



This is Affidavit #2 of Brian Peters in this proceeding and was made on December 9, 2020.

No. S-2010103
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

AND

**IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C., 1985, c. C-44
AND THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, Ch. 57**

AND

**IN THE MATTER OF SUNNIVA INC., SUNNIVA MEDICAL INC., 11111035 CANADA INC.
AND 1167025 B.C. LTD**

PETITIONERS

AFFIDAVIT #2 OF BRIAN PETERS

I, BRIAN PETERS, of 609 Granville Street, #2200, Vancouver, British Columbia, V7Y 1H2,

HEREBY SWEAR THAT:

1. I am a Senior Investment Advisor at the Vancouver office of Canaccord Genuity Wealth Management ("Canaccord"). I hold a Bachelor's Degree in Business Administration from Simon Fraser University, with a focus in finance and economics. I have worked in the financial services industry for over sixteen years, and have worked with Canaccord since 2005. While at Canaccord, I have acted as a financial advisor to Sunniva Inc. ("Sunniva") since 2015, and have personally assisted Sunniva raise a total of approximately CA \$15,000,000 in financing. Accordingly, I have personal knowledge of the facts deposed to in this Affidavit except where stated to be based on information and belief, in which case I verily believe the information and resulting statements to be true.
2. All capitalized terms used in this affidavit but not otherwise defined have the meanings set out in my Affidavit #1 sworn on November 25, 2020.

3. In swearing this Affidavit, I have also consulted with Taylor Cumming and Jim Cumming (two other Canaccord Advisors, who together with myself are referred to herein as the “**Financing Advisors**”). I am authorized to make this Affidavit on behalf of the Financing Advisors. I swear this Affidavit on behalf of the Financing Advisors to support the Petitioners’ application for, among other things, an extension of the relief granted under the amended and restated initial order of the Court made on October 19, 2020 (the “**ARIO**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”).

SOLICITING FINANCING FOR CP LOGISTICS, LLC (“CPL”)

4. Since November 27, 2020, I, together with the other Financing Advisors, have contacted (directly or indirectly) approximately 100 to 150 individual and corporate investors holding promissory notes or debentures issued by Sunniva (collectively, the “**Sunniva Investors**”), among other potential investors, and discussed the possibility of contributing new financing to CPL to fund working capital expenses (for both CPL and the Petitioners) and the on-going arbitration proceedings regarding the California Greenhouse. In this Affidavit, I refer to such new financing as the “**CPL Financing**”.

5. Of the Sunniva Investors that I or my fellow Financing Advisors reached out to since November 27, 2020, approximately 75 to 110 Sunniva Investors (collectively, the “**Interested Financiers**”) indicated initially that they were interested in contributing some principal amount to the CPL Financing.

NOTE PURCHASE AGREEMENT AND US SECURITY

6. Efforts by me and the other Financing Advisors to solicit interest in the CPL Financing led to CPL and its legal counsel preparing a draft: (i) note purchase agreement; (ii) US security agreement encumbering all of its assets, property and undertaking of CPL. To confirm contributions from Interested Financiers in the CPL Financing, I and the other Financing Advisors circulated drafts of these two agreements to all or substantially all of the Interested Financiers, for their review and consideration and to discuss with their legal counsel as they thought appropriate or necessary.

7. In presenting the CPL Financing to Interested Financiers, I and the other Financing Advisors concentrated our efforts on Interested Financiers owed significant amounts by Sunniva pursuant to

outstanding debentures or promissory notes. Among these was Hadron Capital LLP (as fund manager for Hadron Healthcare & Consumer Special Opportunities Master Fund, and referred to herein as “**Hadron**”). On or about December 7, 2020, I received confirmation from Marco D’Attanasio (a representative of Hadron) that Hadron agreed in principal to contribute to the CPL Financing for a principal amount of US\$1,000,000 with interest payable thereon at the rate of 20% per annum for a five year term.

8. Attached and marked as **Exhibit “A”** to this Affidavit is a true and complete copy of the Secured Note Purchase Agreement dated for reference December 9, 2020 (the “**NPA**”) among CPL, as issuer, Hadron and the various other note purchasers signatory thereto (collectively, the “**Note Purchasers**”). The NPA evidences:

- (a) committed financing from 23 different Note Purchasers (including Hadron and Dr. Anthony F. Holler), who together hold promissory notes or debentures issued by Sunniva for outstanding indebtedness of approximately CA \$15,733,846.93; and
- (b) estimated gross note proceeds payable to CPL on or before January 6, 2020 of approximately US \$1,115,000 and CA \$510,000 (representing a combined Canadian Dollar total of CA \$1,948,350 assuming a CAD/USD conversion rate of 1.29:1.00).

9. As of today’s date, I confirm that Canaccord holds immediately available funds for certain Note Purchasers in the aggregate amounts of approximately CA \$450,000, which can be applied to the total note proceeds contributed by such Note Purchasers in the event the CPL Financing completes pursuant to the terms and conditions of the NPA.

10. Pursuant to the NPA, deposits are to be paid to Canaccord or CPL on or before December 18, 2020, with funding to take place on or before January 6, 2020. On December 9, 2020, I received confirmation by email from Marco D’Attanasio (a representative of Hadron) that Hadron initiated a wire in the amount of US \$100,000 payable to Borden Ladner Gervais LLP, In Trust, representing payment of its 10% deposit.

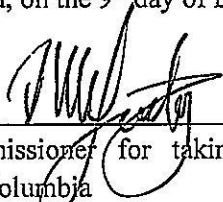
POSSIBILITY FOR ADDITIONAL FINANCING

11. Provided that the relief granted under the ARIO is extended, I believe that I, together with the other Financing Advisors (with the assistance of affiliated investment advisors and brokers) could, if necessary, secure additional financing commitments from other Interested Financiers of approximately US\$500,000 to \$1,000,000 between now and the December 18, 2020 deadline for payment of deposits.

12. I believe that capital market conditions for cannabis cultivation enterprises have improved significantly since the US Presidential election on November 3, 2020. In the event that the arbitration proceedings in respect of the California Greenhouse Facility are resolved in favour of CPL and the Petitioners (such that CPL's leasehold interest is confirmed), I believe there is significant potential for Sunniva to raise substantial financing through the Canadian and US public equity and debt markets to fund the completion of the California Greenhouse Facility.

