nominate one director to the board of directors of the Company (the "**Purchaser Director**"), who must be duly qualified to act in accordance with corporate law and, to the extent applicable, the rules of any Recognized Stock Exchange, and the Company agrees:

(i) to cause the Purchaser Director to be appointed within thirty (30) days following the expiration of such 180 day period, selected by way of: (i) nomination for election at an annual meeting or special meeting of shareholders (which meeting will, if required, be called by the Company at its own cost); or (ii) if permitted under Law, appointed as a director in accordance with the constating documents of the Company;

(ii) at its own cost, if so requested by Grenville, to call a special meeting of the shareholders of the Company for the purpose of electing the Purchaser Director;

(iii) that the Purchaser Director shall not be removed from office unless (A) such removal is directed or approved by Grenville, or (B) such removal is made by the Company in connection with the completion of a transaction in respect of which the Company has exercised the Buyout Option;

(iv) that at every meeting of the shareholders of the Company held following the Triggering Date, and at every adjournment thereof, and on every action or approval by written consent of the shareholders of the Company in connection with the

election of directors of the Company, the Company shall: (i) include the Purchaser Director as one of management's nominees for election as a director of the Company; (ii) recommend to its shareholders that they vote or cause to be voted all of the voting securities of the Company in favour of electing the Purchaser Director; (ii) recommend to its shareholders that they vote or cause to be voted all of the voting securities of the Company in favour of any matter that could reasonably be expected to facilitate the election of the Purchaser Director to the board of directors of the Company; (iii) recommend to its shareholders that they vote or cause to be voted all of the voting securities of the Company against any matter the approval of which might reasonably be expected to delay or hinder the election of the Purchaser Director to the board of directors of the Company or cause the removal of the Purchaser Director from the board of directors of the Company; and (iv) solicit proxies for election of the Purchaser Director in the same manner as the Company solicits proxies for the other management nominees as directors of the Company;

(v) that if the Purchaser Director resigns or ceases to serve as a director for any reason, the resulting vacancy shall be filled by another individual nominated by Grenville in accordance with the terms of this Agreement;

(vi) no Purchaser, nor any Affiliate of any Purchaser, shall have any liability as a result of designating a person for election as the Purchaser Director for any act or omission by such the Purchaser Director in his or her capacity as a director of the Company, unless there has been an act of fraud by the Purchaser Director;

(vii) that the Purchaser Director shall be entitled to all of the same rights and benefits, including with respect to insurance coverage and payment and/or reimbursement of fees and expenses, as each other non-executive director of the Company; and

(viii) effective as of the appointment of the Purchaser Director to the board of directors of the Company (and effective upon the replacement of any Purchaser Director with another individual nominated by Grenville) the Company will enter into an indemnification agreement with the Purchaser Director pursuant to the Company's standard form of indemnification agreement.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company (on its own behalf and on behalf of each member of the DionyMed Group) represents and warrants to the Purchasers as of the Second Installment Effective Date (and confirmed as to accuracy by the execution and delivery by the Company on the date of payment of any Subsequent Installment of a bring-down certificate, which may contain updates and supplements to representations and warranties, in a form agreed upon by the Company and Grenville, each acting reasonably) as follows, and acknowledges that the Purchasers are entering into this Agreement and completing the Transaction in reliance upon such representations and warranties:

3.1 Incorporation and Organization

Each member of the DionyMed Group is an entity incorporated, formed or established and validly subsisting under the laws of its jurisdiction of incorporation, formation or establishment, and is in good standing under such laws. Each member of the DionyMed Group has the full power, authority and capacity:

(a) to own or lease and operate its properties and assets; and

(b) to carry on its business as presently conducted.

3.2 Corporate Records

The minute books of the members of the DionyMed Group have been made available to Grenville or its counsel and contain all constating documents and resolutions of the applicable member of the DionyMed Group, and such minute books contain, in all material respects, a complete and accurate record of all meetings and actions of directors (and committees of directors) and stockholders or partners, as the case may be, of each such entity since the date of incorporation or formation thereof, and in all material respects accurately reflect all transactions referred to in such proceedings. The security ledgers and registers of each such entity are, in all material respects, complete and reflect all issuances, transfers, repurchases and cancellations of securities of each such entity.

3.3 Subsidiaries

Except as set out in Section 3.3 of the Disclosure Letter, no member of the DionyMed Group owns or otherwise holds any legal or beneficial interest in any other Person. The Company confirms that a complete and accurate corporate organization chart showing all existing DionyMed Subsidiaries has been provided to Grenville.

3.4 Qualification in Foreign Jurisdictions

Neither the nature of the Business nor the location or character of the assets owned or leased by the members of the DionyMed Group requires any such entity to be registered, licensed or otherwise qualified as a foreign corporation in any jurisdiction other than any jurisdiction in which any such entity is duly registered, licensed or otherwise qualified for this purpose and other than any jurisdiction where the failure to be so registered, licensed or otherwise qualified would not have a Material Adverse Effect.

3.5 Authorized and Issued Outstanding Capital

(a) The authorized and outstanding securities of each member of the DionyMed Group are as set out in Section 3.5 of the Disclosure Letter.

(b) Other than as contemplated in this Agreement or the constating documents of any member of the DionyMed Group or as set out in Section 3.5 of the Disclosure Letter, there are no outstanding options, warrants or other rights to subscribe for purchase or otherwise acquire from any member of the DionyMed Group any:

(i) any equity securities of such entity; or

(ii) equity securities convertible into, exchangeable for, or representing the right to subscribe for, purchase or otherwise acquire, directly or indirectly, any equity securities of such entity.

(c) Other than as contemplated in this Agreement or the constating documents of any member of the DionyMed Group or as set out in Section 3.5 of the Disclosure Letter, no member of the DionyMed Group:

(i) has any outstanding obligations, contractual or otherwise, to repurchase, redeem or otherwise acquire any securities of such entity;

(ii) is a party to or bound by, or has any knowledge of, any agreement or instrument relating to the voting of any of its securities.

(d) No Person has any pre-emptive rights in respect of any of the matters relating to the Transaction.

3.6 Corporate Authorization

(a) The execution and delivery of this Agreement and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Company.

(b) This Agreement constitutes a valid and binding obligation of the Company enforceable against it in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought and except as rights to indemnity and contribution may be limited by Law.

(c) The execution of, or the performance of obligations under, this Agreement by the Company will not result in a breach or violation of a Contract to which any member of the DionyMed Group is party, a breach of any constating document of the Company, a breach of Law or authorization by a Governmental Authority to which any member of the DionyMed Group is bound, in any case that would with the notice or passage of time result in a Material Adverse Effect or would create a Lien on any material asset of any member of the DionyMed Group.

3.7 **No Governmental or Third Party Consents**

Other than those which have already been obtained, no consent, approval, authorization or declaration of and no filing or registration with, any Governmental Authority or other party is required to be made or obtained by the Company which, if not made or obtained, would with the notice or passage of time result in a Material Adverse Effect in connection with:

(a) the execution and delivery of this Agreement; or

(b) the performance by the Company of its obligations under this Agreement.

3.8 Financial Statements

The Financial Statements have been prepared in accordance with GAAP, consistent with past practice, and the Financial Statements present fairly the assets, liabilities (whether secured, absolute, contingent or otherwise) and the financial condition of the members of the DionyMed Group for the periods covered by the Financial Statements.

3.9 Absence of Certain Changes

Except as otherwise described in this Agreement or as set out in Section 3.9 of the Disclosure Letter, since the date of the most recent Interim Financial Statements the Business has been carried on in the ordinary course of business and no Material Adverse Effect has occurred.

3.10 Properties, Leases, Etc.

(a) No member of the DionyMed Group owns any real property.

(b) Each member of the DionyMed Group has:

(i) good and marketable title to all of the assets and properties owned by it;

(ii) title to the lessee interest in all assets and properties leased by it as lessee; and

(iii) full right to hold and use all of the assets used in or necessary to the Business subject to the terms of any agreement relating to those assets,

in each case free and clear of Liens except Liens incurred in the ordinary course of the Business or as otherwise disclosed in Section 3.10 of the Disclosure Letter.

3.11 Indebtedness

Section 3.11 of the Disclosure Letter sets out all accounts payable of the DionyMed Group as of April 30, 2018, including amounts payable to Insiders (except for amounts owing to Insiders who are employees in respect of salary for current pay periods). Except as set out in Section 3.11 of the Disclosure Letter, no member of the DionyMed Group is in default with respect to any outstanding material indebtedness or any Contract relating to outstanding material indebtedness. Except as set out in Section 3.11 of the Disclosure Letter, no indebtedness or any Contract relating to indebtedness purports to limit the issuance of any securities by the Company or the payment of any royalty or other distribution by any member of the DionyMed Group. The Company confirms that complete and accurate copies of all Contracts (including all amendments, supplements, waivers, and consents) relating to any material indebtedness of the members of the DionyMed Group have been provided to Grenville.

3.12 Absence of Undisclosed Liabilities

Except as set out in Section 3.12 of the Disclosure Letter or the Financial Statements, none of the members of the DionyMed Group have any material liabilities, guarantees, pledges or obligations, whether accrued, absolute, contingent or otherwise (including liabilities as guarantor or otherwise with respect to obligations of others) and whether due or to become due, except those accruing in the ordinary course of the Business.

3.13 Tax Matters

Except as set out in Section 3.13 of the Disclosure Letter:

(a) no member of the DionyMed Group has any liability, obligation or commitment, actual or contingent, for the payment of any Tax, except such as have arisen in the usual and ordinary course of the Business;

(b) no member of the DionyMed Group is in any arrears with respect to any required withholdings or instalment payments of any Tax nor has it filed any waiver for a taxation year under any legislation imposing Tax on it;

(c) each member of the DionyMed Group has filed within the times and within the manner prescribed by law, all federal, provincial, state, local and foreign Tax Returns and reports that are required to be filed by or with respect to it, all such Tax Returns are true, correct and complete in all material respects, and do not, in any material respect, understate the taxable income or liability for Taxes of such entity for the periods covered by such returns, no Tax Return has been amended, and the tax liability of such entity for previous taxation periods is as indicated in its Tax Returns;

(d) each member of the DionyMed Group has withheld from payments made to its officers, directors, employees, debtholders and shareholders the amount of all Taxes, including income tax, federal or provincial pension and medical plan contributions, unemployment

insurance contributions and other deductions required to be withheld from such payments, and has paid them to the proper receiving officers or authorities (or made adequate reserves or provisions for the payment thereof);

(e) there is no unresolved assessment, reassessment, action, suit, proceeding, audit, investigation or claim in progress, pending or, to the knowledge of the Company, threatened with respect to Taxes of any member of the DionyMed Group and, in particular, there are no currently outstanding reassessment or written enquiries that have been issued to, or raised in respect of, any member of the DionyMed Group relating to any Taxes; and

(f) no member of the DionyMed Group is a party to, is bound by, or has any obligation under, any tax sharing agreement, tax indemnification agreement or similar Contract.

3.14 Litigation

Except as set out in Section 3.14 of the Disclosure Letter, no litigation, arbitration, action, suit, proceeding or investigation (whether conducted by or before any judicial or regulatory body, arbitrator or other Person) is pending or, to the knowledge of the Company, threatened or contemplated, against any member of the DionyMed Group or, to the knowledge of the Company, any Insider, nor is there any basis therefor known to the Company in which a claimant would have a reasonable likelihood of success as against any member of the DionyMed Group or any Insider.

3.15 Employment Contracts

(a) There are currently no material disagreements or other difficulties with any member of the DionyMed Group's senior employees or senior independent contractors. To the knowledge of the Company, no officer or key employee of any member of the DionyMed Group or key independent contractor of any member of the DionyMed Group has any present intention of terminating his or her employment with or services to such entity, nor does any member of the DionyMed Group have any present intention of terminating the employment or engagement of any such Person.

(b) There are no complaints against any member of the DionyMed Group before any government employment standards branch, tribunal or human rights tribunal, and no member of the DionyMed Group has received notice of any such complaint. There are no outstanding decisions or settlements or pending settlements under any employment standards legislation that place any obligation upon any member of the DionyMed Group to do or to refrain from doing any act.

(c) No member of the DionyMed Group is delinquent in payments to any of its employees, consultants or independent contractors for any wages, salaries, commissions, bonuses or other direct compensation for any service performed for it up to the Second Installment Effective Date or amounts required to be reimbursed to such employees, consultants or independent contractors, and all such amounts have been properly accrued in the books and records of the members of the DionyMed Group.

(d) Each member of the DionyMed Group has complied with all Laws related to employment, including those related to wages, hours, worker classification, collective bargaining, and the payment and withholding of Taxes and other sums as required by law, except where non-compliance would not result in a Material Adverse Effect.

(e) Except as set out in Section 3.15 of the Disclosure Letter, no member of the DionyMed Group has, since the date of the Interim Financial Statements, terminated the employment of any senior officer or senior employee.

3.16 Material Contracts

The Company has made available to Grenville for inspection correct and complete copies (or written summaries of the material terms of oral agreements or understandings) of each material Contract of each member of the DionyMed Group. Each such Contract is a valid, binding and enforceable obligation of the applicable member of the DionyMed Group and, to the knowledge of the Company, of the other party or parties thereto, and is in full force and effect. No member of the DionyMed Group nor, to the knowledge of the Company, any other party, is, or is considered by any other party to be, in breach of any term of any such Contract (nor, to the knowledge of the Company, is there any basis for any claim of breach, including as a result of the execution and delivery of this Agreement or the completion of the Transaction), except for any breaches that individually or in the aggregate would not have a Material Adverse Effect.

3.17 **Insiders**

Except as set forth in Section 3.17 of the Disclosure Letter, there are no Contracts between any member of the DionyMed Group and any Insider or with any Person in which an Insider has an interest, other than Contracts of employment and employment-related agreements and covenants entered into in the ordinary course of the Business and the Employee IP Agreements. Except as set out in Section 3.17 of the Disclosure Letter, no member of the DionyMed Group has made any payment or loan to, or borrowed any money from or is otherwise indebted to, any Insider, except for payments made to Insiders who are directors, officers, employees or contractors of a member of the DionyMed Group in respect of bona fide services.

3.18 Business Intellectual Property

(a) Section 3.18 of the Disclosure Letter contains a complete and accurate list of all Business IP existing as of the Effective Date, except for Commercial Software Licenses, and specifies, for each item, whether the Business IP is Owned IP or Licensed IP, and in the case of Licensed IP, sets forth all contracts entered into in connection with the Licensed IP (except for Commercial Software Licenses).

(b) The Business IP, together with Commercial Software Licences, constitutes substantially all of the Intellectual Property necessary to conduct fully the Business as it is currently conducted.

3.19 Intellectual Property Rights

(a) Except as set out in Section 3.19(a) of the Disclosure Letter, the DionyMed Group owns all right, title and interest in and to the Owned IP existing as of the Effective Date free and clear of any Liens and, except for any non-exclusive end user licenses granted to customers of the Business in the ordinary course of Business, and has exclusive rights (and is not contractually obligated to pay any compensation to any other Person in respect of the exercise of such rights) to the use of such Owned IP or the material covered by such Owned IP. The Owned IP existing as of the Effective Date does not contain, embody or use, or require for its full and proper operation, any Intellectual Property or Technology, except the Licensed IP and any Commercial Software Licenses, owned by any other Person.

(b) Each Contract entered into in connection with the Licensed IP existing as of the Effective Date is valid, subsisting and in good standing, and there is no material default by any member of the DionyMed Group under any such Contract nor is there, to the knowledge

of the Company, any material default by the other parties to such Contract. The applicable member of the DionyMed Group has the right to sub-license, or to re-sell sub-licences, for the use of the Licensed IP existing as of the Effective Date that is currently incorporated in or distributed with, or that the applicable member of the DionyMed Group has contemplated incorporating in or distributing with, the DionyMed Group's products to distributors, resellers and end-users of such products.

(c) To the knowledge of the Company, none of the Owned IP existing as of the Effective Date nor any service rendered by the DionyMed Group, nor any product currently or proposed to be developed, manufactured, produced or used by the DionyMed Group, infringes upon any of the Intellectual Property, Technology or moral rights owned or held by any other Person, and no member of the DionyMed Group or any of its directors, officers or employees has ever received any charge, complaint, claim, demand or notice alleging any interference, infringement, misappropriation or violation with respect to any Business IP existing as of the Effective Date (including any claim that any member of the DionyMed Group or such other Persons must license or refrain from using any Intellectual Property or Technology of a third party), nor does the Company have knowledge of any valid grounds for any bona fide claims.

(d) To the knowledge of the Company, there is no unauthorized use, infringement or misappropriation of any Owned IP existing as of the Effective Date by any other Person. No member of the DionyMed Group has agreed with any Person not to sue or otherwise enforce any legal rights with respect to any of such Owned IP.

(e) Each member of the DionyMed Group has taken all commercially reasonable steps (including measures to protect secrecy and confidentiality and obtaining waivers of moral rights) to protect the DionyMed Group's right, title and interest in and to all Owned IP existing as of the Effective Date. All agents and representatives of the members of the DionyMed Group who have or have had access to confidential or proprietary information of the DionyMed Group relating to the Business IP existing as of the Effective Date have a legal obligation of confidentiality to the DionyMed Group with respect to such information.

(f) All of the Owned IP existing as of the Effective Date was developed by full-time employees and contractors of one or more members of the DionyMed Group during the time they were employed or engaged with such entity as software, information technology or hardware developers (the "**Developers**"). All of the Developers and other employees and contractors who have or have had access to confidential or proprietary information relating to such Owned IP have duly executed and delivered Employee IP Agreements in substantially the same form as set forth in Section 3.19(f) of the Disclosure Letter to the applicable member of the DionyMed Group on or before the date of commencement of his or her employment with such entity in the form provided to the Purchaser. No member of the DionyMed Group has any knowledge of any material breach of any of the Employee IP Agreements.

(g) Except as set out in Section 3.19(g) of the Disclosure Letter, no royalty or other amounts are required to be paid by any member of the DionyMed Group in connection with the continued use or exploitation by the DionyMed Group of any Intellectual Property used in the operation of the Business.

3.20 **Insurance**

Section 3.20 of the Disclosure Letter lists the policies of insurance owned or held by the members of the DionyMed Group. All such policies:

(a) are, and at all times since the respective start dates of such policies have been, in full force and effect;

(b) are sufficient for compliance in all material respects by the members of the DionyMed Group with all agreements to which any such entity is a party;

(c) provide that they will remain in full force and effect through the respective expiry dates thereof; and

(d) will not terminate or lapse or otherwise be affected in any way by reason of the completion of the Transaction.

3.21 **Brokers**

Except as disclosed in Section 3.21 of the Disclosure Letter: (a) no finder, broker, agent or other intermediary has acted for or on behalf of any member of the DionyMed Group in connection with the initiation, negotiation or consummation of the Transaction; and (b) no success fee, broker's fee, commission or similar fees will be payable by any member of the DionyMed Group to any Person in connection with the initiation, negotiation or consummation of the Transaction.