SWORN BEFORE ME at Vancouver, British Columbia, on the 9th day of December, 2020.

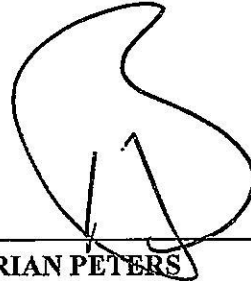
A commissioner for taking affidavits for British Columbia



RYAN M. LAITY

Barrister & Solicitor

BORDEN LADNER GERVAIS LLP
1200 Waterfront Centre, 200 Burrard Street
P.O. Box 48600, Vancouver, Canada V7X 1T2
604-632-3544



BRIAN PETERS

This is **Exhibit "A"** referred to in Affidavit #2 of Brian Peters
made before me on December 9, 2020

A handwritten signature in black ink, appearing to read "M. L. L.", is written over a horizontal line.

A Commissioner for taking Affidavits
for British Columbia

SECURED NOTE PURCHASE AGREEMENT

THIS SECURED NOTE PURCHASE AGREEMENT (this “**Agreement**”) dated for reference December 9, 2020,

AMONG:

EACH OF THE UNDERSIGNED PURCHASERS FROM TIME TO TIME PARTY HERETO

(collectively, the “**Purchasers**”, and each a “**Purchaser**”)

AND:

CP LOGISTICS, LLC, a limited liability company organized under the laws of the State of North Carolina with an address for notice purposes at 1200 Waterfront Centre, 200 Burrard Street, Vancouver, British Columbia, V7X 1T2

(the “**Issuer**”)

WHEREAS:

- A. The Issuer is an indirect subsidiary of Sunniva Inc. (“**Sunniva**”).
- B. Sunniva and certain of its Canadian subsidiaries are the subject of on-going Canadian insolvency proceedings pursuant to the *Companies’ Creditors Arrangement Act* (Canada) in the Supreme Court of British Columbia (Action No. S2010103) (the “**CCAA Proceedings**”).
- C. The Issuer requires financing for group working capital purposes for itself and its Affiliates (as defined below), and to fund an arbitration proceeding in the State of California regarding the validity of its leasehold interest to the partially-constructed cannabis cultivation facility located at 69375 Ramon Road, Cathedral City, California, USA (the “**Arbitration**”).
- D. To provide group working capital to the Issuer and its Affiliates (as defined below) from time to time, and to finance the Arbitration, each of the Purchasers is prepared to purchase a Note (as defined below) from the Issuer, in the original principal amount set out in such Purchaser’s signature page hereto, and on the terms and subject to the conditions set out in this Agreement, and the Issuer will issue a Note to each Purchaser on the terms and subject to the conditions set out in this Agreement.

NOW THEREFORE, in consideration of the premises and the agreements hereinafter set forth and for other good and valuable consideration (the receipt of which are hereby acknowledged), the parties hereby agree as follows:

ARTICLE 1 – INTERPRETATION

1.1 Section 1.1. Definitions; Interpretation. When used in this Agreement (including the recitals) or in any amendment hereto, the defined terms shall have the meanings assigned to them herein. All currency amounts shall refer to United States dollars. The term “**Business Day**” shall refer to any day other than Saturday, Sunday or any statutory holiday in the State of California.

1.2 Section 1.2 Interpretation of “Purchaser”. The Issuer acknowledges and agrees that this Agreement is a master agreement comprised of individual agreements among the Issuer, and each of the

Purchasers. The Issuer also acknowledges and agrees that this Agreement constitutes a separate agreement between each Purchaser and the Issuer.

ARTICLE 2 – ISSUE AND SALE OF NOTES

2.1 Issue and Sale of Notes. With effect on the date upon which each of the conditions precedent set out in Article 6 is satisfied (the “**Advance Date**”), each Purchaser shall purchase from the Issuer, and the Issuer shall sell to each Purchaser, a promissory note substantially in the form attached hereto as **Schedule “A”**, in the principal amount set out in the signature page hereto for each respective Purchaser, for proceeds equal in each case to the principal amount thereof.

Such promissory notes, together with such other promissory notes as may be issued as replacement notes by the Issuer for the promissory notes referenced above, are collectively referred to herein as the “**Notes**”, and each individually, a “**Note**”.

The proceeds of the foregoing Notes are referred to herein as the “**Note Proceeds**”.

2.2 Deposits.

- (a) Each Purchaser shall, on or before 5:00PM (Vancouver time) on December 18, 2020, pay a deposit (each a “**Deposit**”) in the amount of the greater of: (a) 10% of the principal amount to be advanced pursuant to its Note(s); or (ii) \$5,000, to Canaccord Genuity Group Inc. (“**Canaccord**”) or the Issuer by way of wire transfer or deposit of immediately available funds, to be held in trust for the Purchaser pending completion of the transactions contemplated hereunder.
- (b) Provided that the financing contemplated hereunder proceeds, then the amount of each Deposit shall be applied to the Note Proceeds to be advanced by each Purchaser in connection with its Note(s). If the financing contemplated hereunder does not proceed, for any reason whatsoever, then Canaccord or the Issuer (as the case may be) shall return all Deposits to the applicable Purchasers.
- (c) For greater certainty, and without limiting the generality of Section 2.2(b), if Sunniva is adjudged bankrupt in the CCAA Proceedings or the CCAA Proceedings terminate prior to the completion of the financing contemplated herein, then Canaccord or the Issuer (as they case may be) shall return all Deposits to the applicable Purchasers, and this Agreement shall terminate and be of no further force or effect.

2.3 Delivery of Notes and Payment of Note Proceeds. Upon receipt of its originally executed Notes described in Section 2.1 from the Issuer, each Purchaser shall, on or before 5:00PM (Vancouver time) on January 6, 2021, pay the balance of the Note Proceeds in respect of its Note(s) to Canaccord or the Issuer by way of wire transfer or deposit of immediately available funds, to be held in trust and immediately released to the Issuer upon satisfaction of the conditions precedent set out in Article 5, without any further action or direction by the Purchasers.

2.4 Use of Proceeds. The Issuer may use some or all of the Note Proceeds to fund: (i) working capital needs or general corporate expenses, for itself, or for any of Sunniva Inc., Sunniva Medical Inc., or Sun CA Holdings, Inc. (collectively, the “**Affiliates**”); and (ii) the Arbitration Proceedings. Each of the Purchasers hereby acknowledges, confirms and agrees that the Note Proceeds may be transferred by the Issuer to any of the Affiliates, in the sole and absolute discretion of the Issuer.

ARTICLE 3 – INTEREST AND REPAYMENT

3.1 Repayment of the Principal Amount.

- (a) The Issuer shall repay the accrued and unpaid interest and principal amount of the Notes to each Purchaser on or before January 31, 2026 (the “**Maturity Date**”).
- (b) Prior to the Maturity Date, the Issuer shall make commercially reasonable efforts to apply the net proceeds of any disposition or sale of its assets, property or undertaking, as a partial repayment of the outstanding principal amount of the Notes, to each Purchaser on a *pari passu* basis.

3.2 Interest on the Notes. The outstanding principal amount on the Notes shall bear interest at a rate of twenty percent (20.00%) per annum, calculated on the first day of each calendar month until the Maturity Date and not in advance. All accrued and unpaid interest, and any other amounts payable by the Issuer under this Agreement, shall be due and payable on the Maturity Date and not before.

3.3 Issuer's Right to Prepay the Principal Amount of the Notes.

- (a) The Issuer may, without prior notice to the Purchasers, prepay, in whole or in part, the outstanding principal amount of the Notes to each Purchaser on a *pari passu* basis, including all accrued and unpaid interest thereon and any other amount payable by the Issuer under this Agreement at any time, without penalty or premium.
- (b) For greater certainty, and notwithstanding the generality of the foregoing, it is the intention of the Issuer to repay the obligations outstanding under the Notes as quickly as is commercially possible, prior to the Maturity Date, upon (i) the conclusion of the CCAA Proceedings; and (ii) successful resolution of the Arbitration.

3.4 No Set-off. All payments made by the Issuer shall be made without set-off or counterclaim and without deduction of any kind, unless, in the case of set-off, such set-off is specifically consented to in writing by the Purchasers.

3.5 Discharge of Note. Upon payment of the principal amount of the Notes, all accrued and unpaid interest thereon and all other money owing or accrued due to the Purchasers under this Agreement, the Purchasers shall forthwith deliver the Notes to the Issuer at the Issuer's address provided in this Agreement for cancellation.

ARTICLE 4 – SECURITY

4.1 Security. As security for all indebtedness, liabilities and obligations arising in relation to the Notes, the Issuer shall grant in favour of Hadron Capital LLP (for the benefit of and on behalf of each of the Purchasers, and referred to herein as the “**Purchaser Representative**”) a security interest in all of the Issuer's presently owned and after-acquired personal property, assets and undertakings, and the Issuer and a designated representative of the Purchasers shall enter into an “all assets” security agreement (the “**Security Agreement**”) for the benefit of all Purchasers substantially in the form attached hereto as **Schedule “B”**.

4.2 Purchaser Representative. By its execution and delivery of this Agreement, each Purchaser hereby acknowledges and agrees that the Purchaser Representative shall have the sole exclusive right and discretion with respect to the Collateral (as defined in the Security Agreement), and the exercise of any remedies on behalf of all Purchasers on a *pari passu* basis, as set forth herein or in the Security Agreement. Each Purchaser further agrees to defend, indemnify and hold harmless the Purchaser Representative and each of its officers, directors, attorneys and other professionals, employees, representatives, agents, and successors and assigns (collectively, the “**Indemnified Parties**” and each an “**Indemnified Party**”) from and against any losses, liabilities or expenses (including reasonable attorneys’ fees and expenses and court costs) that may be incurred by the Purchaser Representative or any other Indemnified Party for taking any action to enforce the rights of the Purchasers in the Collateral (as defined in the Security Agreement) under the terms of the Security Agreement or any other document, agreement or instrument granted in connection therewith; provided that, an Indemnified Party will not be entitled to indemnification hereunder to the extent such action to enforce the rights of any Purchaser in the Collateral is found by a final and non-appealable judgment of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnified Party.

ARTICLE 5 – CONDITIONS PRECEDENT TO CLOSING

5.1 Conditions Precedent to Closing. The obligation of each of the Purchasers to purchase its respective Note(s) is subject to the fulfillment of the following conditions precedent:

- (a) Canaccord or the Issuer shall have received Note Proceeds from the Purchasers in an aggregate amount of not less than US\$1,000,000.00;
- (b) the CCAA Proceedings have not concluded;
- (c) each Purchaser shall have received their original Note, executed by the Issuer; and
- (d) each Purchaser shall have received a PDF copy of the Security Agreement, executed by the Issuer and the representative of the Purchasers.

ARTICLE 6 – REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties of the Issuer. The Issuer represents and warrants to the Purchasers that:

- (a) **Organization; Powers.** The Issuer is, as of the date of this Agreement, and will continue to: (i) be a limited liability company duly organized, validly existing, registered and in good standing under the laws of the jurisdiction of its formation; (ii) have all requisite powers and authority to carry on its business as now conducted; and (iii) be qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required, except to the extent the failure to be so qualified would not have a material adverse effect on the Issuer or its business.
- (b) **Authorization; Enforceability; No Conflicts.** The execution, delivery and performance by the Issuer of this Agreement: (i) is within the Issuer's powers and has been duly authorized by all necessary action; and (ii) will not be in violation of any material legal requirements or contractual obligations of the Issuer. As at the execution of this Agreement, this Agreement shall have been duly executed and delivered on behalf of the Issuer and following execution, will be a legal, valid and binding obligation of the Issuer, enforceable against it in accordance with its terms, except where such

enforcement may be limited by bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity.