3.22 No Sale Agreements

Except as disclosed in Section 3.22 of the Disclosure Letter, there are no Contracts, or any right or privilege capable of becoming a Contract, for the purchase of the Business or any of the material assets of any member of the DionyMed Group. Except as disclosed in Section 3.22 of the Disclosure Letter, no member of the DionyMed Group currently has ongoing any discussions, conditions or proceedings with respect to the sale, merger, consolidation, liquidation or reorganization of any such entity.

3.23 Compliance with Other Instruments, Laws, Etc.

Each member of the DionyMed Group has complied, and is in compliance, with:

(a) all Laws applicable to it and the Business, except for any non-compliance that, individually or in the aggregate, has not had and could not reasonably be expected to have a Material Adverse Effect; and

(b) its constating documents.

3.24 **Agreements Restricting Business**

Except as disclosed in Section 3.24 of the Disclosure Letter, no member of the DionyMed Group is a party to any agreement or arrangement that restricts the freedom of such entity to carry on the Business, including any Contract that contains covenants by any member of the DionyMed Group not to compete in any line of business competitive with or similar to the Business with any other Person.

3.25 **Absence of Questionable Payments**

To the knowledge of the Company, no member of the DionyMed Group or, to the knowledge of the Company, any director, officer, agent or employee of any of the foregoing or any other Person acting on behalf of any of the foregoing, has used any corporate or other funds for unlawful contributions, payments, gifts or entertainment, or made any unlawful expenditures relating to political activity to government officials or others or established or maintained any unlawful or unrecorded funds in connection with the Business. No member of the DionyMed Group or, to the knowledge of the Company, any director, officer,

agent or employee of any of the foregoing or any other Person acting on behalf of any of the foregoing, has accepted or received any unlawful contributions, payments, gifts or expenditures in connection with the Business.

3.26 Change of Control

Except as disclosed in Section 3.26 of the Disclosure Letter, no member of the DionyMed Group has approved, is contemplating, considering or has held discussions in respect of, has entered into any Contract in respect of, or has any knowledge of:

(a) a proposed Change of Control or similar transaction involving such entity; or

(b) any Contract, or any right or privilege capable of becoming a Contract, for the purchase, sale, transfer or other disposition of any material property or assets or any interest therein owned directly or indirectly by such entity (including any of the outstanding shares of any DionyMed Subsidiary).

3.27 Disclosure

(a) No representation or warranty by the Company in this Agreement or in the Disclosure Letter contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact required to be stated in this Agreement or necessary to make the statements contained in this Agreement not false or misleading.

(b) To the knowledge of the Company, there is no fact or circumstance relating specifically to the Business or the members of the DionyMed Group that could reasonably be expected to result in a Material Adverse Effect and that is not disclosed in the Disclosure Letter.

The Company has made available to Grenville or its counsel all information reasonably available to the Company that Grenville or its counsel has requested.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS

The Purchasers severally, and not jointly and severally, represent and warrant to the Company as of the Second Installment Effective Date as follows (and confirmed as to accuracy by the execution and delivery by the Purchasers on the date of payment of any Subsequent Installment or a bring-down certificate, in a form agreed upon by Grenville and the Company, each acting reasonably), and acknowledges that the representations and warranties contained in this Agreement are made by each Purchaser with the intent that they may be relied upon by the Company.

4.1 Incorporation and Organization

The Purchaser is a corporation incorporated and validly subsisting under the laws of its jurisdiction of incorporation or formation and is in good standing under such laws.

4.2 Corporate Authorization

(a) The execution and delivery of this Agreement and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser.

(b) This Agreement constitutes, a valid and binding obligation of the Purchaser enforceable against it in accordance with its terms, except as enforcement thereof may be limited by

bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought and except as rights to indemnity and contribution may be limited by Law.

4.3 **Purchasing for Investment Purposes**

The Purchaser is acquiring the interest granted to it herein for investment purposes only and not with a view to the resale or distribution of any portion of such interest.

4.4 **Purchase as Principal**

The Purchaser is acquiring the interest granted to it herein as principal for its own account, and not on behalf of or for the benefit of any other Person.

ARTICLE 5
SURVIVAL AND INDEMNIFICATION

5.1 Survival

Subject to the limitations contained in this Agreement, all representations and warranties contained in this Agreement on the part of each of the Parties will survive the Effective Date for a period of 2 years following the Effective Date.

5.2 Indemnification Obligations

(a) All covenants, representations and warranties made in this Agreement by the Company are deemed to have been relied on by the Purchasers, notwithstanding any investigation made by or on behalf of the Purchasers. Subject to the limitations set forth in Section 5.2(b) and subject to Section 5.2(a), the members of the DionyMed Group (the "**Indemnitors**"), for each of which the Company acts as agent hereunder, will jointly and severally indemnify, defend and hold harmless the Purchasers, and each Purchaser's officers, directors, employees, agents, advisors, representatives and affiliates, and the respective successors, assigns, heirs, executors, administrators and legal and personal representatives of each of the foregoing (each, an "**Indemnitee**"), from and against all Direct Damages incurred or suffered by any of them in any capacity and resulting from or relating to the occurrence of a Non-Monetary Event of Default.

(b) The obligations of the Indemnitors under Section 5.2(a) are subject to the following limitations:

(i) except for the matters referred to in paragraphs (ii) and (iii) hereof, the obligations of the Indemnitors under Section 5.2(a) will terminate on the date that is 2 years following the Effective Date, except with respect to bona fide claims by any Indemnitee set forth in written notices given by them to the Company prior to such date;

(ii) the obligations of the Indemnitors in respect of any claim relating to Tax matters, including any claim arising out of Section 3.12, will terminate on the date that is 90 days after the relevant Governmental Authorities are no longer entitled to assess or reassess liability for Taxes (other than interest, penalties, fines, additions to Tax or other additional amounts) against the applicable member of the DionyMed Group, having regard to any waivers given by any such entity in respect of any

taxation year, except with respect to bona fide claims by any Indemnitee set forth in written notices given by them to the Company prior to such date;

(iii) the obligations of the Indemnitors in respect of any claim based upon fraud or intentional misrepresentation shall survive indefinitely; and

(iv) the liability of the Indemnitors under Section 5.2(a), whether alone or in the aggregate, shall be limited to an amount equal to the Aggregate Installment Amount.

(c) The Indemnitors, for each of which the Company acts as agent hereunder, will jointly and severally indemnify, defend and hold harmless the Indemnitees from and against all Direct Damages and Indirect Damages incurred or suffered by any of them in any capacity and resulting from or relating to:

(i) an Event of Default;

(ii) a Bankruptcy Occurrence; or

(iii) a breach by the Company of Section 6.2 or Section 6.8.

The rights of indemnity under this Section 5.2(c) shall not be subject to any monetary limitation and shall be in addition to, and not in substitution for, all of the rights and remedies of the Indemnitees otherwise afforded to the Indemnitees by law, equity or otherwise in respect of the occurrence of an Event of Default, a Bankruptcy Occurrence or a breach by the Company of Section 6.2 or Section 6.8, including all rights and remedies of the Purchaser under Section 2.12.

ARTICLE 6
GENERAL

6.1 Notices

Any notice given in connection with this Agreement must be in writing and is sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by electronic means:

(a) in the case of a notice to the Company at:

DionyMed Holdings Inc.
40 King Street West, Suite 2100
Toronto, Ontario M5H 3C2
Attention: Peter Kampian, Chief Financial Officer
Email: pkampian@dionymed.com

(b) in the case of a notice to the Purchasers at:

Grenville Strategic Royalty Corp.
Dynamic Funds Tower
1 Adelaide Street East, Suite 3002
Toronto, Ontario M5C 2V9

Attention: Donnacha Rahill, Chief Financial Officer
Email: donnacha@grenvillesrc.com

Any notice delivered or transmitted to a Party in accordance with the foregoing is deemed given and received on the day it is delivered or transmitted if it is delivered or transmitted on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. If the notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a Business Day, then the notice is deemed to have been given and received on the next Business Day. Any Party may, from time to time, change its physical address or email address by giving notice to the other Parties in accordance with the provisions of this Section 6.1.

6.2 Announcements

Except as otherwise required by Law (including in order to comply with continuous disclosure or other requirements under securities Laws), following the Effective Date, the Company may make reasonable disclosure of the completion and nature of the Transaction only with the prior written consent of Grenville, such consent not to be unreasonably withheld or delayed, and, except as otherwise required by Law (including in order to comply with continuous disclosure or other requirements under securities Laws), each of the Purchasers may make reasonable disclosure of the completion and nature of the Transaction only with the prior written consent of the Company, such consent not to be unreasonably withheld or delayed. The Company hereby consents to the reasonable disclosure by the Purchasers of the completion and nature of the Transaction to Governmental Authorities, the security holders of a Purchaser and to any other Person in connection with any financing, offering, licensing, business combination or similar transaction proposed to be undertaken by a Purchaser. The Company acknowledges that Grenville may be required, in accordance with applicable securities laws, to publicly disclose the Transaction and to file a copy of this Agreement on SEDAR, and Grenville agrees that in such case it shall make such redactions to this Agreement as are permitted under Section 12.2(3) of National Instrument 51-102 ("**NI 51-102**") (subject to compliance by Grenville with the remaining provisions of Section 12.2 of NI 51-102) with the prior consultation of the Company. The Purchasers hereby consent to the reasonable disclosure by the Company of the completion and nature of the Transaction to Governmental Authorities, the members of the Company and to any other Person in connection with any financing, offering, franchising, licensing, business combination or similar transaction proposed to be undertaken by any member of the DionyMed Group.

6.3 **Facsimile/Adobe Acrobat and Counterparts**

This Agreement may be executed via facsimile or scanned Adobe Acrobat (Portable Document Format or PDF) or TIFF document and in any number of counterparts each of which shall be deemed to be an original and all of which when taken together shall be deemed to constitute one and the same instrument and it shall not be necessary in making proof of this Agreement to produce more than one counterpart.

6.4 Further Assurances

The Parties shall with reasonable diligence do all such things and provide all such assurances as may be required or desirable to consummate the Transaction and each Party shall provide such further documents or instruments as may be required or be desired by any other Party to effect the purpose of this Agreement and to carry out the provisions of this Agreement, whether before or after Closing.

6.5 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.

6.6 Delays or Omissions

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 non-breaching 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.

6.7 Acknowledgment re Drafting

Each Party acknowledges and agrees that the Parties have participated jointly in the negotiation and drafting of this Agreement and, therefore, in the event that any ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favouring or disfavouring any Party by virtue of the authorship of any provision hereof.

6.8 Confidentiality

Each Party acknowledges that it has had access to and will in the future receive confidential and proprietary information concerning the other Parties (the "**Confidential Information**"), the disclosure of which would be detrimental to the interests of the other Parties. Accordingly, each Party covenants and agrees, subject to Section 6.2, to keep the Confidential Information in strict confidence and not disclose any of such Confidential Information to any Person or use or attempt to use such Confidential Information. Notwithstanding the foregoing, no Party will have liability for any Confidential Information that is:

(a) already in the public domain or comes into the public domain without any breach of this Agreement;

(b) required to be disclosed pursuant to Law or pursuant to any regulatory or judicial authority having jurisdiction over such Party; or

(c) made to a professional advisor of such Party, in which event such party shall ensure that the recipient is aware of and agrees to comply with the terms of this Section 6.8 as if a party to this Agreement.

6.9 Assignment

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns; provided, however, that:

(a) any Purchaser may, without the consent of the Company, assign its rights and obligations or encumber its interest (including by way of security for any indebtedness of such Purchaser and its Affiliates) under this Agreement, in whole or in part, to any Person; and

(b) the Company may not assign any of its rights under this Agreement without the prior written consent of Grenville (such consent not to be unreasonably withheld by Grenville), and any such purported assignment without such prior written consent is void.

For greater certainty, unless terminated, reduced or extinguished pursuant to the terms of this Agreement, the Gross Sales Royalty shall survive, and shall not in any way be extinguished or impaired by, any: (i) Change of Control of any member of the DionyMed Group; or (ii) any transfer by operation of Law or otherwise of this Agreement by the Company.

6.10 Payment of Purchasers Expenses and Structuring Fee

The Company will pay all of the reasonable legal fees and other reasonable out-of-pocket expenses incurred by the Purchasers in connection with the Transaction and the various agreements and documents referred to in this Agreement (plus all disbursements incurred by counsel to the Purchasers and all applicable Taxes on any of the foregoing amounts), which amounts will be deducted from each Installment on the date of advance of each such Installment.

6.11 **Force Majeure**

No Party shall be liable for the failure to comply with any of its obligations under this Agreement to the extent, and for the period, that such failure results from Force Majeure. The Party claiming a Force Majeure shall make all reasonable efforts, including all reasonable expenditures, necessary to cure, mitigate or remedy the effects of a Force Majeure.

6.12 **Tax Cooperation**

The Parties shall (and, if requested to do so, shall cause their respective Affiliates to): (i) use commercially reasonable efforts to assist the other Parties in preparing for or defending against any audit, investigation, claim, dispute or controversy relating to Taxes regarding the Gross Sales Royalty or the Transaction; and (ii) make available to the other Parties and to any taxing authority as reasonably requested all information, records and documents relating to the Gross Sales Royalty or the Transaction; (iii) furnish the other Parties with timely notice of, and copies of all correspondence received from any taxing authority in connection with, any audit, investigation, claim, dispute or controversy relating to Taxes regarding the Gross Sales Royalty or the Transaction; and (iv) use commercially reasonable efforts to assist the other Parties in the proper compliance with its Tax filing and reporting obligations relating to the Gross Sales Royalty or the Transaction, provided that, in each case, none of the Parties shall be obligated to incur any fees, expenses or other costs in connection therewith.

6.13 **Maximum Permitted Rate**

Under no circumstances shall a Purchaser be entitled to receive nor shall it in fact receive a payment or partial payment (whether in the form of Royalty Payments, Buyout Payments or otherwise) under or in relation to this Agreement at a rate that is prohibited under Laws. Accordingly, notwithstanding anything herein or elsewhere contained, if and to the extent that under any circumstances the amounts received or to be received by a Purchaser pursuant to this Agreement or any agreement or arrangement collateral hereto entered into in consequence or implementation hereof would, but for this Section 6.13, be a rate that is prohibited under Laws, then the effective annual rate, as so determined, received or to be received by a Purchaser shall be and be deemed to be adjusted to a rate that is one whole percentage point less than the lowest effective annual rate that is so prohibited (the "**Adjusted Rate**"); and, if such Purchaser has received a payment or partial payment which would, but for this Section 6.13, be so prohibited then any amount or amounts so received by such Purchaser in excess of the lowest effective annual rate that is so prohibited shall and shall be deemed to have comprised a credit to be applied to subsequent payments on account of other amounts due to such Purchaser at the Adjusted Rate.

6.14 **Purchasers Representative**

(a) Each Purchaser other than Grenville (for the purposes of this Section 6.14, a "**Minority Purchaser**"), on behalf of itself and its successors and assigns, hereby irrevocably appoints Grenville to serve as the agent, representative and attorney-in-fact (with full power of substitution) of such Minority Purchaser, with the full and exclusive power and authority to represent and bind such Minority Purchaser with respect to all matters arising under and pursuant to this Agreement and all transactions and documents contemplated hereby.

Furthermore, each Minority Purchaser, on behalf of itself and its successors and assigns, hereby irrevocably consents to the taking by Grenville of any and all actions and the making of any and all decisions required or permitted to be taken by such Minority Purchaser under or pursuant to this Agreement and any matters arising out of or relating hereto, including the power and authority: (i) to give and receive notices and communications; (ii) to take any and all actions required to be (or, in the opinion of Grenville, which should be) taken by such Minority Purchaser under or pursuant to this Agreement; (iii) to do all things, take all actions and execute all additional documents of any kind as in Grenville's opinion may be necessary, required, appropriate or desirable in order to complete, maintain, deal with any matter arising under or pursuant to, sell, transfer, dispose of, extinguish or terminate this Agreement (including any matter relating to the exercise of the Buyout Option), or to bring, defend, compromise or resolve any disputes or claims arising under, in connection with or pursuant to this Agreement; (iv) to receive, hold and distribute on behalf of such Minority Purchaser all funds payable to or for the benefit of such Minority Purchaser under this Agreement, including all Royalty Payments and Buyout Payments; (v) to consent to any amendment or modification of this Agreement on behalf and in the name of such Minority Purchaser; and (vi) to take all actions necessary in the opinion of Grenville for the accomplishment of any of the foregoing.

(b) Any decision, act, consent or instruction of Grenville under this Agreement will constitute a decision of each Minority Purchaser hereunder and will be final, binding and conclusive upon each Minority Purchaser, and no Minority Purchaser has the right to object, dissent, protest or otherwise contest the same. Each Minority Purchaser acknowledges and agrees that the members of the DionyMed Group shall be entitled to deal exclusively with Grenville on all matters relating to this Agreement (including with respect to the payment of Royalty Payments and Buyout Payments directly to Grenville on behalf of all of the Purchasers) and shall be entitled to rely conclusively (without further evidence of any kind whatsoever) on any document executed or purported to be executed by Grenville on behalf of any Minority Purchaser, and on any other action taken or purported to be taken by Grenville on behalf of any Minority Purchaser, as fully binding on such Minority Purchaser. The members of the DionyMed Group acknowledge and agree that all deliveries of payments (including Royalty Payments and Buyout Payments), notices and other documents or materials to Grenville under or pursuant to this Agreement will be deemed to have been made or given, as the case may be, to all Purchasers.

(c) The limited power of attorney granted herein is coupled with an interest and will: (i) survive and not be affected by any bankruptcy, dissolution, sale or other event or circumstance affecting any Minority Purchaser; (ii) extend to each Minority Purchaser's successors and assigns, as applicable; and (iii) remain in full force and effect in respect of a Minority Purchaser until such time as the Minority Purchaser no longer holds any rights or interest under this Agreement. Each Minority Purchaser agrees to be bound by any representations and actions made or taken by Grenville acting in good faith pursuant to this power of attorney, and waives any and all defences which may be available to contest, negate or disaffirm the actions of Grenville taken in good faith under this power of attorney. Each Minority Purchaser ratifies and confirms, and agrees to ratify and confirm, all that Grenville may lawfully do or cause to be done by virtue of this power of attorney.