6.2 Representations and Warranties of the Purchasers. The Purchasers represent and warrant to the Issuer, severally, and not jointly, that:

- (a) For each Purchaser that is: (i) a corporation, such Purchaser is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to sign and deliver this Agreement, to carry out and perform its obligations under its terms and has obtained all necessary approvals in this respect; (ii) a partnership, syndicate or other form of unincorporated organization, such Purchaser has the necessary legal capacity and authority to sign and deliver this Agreement and to observe and perform its covenants and obligations and has obtained all necessary approvals in this respect; or (iii) an individual, such Purchaser is of the full age of majority and is legally competent to sign this Agreement and to observe and perform his or her obligations under it.
- (b) The Purchasers have not been offered, received or been provided with, nor have they requested, nor do they have any need to receive, any offering memorandum, prospectus, sales or advertising literature, or any other disclosure document describing, or purporting to describe, the business and affairs of the Issuer that has been prepared for delivery to, and review by, the Purchasers in order to assist the Purchasers in making an investment decision in respect of the Notes offered for sale under the terms of this Agreement.
- (c) Each Purchaser is an “accredited investor” as such term defined in applicable securities legislation.

ARTICLE 7 - EVENTS OF DEFAULT

7.1 The occurrence of one or more of the following shall constitute an “**Event of Default**” by the Issuer under this Agreement:

- (a) failure to make payment of any amount due under this Agreement when due if such failure continues for 60 days following receipt by the Issuer of notice in writing from the Purchaser Representative of such failure;
- (b) the commencement by or on behalf of the Issuer of a bankruptcy proceeding or other insolvency proceeding that automatically stays the commencement or continuation of any creditor enforcement rights against the Issuer;
- (c) a breach of any covenant made by the Issuer in this Agreement or the Security Agreement, such breach continuing for 30 days following receipt by the Issuer of a notice in writing from the Purchaser Representative of such breach; or
- (d) a breach of any representation or warranty made by the Issuer under Section 6.1 of this Agreement or the Security Agreement, such breach continuing for 30 days following receipt by the Issuer of notice in writing from the Purchaser Representative of such breach.

7.2 If any Event of Default occurs, provided such Event of Default has not been waived by the Purchasers or the Issuer has not remedied all outstanding defaults in accordance with Section 7.1(a) or such longer period of time as the Purchasers may in writing permit, the Purchasers may by notice to the Issuer, which notice shall be deemed to have been given by the Purchasers upon the occurrence of an Event of Default described in Section 7.1(b), declare all monies owing or accruing to the Purchasers under this Agreement and the Notes to be due and payable and enforce all of the rights and remedies afforded to the Purchasers under the terms of this Agreement and the Security Agreement, subject to the terms and conditions thereof.

ARTICLE 8 – MISCELLANEOUS

8.1 Acknowledgment. Each of the Purchasers hereby acknowledges, confirms and agrees that it is aware of the CCAA Proceedings and that the Affiliates are insolvent, and has access to the materials uploaded to the website maintained by Alvarez & Marsal Canada Inc. (in its capacity as the court-appointed Monitor in the CCAA Proceedings), being: <https://www.alvarezandmarsal.com/sunniva>.

8.2 Independent Legal Advice. Each of the Purchasers hereby acknowledges that it has received such independent legal advice with respect to the execution of this Agreement and all related documentation as it deemed necessary, and confirms that it has entered into this Agreement and any Notes of its own free will and without any coercion or duress having been imposed upon it by the Issuer or any other person.

8.3 Notices. Except as otherwise expressly provided herein, all notices, requests, demands, directions and communications by one party to the other shall be in writing (including by facsimile or email), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered to: (i) in the case of the Issuer, the address set out on the front page of this Agreement; or (ii) in the case of any Purchaser, the corresponding address set out on its execution page hereto.

8.4 Payment Instructions. Unless otherwise stated in this Agreement, all payments to be made under this Agreement shall be (i) by cheque delivered by courier to the address set out on the front page of the Agreement, or to such other address specified by the other party in writing, or (ii) by wire transfer to the account number(s) as specified in writing by the other party.

8.5 No Waiver; Remedies. No failure to exercise and no delay in exercising, on the part of the Purchasers or the Issuer, any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

8.6 Governing Law. This Agreement and the rights and obligations of the parties hereunder shall be governed by and construed 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 and the United States of America sitting in Los Angeles, CA and, by execution and delivery of this Agreement, each party hereto hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of such courts.

8.7 Consent to Jurisdiction. Each of the parties hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement brought in the courts referred to in Section 8.6 hereof and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

8.8 Waiver of Jury Trial. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES TO THIS SECURITY AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

8.9 Successors and Assigns. The Issuer shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Purchasers, such consent not to be unreasonably withheld or delayed. The Purchasers may freely assign their rights under this Agreement, the Notes and the Security Agreement without any further consent from the Issuer, provided that the assignee of such assignment is an “accredited investor” as such term is defined in applicable securities legislation. This Agreement will enure to the benefit of, and be binding on, and be enforceable against each of the parties hereto and their respective successors and permitted assigns.

8.10 Severability. If one or more provisions of this Agreement be or become invalid, or unenforceable in whole or in part in any jurisdiction, the validity of the remaining provisions of this Agreement shall not be affected. The parties hereto undertake to replace any such invalid provision without delay with a valid provision which as nearly as possible duplicates the economic intent of the invalid provision.

8.11 Counterparts. This Agreement may be executed in counterparts and by different parties in separate counterparts, and may be executed by electronic signature, by exchange of .pdf copies of execution pages, and each of which when so executed shall be deemed an original and all of which, taken together, shall constitute one and the same instrument.

8.12 Time of the Essence. Time shall be of the essence hereof.

8.13 Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the Note Proceeds and there are no other terms, conditions, representations or warranties with respect thereto, except as contained herein.