(d) Each Minority Purchaser indemnifies and saves harmless Grenville and each of its directors, officers, employees, consultants, advisors (including professional advisors), agents and representatives against any claim, action, proceeding, judgement, damage, loss, expense or liability incurred or suffered by or brought or made or recovered against any such Person (including any and all costs, charges and expenses reasonably incurred by any such Person in connection with the defence of any proceeding to which such Person is

subject) in connection with the exercise of any of the powers and authorities conferred by this power of attorney. Notwithstanding the expiry or termination of the power of attorney granted herein or the expiry or termination of this Agreement for any reason, the indemnity contained herein will continue in full force and effect indefinitely. The exercise by Grenville of the powers and authorities conferred hereunder does not involve any assumption by Grenville or any of its directors, officers, employees, consultants, advisors (including professional advisors), agents or representatives of personal liability in connection with the exercise of such powers or authorities or the consequences of so doing.

(e) Grenville may, in all questions arising hereunder, rely on the advice of counsel and Grenville shall not be liable to any Minority Purchaser for any action taken or any omission made based on such advice. Neither Grenville nor any of its directors, officers, employees, consultants, advisors (including professional advisors), agents or representatives shall be liable to any Minority Purchaser for any error of judgment, or any act done or step taken or omitted to be done or taken in good faith or for any mistake in fact or law, or for anything which it may do or refrain from doing in connection herewith, except for its own gross negligence or willful misconduct as determined by a court of competent jurisdiction, and no implied covenants or obligations shall be read into this Agreement against Grenville or any of its directors, officers, employees, consultants, advisors (including professional advisors), agents or representatives.

(f) Grenville will have the power to execute documents in the name of each Minority Purchaser pursuant to this power of attorney by affixing its signature thereto, without having to indicate on or in such document that Grenville is acting on behalf of such Minority Purchaser. Each Minority Purchaser will, on request by Grenville, immediately execute every certificate or other instrument necessary to comply with any law or regulation of any jurisdiction to carry out the provisions of this power of attorney. Each Minority Purchaser covenants and agrees not to take any action or do anything which would have the effect of, or which would result in or be reasonably expected to result in, the termination or revocation of this power of attorney.

(g) This power of attorney is in addition to, and not in substitution for, any other power of attorney granted by a Minority Purchaser to Grenville or to any other Person.

6.15 **Specific Performance**

The Parties agree that irreparable and ongoing damages would occur in the event that any provision of this Agreement were not performed in accordance with its terms or otherwise was breached. Accordingly, each Party agrees that in the event of any actual or threatened breach of this Agreement by the other Party, the non-breaching Party shall be entitled, in addition to all other rights and remedies that it may have (whether under this Agreement or under Law or equity), to obtain injunctive or other equitable relief (including a temporary restraining order, a preliminary injunction and a final injunction) to prevent any actual or threatened breach of any of such provisions and to enforce such provisions specifically, without the necessity of posting a bond or other security or of proving actual damages.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF each Party has duly executed this Agreement.

DIONYMED HOLDINGS INC.

By: _____

Name: Peter Kampian

Title: CFO

GRENVILLE STRATEGIC ROYALTY CORP.

By: DocuSigned by: Donnacha Rahill
71F6AA864D5D435...

Name: Donnacha Rahill

Title: Chief Financial Officer

DARWIN STRATEGIC ROYALTY FUND, L.P., by its general partner

By: DocuSigned by: Louis Desmarais
F748EF41...

Name: Louis Desmarais

Title: Managing Partner

ROYCO I LLC

By: DocuSigned by:
7A8BDEFF1B...

Name: David Dekker

Title: Partner

SCHEDULE "A"

DEFINED TERMS

Whenever used in this Agreement, the following words and terms have the following meanings:

"**Adjusted Rate**" has the meaning given to it in Section 6.13.

"**Affiliate**" means a Person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, another Person.

"**Aggregate Installment Amount**" means, as of a specified date, the aggregate of all Installments actually paid to the Company as of such date.

"**Agreement**" means this royalty purchase agreement, including all schedules and all amendments or restatements, and references to "Article" or "Section" mean the specified Article or Section of this Agreement.

"**Annual Financial Statements**" means, as at any given date, the financial statements of the Company and each other applicable member of the DionyMed Group for the then most recently completed financial year of each such entity.

"**Bankruptcy Occurrence**" means the occurrence of any of the following:

(a) if an order is made or an effective resolution passed for the winding-up or liquidation of any member of the DionyMed Group, or if a petition is filed for the winding-up of any member of the DionyMed Group;

(b) if any member of the DionyMed Group commits an act of bankruptcy, makes a general assignment for the benefit of its creditors, ceases to carry on the Business or becomes insolvent within the meaning of applicable legislation of any applicable jurisdiction;

(c) if a bankruptcy petition is filed or presented against any member of the DionyMed Group, or if any proceedings with respect to any member of the DionyMed Group are commenced under any applicable legislation of any applicable jurisdiction providing protection for the benefit of the applicable member of the DionyMed Group unless the member of the DionyMed Group actively and diligently contests such proceedings resulting in a stay thereof within 60 days of the commencement of such proceedings; or if an execution, sequestration, or any other process of any court becomes enforceable against any member of the DionyMed Group or if a distress or analogous process is levied upon any part of the property of any member of the DionyMed Group; or

(d) any trustee in bankruptcy, interim receiver, receiver, receiver and manager, custodian, sequestrator, administrator, monitor or liquidator of any other Person with similar powers is appointed in respect of member of the DionyMed Group or any of the assets or property of any member of the DionyMed Group.

"**Business**" means the business currently carried on by the DionyMed Group or as carried on at any relevant time.

"**Business Day**" means a day, other than a Saturday or Sunday, on which the principal commercial banks located in Toronto, Ontario are open for business during normal banking hours.

"**Business IP**" means the Owned IP and the Licensed IP.

"**Buyout Notice**" has the meaning given to it in Section 2.9(a).

"**Buyout Option**" has the meaning given to it in Section 2.9(a).

"**Buyout Payments**" has the meaning given to it in Section 2.5.

"**Change of Control**" means any of the following: (a) a sale or other transfer of all or substantially all of the assets of a member of the DionyMed Group; (b) an IPO; or (b) the acquisition of a member of the DionyMed Group by another entity by means of merger, arrangement, share purchase (whether from the relevant member of the DionyMed Group or from the holders of shares in the capital of the relevant member of the DionyMed Group, as the case may be), share exchange, consolidation, reorganization, amalgamation, arrangement, take-over bid, reverse take-over or other business combination or transaction or series of related transactions; provided that a Change of Control shall not include (i) a merger effected exclusively for the purpose of changing the domicile of any member of the DionyMed Group, or (ii) any transaction in which one or more of the Insiders or Affiliates of the Company immediately prior to the transaction own 50% or more of the voting power of the surviving entity or the acquirer of the assets of the Company following the transaction.

"**Closing**" means the completion of the Transaction, which shall be deemed to occur on the date on which the last Installment is fully paid to the Company.

"**Commercial Software Licenses**" means "shrink-wrap", "web-wrap", "click-wrap" or other similar generic licenses for commercially available software available to the public.

"**Confidential Information**" has the meaning given to it in Section 6.8.

"**Confirmed Quarterly Royalties**" has the meaning given to it in Section 2.4(b)(ii).

"**Contract**" means any written or oral agreement, contract, understanding, arrangement, instrument, note, guarantee, indemnity, warranty, deed, assignment, power of attorney, commitment, covenant or undertaking of any nature.

"**Company**" means DionyMed Holdings Inc., and includes any assignee thereof pursuant to an assignment made in accordance with Section 6.9(b).

"**Darwin Strategic Royalty Fund**" means Darwin Strategic Royalty Fund, L.P.

"**Developers**" has the meaning given to it in Section 3.19(f).

"**DionyMed Group**" means, collectively, the Company and each of the DionyMed Subsidiaries.

"**DionyMed Subsidiaries**" means, collectively: (a) DionyMed, Inc.; (b) Herban Industries, Inc.; (c) Herban Industries CA LLC; (d) Herban Industries OR LLC; and (e) each direct or indirect subsidiary or investee of the Company (whether wholly, partially or not at all owned, directly or indirectly, by the Company and whether or not controlled by the Company) incorporated, acquired or established after the Effective Date, including any direct or indirect interest held by any member of the DionyMed Group in any joint venture, partnership or similar entity or structure, and "**DionyMed Subsidiary**" means any one of the aforementioned entities.

"**Direct Damages**" means all damages and losses of any kind excluding Indirect Damages.

"**Disclosure Letter**" means the Disclosure Letter delivered by the Company to the Purchasers on the date on which an Installment is advanced to the Company.

"**Dispute**" has the meaning given to it in Section 2.8.

"**Effective Date**" means May 25, 2018.

"**Employee IP Agreements**" means agreements relating to proprietary information and assignment of inventions to a member of the DionyMed Group by employees and consultants of such entity.

"**Event of Default**" means the occurrence of any of the following:

(a) any failure by the Company to pay in full when due any Royalty Payment, Buyout Payment or any other amount owing under this Agreement, including any amount owing under Section 2.12(c); or

(b) any default by any member of the DionyMed Group in the observance or performance of any of the Specified Covenants.

"**Financial Statements**" means, collectively, the Annual Financial Statements and the Interim Financial Statements.

"**Force Majeure**" means any event or circumstance that prevents the affected Party from performing its obligations under this Agreement and is beyond the reasonable control of the affected Party, but:

(a) is not due to the fault or negligence of the affected Party or those for whom it is responsible at law;

(b) does not arise by reason of any act or omission by the Party (or those for whom it is responsible at law) claiming Force Majeure in breach of the provisions of this Agreement; and

(c) does not arise by reason of the lack or insufficiency of funds or failure to make payment of monies.

"**GAAP**" means generally accepted accounting principles as defined from time to time by the Accounting Standards Board of the Canadian Institute of Chartered Accountants in the Handbook of the Canadian Institute of Chartered Accountants, or the equivalent thereof for and in respect of any other applicable jurisdiction.

"**Governmental Authority**" means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal, governmental or administrative dispute settlement panel or body or other law, rule or regulation-making entity:

(a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or

(b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.

"**Grenville**" means Grenville Strategic Royalty Corp.

"**Gross Sales Royalty**" has the meaning given to it in Section 2.2.

"**Independent Accountant**" has the meaning given to it in Section 2.8.

"**Indemnitee**" has the meaning given to it in Section 5.2(a).

"**Indemnitors**" has the meaning given to it in Section 5.2(a).

"**Indirect Damages**" means all indirect, consequential, special, incidental, punitive and aggravated damages and losses, loss of profits and diminution of value.

"**Initial Agreement**" has the meaning given to it in the first recital of this Agreement.

"**Initial Installment**" has the meaning given to it in Section 2.1(a).

"**Insiders**" means:

(c) directors and officers or a member of the DionyMed Group and shareholders holding 10% or more of the shares of the applicable member of the DionyMed Group; and

(d) any related party of any Person referred to in paragraph (a) hereof.

"**Installments**" means, collectively, the Initial Installment and all Subsequent Installments, and individually means any one of them.

"**Intellectual Property**" means any or all of the following and all proprietary intellectual property and other rights in, arising out of or associated with:

(a) all patents and utility models and applications therefor and all provisionals, re-issuances, continuations, continuations-in-part, divisions, revisions, supplementary protection certificates, extensions and re-examinations thereof and all equivalent or similar rights anywhere in the world in inventions and discoveries, including invention disclosures;

(b) all registered and unregistered trade-marks, service marks, trade names, trade dress, logos, business, corporate and product names and slogans and registrations, and applications for registration thereof;

(c) all copyrights in copyrightable works, and all other rights of authorship, worldwide, and all applications, registrations and renewals in connection therewith; and

(d) all World Wide Web addresses, domain names and sites and applications and registrations therefor.

"**Interim Financial Statements**" means, as at any given date, the unaudited management-prepared financial statements of the Company and each other applicable member of the DionyMed Group for the then most recently completed fiscal quarter of each such entity (but excluding the financial statements of an entity whose financial statements would not be required under GAAP to be consolidated with the financial statements of any other member of the DionyMed Group).

"**IPO**" means: (i) a distribution of securities of a member of the DionyMed Group to the public by way of a prospectus, registration statement or similar offering document under securities legislation in any applicable jurisdiction (or the distribution of trust units or similar securities by an entity which has a direct or indirect interest in the equity securities or assets of such entity), or any similar

offering which results in securities of such entity being issued from treasury or sold to the public and the concurrent listing of such securities on a Recognized Exchange; or (ii) a reverse merger, take-over or similar transaction whereby an entity whose securities are listed on a Recognized Exchange acquires all of the issued and outstanding equity securities of a member of the DionyMed Group, such that following completion of such transaction a class of securities of such entity is listed for trading on such stock exchange or quotation system.

"**Laws**" means applicable laws (including common law), statutes, codes, by-laws, rules, regulations, orders, ordinances, protocols, codes, guidelines, treaties, policies, notices, directions, decrees, judgments, awards or requirements, in each case of any Governmental Authority.

"**Licensed IP**" means all Intellectual Property and Technology that any member of the DionyMed Group uses or has a right to use, including all Intellectual Property and Technology that any member of the DionyMed Group uses or has a right to use at any time after the Effective Date, in the conduct of the Business under a Contract with another Person.

"**Liens**" means any lien, hypothec, mortgage, security interest, charge, encumbrance, pledge, option, pre-emptive right, or transfer restriction other than, in the case of references to securities, any transfer restriction arising under applicable securities Laws solely by reason of the fact that such securities were issued pursuant to exemptions from registration or prospectus requirements under such securities Laws.

"**Material Adverse Effect**" means any effect, change, event, occurrence or development with respect to the DionyMed Group or the Business, taken as a whole and as a going concern, that is or is reasonably likely to be materially adverse to the results of the Business or the DionyMed Group's affairs, properties, assets, liabilities or condition (financial or otherwise), operations or capital, or that is materially adverse to the completion of the Transaction.

"**Minimum Monthly Amount**" has the meaning given to it in Section 2.2(a).

"**Minority Purchaser**" has the meaning given to it in Section 6.14.

"**NI 51-102**" has the meaning given to it in Section 6.2.

"**Non-Monetary Event of Default**" means the breach by the Company of any of the representations, warranties or covenants of the Company under this Agreement other than the Specified Covenants.

"**Owned IP**" means all Intellectual Property and Technology that any member of the DionyMed Group owns, including all Intellectual Property and Technology owned by any member of the DionyMed Group at any time after the Effective Date.

"**Parties**" means the Company and the Purchasers, and "**Party**" means any one of them.

"**Person**" means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate or Governmental Authority, and where the context requires, any of the foregoing when they are acting as trustee, executor, administrator or other legal representative.

"**Pre-Adjusted Quarterly Royalties**" has the meaning given to it in Section 2.4(b)(i).

"**Purchaser Director**" has the meaning given to it in Section 2.13(b).

"**Purchasers**" means, collectively:

(a) Grenville, and any assignee thereof pursuant to an assignment made in accordance with Section 6.9(a);

(b) Darwin Strategic Royalty Fund, L.P., and any assignee thereof pursuant to an assignment made in accordance with Section 6.9(a);

(c) RoyCo I, and any assignee thereof pursuant to an assignment made in accordance with Section 6.9(a); and

(d) any one or more co-investors selected by Grenville, and in each case any assignee of such co-investor pursuant to an assignment made in accordance with Section 6.9(a),

and "**Purchaser**" means any one of them.

"**Quarterly Determination Date**" has the meaning given to it in Section 2.4(b).

"**Recognized Exchange**" means the New York Stock Exchange, NASDAQ Stock Market, NYSE Amex, Toronto Stock Exchange, TSX Venture Exchange or Canadian Securities Exchange.

"**Revenue of the DionyMed Group**" means, in respect of any period commencing on or after the Effective Date and without duplication, all funds of any kind directly or indirectly received by the members of the DionyMed Group (which, in respect of any non-wholly owned DionyMed Subsidiary, shall be the percentage of such DionyMed Subsidiary's revenue actually received during such period that is equal to the direct or indirect ownership percentage of the Company of such DionyMed Subsidiary) during such period on account of or in connection with all products and services sold or otherwise provided by the members of the DionyMed Group, including all royalties, license fees, lease fees, service fees, subscription fees and other forms of compensation directly or indirectly received by a member of the DionyMed Group (including amounts received in connection with the settlement of disputes or the proceeds of litigation and amounts received in connection with the sale of any assets of any member of the DionyMed Group, including in the case of the Company the shares of any DionyMed Subsidiary); but excluding:

(a) any amount received by a member of the DionyMed Group in the form of a grant or other form of funding (including funding for research purposes), incentive, loan, advance, exemption, tax reduction, tax credit, subsidy or similar benefit from any Governmental Authority, institution or organization;

(b) any amount received by a member of the DionyMed Group which is required by contract or Law to be paid by such entity: (i) to distributors, resellers or agents of such entity; or (ii) to third parties on account of shipping, duties or customs charges;

(c) any amount received by a member of the DionyMed Group from another member of the DionyMed Group; and

(d) any amount received by a member of the DionyMed Group which constitutes Taxes payable by a Person in connection with goods or services provided by the member of the DionyMed Group to such Person.

"**Royalty Payment**" has the meaning given to it in Section 2.2 (and, for greater certainty, includes all Minimum Monthly Amounts).

"**RoyCo I**" means RoyCo I LLC.

"**Second Installment**" has the meaning given to it in Section 2.1(b).

"**Second Installment Effective Date**" has the meaning given to it in Section 2.1(b).

"**Secondary Warrants**" has the meaning given to it in Section 2.2(c).

"**Senior Indebtedness**" means all present and future obligations, indebtedness, liabilities, covenants, agreements and undertakings of the members of the DionyMed Group to any financial institution, the business of which includes the lending of money.

"**Specified Covenants**" means those covenants set out in Sections 2.10(a), 2.10(b), 2.10(c), 2.10(d), 2.10(e), 2.10(f), 2.10(g), 2.10(h), 2.10(i), 2.10(j), 2.10(l), 2.10(m), 2.10(o), 2.10(p), 2.10(q), 2.10(r) and 2.10(s).

"**Subsequent Installment**" has the meaning given to it in Section 2.1(c).

"**subsidiary**" means an entity that is controlled directly or indirectly by another entity, and includes a subsidiary of that subsidiary.

"**Tax**" or "**Taxes**" means all taxes, assessments, charges, duties, fees, levies, or other governmental charges, including all federal, provincial, state, local, foreign and other income, corporation, franchise, profits, capital gains, estimated, sales (including HST), use, transfer, registration, value added, excise, natural resources, severance, stamp, occupation, premium, environmental, customs, duties, imposts, immovable property, personal property, capital stock, unemployment, disability, payroll, license, employee, deficiency assessments, withholding and other taxes, assessments, charges, duties, fees, levies or other governmental charges (whether payable directly or by withholding and whether or not requiring the filing of a Tax Return), and any interest, penalties, or additions to tax in respect of the foregoing and includes any liability for such amounts as a result either of being a member of a combined, consolidated, unitary or affiliated group or of a contractual obligation to indemnify any Person or other entity.

"**Tax Return**" means any return, declaration, report, claim for refund, information return or other document (including any related or supporting estimates, elections, schedules, statements or information) filed or required to be filed in connection with the determination, assessment or collection of any Tax or the administration of any Laws relating to any Tax.

"**Technology**" means:

(a) works of authorship including computer programs, source code and executable code, whether embodied in software, firmware or otherwise, documentation, designs, methods, techniques, processes, files, industrial models, schematics, specifications, net lists, build lists, records and data;

(b) inventions (whether or not patentable), improvements, enhancements and modifications;

(c) proprietary and confidential business and technical information, including technical data, trade secrets, ideas, research and development and know how; and

(d) databases, data compilations and collections and technical data.

"**Term Sheet**" means the term sheet dated January 15, 2018 by and between the Company and Grenville.

"**Transaction**" means the transactions contemplated in this Agreement.

"**Triggering Date**" has the meaning given to it in Section 2.13(b).

"**Warrant Certificate**" has the meaning given to it in Section 2.2(c).

SCHEDULE "B"

FORM OF WARRANT CERTIFICATE

See attached.

TAB B

Royalty month	Royalty earned	Paid	Date Paid	Outstanding
January 2019	98,663.41	98,663.41	Aug 2, 2019	-
February 2019	147,745.85	40,673.29	Aug 2, 2019	107,072.56
March 2019	142,244.45			142,244.45
April 2019	135,609.05			135,609.05
May 2019	7,140.29			7,140.29
	531,403.04	139,336.70		392,066.34

TAB C

Jeffrey Simpson

From: Jeffrey Simpson <jsimpson@torkinmanes.com>
Sent: Friday, September 20, 2019 6:15 PM
To: Donnacha Rahill; Edward Fields; Edward Fields
Cc: Chris Wimmer; Peter Kampian; Alex Baluta
Subject: RE: Material breach of material covenants and obligations

Mr. Fields: As you may know, we are the lawyers for Flow Capital in this matter. The document entitled "Notice of Objection" delivered to Flow Capital this afternoon has been provided to me for response.

We cannot agree with your characterization of the situation. First, the fact a particular event of default is mentioned or not mentioned in the Statement of Claim issued against Dionymed is irrelevant to the question of whether an event of default occurred on a particular date. The fact that Flow has chosen to commence legal proceedings in respect of certain breaches of the agreement, and not others, is not a concession or an admission that events of default that are not mentioned in the Statement of Claim did not occur or have been cured.

Second, other events of default have occurred long before the July 31, 2019 breach summarized in the Statement of Claim. In particular, Dionymed has not complied with its obligations pursuant to s. 2.10(e)(ii), (f), (h), (i)of the Amended and Restated Royalty Agreement.

In addition, default in payment of the Hometown Heart royalty payments commenced in December, 2018. Although the December, 2018 and January 2019 payments were later made, payment for the month of February, 2019 was not made in full on the date due. We understand that an agreement for "catch up" payments was later reached between the parties, but even these catch up payments have not been made, such that the events of default that commenced in the month of February, 2019 have never been cured. Even taking into account the catch up payment that was made, Dionymed has never come close to curing the events of default resulting from the failure to make the HTH royalty payments that were due and payable in early 2019. The Letter Agreement of June 7, 2019 will not, in our opinion, be interpreted by a Court as constituting a cure or a waiver of the previous events of default, until the payments thereunder were actually made, which they never were.

In our view, Flow is entirely within its rights to require the execution of, and subsequently to execute on behalf of Dionymed, the various security which remains valid and binding.

Jeffrey Simpson
Legal services provided through Jeffrey J. Simpson Professional Corporation
Tel: 416-777-5413
Fax: 1-888-587-9143

Torkin Manes LLP
Barristers & Solicitors

From: Donnacha Rahill [mailto:donnacha@flowcap.com]
Sent: Friday, September 20, 2019 12:10 PM
To: Edward Fields; Edward Fields
Cc: Chris Wimmer; Peter Kampian; Alex Baluta; Jeffrey Simpson
Subject: RE: Material breach of material covenants and obligations

Ed,

Yes the claim has been filed. The claim has been issued by the Ontario Superior Court of Justice. I don't believe that the Ontario SCJ posts pleadings and other court documents online. Thanks.

Regards

Donnacha

From: Edward Fields <edward@dyme.com>
Sent: September 20, 2019 11:52 AM
To: Donnacha Rahill <donnacha@flowcap.com>; Edward Fields <edward.fields@dyme.com>
Cc: Chris Wimmer <chris.wimmer@dyme.com>; Peter Kampian <peter.kampian@dyme.com>; Alex Baluta <alex@flowcap.com>; Jeffrey Simpson <jsimpson@torkinmanes.com>
Subject: Re: Material breach of material covenants and obligations

Thx Donnecha -

We will take this to mean that this complaint has been filed - what court and can we locate the filing on line?

Edward Fields
Chairman/CEO

From: Donnacha Rahill <donnacha@flowcap.com>
Sent: Friday, September 20, 2019 8:42:56 AM
To: Edward Fields <edward@dyme.com>; Edward Fields <edward.fields@dyme.com>
Cc: Chris Wimmer <chris.wimmer@dyme.com>; Peter Kampian <peter.kampian@dyme.com>; Alex Baluta <alex@flowcap.com>; Jeffrey Simpson <jsimpson@torkinmanes.com>
Subject: RE: Material breach of material covenants and obligations

Ed,

The filed statement of claim is attached.

Please be advised that we have tried to make arrangements to serve Gregory Hogan of Cassels Brock and but as of yet Gregory Hogan has not been available and therefore has not been served. As three of the companies directors (Stephen Dineley, David Kerr and Susan Watt) are resident in Toronto, our process server has been instructed to locate and serve those directors immediately. The plan is also to serve the claim at the BC registered head office, located on West Georgia St. in Vancouver so please advise your representative there of the pending serving.

Thanks.

Regards

Donnacha Rahill

Tel: 416-777-0383

Direct: 416-477-2601

Chief Financial Officer Cell: 289-828-2239

Flow Capital Corp

Flow
Capital

Dynamic Funds Tower,

1 Adelaide Street East, Suite 3002

Toronto, ON M5C 2V9

From: Edward Fields <edward@dyme.com>
Sent: September 20, 2019 11:26 AM
To: Donnacha Rahill <donnacha@flowcap.com>; Edward Fields <edward.fields@dyme.com>
Cc: Chris Wimmer <chris.wimmer@dyme.com>; Peter Kampian <peter.kampian@dyme.com>; Alex Baluta <alex@flowcap.com>
Subject: Re: Material breach of material covenants and obligations

Thx Donnecha-

We're still waiting for counsels review and they've asked for a copy of the complaint that was filed and delivered to counsel.

Hopefully you can send that over quickly so we can sort it out today .....

Thx -

EMF

Edward Fields
Chairman/CEO

From: Donnacha Rahill <donnacha@flowcap.com>
Sent: Friday, September 20, 2019 8:24:38 AM
To: Edward Fields <edward@dyme.com>; Edward Fields <edward.fields@dyme.com>
Cc: Chris Wimmer <chris.wimmer@dyme.com>; Peter Kampian <peter.kampian@dyme.com>; Alex Baluta <alex@flowcap.com>
Subject: RE: Material breach of material covenants and obligations

Section 2.13 of the Amended and Restated Royalty Purchase Agreement dated May 25, 2018 between Dionymed Holdings Inc. ("Dionymed"), Flow Capital Corp. (formerly Grenville Strategic Royalty Corp.) ("Flow Capital") (collectively referred to as the "Parties") and Royco 1 LLC ("Agreement")

Dear Ed,

Following up on the emails below. Due to the importance of the security the agreements have now been signed by Flow Capital Corp. in accordance with the power of attorney granted under the Agreement to sign and perfect such security. If you have any questions please let me know or contact me at 416-477-2601.

Regards

Donnacha

From: Edward Fields <edward@dyme.com>
Sent: September 19, 2019 8:24 PM
To: Donnacha Rahill <donnacha@flowcap.com>; Edward Fields <edward.fields@dyme.com>
Cc: Chris Wimmer <chris.wimmer@dyme.com>; Peter Kampian <peter.kampian@dyme.com>
Subject: Re: Material breach of material covenants and obligations

Ok

Thx Donnecha -

Legal has it and I get their feedback in the am ....

Edward Fields
Chairman/CEO

From: Donnacha Rahill <donnacha@flowcap.com>
Sent: Thursday, September 19, 2019 5:21:40 PM
To: Edward Fields <edward@dyme.com>; Edward Fields <edward.fields@dyme.com>
Cc: Chris Wimmer <chris.wimmer@dyme.com>; Peter Kampian <peter.kampian@dyme.com>
Subject: FW: Material breach of material covenants and obligations

Ed,

I forgot to add in my last email there are 2 further agreements that need to be signed. Thanks.

Regards

Donnacha

From: Donnacha Rahill
Sent: September 19, 2019 8:07 PM
To: Edward Fields <edward@dyme.com>; Edward Fields <edward.fields@dyme.com>; Peter Kampian <peter.kampian@dyme.com>
Cc: Chris Wimmer <chris.wimmer@dyme.com>
Subject: RE: Material breach of material covenants and obligations

Section 2.13 of the Amended and Restated Royalty Purchase Agreement dated May 25, 2018 between Dionymed Holdings Inc. ("Dionymed"), Flow Capital Corp. (formerly Grenville Strategic Royalty Corp.) ("Flow Capital") (collectively referred to as the "Parties") and Royco 1 LLC ("Agreement")

Ed,

Your comment is noted. I want to clarify that Flow Capital are not "deliberate attempting to create a failure". However Flow Capital will ensure that all of rights under our agreement are safeguarded and protected. Regarding timelines by all means worth through the documents tomorrow but be assured by the close of business tomorrow if the documents are not signed by the Company Flow Capital in accordance with the power of attorney granted under the Agreement will exercise it's right to execute the GSA and perfect such security.

If you have any questions please let me know. Thanks.

Regards

Donnacha Rahill

Chief Financial Officer

Tel: 416-777-0383

Direct: 416-477-2601

Cell: 289-828-2239

Flow Capital Corp

Flow Capital

Dynamic Funds Tower,

1 Adelaide Street East, Suite 3002

Toronto, ON M5C 2V9

From: Edward Fields <edward@dyme.com>
Sent: September 19, 2019 5:58 PM
To: Donnacha Rahill <donnacha@flowcap.com>; Edward Fields <edward.fields@dyme.com>; Peter Kampian <peter.kampian@dyme.com>
Cc: Chris Wimmer <chris.wimmer@dyme.com>
Subject: Re: Material breach of material covenants and obligations

Donnacha –

I don't have the legal support necessary to get this done in the next two hours –

I'm happy to work through it tomorrow but presenting this two hours before your deadline seems a deliberate attempt to create a failure.

Pls advise.

EMF

From: Donnacha Rahill <donnacha@flowcap.com>
Date: Thursday, September 19, 2019 at 2:56 PM
To: Edward Fields <edward@dyme.com>, Edward Fields <edward.fields@dyme.com>, Peter Kampian <peter.kampian@dyme.com>
Subject: Material breach of material covenants and obligations

Section 2.13 of the Amended and Restated Royalty Purchase Agreement dated May 25, 2018 between Dionymed Holdings Inc. ("Dionymed"), Flow Capital Corp. (formerly Grenville Strategic Royalty Corp.) ("Flow Capital") (collectively referred to as the "Parties") and Royco 1 LLC ("Agreement")

Dear Ed,

Please be advised that Dionymed has been continuously and for more than 180 days in material breach of material covenants and obligations under the Agreement and as a result in accordance with Section 2.13 (Grant of Security and Director Right on Continuing Event of Default) of the Agreement, Flow Capital hereby requests you to sign the attached General Security Agreement (the "GSA") in favour of Flow Capital Corp. In the event that Dionymed fail to execute and deliver this GSA prior to 8pm EST today, September 19, 2019, Flow Capital in accordance with the power of attorney granted under the Agreement will exercise it's right to execute the GSA and perfect such security. If you have any questions please let me know or contact me at 416-477-2601.

Regards

Donnacha Rahill

Chief Financial Officer

Tel: 416-777-0383
Direct: 416-477-2601
Cell: 289-828-2239

Flow Capital Corp

Flow Capital

Dynamic Funds Tower,
1 Adelaide Street East, Suite 3002
Toronto, ON M5C 2V9

TAB D

NOTICE OF OBJECTION

DionyMed Brands Inc. ("DYME"), on its behalf and as parent of Herban Industries, Inc., Herban Industries CA LLC, Herban Industries OR LLC, Herban Industries NV LLC, and Herban Industries CO I LC, and as manager of Hometown Heart (together, the "Companies"), gives notice to all concerned that, on September 20, 2019, Flow Capital Corp. ("Flow") purported to sign a Security Agreement on behalf of the Companies pursuant to a claimed power of attorney under a Royalty Purchase Agreement ("Royalty Agreement") between DYME and Flow's predecessors in interest, Grenville Strategic Royalty Corp., Darwin Strategic Royalty Corp., and RoyCo I LLC. That purported Security Agreement is invalid and of no effect, because the claimed power of attorney and security rights are only triggered upon DYME being in default under the Royalty Agreement for 180 consecutive days. As Flow admitted in a Statement of Claim filed September 19, 2019 in the Ontario Superior Court of Justice, the earliest it can claim any default by DYME is July 31, 2019—only 51 days ago. Flow's claims to security rights are false, and all parties receiving this notice are directed to disregard any attempt by Flow to enforce its non-existent rights. DYME further puts Flow and any parties working in concert with Flow on notice that it will pursue all available legal remedies against any party that attempts to enforce Flow's invalid Security Agreement.

DIONYMED BRANDS INC.

_____

Edward Fields, CEO

September 20, 2019

TAB E

GENERAL SECURITY AGREEMENT

THIS AGREEMENT is made as of the 20 day of September, 2019.

BY:

DIONYMED BRANDS INC., a corporation incorporated pursuant to the laws of the province of British Columbia, located at: 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8

(hereinafter called the "**Debtor**")

IN FAVOUR OF:

FLOW CAPITAL CORP., a corporation incorporated pursuant to the laws of the province of British Columbia, located at: Dynamic Funds Tower, 3002 -1 Adelaide Street East, P.O. Box 171, Toronto, Ontario M5C 2V9

(hereinafter called the "**Secured Party**")

THIS AGREEMENT WITNESSETH THAT in consideration of the sum of Two Dollars ($2.00) now paid by the Secured Party to the Debtor and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Debtor hereby enters into this security agreement (the "**Agreement**") with, and in favour of, the Secured Party:

ARTICLE 1
OBLIGATIONS SECURED

1.1 The Security Interest (as hereinafter defined) is granted to the Secured Party by the Debtor as continuing security for the payment of all past, present and future indebtedness and for the payment and performance of all other present and future obligations of the Debtor to the Secured Party, whether direct or indirect, contingent or absolute, matured or unmatured (including obligations under this Agreement); and, without limiting the generality of the foregoing, specifically including the obligations of the Debtor under any guarantee given by the Debtor to the Secured Party in respect of the obligations of any other party and any bill of exchange issued, accepted or endorsed by the Debtor of which the Secured Party is the holder (collectively the "**Obligations**").

ARTICLE 2
CREATION OF SECURITY INTEREST

2.1 The Debtor grants, mortgages, charges, transfers, assigns, creates to and in favour of the Secured Party as, and by way of, a fixed and specific charge and as, and by way of, a floating charge, a security interest (the "**Security Interest**") in the present and future

undertaking, property and assets of the Debtor and in all goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), chattel paper, documents of title (whether negotiable or not), instruments, intangibles and securities now owned or hereafter owned or acquired by or on behalf of the Debtor (including such as may be returned to or repossessed by the Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively called "**Collateral**"), including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of the Debtor:

(a) **Inventory** - all goods now or hereafter comprising part of the inventory of the Debtor including but not limited to goods now or hereafter held for sale or lease or furnished or to be furnished under a contract of service or that are raw materials, work in process or materials used or consumed in a business or profession or finished goods, goods used for packing, materials used in the business of the Debtor not intended for sale and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service;

(b) **Equipment** - all goods now or hereafter used or intended to be used in any business of the Debtor (and which are not inventory) including but not limited to fixtures, plant, tools, furniture, equipment, machinery, all spare parts, accessories installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto, vehicles and other tangible personal property;

(c) **Accounts** - all accounts, debts, demands and choses in action which are now due, owing or accruing due or which may hereafter become due, owing or accruing due to the Debtor, and all claims of any kind which the Debtor now has or may hereafter have including but not limited to claims against the Crown and claims under insurance policies and accounts receivable, and all contracts, security interests and other rights and benefits in respect thereof;

(d) **Chattel Paper** - all chattel paper now or hereafter owned by the Debtor, all present and future agreements made between the Debtor as secured party and others which evidence back a monetary obligation and a security interest in or lease of specific goods;

(e) **Documents of Title** - any writing now or hereafter owned by the Debtor that purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee's possession as are identified or fungible portions of an identified mass, whether such goods and chattels are inventory or equipment, and which writing is treated in the ordinary course of business as establishing that the person in possession of such writing is entitled to receive, hold and dispose of the said writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including all warehouse receipts and bills of lading;

(f) **Documents** - with respect to the personal property described in Sections 2.1(c), 2.1(d) and 2.1(e), all books, accounts, invoices, letters, papers, documents and

other records in any form evidencing or relating thereto and all contracts, securities, instruments and other rights and benefits in respect thereof;

(g) **Securities** - all present and future securities held by the Debtor, including security entitlements, securities accounts, future contracts, future accounts, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitutes evidence of an obligation of the issuer; and including an uncertificated security (as defined in the *Securities Transfer Act, 2006* (Ontario)) and all substitutions therefor, and dividends and income derived therefrom;

(h) **Instruments** - all present and future bills, notes and cheques (as such as defined pursuant to the *Bills of Exchange Act* (Canada)) of the Debtor, and all other writings of the Debtor that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment and all letters of credit and advices of credit of the Debtor provided that such letters of credit and advices of credit state that they must be surrendered upon claiming payment thereunder;

(i) **Proceeds** - all personal property in any form derived directly or indirectly, from any dealers with collateral or subject to the Security Interest or the proceeds therefrom, and including any payment representing indemnity or compensation for loss or damage thereto or the proceeds therefrom;

(j) **Intangibles** - all goodwill, contract rights, patents, trade marks, copyrights and other industrial property and all other intangibles and other choses in action of the Debtor of every kind, whether due at the present time or hereafter to become due or owing and now or hereafter owned by the Debtor;

(k) with respect to the personal property described in Sections 2.1(a) to 2.1(j) inclusive, all substitutions and replacements thereof, increases, additions and accessions thereto and any interest of the Debtor therein;

(l) with respect to the personal property described in Sections 2.1(a) to 2.1(k) inclusive, personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for such property destroyed or damaged;

(m) **Money** - all present and future monies of the Debtor (other than trust monies lawfully belonging to others) whether authorized or adopted by the Parliament of Canada or as part of its currency or any foreign government as part of its currency;

(n) **Leaseholds** - subject to Section 2.3, all leases, now owned or hereafter acquired by the Debtor as tenant (whether written or oral) or any agreement therefor; and

(o) all property described in any schedule now or hereafter annexed hereto.