[Signature page follows – remainder of page is intentionally blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

ISSUER

CP LOGISTICS, LLC,
by its authorized signatory:

Per:

Name:

Title:



Anthony Holler
Authorized Signatory

Principal Amounts: US \$ 1,000,000

Address for Notice Purposes:

c/o Hadron Capital LLP

5 Royal Exchange Buildings

London EC3V 3NL

PURCHASER

(if a corporation or other entity)

Hadron Healthcare & Consumer Special Opportunities Master Fund

by its authorized signatory:

Per:



Name: Marco D'Attanasio

Title: Director

(if an individual)

Name:

PURCHASER

Principal Amounts: US \$ 50,000 ^{or} _____
(if a corporation or other entity)

Address for Notice Purposes:

414 15th Ave S

Naples, Florida 34102

_____ by its authorized signatory:

Per:

Robert M Knapp, Jr.

Name: ROBERT M KNAPP JR.

Title: _____

(if an individual)

[Signature]
Name: _____

SIGN HERE

CAN
Principal Amounts: ~~US\$~~ 50,000

Address for Notice Purposes:

4616 Cherbourg Dr., West Vancouver

BC, V7W 1H9

PURCHASER

(if a corporation or other entity)


by its authorized signatory:

Per:

Name:

Title:

(if an individual)

Brian Peters

Name:

Principal Amounts: ^{CAD}~~US\$~~ 50,000

Address for Notice Purposes:

664 Barnaby Rd
Kelowna, BC
V1W 4N8

PURCHASER

(if a corporation or other entity)

by its authorized signatory:

Per:

Name:

Title:

(if an individual)

Name:

Leith Pedersen

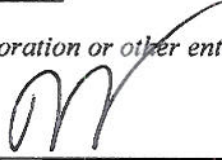
Principal Amounts: ^{CDN} ~~US\$~~ 100,000

Address for Notice Purposes:

1338 Commercial Way
Penticton, BC V2A 3H6

PURCHASER

(if a corporation or other entity)



by its authorized signatory:

Per:

VJMH Holdings Ltd.

Name:

Title:

Thomas Cumming
President

(if an individual)

Name:

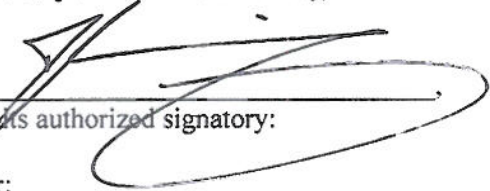
Principal Amounts: ^{CDN} ~~US\$~~ 50,000

Address for Notice Purposes:

#3603-939 Homer St.
Penticton, BC V6B 2W6

PURCHASER

(if a corporation or other entity)


by its authorized signatory:

Per: _____

Name: _____

Title: _____

(if an individual)

TAYLOR CUMMING
Name: _____

Principal Amounts: US \$ 5,000

Address for Notice Purposes:

16992 W 85th PL

Arvada, Co 80007

PURCHASER

(if a corporation or other entity)

_____,
by its authorized signatory:

Per:

Nick Costanzo

Name:

Title:

(if an individual)

Nick Costanzo
Name:


Principal Amounts: US \$ 20,000

Address for Notice Purposes:

APT # 105
2146 WEST 43RD AVENUE
VANCOUVER, B.C.
CANADA
VGM 2E1

PURCHASER

(if a corporation or other entity)


by its authorized signatory

Per:

Name:

Title:

(if an individual)

MICHAEL FRIZELL
Name:

Principal Amounts: ^{CAN} ~~US~~ \$25,000

Address for Notice Purposes:

[•] 2012 McNicoll Ave
Vancouver, BC, V6J 1A8

PURCHASER

[NAME OF PURCHASER],
by its authorized signatory:

Per:



SIGN HERE

Name: Lin Denevich
Title:

Principal Amounts: CAN US \$ 5,000

Address for Notice Purposes:



PURCHASER

[NAME OF PURCHASER],

by its authorized signatory:

Per:

Name:

Title:

Ryan Peterson

SIGN HERE

CDN
Principal Amounts: ~~US\$~~ 50,000

Address for Notice Purposes:

1011 Moorpark Dr.
Penticton, BC V2A 8X5

PURCHASER

(if a corporation or other entity)

by its authorized signatory:

Per:

Name:

Title:

(if an individual)

Jim Cumming

Name:

Principal Amounts: ~~US~~ \$ ^{CAD} 20,000⁰⁰
 (Twenty Thousand)
 Address for Notice Purposes:

102 Olympic Lodge Lane
 PO Box 235
 Deer Harbor, Washington
 USA 98243

PURCHASER

(if a corporation or other entity)

 by its authorized signatory:

Per:

 Name:

Title:

(if an individual)

 Name:

Douglas R. Allen

Principal Amounts: US \$ 15000^{no}/100

Address for Notice Purposes:

Mark Van Ausdal
2535 85th Ave NE
Bellevue WA 98004

PURCHASER

(if a corporation or other entity)

_____,
 by its authorized signatory:

Per:

 Name:

Title:

(if an individual)

Mark Van Ausdal
 Name:

Mark Van Ausdal

*Signature pages to Note
Purchase Agreement*

23

PURCHASER

Principal Amounts: \$CAD 5,000.00 *(if a corporation or other entity)*

Address for Notice Purposes:

#11-3459 River Rd. West, by its authorized signatory:

Delta, BC

V4K 4Y6

Per:

Name

:

Title:

(if an individual)

Name:



Robert G. (Gerry) Fraser

Principal Amounts: C D N \$ 15,000.00

Address for Notice Purposes:

323 Wellington Crescent, Unit 905

Winnipeg, Manitoba R3M 0A4

PURCHASER

(if a corporation or other entity)

_____,
by its authorized signatory:

Per:

Name:

Title:

(if an individual)



Name: Donald S. Boss

Principal Amounts: ^{CAD} ~~US~~ \$ 10,000

PURCHASER

(if a corporation or other entity)

Address for Notice Purposes:

17 Doris Drive
East York ON M4B 3C7

by its authorized signatory:

Per:

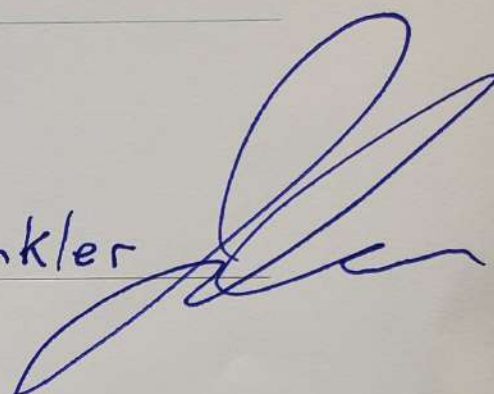
Name:

Title:

(if an individual)

Joel Winkler

Name:



Principal Amounts: C\$ 25,000
US \$

Address for Notice Purposes:

40 DINNICK CRES
TORONTO, ON

M4M 1L6

PURCHASER

(if a corporation or other entity)

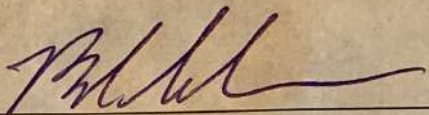
by its authorized signatory:

Per:

Name:

Title:

(if an individual)


Name: BRAD CONACHER

Principal Amounts: ^{EDN} ~~15~~ \$ 5,000.00

Address for Notice Purposes:

330 Spadina Ave #1606

Toronto, ON M5S 2V9 - ON

PURCHASER

(if a corporation or other entity)

by its authorized signatory:

Per:

Name:

Title:

(if an individual)

ALAN GREEN

Alan Green

Name:

Signature pages to Note Purchase Agreement

Principal Amounts: US \$ 2,500.00

Address for Notice Purposes:

159 Lake Pointe Dr

Fort Mill, SC 29708

PURCHASER

(if a corporation or other entity)

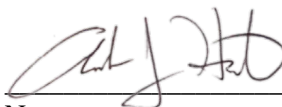
_____,
by its authorized signatory:

Per:

Name:

Title:

(if an individual)



Name: Andrew J. Hunter

Principal Amounts: US \$ 2,500.00

Address for Notice Purposes:

2 Commodore Point Rd

Lake Wylie, SC 29710

PURCHASER

(if a corporation or other entity)

_____,
by its authorized signatory:

Per:

Name:

Title:

(if an individual)



Name: Michael J. Hunter

Principal Amounts: ^{CDN} ~~US \$~~ 50,000

Address for Notice Purposes:

425 Middle Bench Rd. N
Penticton, BC, V2A 8S5

PURCHASER

(if a corporation or other entity)

by its authorized signatory:

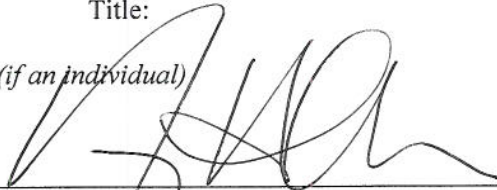
Per:

Name:

Title:

(if an individual)

Name:


Anthony Holler.

Principal Amounts: US \$ 20,000

Address for Notice Purposes:

97 WALKER AVE

TORONTO ONTARIO

CANADA M4V 1G3

PURCHASER

(if a corporation or other entity)

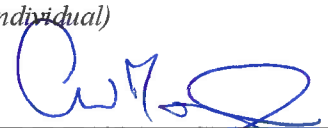
by its authorized signatory:

Per:

Name:

Title:

(if an individual)



Name: CHRISTOPHER W. MORGAN

Principal Amounts: ~~US\$~~ CAD 50,000

Address for Notice Purposes:

4829 MOUNTAIN ROAD

PO BOX 89

BRULE AB T0E 0C0

PURCHASER

(if a corporation or other entity)

_____,
by its authorized signatory:

Per:

Name:

Title:

(if an individual)

Name:  TREVOR WALLACE

SIGN HERE

Acknowledged, confirmed and agreed to by Canaccord on the date first written above.

CANACCORD GENUITY GROUP INC.,
by its authorized signatory:

Per: 

Name: **Frank Sullivan**

Title: Vice President, Sponsorship, Investment Banking

Schedule "A"

Form of Promissory NoteSECURED PROMISSORY NOTE

PRINCIPAL AMOUNT: US\$ _____

No. ____

FOR VALUE RECEIVED, the undersigned (the "**Issuer**"), a limited liability company organized pursuant to the laws of the State of North Carolina, hereby promises to pay to _____ (the "**Purchaser**", and together with any of its permitted assigns, the "**Holder**"), the principal sum of _____ UNITED STATES DOLLARS (US\$ _____) on or before January 31, 2026, in accordance with the terms and subject to the conditions of the note purchase agreement dated as of _____, 2020 among the Issuer, the Purchaser, and the various other purchasers party thereto (as may be amended, restated, supplemented, modified or replaced from time to time, the "**Note Purchase Agreement**").

Interest shall accrue from the Advance Date on the unpaid principal amount outstanding on this Promissory Note at a rate of TWENTY PERCENT (20.00%) per annum, and shall be calculated and payable in accordance with the terms of the Note Purchase Agreement.

This Promissory Note and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the State of California. Any legal action or proceeding with respect to this Promissory Note may be brought in the courts of the State of California and the United States of America sitting in Los Angeles, CA.

Presentment for payment, demand, protest and notice of dishonour and protest hereof are hereby waived.

This Promissory Note is a "Note" referred to in the Note Purchase Agreement and shall be subject to and governed by the Note Purchase Agreement in all respects. If there is any conflict or inconsistency between the provisions of this Promissory Note and the Note Purchase Agreement, the Note Purchase Agreement shall govern in all respects.

* * * * *

DATED this _____ day of _____, 20____.

CP LOGISTICS, LLC

Per: _____

Name:

Title:

Schedule “B”
Form of General Security Agreement

Please see attached.

SECURITY AGREEMENT

SECURITY AGREEMENT dated December __, 2020 (as the same may be amended, amended and restated or otherwise modified from time to time, the “Security Agreement”), by and among **CP LOGISTICS, LLC**, a limited liability company organized under the laws of the State of North Carolina with an address for notice purposes at 1200 Waterfront Centre, 200 Burrard Street, Vancouver, British Columbia, V7X 1T2 (“Grantor”), and **HADRON CAPITAL LLP** having an address at 5 Royal Exchange Buildings, London, EC3V 3NL (“Purchaser Representative”) and the other Purchasers described herein.