2.2 The parties acknowledge that:

(a) value has been given;

(b) the Debtor has rights in the Collateral; and

(c) the parties have not agreed to postpone the time for attachment of the Security Interest.

2.3 The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the Security Interest, but the Debtor agrees to stand in possession of such last day in trust for any person acquiring such interest of the Debtor. To the extent that the creation of the Security Interest would constitute a breach or cause the acceleration of any agreement, right, licence or permit to which the Debtor is a party, the Security Interest shall not attach thereto but the Debtor shall hold its interest therein in trust for the Secured Party and shall assign such agreement, right, licence or permit to the Secured Party forthwith upon obtaining the consent of the other party thereto.

2.4 The terms "goods", "chattel paper", "documents of title", "instruments", "intangibles", "securities", "proceeds", "inventory", "monies" and "accessions" whenever used herein shall be interpreted pursuant to their respective meanings when used in the *Personal Property Security Act* (British Columbia), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "PPSA". The term "goods" when used herein shall not include "consumer goods" of the Debtor as that term is defined in the PPSA, and the term "inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Agreement. Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

2.5 Without limiting the generality of the description of Collateral as set out in this ARTICLE 2, for greater certainty Collateral shall include all present and future personal property of the Debtor located on or about or in transit to or from the address of the Debtor set out on the first page of this Agreement and the location(s) set out in any schedule attached hereto, and all present and future personal property of the Debtor. The Debtor agrees to promptly inform the Secured Party in writing herein and the Debtor agrees to forthwith execute and deliver at its own expense from time to time, amendments to this Agreement or additional security agreements as may be required by the Secured Party in order that the Security Interest shall attach to such personal property.

2.6 The Secured Party may, at its discretion, at any time release from the Security Interest any part or parts of the Collateral or any other security or any surety for the Obligations either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

ARTICLE 3
DEALINGS WITH COLLATERAL

3.1 Until the occurrence of an Event of Default (as hereinafter defined), the Debtor may sell its inventory and collect its accounts in the ordinary course of business; provided that all accounts so collected shall be held by the Debtor as agent and in trust for the Secured Party and paid to the Secured Party immediately upon its request. The Debtor agrees to deposit all proceeds from the disposition of inventory into its ordinary operating general business bank account and to inform such bank of the Security Interest and the trust established herein attaching to the funds on such account in favour of the Secured Party; provided always that the Secured Party shall have the right at any time and from time to time to confirm the existence and state of Collateral in any manner the Secured Party may consider appropriate and the Debtor agrees to furnish all assistance and information and to perform all such acts as the Secured Party may reasonably request in connection therewith and for such purpose to grant to the Secured Party or its agents access during normal business hours to all places where Collateral may be located and to all premises occupied by the Debtor.

ARTICLE 4
RECEIPT OF INCOME FROM AND INTEREST ON COLLATERAL

4.1 Until default, the Debtor shall have the right to receive any monies constituting income from or interest on Collateral and if the Secured Party receives any such monies prior to default, the Secured Party shall either credit the same to the account of the Debtor or pay the same promptly to the Debtor.

4.2 After default, the Debtor will not request or receive any monies constituting income from, or interest on, Collateral and if the Debtor receives any such monies without any request by it, the Debtor will receive the same in trust for the Secured Party in the same medium in which received, shall not be commingled with any assets of the Debtor and shall be delivered to the Secured Party in the form received, properly endorsed to permit collection, not later than the next business day following the day of its receipt. The Secured Party may apply the net cash receipts from such income or interest to payment of any of the Obligations, provided that the Secured Party shall account for and pay over to the Debtor any such income or interest remaining after payment in full of the Obligations.

ARTICLE 5
INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS REGARDING COLLATERAL

5.1 Whether or not default has occurred, the Debtor authorizes the Secured Party:

(a) to receive any increase in or profits on Collateral (other than money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of ARTICLE 4 hereof and dealt with accordingly; and

(b) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral

in exchange therefor and to hold any such payment or distribution as part of Collateral.

5.2 If the Debtor receives any such increases or profits (other than money) or payments or distributions, the Debtor will receive the same in trust for and deliver the same promptly to the Secured Party to be held by the Secured Party as herein provided.

ARTICLE 6
SECURITIES FORMING PART OF COLLATERAL

6.1 If Collateral at any time includes securities, (a) the Debtor authorizes the Secured Party to transfer the same or any part thereof into its own name so that the Secured Party may appear on record as the sole owner thereof; provided that, until default, the Secured Party shall deliver promptly to the Debtor all notices or other communications received by it as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Debtor or its order a proxy to vote and take all action with respect to such securities. After default, the Debtor waives all rights to receive any notices or communications received by the Secured Party as such registered owner and agrees that no proxy issued by the Secured Party to the Debtor or its order as aforesaid shall thereafter be effective; and (b) the Debtor further agrees to execute such other documents and to perform such other acts, and to cause any issuer or securities intermediary to execute such other documents and to perform such other acts as may be necessary or appropriate in order to give the Secured Party "control" of such Securities, as defined in the *Securities Transfer Act, 2006* (Ontario), which "control" shall be in such manner as the Secured Party shall designate in its sole judgment and discretion, including without limitation, an agreement by any issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by the Secured Party, whether before or after security hereby constituted becomes enforceable, without further consent of the Debtor.

ARTICLE 7
COLLECTION OF DEBTS FORMING PART OF COLLATERAL

7.1 Before or after default under this Agreement, the Secured Party may notify all or any Account Debtors (as hereinafter defined) of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to the Secured Party. The Debtor acknowledges that any payments on or other proceeds of Collateral received by the Debtor from Account Debtors after default under this Agreement, whether before or after notification of the Security Interest to Account Debtors, shall be received and held by the Debtor in trust for the Secured Party and shall be turned over to the Secured Party upon request.

ARTICLE 8
REPRESENTATIONS AND WARRANTIES OF THE DEBTOR

8.1 The Debtor represents, warrants and acknowledges that the Secured Party is relying thereupon and so long as this Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) The Debtor is a corporation incorporated, organized, and existing under the laws of the Province of British Columbia, is in good standing and has all necessary corporate power and authority to own its properties and carry on business in all jurisdictions in which it owns property or carries on its business;

(b) All Collateral is genuine and is beneficially owned by the Debtor free of all security interests, mortgages, liens, claims, charges, taxes, assessments or other encumbrances, pledges (hereinafter collectively called "**Encumbrances**") save and except for encumbrances registered under the PPSA as at the date hereof and encumbrances expressly permitted by the Secured Party in writing (collectively, the "**Permitted Encumbrances**");

(c) Each account, chattel paper and instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "**Account Debtor**"), and the amount represented by the Debtor to the Secured Party from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such debtor or Account Debtors, except for normal cash discounts where applicable;

(d) The Debtor has, or will have when Collateral is acquired, the capacity, authority and the right to create mortgages and charges of, and grant a security interest in Collateral in favour of the Secured Party and generally perform its obligations under this Agreement;

(e) This Agreement has been duly and properly authorized by all necessary action and constitutes a legal, valid and binding obligation of the Debtor; and

(f) Collateral does not include any goods which are used or acquired by the Debtor for use primarily for personal, family or household purposes.

ARTICLE 9
COVENANTS OF THE DEBTOR

9.1 So long as this Agreement remains in effect, the Debtor covenants and agrees:

(a) **Payment** - To pay or satisfy all Obligations when due;

(b) **Encumbrances** - To defend Collateral against the claims and demands of all other parties claiming the same or an interest therein; to keep Collateral or any part thereof free from all Encumbrances, save and except for Permitted Encumbrances; and except as otherwise provided herein, not to sell, exchange,

transfer, assign, lease, or otherwise dispose of Collateral or any interest therein without the prior written consent of the Secured Party;

(c) **Notice to the Secured Party:** - To notify the Secured Party promptly of:

(i) any significant change in the information contained herein or in the schedules hereto relating to the Debtor, the Debtor's business or Collateral;

(ii) the details of any significant acquisition of Collateral;

(iii) the details of any claims or litigation of a material nature affecting the Debtor or Collateral;

(iv) any material loss of or damage to Collateral;

(v) any default by any Account Debtor in payment or other performance of its obligations; and

(vi) the return to or repossession by the Debtor of Collateral.

(d) **Care of Collateral** - To keep Collateral in good order, condition and repair (reasonable wear and tear excepted) and not to use Collateral in violation of the provisions of this Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;

(e) **Further Assurances** - To do, execute, acknowledge and deliver such financing statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by the Secured Party of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(f) **Taxes and Charges** - To pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of the Debtor or Collateral as and when the same become due and payable, except for such taxes, rates, levies, assessments and other charges which are being contested in good faith by proper legal proceedings and with respect to which adequate reserves have been established and are being maintained;

(g) **Insurance** - To carry insurance from financially responsible insurance companies and to maintain such insurance against fire, theft, water damage, public liability, property damage, business interruption losses and all other related risks, with loss payable to the Secured Party, to cover the full insurable value of Collateral as the Secured Party may reasonably require or, in the absence of such requirement, to the extent insured against by comparable corporations engaged in comparable businesses and owning or operating similar properties, and to deliver to the Secured Party copies of all policies, renewals and replacements within fifteen (15)

days of their issue and delivery to the Debtor, and to cause the Secured Party to be named as loss payee on such policies;

(h) **Accession** - To prevent Collateral, except for inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Agreement or from becoming a fixture;

(i) **Business Activities** - To carry on and conduct the business of the Debtor in a proper and efficient manner and so as to protect and preserve Collateral and the earnings, incomes, rents, issues and profits thereof and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral, at the Secured Party's request, so as to indicate the Security Interest;

(j) **Deliveries** - To deliver to the Secured Party from time to time promptly upon request:

(i) Any documents of title, instruments and chattel paper constituting, representing or relating to Collateral;

(ii) any securities (to the extent certificated), which shall, unless all necessary consents and approvals are obtained, not contain any reference to restrictions on the transfer of shares represented thereby and shall be duly endorsed in blank for transfer or shall be attached to duly executed powers of attorney or forms of transfer;

(iii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same;

(iv) all financial statements prepared by or for the Debtor regarding the Debtor's business, including aged lists of inventory and accounts;

(v) all policies and certificates of insurance relating to Collateral; and

(vi) such information concerning Collateral, the Debtor and the Debtor's business and affairs as the Secured Party may reasonably request;

(k) **Conformity** - To duly observe and conform to all valid requirements of any governmental authority relative to any Collateral and all covenants, terms and conditions upon or under which Collateral is held;

(l) **Maintain Existence** - The Debtor shall maintain its existence and shall not change its name or amalgamate or sell, exchange, assign or lease or otherwise dispose of Collateral or any interest therein without the prior written consent of the Secured Party except that until an Event of Default as described in ARTICLE 10 occurs, the Debtor may sell or lease inventory in the ordinary course of its business; and

(m) **Payment of Expenses** - To pay all expenses, including solicitors' and receivers' fees and disbursements incurred by the Secured Party or its agents (including any receiver, as hereinafter defined) in connection with:

(i) the preparation, perfection, preservation and enforcement of this Agreement; including but not limited to all expenses incurred by the Secured Party or such agents in dealing with other creditors of the Debtor in connection with the establishment and confirmation of the priority of the Security Interest, all of which expenses shall be payable forthwith upon demand and shall form part of the Obligations;

(ii) the exercising of any or all rights, remedies and powers of the Secured Party under this Agreement; and

(iii) recovering or repossessing the Collateral and any other proceedings taken for the purpose of enforcing the remedies provided herein; including without limitation, the appointment of a receiver, manager or receiver and manager, where by order of the court or by private appointment.

(n) The Debtor shall indemnify the Secured Party for all costs and expenses as set out in Sections 9.1(m) and 9.2 and agrees that all such costs and expenses shall be payable by the Debtor to the Secured Party on demand and shall bear interest at the rate of twenty percent (20%) per annum.

9.2 Upon failure by the Debtor to perform any of the covenants described in this ARTICLE 9, the Secured Party is authorized and has the option to take possession of Collateral and, whether it has taken possession or not, to perform any of the agreements in any manner deemed proper by the Secured Party, without waiving any rights to enforce this Agreement. The reasonable expenses (including the cost of any insurance and payment of taxes or the charges and reasonable legal costs on a solicitor and client basis) incurred by the Secured Party in respect of the custody, preservation, use or operation of Collateral shall be deemed advanced to the Debtor by the Secured Party, shall bear interest at the rate of twenty per cent (20%) per annum and shall be secured by and form part of the Obligations under this Agreement.

ARTICLE 10
EVENTS OF DEFAULT

10.1 The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "**default**" or an "**Event of Default**":

(a) The Debtor fails to satisfy or perform any of the Obligations when due;

(b) The non-payment when due, whether by acceleration or otherwise, of any principal or interest forming part of the Obligations or the failure of the Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Agreement or any other agreement between the Debtor and the Secured Party and such failure has not been waived or cured within any applicable period of grace;

(c) The bankruptcy or insolvency of the Debtor or any guarantor of the Obligations; the filing against the Debtor or any guarantor of the Obligations of a petition in bankruptcy; the making of an authorized assignment for the benefit of creditors by the Debtor or any guarantor of the Obligations; the appointment of a receiver or trustee for the Debtor or any guarantor of the Obligations or for any assets of the Debtor or any guarantor of the Obligations; or the institution by or against the Debtor or any guarantor of the Obligations of any other type of insolvency proceeding under the *Bankruptcy and Insolvency Act* (Canada) or otherwise;

(d) The institution by or against the Debtor or any guarantor of the Obligations of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of the Debtor or any guarantor of the Obligations;

(e) If any Encumbrance affecting Collateral becomes enforceable against Collateral;

(f) If the Debtor or any guarantor of the Obligations ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;

(g) If any execution, sequestration, extent or other process of any court becomes enforceable against the Debtor or any guarantor of the Obligations or if a distress or analogous process is levied upon the assets of the Debtor or any guarantor of the Obligations or any part thereof;

(h) If any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of the Debtor pursuant to or in connection with this Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to the Secured Party to enter into this or any other agreement with the Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified or becomes incorrect in any respect at any time or proves to have omitted any substantial contingent or unliquidated liability or claim against the Debtor; or if upon the date of execution of this Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to the Secured Party at or prior to the time of such execution; and

(i) If the Secured Party, in good faith, believes and has commercially reasonable grounds to believe that the prospect of payment of any Obligations or performance of the Obligations is or is about to be placed in jeopardy.

ARTICLE 11
ACCELERATION

11.1 Upon an occurrence of an Event of Default, the Secured Party, in its sole discretion, may declare all or any part of the Obligations, which is not by its terms payable on demand, to be immediately due and payable, without demand or notice of any kind.

ARTICLE 12
REMEDIES

12.1 If, upon an occurrence of an Event of Default, the Secured Party declares that the Obligations shall become immediately due and payable in full, the Debtor and the Secured Party shall have, in addition to any other rights and remedies provided by law, the rights and remedies of a debtor and a secured party respectively under the PPSA and this Agreement. The Secured Party may appoint or re-appoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of the Secured Party or not, to be a receiver or receivers (hereinafter called a "**Receiver**", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his stead. Any such Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of the Debtor and not the Secured Party, and the Secured Party shall not be in any way be responsible for any misconduct, negligence, or nonfeasance on the part of any such Receiver, his servants, agents or employees. Subject to the provisions of the instrument appointing him, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of the Debtor and to sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including the Debtor, enter upon, use and occupy all premises owned or occupied by the Debtor wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on the Debtor's business or as security for loans or advances to enable him to carry on the Debtor's business or otherwise as such Receiver shall in his discretion determine. Except as may be otherwise directed by the Secured Party, all monies received from time to time by such Receiver in carrying out his appointment shall be received in trust for and paid over to the Secured Party. Every such Receiver may, in the discretion of the Secured Party, be vested with all or any of the rights and powers of the Secured Party.

12.2 Upon default, the Secured Party may, either directly or through his agents or nominees, exercise all the powers and rights given to a Receiver by virtue of Section 12.1.

12.3 The Secured Party may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, the Secured Party may sell, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, at public auction, by public tender or by private sale, for such consideration and upon such terms and conditions as to the Secured Party may seem reasonable, including without limitation, terms that provide time for payment of credit, provided that:

(a) The Secured Party or Receiver will not be required to sell, lease or dispose of the Collateral, but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction, hindrance or interruption by the Debtor or any other person or persons whomsoever for such period of time as is commercially reasonable;

(b) The Secured Party or the Receiver may convey, transfer and assign to a purchaser or purchasers the title to any of the Collateral; and

(c) Subject to Section 14.1, the Debtor will be entitled to be credited with the actual proceeds of any such sale, lease or other disposition only when such proceeds are received by the Secured Party or the Receiver in cash or such other form of compensation as may be acceptable to the Secured Party, in its sole discretion.

12.4 The Secured Party may have any securities included in the Collateral registered in the books of the issuers of such securities in the name of the Secured Party or such nominee of the Secured Party as the Secured Party shall direct.

12.5 The Secured Party shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease or otherwise dispose of Collateral or to institute proceedings for such purposes. Furthermore, the Secured Party shall have no obligation to take any steps to preserve rights against prior parties to any instrument or chattel paper, whether Collateral or proceeds, and whether or not in the Secured Party's possession and shall not be liable or accountable for failure to do so.

12.6 The Debtor acknowledges that the Secured Party or any Receiver appointed by the Secured Party may take possession of Collateral wherever it may be located and by any method permitted by law and the Debtor agrees upon request from the Secured Party or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

12.7 The Debtor agrees to pay all costs, charges and expenses reasonably incurred by the Secured Party or any Receiver appointed by the Secured Party, whether such expenses were incurred directly or for services rendered (including legal costs on a solicitor and client basis and auditors' costs and Receiver remuneration), in operating the Debtor's accounts, in preparing or enforcing this Agreement, taking custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Obligations and all such costs, charges and expenses together with any monies owing as a result of any borrowing by the Secured Party or any Receiver appointed by the Secured Party, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

12.8 Unless (i) the Collateral in question is perishable; (ii) the Secured Party believes on reasonable grounds that the Collateral in question will decline rapidly in value; (iii) the Collateral is of a type customarily sold on a recognized market; (iv) the cost of care and storage of the Collateral in question is disproportionately large relative to its value; (v) every person entitled by law to receive a notice of disposition consents in writing to the immediate disposition of the Collateral in question; or (vi) the Receiver disposes of the

Collateral in question in the course of the Debtor's business, the Secured Party will give the Debtor such notice of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made, as may be required by the PPSA.