RECITALS

WHEREAS, pursuant to a certain Note Purchase Agreement dated as of the date hereof (the “**NPA**”), Purchasers (as defined herein) have agreed to purchase promissory notes from Grantor (collectively, the “**Notes**”), and allow Grantor to use the proceeds from the sale of the Notes for group working capital purposes for itself and its Affiliates (as defined in the NPA) and to fund an arbitration proceeding in the State of California (the “**Arbitration**”); and

WHEREAS, it is a condition to the purchase of the Notes by the investors who have agreed to purchase (collectively, “**Purchasers**”) that Grantor shall have executed and delivered this Security Agreement to the Purchaser Representative to secure Grantor’s obligations under the NPA and the Notes;

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

1. Definitions. Capitalized terms used herein and not separately defined shall have the following meanings, and all references to the Uniform Commercial Code shall mean the Uniform Commercial Code in effect in the State of California as of the date hereof:

“Bankruptcy Code” means Bankruptcy Reform Act of 1978, Pub. L. No 95-598, 92 Stat. 2549 (codified at 11 U.S.C. §§ 101-1330, as amended);

“Collateral” shall have the meaning ascribed to it in Section 2;

“Event of Default” shall have the meaning set out in the NPA.

“Indebtedness” shall mean the Notes and any and all debts, liabilities, and obligations of Grantor to Purchasers under the NPA and the Notes, now or hereafter existing, whether voluntary or involuntary and however arising, whether direct or indirect or acquired by Purchasers by assignment, succession, or otherwise, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, held or to be held by a Purchaser for its own account or as agent for another or others, whether Grantor may be liable individually or jointly with others, whether recovery upon such debts, liabilities, and obligations may be or hereafter become barred by any statute of limitations, and whether such debts, liabilities, and obligations may be or hereafter become otherwise unenforceable.

“Lien” means any lien, security interest or other material charge or encumbrance of any kind, or any other type of preferential arrangement, including the lien or retained security title of a conditional vendor.

“NPA Documents” shall mean

- (a) the NPA,
- (b) the Notes,
- (c) this Security Agreement, and

(d) any loan agreements between Grantor and Purchasers, promissory notes from Grantor in favor of a Purchaser, and all other similar agreements, documents, and instruments evidencing any of the Indebtedness, and deeds of trust, mortgages, security agreements, pledge agreements and other agreements, documents, and instruments executed by Grantor in connection with such loan agreements, guaranties, indemnity agreements, promissory notes, and other agreements, documents, and instruments evidencing guaranteeing or securing any of the Indebtedness, all as now or hereafter in effect and as hereafter amended, restated, renewed, or superseded.

“Permitted Liens” shall mean

(a) any Liens that secure the payment or performance of liabilities or obligations that are unsecured or subordinate to the security interests granted hereunder;

(b) any Liens that encumber the Collateral that exist prior to the date of this Security Agreement;

(c) the security interests granted hereunder;

(d) Liens for (i) taxes or governmental assessments or charges or (ii) customs duties in connection with the importation of goods to the extent such Liens attach to the imported goods that are the subject of the duties, in each case (x) to the extent not yet due, (y) as to which the period of grace, if any, related thereto has not expired or (z) which are being contested in good faith by appropriate proceedings, including any liens with respect to the Arbitration; provided, that in the case of any such contest, any proceedings for the enforcement of such liens have been suspended;

(e) carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s, processor’s, landlord’s liens or other like liens arising in the ordinary course of business which secure obligations that are not overdue for a period of more than 30 days or which are being contested in good faith by appropriate proceedings diligently conducted;

(f) Liens arising in connection with worker’s compensation, unemployment insurance, old age pensions and social security benefits and similar statutory obligations (excluding Liens arising under ERISA), provided that no enforcement proceedings in respect of such Liens are pending; and

(g) continuations of Liens that are permitted under subsections (a)–(e) hereof, provided such continuations do not violate the specific time periods set forth in subsection (d).

2. Grant of Security Interest in the Collateral. To secure the prompt payment and performance in full when due, whether by lapse of time, acceleration or otherwise, of the Secured Obligations (as defined in Section 3 hereof), Grantor hereby grants to Purchasers a continuing security interest in, and a right upon an Event of Default to set off against, any and all right, title and interest of Grantor in and to the following, all as such terms are defined in the California Uniform Commercial Code whether now owned or existing or owned, acquired, or arising hereafter (collectively, the “Collateral”):

- (a) Accounts;
- (b) Certificated Securities;
- (c) Chattel Paper;
- (d) Commercial Tort Claims;
- (e) Computer Hardware and Software, and all rights with respect thereto, and any and all other licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications, and any substitutions, replacements, additions or model conversions of any of the foregoing;
- (f) Contract Rights;
- (g) Deposit Accounts;
- (h) Documents;
- (i) Equipment;
- (j) Financial Assets;
- (k) Fixtures;
- (l) General Intangibles, including Payment Intangibles;
- (m) Goods (including all of its Equipment, Fixtures and Inventory), and all accessions, additions, attachments, improvements, substitutions and replacements thereto and therefor;
- (n) Instruments;
- (o) Intellectual Property;
- (p) Inventory;
- (q) Investment Property;

- (r) money (of every jurisdiction);
- (s) Letter-of-Credit Rights;
- (t) Security Entitlements;
- (u) Supporting Obligations;
- (v) Uncertificated Securities; and

(w) to the extent not included in the foregoing, all other personal property of any kind or description;

together with all books, records, writings, data bases, information and other property relating to, used or useful in connection with, or evidencing, embodying, incorporating or referring to any of the foregoing, and all Proceeds, products, offspring, rents, issues, profits and returns of and from any of the foregoing.

3. Security for Obligations. The security interest created hereby in the Collateral constitutes continuing collateral security for all of the following, whether now existing or hereafter incurred (the “Secured Obligations”):

(a) the prompt performance and observance by Grantor of all obligations of Grantor under the NPA and the Notes; and

(b) all other Indebtedness, liabilities, obligations and expenses owing from Grantor to Purchasers in connection with collecting and enforcing the Secured Obligations, including without limitation, the repayment (i) of amounts that Purchasers may advance or spend for maintenance or preservation of the Collateral, and (ii) any other expenditures that Purchasers may make under the provisions of this Security Agreement or for the benefit of Grantor.