12.9 The Secured Party may, provided that notice is given in a manner required by the PPSA to the Debtor and to any other person to whom the PPSA requires notice be given, to elect to retain all or any part of the Collateral in satisfaction of the Obligations.

ARTICLE 13
STANDARDS OF SALE

13.1 Without prejudice to the ability of the Secured Party to dispose of Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Secured Party which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

(a) Collateral may be disposed of in whole or in part;

(b) Collateral may be disposed of by public sale upon written notice to the Debtor following one advertisement in a newspaper having general circulation in the location of Collateral to be sold at least seven (7) days prior to such sale;

(c) Collateral may be disposed of by private sale after receipt by the Secured Party of two (2) written offers;

(d) The purchaser or lessee of such Collateral may be a customer of the Secured Party; and

(e) The disposition may be cash or credit or part cash or credit; and the Secured Party may establish a reserve in respect of all or any portion of the Collateral.

ARTICLE 14
DISPOSITION OF MONIES

14.1 Any proceeds of any disposition of any of the Collateral may be applied by the Secured Party as follows:

(a) First, to the payment of expenses incurred in connection with the retaking, holding, repairing, processing, preparing for disposition and disposing of Collateral (including legal costs on a solicitor and client basis and any other reasonable expenses);

(b) Second, in payment of all amounts of money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;

(c) Third, towards the payment of the Obligations in such order of application as the Secured Party may from time to time effect; and

(d) Fourth, in payment of any surplus in accordance with applicable law.

14.2 All such expenses and all amounts borrowed on the security of Collateral under Section 14.1 shall bear interest at twenty per cent (20%) per annum and shall form part of the Obligations under this Agreement. If the disposition of Collateral fails to satisfy the Obligations and the expenses incurred by the Secured Party, the Debtor shall be liable to pay for any deficiency on demand.

ARTICLE 15
GENERAL

15.1 The Debtor hereby authorizes the Secured Party to file such financing statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which the Debtor's business is carried on and Collateral and records relating thereto are situate) as the Secured Party may deem appropriate to perfect and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and the Debtor hereby irrevocably constitutes and appoints the Secured Party (or its duly appointed representative) the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever it may be deemed necessary or expedient.

15.2 Upon the Debtor's failure to perform any of its duties hereunder, the Secured Party may, but shall not be obligated to, perform any or all of such duties, and the Debtor shall pay to the Secured Party, forthwith upon written demand therefor, an amount equal to the expense incurred by the Secured Party in so doing plus interest thereon from the date such expense is incurred until it is paid at twenty per cent (20%) per annum.

15.3 The Secured Party may grant extensions of time and other indulgences, take and give security, accept compositions, compromise, settle, grant releases and discharges and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with Collateral and other security as the Secured Party may see fit without prejudice to the liability of the Debtor or the Secured Party's right to hold and realize the Security Interest. Furthermore, the Secured Party may demand, collect and sue on Collateral in either the Debtor's or the Secured Party's name, at the Secured Party's option, and may endorse the Debtor's name on any and all cheques, commercial paper and any other instruments pertaining to or constituting Collateral.

15.4 No delay or omission by the Secured Party in exercising any right or remedy hereunder or with respect to any Obligations shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, the Secured Party may remedy any default by the Debtor hereunder or with respect to any Obligations in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by the Debtor. All rights and remedies of the Secured Party granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination. The taking of a judgment or

judgments with respect to any of the Obligations shall not operate as a merger of any of the covenants contained in this Agreement.

15.5 The Debtor waives protest of any instrument constituting Collateral at any time held by the Secured Party on which the Debtor is in any way liable and, subject to Section 15.8 hereof, notice of any other action taken by the Secured Party.

15.6 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective and applicable heirs, executors, administrators, legal and personal representative, successors and assigns. In any action brought by an assignee of this Agreement and the Security Interest or any part thereof to enforce any rights hereunder, the Debtor shall not assert against the assignee any claim or defence which the Debtor now has or hereafter may have against the Secured Party.

15.7 Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Agreement shall be made except by a written agreement executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

15.8 This Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of British Columbia as the same may from time to time be in effect, including the PPSA.

15.9 Any notice to the Debtor in connection with this Agreement shall be well and sufficiently given if sent by prepaid registered mail to or delivered to the Debtor at the address set out on page one hereof or to such other address as the Debtor may from time to time designate in writing to the Secured Party. Any notice to the Secured Party in connection with this Agreement shall be well and sufficiently given if sent by prepaid registered mail or delivered to the Secured Party at the address set out on page one or to such other address as the Secured Party may from time to time designate in writing to the Debtor. Any such notice shall be deemed to have been given if delivered, when delivered, and if mailed, on the fourth (4^{th}) business day following that on which it was mailed. In the event of a known interruption of postal services, any notice required or contemplated herein shall be deemed to have been delivered to the Debtor only if delivered by hand to the Debtor at the address specified herein or pursuant hereto and to the Secured Party only if delivered by hand to the Secured Party at the address specified herein or pursuant hereto.

15.10 This Agreement and the Security Interest is in addition to and not in substitution for any other security now or hereafter held by the Secured Party and is intended to be a continuing Agreement and shall remain in full force and effect until the Obligations have been paid in full.

15.11 In this Agreement the term "**successors**" shall include (and without limiting its meaning) any corporation resulting from the amalgamation of one corporation with another corporation.

15.12 The headings used in this Agreement are for convenience only and are not to be considered a part of this Agreement and do not in any way limit or amplify the terms and provisions of this Agreement.

15.13 When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

15.14 In the event any provisions of this Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any court of competent jurisdiction, the remaining terms and provisions of this Agreement shall remain in full force and effect.

15.15 The parties acknowledge that value has been given and the Security Interest created hereby is intended to attach when this Agreement is signed by the Debtor and the Debtor agrees that it is not the intention of the Secured Party or the Debtor to postpone the attachment of the Security Interest and accordingly, attachment, as defined in the PPSA, will occur simultaneously upon the execution of this Agreement.

15.16 Time shall be of the essence of this Agreement.

15.17 If this Agreement has been executed by more than one Debtor, the obligations of each Debtor shall be joint and several.

15.18 This Agreement is in addition to, and not in substitution of, any other agreements between and among the parties hereto relating to the subject matter hereof. The parties agree that no amendment to this Agreement shall be effective unless made in writing. There are no representations, warranties or collateral agreements in effect between the Debtor and the Secured Party relating to the subject matter hereof; and possession of an executed copy of this Agreement by the Secured Party constitutes conclusive evidence that it was executed and delivered by the Debtor free of all conditions.

15.19 This Agreement and the Obligations may be assigned in whole or in part by the Secured Party to any person, firm or corporation without notice or consent of the Debtor. This Agreement may not be assigned by the Debtor without the prior written consent of the Secured Party.

15.20 Nothing contained in this Agreement, including the execution of same and/or the filing of a financing statement(s) shall obligate the Secured Party to make any loan to or accommodation to the Debtor or to extend the time for payment or satisfaction of any Obligations.

ARTICLE 16
ACKNOWLEDGMENT OF THE DEBTOR

16.1 The Debtor hereby acknowledges receipt of an executed copy of this Agreement and that the failure of the Secured Party to receive full payment or satisfaction of the Obligations through his rights and remedies herein provided shall not in any way release the Debtor who covenants to pay or satisfy any deficiency.

16.2 The Debtor hereby waives its right to receive a copy of any financing statement or verification statement registered by the Secured Party or its agents in connection with this Agreement.

IN WITNESS WHEREOF this Agreement has been signed, sealed and delivered as of and with effect on the date set out above.

DIONYMED BRANDS INC.

Per: _____
Name: Alex BALUTA
Title: CEO Flow CAPITAL

Per: _____
Name: DONNACHA RAHILL
Title: CFO FLOW CAPITAL CORP.
I/We have the authority to bind the corporation

Signed By
Alex BALUTA
CEO OF FLOW
CAPITAL ON
Sept 20, 2019 @ 10:07 AM
UNDER THE POWER OF
ATTORNEY GRANTED TO FLOW
IN OUR ROYALTY PURCHASE
AGREEMENT W DIONYMED BRANDS INC.

TAB F

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "**Agreement**") is made and entered into as of September 20, 2019 by and between Herban Industries, Inc., a Delaware corporation; Herban Industries CA LLC, a California limited liability company, Herban Industries OR LLC, an Oregon limited liability company, Herban Industries NJ LLC, a New Jersey limited liability company, Herban Industries NV LLC, a Nevada limited liability company, Herban Industries CO LLC, a Colorado limited liability company and Hometown Heart, a California corporation on the one hand (each a "**Company**" and collectively the "**Companies**"), and Flow Capital Corp., a corporation incorporated under the laws of the Province of British Columbia ("**Creditor**") on the other hand, with respect to the following facts:

RECITALS

WHEREAS, the Companies are either wholly subsidiaries of, or under management control of DionyMed Brands, Inc., a corporation incorporated pursuant to the laws of the province of British Columbia ("**Parent**").

WHEREAS, Creditor (formerly known as Grenville Strategic Royalty Corp.), is a party to that certain Amended and Restated Royalty Purchase Agreement, dated as of May 25, 2018 ("**Royalty Purchase Agreement**") (as such agreement may be amended from time to time) by and between Creditor, DionyMed Holdings, Inc., (Parent's predecessor in interest), Darwin Strategic Royalty Corp. ("Darwin") and Royco I LLC ("Royco"), pursuant to which Creditor (and Darwin and Royco) acquired the right to receive Royalty Payments (as defined in the Royalty Purchase Agreement) from Parent.

WHEREAS, Parent desires to grant a security interest in Parent's collateral to Creditor, in order to secure Parent's obligations under the Royalty Agreement, in accordance with the terms of the Royalty Agreement and pursuant to the terms of that certain General Security Agreement between Parent and Creditor dated of even date herewith ("**Canada Security Agreement**").

WHEREAS, in order to induce Creditor to accept the Canada Security Agreement, the Companies are willing to provide to Creditor a security interest in the Collateral (as defined below) of the Companies, in accordance with the terms set forth in this Agreement, as security for Parent's obligations under the Royalty Agreement.

WHEREAS, as of the date of this Agreement (the "**Closing**"), the Companies have no indebtedness of any kind except as set forth in disclosure schedule attached hereto as Annex 2 ("**Disclosure Schedule**").

NOW, THEREFORE, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions. In addition to those terms defined elsewhere in this Agreement, as used in this Agreement, the following terms shall have the following meanings:

"Accounts" means any right to the payment for goods sold or leased or services rendered whether or not evidenced by an instrument or chattel paper, and whether or not earned by performance.

"Books" means books and records, including each Companies records indicating, summarizing or

evidencing such Companies assets (including the Collateral) or liabilities, relating to the Companies business operations of financial condition, and each Companies goods or General Intangibles related to such information.

"Collateral" means all Accounts, Books, Chattel Paper, Commercial Tort Claims, Contracts, Deposit Accounts, Equipment, Fixtures, General Intangibles, Intellectual Property, Inventory, Investment Property, Negotiable Collateral, Pledged Interests, Proceeds and Supporting Obligations of the Company, along with all of such Companies money, cash equivalents or other assets of the Companies that now or hereafter come into possession, custody or control of Creditor or any agent or designee of Creditor.

"Contracts" means any agreement between a Company and any third party, written or oral, that provides for the delivery or sale of goods or services; any insurance policies, contracts for insurance; binders; commitments for insurance; or any other agreement, written or oral, pertaining to the business of insurance.

"Equipment" means all of the Companies now owned and hereafter acquired machinery, equipment, furniture, furnishings, fixtures, and other tangible personal property (except Inventory), including embedded software, motor vehicles with respect to which a certificate of title has been issued, dies, tools, jigs, and office equipment, as well as all of such types of property leased by the Companies and all of the Companies rights and interests with respect thereto under such leases (including, without limitation, options to purchase); together with all present and future additions and accessions thereto, replacements therefore, component and auxiliary parts and supplies used or to be used in connection therewith, and all substitutes for any of the foregoing, including all accounts instruments, documents, chattel paper which may arise from the disposition of the Equipment, and all manuals, drawings, instructions, warranties and rights with respect thereto; wherever any of the foregoing is located.

"General Intangibles" means general intangibles (as that term is defined Division 9 of the UCC), and includes payment intangibles, software, contract rights, rights to payment, rights arising under common law, statutes, or regulations, choses or things in action, goodwill, Intellectual Property, purchase orders, customer lists, monies due or recoverable from pension funds, route lists, rights to payment and other rights under any royalty or licensing agreements, infringement claims, pension plan refunds, pension plan refund claims, insurance premium rebates, tax refunds, and tax refund claims, interests in a partnership or limited liability company which do not constitute a security under Division 9 of the UCC, and any other personal property other than Commercial Tort Claims, money, Accounts, Chattel Paper, Deposit Accounts, goods, Investment Property, and oil, gas, or other minerals before extraction.

"Intellectual Property" means all of the following and similar intangible property and related proprietary rights, interests and protections, however arising, pursuant to the laws of any jurisdiction throughout the world, including such property that is owned by the Companies and that in which the Companies hold exclusive or non-exclusive rights or interests granted by license from other persons:

(i) trademarks, service marks, trade names, brand names, logos, trade dress and other proprietary indicia of goods and services, whether registered, unregistered or arising by applicable law, and all registrations and applications for registration of such trademarks, including intent-to-use applications, and all issuances, extensions and renewals of such registrations and applications;

(ii) internet domain names, whether or not trademarks, registered in any generic top-level domain by any authorized private registrar or governmental authority;

(iii) original works of authorship in any medium of expression, whether or not published, all source code; copyrights (whether registered, unregistered or arising by law), all registrations and applications for registration of such copyrights, and all issuances, extensions and renewals of such registrations and applications;

(iv) confidential information, trade secrets, source code, formulas, product designs, industrial

designs, devices, technology, know-how, research and development, data, customer lists, inventions, methods, processes, specifications, reports, catalogs, literature, compositions and any other forms of technology or proprietary information of any kind, whether or not patentable; and

(v) patented and patentable designs and inventions, all design, plant and utility patents, letters patent, utility models, pending patent applications and provisional applications and all issuances, divisions, continuations, continuations-in-part, reissues, extensions, reexaminations and renewals of such patents and applications.

"*Intellectual Property*" shall further include any license or other similar rights provided to any of the Companies in which or with respect to Intellectual Property owned or controlled by other persons, in each case, including without limitation any software license agreements other than license agreements for commercially available off the shelf software that is generally available to the public which have been licensed to the Companies pursuant to end-use licenses.

"Inventory" means any goods, including raw materials, work in process or finished goods held for resale or lease to be furnished by the Companies, but does not include Intellectual Property.

"Investment Property" means (a) any and all investment property (as that term is defined in Division 9 of the UCC), and (b) any and all Pledged Interests (regardless of whether classified as investment property under Division 9 of the UCC).

"Lien" means shall mean, with respect to any Collateral, any security interest, mortgage, pledge, lien, claim, charge or other encumbrance.

"Negotiable Collateral" means letters of credit, letter of credit rights, instruments, promissory notes, drafts and similar documents.

"Permitted Liens" means (a) Liens for taxes not yet delinquent or Liens for taxes being contested in good faith and by appropriate proceedings for which adequate reserves have been established; (b) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security and other similar statutory obligations; (c) Liens in favor of Senior Indebtedness of Parent and the Companies as defined in the Royalty Agreement, and (d) Liens in favor of the Creditor.

"Pledged Interests" means all of each Companies right, title and interest in and to all of the equity interests, security, securities, options, rights, shares, futures contracts, warrants, joint venture interests, interests in limited partnerships, bonds, debentures and all documents that evidence ownership of a share, participation or other interest of the Companies in property or in a an enterprise, whether now owned or hereafter acquired by the Companies, regardless of class or designation, including in each of the subsidiaries and all substitutions therefor and replacements thereof, all Proceeds thereof and all rights relating thereto, also including any certificates representing the equity interests, the right to receive any certificates representing any of the equity interests, all warrants, options, share appreciation rights and other rights, contractual or otherwise, in respect thereof and the right to receive all dividends, distributions of income, profits, surplus, or other compensation by way of income or liquidating distributions, in cash or in kind, and all cash, instruments, and other property from time to time received, receivable, or otherwise distributed in respect of or in addition to, in substitution of, on account of, or in exchange for any or all of the foregoing.

"Proceeds" means all "proceeds" (as such term is defined in Division 9 of the UCC) of, and all other profits, rentals or receipts, in whatever form, arising from the collection, sale, lease, exchange, assignment, licensing or other disposition of, or realization upon, any Collateral including, without limitation, all claims of the Companies against third parties for loss of, damage to or destruction of any of the Collateral, all rights in all litigation presently or hereafter pending for any cause of action (whether in contract, tort or otherwise) and all judgments now or hereafter arising therefrom with respect to the Collateral, or for Proceeds payable under, or unearned premiums with respect to, policies of insurance with

respect to any Collateral, and any condemnation or requisition payments with respect to any Collateral, in each case whether now existing or hereafter arising.

"Secured Obligations" means each and all of the foregoing: (a) all present and future obligations of each of the Companies arising from, or owing under or pursuant to this Agreement and the Royalty Agreement whether now or hereafter owing, (b) reasonable attorneys' fees, expenses and any interest, fees or expenses incurred by Creditor in connection with Creditor's enforcement of its rights set forth in this Agreement, or the collection of the amounts owed or hereafter owing pursuant to the Royalty Agreement, and (c) all other indebtedness, liabilities, obligations and expenses of any kind or nature owing from the Companies to the Creditor in connection with any and all modifications, extensions, renewals and/or substitutions of any of the foregoing.

"Supporting Obligations" means supporting obligations including letters of credit and guaranty's issued in support of Accounts, Chattel Paper, documents, General Intangibles, instruments or Investment Property.

"UCC" means the Uniform Commercial Code, as in effect from time to time, of the State of California or of any other state the laws of which are required as a result thereof to be applied in connection with the issue of perfection of security interests.

All other undefined terms contained in this Security Agreement, unless the context indicates otherwise, have the meanings provided for by the UCC to the extent the same are used or defined therein. All defined terms used herein that are not otherwise defined in this Agreement shall have the respective meanings given to those terms in the UCC.

For the avoidance of doubt, the term "Collateral" as used herein shall mean and include all of property and types of property included in the definitions set forth above, including any additions, renewals or replacements thereof.

2. Grant of Security Interest. Each of the Companies hereby unconditionally grants, assigns and pledges to Creditor, to secure the Secured Obligations, a continuing security interest (hereafter the "**Security Interest**") in all of the Companies right, title and interest in and to the Collateral, whether now owned or hereafter acquired or arising and wherever located.

3. Security for Secured Obligations. The Security Interest created hereby secures the payment and performance of the Secured Obligations, whether now existing or arising hereafter and without limiting the foregoing, this Agreement secures the payment of all amounts which constitute part of the Secured Obligations which are or will hereafter be owed by the Companies or any one of them, to Creditor.

4. Representations, Warranties and Covenants. The Companies, joint and severally, hereby represent, warrant and covenant to Creditor the following so long as any of the Secured Obligations remain outstanding, which representations, warranties and covenants shall survive the execution and delivery of this Agreement:

(a) Ownership. The Companies are the legal and beneficial owner of the Collateral and have the right to pledge, sell, assign or transfer the same in accordance with the terms of this Agreement and the UCC.

(b) UCC Filing/Permitted Liens/Priority. This Agreement creates a valid security interest in favor of the Creditor in the Collateral described herein and, when properly perfected by filing, shall constitute a valid perfected first senior position security interest in such Collateral, free and clear of all

Liens other than Permitted Liens. By the terms of this Agreement, Creditor is hereby authorized to make any and all filings necessary to perfect Creditor's Security Interest in the Collateral.

(c) No Consents/Authorization. No consent of any other person or entity and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required (i) for the grant by the Companies of the assignment and security interest granted hereby or for the execution, delivery or performance of this Agreement, (ii) for the perfection or maintenance of the assignment and security interest created hereby or (iii) for the exercise by the Creditor of its rights and remedies hereunder. Notwithstanding the foregoing, it is understood that certain Collateral can only be perfected upon the filing of adequate financing statements or notices in appropriate filing offices. Each of the Companies has the right and requisite authority to enter into this Agreement, this Agreement does not violate the terms of any other agreement of the Companies and this Agreement has been duly authorized, executed and delivered by the Companies and constitutes its legal, valid, and binding obligation, enforceable against it in accordance with its terms.

(d) Sale or Transfer of Collateral. None of the Companies shall (i) exchange, trade, sell, assign (by operation of law or otherwise), lease, grant any option with respect to, or otherwise dispose of the Collateral without Creditor's prior written consent, except for (A) the sale of the Collateral in the ordinary course of the Companies business, (B) transfers of surplus, worn-out or obsolete Equipment, (C) non-exclusive licensing of Intellectual Property in the ordinary course of business, and (D) other transfers (including intercompany transfers) in an aggregate amount not to exceed Fifty Thousand Dollars ($50,000) per year; or (ii) create or permit any Lien with respect to any of the Collateral except for the Permitted Liens. The inclusion of Proceeds in the Collateral shall not be deemed to constitute Creditors consent to any sale or other disposition of any of the Collateral except as expressly permitted in this Agreement.

(e) Condition of Collateral. The Companies shall at all times maintain the Collateral in good operating condition and repair, including without limitation, with respect to Intellectual Property, to protect and diligently enforce and defend at such Companies expense, its material Intellectual Property, including (i) to diligently enforce and defend, including promptly suing for infringement, misappropriation, or dilution and to recover any and all damages for such material infringement, misappropriation, or dilution, and filing for opposition, interference, and cancellation against conflicting Intellectual Property rights of any person, (ii) to prosecute diligently any trademark application or service mark application that is part of the material Intellectual Property pending as of the date hereof or hereafter until the termination of this Agreement, (iii) to prosecute diligently any patent application that is part of the material Intellectual Property pending as of the date hereof or hereafter until the termination of this Agreement, (iv) to take all reasonable and necessary action to preserve and maintain all of the Companies material trademarks, patents, copyrights, licenses and its rights therein, including paying all maintenance fees and filing of applications for renewal, affidavits of use, and affidavits of non-contestability, and (v) to require all employees, consultants, and contractors of each of the Companies who were involved in the creation or development of such Intellectual Property to sign agreements containing assignment of Intellectual Property rights and obligations of confidentiality. Each of the Companies further agrees not to abandon any Intellectual Property that is necessary in or material to the conduct of such Companies. Each of the Companies hereby agrees to take the steps described in this section with respect to all new or acquired Intellectual Property to which it or any of its subsidiaries is now or later becomes entitled that is necessary in or material to the conduct of such business. For the avoidance of doubt and not by way of limitation, the Intellectual Property identified on Exhibit B is deemed material Intellectual Property for the purposes of this Agreement.

(f) Taxes. The Companies will pay when due and prior to delinquency all foreign, federal, state and local taxes, assessments, and governmental charges now or hereafter levied on or which are or may become Liens against the Collateral.

(g) Further Assurances. The Companies shall, at their expense, take all actions which may be reasonably necessary or appropriate to maintain, preserve, protect, and defend the Collateral and the Creditor's security interest therein; including all such actions as may be reasonably requested by Creditor. Upon Creditor's request, the Companies and each of them shall, at their expense, execute and deliver to Creditor such further documents and agreements, in form and substance satisfactory to Creditor, as Creditor may reasonably require to effectuate this Agreement or to evidence, perfect, maintain, preserve or protect the Creditor's security interest in the Collateral, including financing statements, continuation financing statements, financing statement amendments, security agreements (including without limitation copyright security agreements, patent security agreements and trademark security agreements), and assignments, which the Companies hereby authorize Creditor to file in the appropriate and applicable jurisdictions. Each of the Companies authorizes Creditor at any time and from time to time to file, transmit, or communicate, as applicable, such financing statements and amendments thereto (i) describing the Collateral as "all personal property of debtor" or "all assets of debtor" or words of similar effect, (ii) describing the Collateral as being of equal or lesser scope or with greater detail, or (iii) that contain any information required by the UCC for the sufficiency or filing office acceptance. Each of the Companies acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement filed in connection with this Agreement without the prior written consent of Creditor.

(h) Deposit Accounts. Set forth on Exhibit A (as such schedule shall be updated from time to time by Companies) is a listing of all of the Deposit Accounts of the Companies, including, with respect to each bank, (i) the name and address of such entity, and (ii) the account numbers of the Deposit Accounts maintained with each bank or entity. In connection herewith, each Company shall, upon no less than ten (10) calendar days written notice thereof, enter into a Deposit Account control agreement with Creditor in the form approved by Creditor and each applicable bank.

(i) Intellectual Property. As of the date of this Agreement, Exhibit B (as such schedule shall be updated from time to time by Companies) provides a complete and correct list of all Intellectual Property owned by any of the Companies, all applications for registration of Intellectual Property owned by any of the Companies and all other Intellectual Property owned by any of the Companies and material to the conduct of their business, including without limitation a complete and correct list of all patents, copyrights and trademarks owned by any of the Companies and all applications for patents, copyrights and trademarks owned by any of the Companies.

(j) Pledged Interests. The Companies are and will at all times be the sole holder of record and the legal and beneficial owner, free and clear of all Liens, encumbrances and claims of any kind or nature other than Permitted Liens, of the Pledged Interests indicated on Exhibit C (as such exhibit shall be updated from time to time) and, when acquired by such Companies, any Pledged Interests acquired after the date of this Agreement. Such Pledged Interests are duly authorized, validly issued, fully paid and nonassessable and the Pledged Interests constitute or will constitute the percentage of the issued and outstanding equity interests of the Companies identified on Exhibit C, as shall be supplemented or modified by any Pledged Interests Addendum or any Joinder to this Agreement. Except as set forth on Exhibit C, there are no other shares of the capital stock of the subsidiaries outstanding nor are there any outstanding preemptive rights, options, warrants, conversion privileges or rights (including but not limited to rights of first refusal or similar rights), orally or in writing, to purchase or acquire any capital stock from the subsidiaries, including the Pledged Interests. The Companies shall, upon no less than ten (10) calendar days written notice thereof, deliver certificates representing the Pledged Interests to Creditor to hold as security hereunder.

(k) Name, Jurisdiction Etc. None of the Companies will, change their name, organizational identification number, jurisdiction or organizational identity, provided, that any of the Companies may change its name upon at least ten (10) days prior written notice to Creditor.

(l) Attorney-in-Fact. Each of the Companies does hereby irrevocably appoint Creditor as its attorney-in-fact, with full authority in the place and stead of each of the Companies and in the name of such Companies, or otherwise, at such time as an Event of Default (as defined below) has occurred and is continuing under hereunder, to take any action and to execute any instrument which Creditor may reasonably deem necessary or advisable to accomplish the purposes of this Agreement.

5. Events of Default. The breach of any representations or warranties made in this Agreement by the Companies, the breach or failure to satisfy the covenants set forth herein by the Companies (provided that the Companies shall receive no less than five (5) days written notice of such breach and a reasonable period of time in which to cure such breach provided that the breach is curable and in no event shall such period of time exceed thirty (30) days) or the occurrence of an event which under the Royalty Agreement would constitute a breach, default or event of default thereunder, shall be an Event of Default hereunder (an "**Event of Default**").

6. Remedies. Upon the occurrence and during the continuation of an Event of Default, Creditor shall have, in addition to the rights and remedies provided herein, in the Royalty Agreement, or by law (including, but not limited to, the rights and remedies set forth in the UCC), the rights and remedies of a secured party under the UCC, and further, Creditor may, with or without judicial process or the aid and assistance of others, (i) enter on any premises on which any of the Collateral may be located and, without resistance or interference by the Companies, take possession of the Collateral, (ii) subject to the notice provisions hereof, dispose of any Collateral on any such premises, (iii) require the Companies to assemble and make available to Creditor at the expense of the Companies any Collateral at any place and time designated by Creditor which is reasonably convenient to both parties, (iv) remove any Collateral from any such premises for the purpose of effecting sale or other disposition thereof, (v) subject to the notice provisions hereof, sell and deliver any or all Collateral held by or for it at public or private sale, by one or more contracts, in one or more parcels, for cash, upon loan or otherwise, at such prices and upon such terms as Creditor deems advisable, in its sole discretion (subject to any and all mandatory legal requirements), and/or (vi) reduce its claims for breach of any of the Secured Obligations to judgment and foreclose or otherwise enforce its security interest in any or all of the Collateral by any available judicial procedure. If Creditor has reduced its claims for breach of any of the Secured Obligations to judgment, the Lien of any levy which may be made on any or all of the Collateral by virtue of any execution based upon such judgment shall relate back to the date of Creditor's perfection of its security interest in such Collateral. A judicial sale pursuant to such execution shall constitute a foreclosure of Creditor's security interest by judicial procedure, and Creditor may purchase at such sale and thereafter hold the Collateral free of all rights of Companies therein. Any notice of sale, disposition or other action by Creditor hereunder shall be sent to Parent and the Companies at the address set forth in the notice provision herein, or at such other address of Parent or the Companies as may from time to time be shown on the records of Creditor, at least 10 days prior to such action, and such notice shall constitute reasonable notice to the Companies. The Companies acknowledge that any private sale referenced above may be at prices and on terms less favorable to the seller than the prices and other terms which might have been obtained at a public sale and, notwithstanding the foregoing, agrees that such private sale shall be deemed to have been made in a commercially reasonable manner. In addition to all other sums due Creditor with respect to the Secured Obligations, the Companies shall pay Creditor all reasonable documented costs and expenses incurred by Creditor, including, but not limited to, actual attorney' fees and court costs, in obtaining or liquidating the Collateral, in enforcing payment of the Secured Obligations, or in the prosecution or defense of any action or proceeding by or against Creditor or the Companies concerning any matter arising out of or connected with this Security Agreement, any Collateral or the Secured Obligations, including, without limitation, any of the foregoing arising in, arising under or related to a case under the Federal Bankruptcy Code of the United States. Creditor shall not be obligated to make any sale or other disposition of the Collateral regardless of notice having been given. To the extent permitted by law, Creditor may be a purchaser at any such sale. To the extent permitted by applicable law, the Companies hereby waive all of its rights of redemption to any such sale. Subject to the

provisions of applicable law, Creditor may postpone or cause the postponement of the sale of all or any portion of the Collateral by announcement at the time and place of such sale, and such sale may, without further notice, to the extent permitted by law, be made at the time and place to which the sale was postponed, and the Creditor may further postpone such sale by announcement made at such time and place.

7. Indemnity. Each of the Companies, jointly and severally, agree to indemnify Creditor from and against all claims, lawsuits and liabilities (including reasonable attorneys' fees) arising out of or resulting from this Agreement (including enforcement of this Agreement), except claims, losses or liabilities resulting from the gross negligence or willful misconduct of Creditor as determined by a final non-appealable order of a court of competent jurisdiction. This provision shall survive the termination of this Agreement and the repayment of the Secured Obligations.

8. Continuing Agreement.

(a) This Agreement shall be a continuing agreement in every respect and shall remain in full force and effect so long as any of the Secured Obligations remain outstanding. Upon such payment and termination, this Agreement shall be automatically terminated and Creditor shall, upon the request and at the expense of the Companies, release all of its Liens and security interests hereunder and shall execute and deliver all UCC termination statements and/or other documents reasonably requested by the Companies evidencing such termination. Notwithstanding the foregoing all releases and indemnities provided hereunder shall survive termination of this Agreement.

(b) This Agreement shall continue to be effective or be automatically reinstated, as the case may be, if at any time payment, in whole or in part, of any of the Secured Obligations is rescinded or must otherwise be restored or returned by Creditor as a preference, fraudulent conveyance or otherwise under any bankruptcy, insolvency or similar law, all as though such payment had not been made; provided that in the event payment of all or any part of the Secured Obligations is rescinded or must be restored or returned, all actual costs and expenses (including without limitation any actual legal fees and expenses) incurred by Creditor in defending and enforcing such reinstatement shall be deemed to be included as a part of the Secured Obligations.

9. Survival. All representations and warranties made by the Companies in this Agreement and other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by Creditor and shall survive the execution and delivery of this Agreement, regardless of any investigation made by Creditor or any notice or knowledge of any breach or Event of Default or incorrect representation or warranty at the time Creditor executed this Agreement, and shall continue in full force and effect as long as the Secured Obligations remain outstanding.

10. Amendments; Waivers; Modifications. This Agreement and the provisions hereof may not be amended, waived, modified, changed, discharged or terminated except as agreed to by all of parties hereto in writing.

11. Successors in Interest/Release. This Agreement shall create a continuing security interest in the Collateral and shall be binding upon the Companies, their successors and assigns and shall inure, together with the rights and remedies of Creditor hereunder, to the benefit of Creditor and its successors and assigns. To the fullest extent permitted by law, the Companies hereby release Creditor in its individual capacity or its capacity as attorney-in-fact, and its successors and assigns and authorized agents, from any liability for any act or omission relating to this Agreement or the Collateral, except for any liability arising from the gross negligence or willful misconduct of Creditor, or its officers, employees or agents.

12. Notices. All notices required or permitted to be given under this Agreement by one part to the other hereunder must be in writing and given in accordance with the terms of the Royalty Agreement.

13. Counterparts. This Agreement may be executed in any number of counterparts, each of which were so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

14. Headings/Ambiguity. The headings of the sections and subsections hereof are provided for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed against Creditor, or any of the Companies, whether under any rule of construction or otherwise. This Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of all parties hereto.

15. Governing Law; Submission to Jurisdiction; Venue.

(a) THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA. Any legal action or proceeding with respect to this Agreement may be brought in the courts of the State of California, or in a United States District Court of California, and, by execution and delivery of this Agreement, the Companies hereby irrevocably accept for itself and in respect of its property, generally and unconditionally, the jurisdiction of such courts. The Companies further irrevocably consent to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at the address for notices pursuant to Section 12, such service to become effective 10 days after such mailing. Nothing herein shall affect the right of the Creditor to serve process in any other manner permitted by law or to commence legal proceedings or to otherwise proceed against the Companies in any other jurisdiction.

16. Severability. If any provision of this Agreement is determined to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions shall remain in full force and effect and shall be construed without giving effect to the illegal, invalid or unenforceable provisions.

17. Entirety. This Agreement represents the entire agreement of the parties with respect to the subject matter hereof, and supersedes all prior agreements and understandings, oral or written, if any, and any commitment letters or correspondence relating to the transactions contemplated herein.

18. Waivers. The Companies hereby waive presentment, demand for payment, protest, notice of demand, dishonor, protest and nonpayment, and all other notices and demands in connection with the delivery, acceptance, performance, default under, and enforcement of the Secured Obligations. The Companies further waive the right to assert any statute of limitations as a defense to the enforcement of any of the Secured Obligations to the fullest extent permitted by law.

19. Cumulative Remedies. Creditor's rights and remedies under this Agreement are cumulative with and in addition to all other rights and remedies which Creditor may have under the Royalty Agreement, the Purchase Agreement, the Guarantee and any other document executed in connection herewith and therewith, whether existing at law or in equity or by statute. Creditor may exercise any one or more of its

rights and remedies under this Agreement at Creditors option and in such order (or concurrently) as Creditor may determine in its discretion from time to time.

20. New Subsidiaries/Updated Exhibits. Subsidiaries, including any subsidiaries of the Companies, whether after acquired or by created after the date hereof, shall enter into this Agreement by executing and delivering in favor of Creditor a Joinder to this Agreement in substantially the form of Annex 1. The execution and delivery of any instrument adding an additional new Subsidiary as a party to this Agreement shall not require the consent of any of the Companies. The rights and obligations of each of the Companies hereunder shall remain in full force and effect notwithstanding the addition of any new Subsidiary hereunder. The Companies shall further update from time to time and no less than annually, all exhibits attached hereto and provide such updated exhibits to Creditor, at the Companies' expense.

21. Attorneys' Fees. Upon Creditor's demand, the Companies shall reimburse Creditor for all costs and expenses, including attorney's fees and costs, which are incurred by Creditor, whether before or after the commencement of any action or proceeding by Creditor following an Event of Default hereunder, in connection with any or all of the following: (a) the exercise of any or all of Creditor's rights and remedies under this Agreement, whether or not any legal proceedings are instituted by Creditor; (b) the protection, preservation, management, operation, or maintenance of any or all of the Collateral provided that Creditor shall have no obligation to perform any of the foregoing; (c) the sale or disposition of any or all of the Collateral; (d) the commencement and prosecution of any suit, action, or proceeding with respect to any or all of the foregoing matters, including without limitation, an action for relief from the automatic stay arising under Bankruptcy Code § 362(a), 11 U.S.C. § 362(a).

22. Creditor's Legal Costs. Within thirty (30) days after the mutual execution of this Agreement by the Companies and Creditor, the Companies shall reimburse Creditor for Creditor's legal fees incurred in connection with the drafting and negotiation of this Agreement, in an amount not to exceed $3,500.

[Signatures on Next Page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers on and as of the date first written above.

COMPANIES:

Herban Industries, Inc.

By: _____
Name: Alex Balyan
Title: CEO - Flow Capital

Herban Industries CA LLC

By: _____
Name: Alex Balyan
Title: CEO - Flow Capital

Herban Industries OR LLC

By: _____
Name: Alex Balyan
Title: CEO Flow Capital

Herban Industries NJ LLC

By: _____
Name: Alex Balyan
Title: CEO Flow Capital

Herban Industries CO LLC

By: _____
Name: ~~Flow Capital~~ Alex Balyan
Title: CEO Flow Capital

Signed By Alex Balyan, CEO of Flow Capital on Sept 20, 2019 @ 10:12 AM on behalf of these companies, under the Power of Attorney granted to Flow in our Royalty Purchase Agreement.

Signatures continue on following page

Hometown Heart

By: _____
Name: _____
Title: _____

CREDITOR:

FLOW CAPITAL CORP.

By: _____
Name: Donnacha Rahill
Title: CFO

Attachments:

Exhibit A:	Deposit Accounts
Exhibit B:	Intellectual Property
Exhibit C:	Pledged Interests
Annex 1:	Form of Joinder
Annex 2:	Disclosure Schedule

Exhibit A

Deposit Accounts

Owner	Type of Account	Bank/Intermediary Account Numbers
Not known by Creditor		

Exhibit B

Intellectual Property

Copyrights:

Not known by Creditor

Trademarks:

Winberry Farms; Serial No. 87877427
Winberry Farms; Serial No. 87877429
W; Serial No. 87877431
W; 87877430

Patents:

Not known by Creditor

Other:

Not known by Creditor

Exhibit C

Pledged Interests

Name of Subsidiary	Owner of Shares	# of Shares	Class of Shares	% of Class Owned	Cert.#'s
Not known by Creditor					

Name of Affiliate	Owner of Shares	# of Shares	Class of Shares	% of Class Owned	Cert.#'s
Not known by Creditor					

ANNEX 1

Form of Joinder

Joinder No. ____ (this "Joinder"), dated as of _____ , 20_____ , to the Security Agreement, dated as of September __, 2019 (as amended, restated, supplemented, or otherwise modified from time to time, the "Security Agreement"), by and among each of the parties listed on the signature pages thereto and those additional entities that thereafter become parties thereto (collectively, jointly and severally, the "Companies") and FLOW CAPITAL CORP. ("Creditor").

RECITALS

WHEREAS, initially capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement and this Joinder shall be subject to the rules of construction set forth in Section 14 of the Security Agreement, which rules of construction are incorporated herein by this reference;

WHEREAS, the Companies have previously entered into the Security Agreement to secure the Companies Secured Obligations to Creditor;

WHEREAS, pursuant to Section 20 of the Security Agreement, certain new subsidiaries of the Companies must execute and deliver certain documents, including the Security Agreement, and the joinder to the Security Agreement by the undersigned new Grantor (the "New Grantor") may be accomplished by the execution of this Joinder in favor of Creditor; and

WHEREAS, each New Grantor is a subsidiary of one or more of the Companies and, as such, will benefit by virtue of the financial accommodations extended by the Companies to Creditor.

NOW, THEREFORE, for and in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each New Grantor hereby agrees as follows:

AGREEMENT

1. In accordance with Section 20 of the Security Agreement, each New Grantor, by its signature below, becomes one of the Companies under the Security Agreement with the same force and effect as if originally named therein as one of the "Companies" and each New Grantor hereby (a) agrees to all of the terms and provisions of the Security Agreement applicable to it as a one of the "Companies" thereunder and (b) represents and warrants that the representations and warranties made by it as one of the "Companies" thereunder are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by materiality in the text thereof) on and as of the date hereof. In furtherance of the foregoing, each New Grantor hereby unconditionally grants, assigns, and pledges to Creditor, to secure the Secured Obligations, a continuing security interest in and to all of such New Grantor's right, title and interest in and to the Collateral. Each reference to the "Companies" in the Security Agreement shall be deemed to include each New Grantor. The Security Agreement is incorporated herein by reference.

2. All schedules and exhibits attached hereto supplement the schedules and exhibits to the Security Agreement and shall be deemed a part thereof for all purposes of the Security Agreement.

3. Each New Grantor authorizes Creditor at any time and from time to time to file, transmit, or communicate, as applicable, financing statements and amendments thereto (i) describing the Collateral as "all personal property of debtor" or "all assets of debtor" or words of similar effect, (ii) describing the Collateral as being of equal or lesser scope or with greater detail, or (iii) that contain any information required by the UCC for the sufficiency or filing office acceptance. Each New Grantor also hereby ratifies any and all financing statements or amendments previously filed by Creditor in any jurisdiction in connection with the Security Agreement.

4. Each New Grantor represents and warrants to Creditor that this Joinder has been duly executed and delivered by such New Grantor and constitutes its legal, valid, and binding obligation, enforceable against it in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium, or other similar laws affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

5. This Joinder may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Joinder. Delivery of an executed counterpart of this Joinder by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Joinder. Any party delivering an executed counterpart of this Joinder by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Joinder but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Joinder.

6. The Security Agreement, as supplemented hereby, shall remain in full force and effect.

7. THIS JOINDER SHALL BE SUBJECT TO THE PROVISIONS REGARDING CHOICE OF LAW AND VENUE SET FORTH IN SECTION 15 OF THE SECURITY AGREEMENT, AND SUCH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE.

[Signature pages to follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Joinder to the Security Agreement to be executed and delivered as of the day and year first above written.

NEW GRANTORS:

[NAME OF NEW GRANTOR]

By:
Name: _____
Title: _____
_____

[NAME OF NEW GRANTOR]

By: _____
Name: _____
Title: _____

CREDITOR:

FLOW CAPTIAL CORP.

By: _____
Name: _____
Title:

ANNEX 2 – Disclosure Schedule

Not known by Creditor

TAB G

TRADEMARK SECURITY AGREEMENT

This Trademark Security Agreement is entered into this 20 day of September, 2019 (the "Trademark Security Agreement") by and between Herban Industries OR LLC, an Oregon limited liability company with its principal place of business at 280 SW Moonridge PL, Portland, OR 97225 (the "Grantor") and Flow Capital Corp., a corporation incorporated pursuant to the laws of the province of British Columbia, with its principal place of business at Dynamic Funds Tower, 3002 -1 Adelaide Street East, PO Box 171, Toronto, Ontario, Canada M5C 2V9 (the "Grantee").

RECITALS

This Trademark Security Agreement is a supplement to that certain General Security Agreement, dated as of September 20, 2019, by and between the Grantor, one or more affiliates of Grantor and Grantee (the "Security Agreement").

All capitalized terms not defined herein shall have the definitions ascribed to them in the Security Agreement, and are incorporated herein by reference. If there is a conflict between the definitions, terms or provisions of this Trademark Security Agreement and the Security Agreement, the definitions, terms or provisions of the Security Agreement shall control.

This Trademark Security Agreement is executed for the purpose of filing a short form security agreement in the United States Patent and Trademark Office (the "USPTO") and/or the US Copyright Office, which sets forth the Grantor's pledge of its intellectual property as security for the Secured Obligations Grantor owes the Grantee as set forth in the Security Agreement.

NOW THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Grantor agrees as follows:

GRANT OF SECURITY INTEREST

To secure payment and performance of the Obligations, Grantor hereby grants to Grantee, and hereby reaffirms its prior grant pursuant to the Security Agreement of, a continuing security interest in Grantor's right, title and interest in and to the following (all of the following items or types of property being herein collectively referred to as the "Trademark Collateral"), whether now owned or existing or hereafter created, acquired or arising:

(i) each Trademark listed on Schedule 1 annexed hereto, together with any reissues, continuations or extensions thereof, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark, and

(ii) all products and proceeds of the foregoing, including without limitation, any claim by Grantor against third parties for past, present or future (a) infringement or dilution of any Trademark, or (b) injury to the goodwill associated with any Trademark.

[Remainder of the page is blank. Signatures appear on the following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Trademark Security Agreement to be duly executed as of the day and year first above written.

GRANTOR:
Herban Industries OR LLC

Name: ALEX BALUTA
Title: CEO - FLOW CAPITAL

Signed By
ALEX BALUTA, CEO
of FLOW CAPITAL,
ON Sept 20, 2019, 10:09 AM
UNDER THE POWER OF
ATTORNEY GRANTED TO
FLOW IN THE
ROYALTY PURCHASE
AGREEMENT

GRANTEE:
Flow Capital Corp.

Name: Donnacha Rahill
Title: CFO

[Signature page to Trademark Security Agreement]

Schedule 1

List of Trademarks

US Trademarks Registrations

Mark:	Winberry Farms (Standard Character Mark)
Serial No.:	87877429
Filing Date:	April 15, 2018

Mark:	Winberry Farms (Standard Character Mark)
Serial No.:	87877427
Filing Date:	April 15, 2018

Mark:	W (Design Plus Words, Letters, and or Numbers)
Serial No.:	87877431
Filing Date:	April 15, 2019

Mark:	W (Design Plus Words, Letters, and or Numbers)
Serial No.:	87877430
Filing Date:	April 15, 2018

TAB H

DIONYMED
HOLDINGS INC

April 3, 2018

CONFIDENTIAL

Grenville Strategic Royalty Corp.
1 Adelaide Street East, Suite 3002
Toronto, Ontario M5C 2V9

Attention: **Steven E. Parry**

Re: **Investee Disclosure Letter**

Dear Mr. Parry:

This Disclosure Letter is being furnished pursuant to that certain Royalty Purchase Agreement dated April 3, 2018 (the "**Agreement**") by and between DionyMed Holdings, Inc. (the "**Corporation**"), Grenville Strategic Royalty Corp. and Darwin Strategic Royalty Corporation. Initially capitalized terms not otherwise defined in this Disclosure Letter shall have the meanings ascribed thereto in the Agreement. Unless otherwise specified in this Disclosure Letter, all references to currency are to lawful money of Canada.

This Disclosure Letter is arranged in numbered or lettered sections or subsections referencing a representation or warranty made by the Corporation as contained in Article 3 of the Agreement. Unless otherwise stated, all statements made herein are made as of the date of the Agreement. This Disclosure Letter is incorporated by this reference into the Agreement and should be considered an integral part of the Agreement.

With the exception of references to section numbers, the headings contained in this Disclosure Letter are included for convenience only and are not intended to limit the effect of the disclosures contained in this Disclosure Letter or to expand the scope of the information required to be disclosed in this Disclosure Letter.

Yours Truly,

DionyMed Holdings Inc.

Per: _____
Name: Peter Kamphan
Title: Chief Financial Officer

Schedule 3.3
Subsidiaries

Below is a list of all direct and in direct subsidiaries of the Corporation and an ownership breakdown for each such entity.

Herban Industries Inc.- The corporation is fully owned by the Corporation.
Herban Industries CA LLC; Principal owner/manager is Herban Industries Inc.
Herban Industries OR LLC; Principal owner/manager is Herban Industries Inc.

See attached organizational table which shall form part of this Schedule 3.3.

Schedule 3.5
Authorized and Outstanding Capital

(a) See attached for a list of the authorized and outstanding shares in the capital of the Corporation and each of its subsidiaries which shall form part of this Schedule 3.5 (a).

(b) See attached for a list any outstanding options, warrants or other rights to acquire shares or other securities of each member of the Corporation which shall form part of this Schedule 3.5 (b).

Schedule 3.9
Absence of Certain Changes

No non-ordinary course transactions occurred in or with respect to the DionyMed Group since the date of the most recent interim financial statements.

Schedule 3.10(b)
Liens

No liens or encumbrances exist against the DionyMed Group.

Schedule 3.11
Indebtedness

There exists no indebtedness other than the shareholder loan accounts payable which appear on the latest balance sheet of the DionyMed Group. See attached for most current Accounts Payable listing which shall form part of this Schedule 3.11.

Schedule 3.12
Absence of Undisclosed Liabilities

No liabilities other than described in the financial statements of the DionyMed Group.

Schedule 3.13
Tax Matters

There are no existing tax related items that the DionyMed Group are aware of as of the date hereof.

Schedule 3.14
Litigation

There is no pending or threatened litigation against the DionyMed Group as of the date hereof.

Schedule 3.15
Terminated Employees

There have been no senior officer or senior employee terminations of the DionyMed Group since 12/31/13.

Schedule 3.17
Insiders and Conflicts of Interest

There are no contracts between insiders and the DionyMed Group or loans made to or from insiders of the DionyMed Group.

Schedule 3.18
Business Intellectual Property

All trademarks are currently being reviewed for applicability to register the respective marks and/or data. Currently there are no registered trademarks. The Corporation is doing business as Herban Industries which is an unregistered trade name.

Schedule 3.19
Intellectual Property Rights

There are currently no intellectual property related disclosure. All intellectual property is currently being reviewed for applicability to register the respective marks and/or data, however no intellectual property is currently registered.

Schedule 3.20
Insurance

See attached for existing insurance agreements of the DionyMed Group which shall form part of this Schedule 3.20.

Schedule 3.21
Brokers

There are no brokers or finder's fees payable by the DionyMed Group in connection with this transaction.

Schedule 3.22
No Sale Agreements

There are currently no contracts, rights or privileges capable of becoming a contract for the purchase of any assets of the DionyMed Group, respectively.

Schedule 3.24
Agreements Restricting Business

There are currently no agreements or arrangements that restricts the freedom of any member of the DionyMed Group to carry on business, including any contract that contains covenants that the DionyMed Group shall not to compete in any line of business competitive with, or similar to the business of, any other person.

Schedule 3.26
Change of Control

There are currently no transactions/contracts that exist that could create a Change of Control of the DionyMed Group.

APPENDIX "F"

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FTI CONSULTING CANADA INC., IN ITS CAPACITY AS RECEIVER & MANAGER OF THE ASSETS, UNDERTAKINGS, AND PROPERTIES OF DIONYMED BRANDS INC.

DISCHARGE OF DEBT/SECURITY TERM SHEET

I. PARTIES

RECEIVER:	FTI Consulting Canada Inc., in its capacity as receiver and manager of the assets, undertakings and properties of DionyMed Brands Inc. (in such capacity, the "**Receiver**" or "**FTI**")
DEBTOR:	DionyMed Brands Inc. (the "**Debtor**")
SUBSIDARIES:	Hometown Heart, Herban Industries CA LLC ("**Herban CA**"), Gourmet Green Room, Inc., Herban Industries Inc. ("**Herban Delaware**"), Herban Industries OR LLC, Herban Industries NJ LLC, Herban Industries NV LLC, Herban Industries CO LLC, Herban CA 2 LLC and Herban Industries MI LLC (collectively, the "**Subsidiaries**")
SECURED PARTY:	Flow Capital Corp. ("**Flow**")

II. DISCHARGE OF DEBT AND SECURITY INTERESTS

DISCHARGE OF DEBT AND SECURITY INTERESTS: To facilitate a sale and maximize the value of the Debtor's assets, undertakings, and properties, contemporaneously with a sale of substantially all of the Debtor's assets, Flow will:

(a) permanently and irrevocably release and discharge all of Flow's rights and interest in and to all claims, liens, charges, security agreements, pledges, mortgages, security interests, and other encumbrances whatsoever that it has or may have in or to any and all property, assets and undertakings of the Subsidiaries or any other direct or indirect subsidiary of the Debtor;

(b) authorize and direct Torkin Manes LLP, Bennett Jones LLP, U.S. Counsel to the Receiver, and any agent under their respective direction, to discharge any and all registrations and filings made in favour of Flow against any of the Subsidiaries or any other direct or indirect subsidiary of the Debtor including, without limitation, the security interests referenced in Schedule "**A**" hereto; and

(c) promptly execute and deliver to and in favour of the Debtor and/or the Receiver, such further releases, discharges, authorizations and directions, financing change statements, UCC terminations statements, instruments, notices, and other documents and agreements for the purpose of discharging or releasing

(or providing notice thereof) all of the claims, security interests, charges, pledges, mortgages, and other liens and encumbrances of Flow with respect to any and all property, assets and undertakings of the Subsidiaries or any other direct or indirect subsidiary of the Debtor.

Similarly, to the extent the Receiver seeks to effect a sale of any assets of Herban Delaware or Herban CA, contemporaneously with any such sale, Flow will:

(a) permanently and irrevocably release and discharge all of Flow's rights and interest in and to all claims, liens, charges, security agreements, pledges, mortgages, security interests, and other encumbrances whatsoever that it has or may have in or to any and all property, assets, and undertakings that constitute purchased assets;

(b) authorize and direct Torkin Manes LLP, Bennett Jones LLP, U.S. Counsel to the Receiver, and any agent under their respective direction, to discharge any and all registrations and filings made in favour of Flow against any of the purchased assets including, without limitation, the security interests referenced in Schedule "**A**" hereto, as applicable; and

(c) promptly execute and deliver to and in favour of the Debtor and/or the Receiver, such further releases, discharges, authorizations and directions, financing change statements, UCC terminations statements, instruments, notices, and other documents and agreements for the purpose of discharging or releasing (or providing notice thereof) all of the claims, security interests, charges, pledges, mortgages, and other liens and encumbrances of Flow with respect to any and all property, assets, and undertakings that constitute purchased assets.

PRESERVATION OF RIGHTS: Notwithstanding anything else herein, nothing herein will obligate Flow to discharge its claims or registered security interest against (i) the Debtor, (ii) Herban Delaware if the vendor in any sale referred to above is not the Debtor (or the Receiver on its behalf), (iii) Herban CA if the vendor in any sale referred to above is not the Debtor or Herban Delaware (or the Recevier on their respective behalf); and (iv) if a Subsidiary other than Herban Delaware and Herban CA (the "**Operating Entities**") (or the Receiver on behalf of the Operating Entity) is a vendor in any sale referred to above, such Operating Entity or Operating Entities that is/are the vendor(s).

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Schedule "A"
Security Interests Claimed by Flow Capital Corp.

1. All UCC and PPSA registrations made by or on behalf of Flow Capital Corp. pursuant to two separate Royalty Purchase Agreements dated April 4, 2018, and May 25, 2018.

2. All UCC and PPSA registrations made by or on behalf of Flow Capital Corp. pursuant to the Security Agreement dated September 20, 2019, between Herban Industries, Inc.; Herban Industries CA LLC; Herban Industries OR LLC; Herban Industries NJ LLC; Herban Industries NV LLC; Herban Industries CO LLC; Hometown Heart; and Flow Capital Corp.

3. All UCC and PPSA registrations made by or on behalf of Flow Capital Corp. pursuant to the General Security Agreement dated September 20, 2019, between DionyMed Brands Inc. and Flow Capital Corp.

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This Term Sheet has been properly executed by the parties below as of the ____ day of December, 2019.

FTI Consulting Canada Inc., solely in its capacity as the Court-appointed Receiver of **DIONYMED BRANDS INC.**, and not in its personal capacity or corporate capacity

Per: _____

Name: JEFFREY ROSENBERG
Title: SENIOR MANAGING DIRECTOR
I have authority to bind the Receiver.

FLOW CAPITAL CORP.

Per: DocuSigned by: _____
71805668F1EF486...

Name: Alex Baluta
Title: CEO
I have authority to bind the company.