Grantor authorizes Purchaser Representative to file financing statements describing the Collateral. Grantor hereby acknowledges and agrees that the security interest created hereby in the Collateral constitutes continuing collateral security for all of the Secured Obligations, whether now existing or hereafter arising.

4. Representations and Warranties. Grantor hereby represents and warrants to Purchasers that:

(a) Ownership. Grantor is the legal and beneficial owner of its Collateral and has the right to pledge, sell, assign or transfer the same.

(b) Security Interest Validity. It is the intention of Grantor that this Security Agreement create a valid security interest in favor of Purchasers in the Collateral and, when properly perfected by filing, constitute a valid perfected security interest in such Collateral, to the extent such security interest can be perfected by filing under the Uniform Commercial Code.

(c) Contracts; Agreements. Other than in accordance with and as set forth in the governing documents of Grantor, no consent of any other person or entity and no authorization or approval is required (i) for the grant by Grantor of the security interests granted hereby or for the execution, delivery or performance of this Security Agreement by Grantor, or (ii) for the perfection or maintenance of the security interests created hereby. Notwithstanding the foregoing, it is understood that certain security interests in Collateral can only be perfected upon the filing of adequate financing statements or notices in appropriate filing offices.

5. Covenants. Grantor covenants that Grantor shall:

(a) Other Liens. Defend the Collateral against the claims and demands of all other parties claiming an interest therein other than other holders of the Notes, keep the Collateral free from all Liens except for Permitted Liens and not sell, exchange, transfer, assign, lease or otherwise dispose of the Collateral or any interest therein other than in the ordinary course of business, in arm's-length transactions on reasonable business terms between Grantor and its counterparties.

(b) Perfection of Security Interest. Execute and deliver to Purchaser Representative such agreements, assignments or instruments (including affidavits, notices, reaffirmations and amendments and restatements of existing documents, as Purchaser Representative may reasonably request) and do all such other things as Purchaser Representative may reasonably deem necessary or appropriate (i) to assure to Purchaser Representative the perfection of its security interests granted hereunder, including preparation, execution and delivery of such financing statements (including renewal statements) or amendments thereof or supplements thereto or other instruments as Purchaser Representative may from time to time reasonably request in order to perfect and maintain the perfection and priority of security interests granted hereunder in accordance with the Uniform Commercial Code, (ii) to consummate the transactions contemplated hereby and (iii) to otherwise protect and assure Purchaser Representative of its rights and interests hereunder. To that end, Grantor agrees that Purchaser Representative may file one or more financing statements disclosing Purchaser Representative's security interest in any or all of the Collateral of Grantor without, to the extent permitted by law, Grantor's signature thereon, and further Grantor also hereby irrevocably makes, constitutes and appoints Purchaser Representative, its nominee or any other person whom Purchaser Representative may designate, as Grantor's attorney in fact with full power and for the limited purpose to cause amendments and supplements to financing statements, renewal financing statements, notices or any similar documents which in Purchaser Representative's reasonable discretion would be necessary, appropriate or convenient in order to perfect and maintain perfection of the security interests granted hereunder, to be filed, and such power, being coupled with an interest, to be and remain irrevocable so long as the Loan is in effect or any amounts payable thereunder shall remain outstanding. If for any reason the law of any jurisdiction other than the State of California becomes or is applicable to the Collateral or any part thereof, or to any of the Secured Obligations, Grantor agrees to execute and deliver all such instruments and to do all such other things as Purchaser Representative in its sole discretion reasonably deems necessary or appropriate to preserve, protect and enforce the security interests of Purchaser Representative under the law of such other jurisdiction (and, if Grantor shall fail to do so promptly upon the request of Purchaser Representative, then Purchaser Representative may execute any and all such requested documents on behalf of Grantor pursuant to the power of attorney granted hereinabove).

If any Collateral is in the possession or control of Grantor's agents and Purchaser Representative so requests, Grantor agrees to notify such agents in writing of Purchaser Representative's security interest therein and, upon Purchaser Representative's request following an Event of Default, instruct such agents to hold all such Collateral for Purchaser Representative's account and subject to Purchaser Representative's instructions. Grantor agrees to mark its books and records to reflect the security interest of Purchaser Representative in the Collateral.

(c) Operation of Grantor. Unless Purchaser Representative consents otherwise in writing:

(i) Financial Statements and Other Information. Grantor shall maintain a system of accounting satisfactory to Purchaser Representative, in Purchaser Representative's reasonable discretion, and, upon reasonable notice from Purchaser to Grantor, permit Purchaser Representative's officers and authorized representatives to visit and inspect Grantor's books of account and other records at such reasonable times (but no more than twice per calendar quarter) as Purchaser Representative may reasonably desire.

(ii) Insurance. Grantor shall maintain insurance with responsible insurance companies on such of its properties, in such amounts and against such risks as is customarily maintained by organizations similar to Grantor.

(iii) Existence and Compliance. Grantor shall maintain its existence, good standing, and qualification to do business where required, and materially comply with all laws and regulations applicable to it or to any of its property, business operations and transactions.

(iv) Adverse Conditions or Events. Grantor shall promptly advise Purchaser Representative in writing of: (i) any matter which comes to its attention that might reasonably be expected to materially and adversely affect Grantor's financial condition, and (ii) any material litigation filed by or against Grantor.

(v) Taxes and Other Obligations. Grantor shall pay all of its taxes, assessments and other obligations including, but not limited to, taxes, costs or other expenses arising out of this transaction, as the same become due and payable, subject to right to contest pursuant to applicable law.

(vi) Transfer of Assets or Ownership. Grantor shall not sell, lease, assign or otherwise dispose of or transfer title in its assets, except in the ordinary course of business.

(vii) Character of Business or Dissolution. Grantor shall not make any material change to the nature or character of its business or dissolve.

6. Advances by Purchaser Representative. On failure of Grantor to perform any of the material covenants or agreements contained herein when required, Purchaser Representative may, at its sole option and in its sole discretion following fifteen (15) days advance written notice (or such lesser notice as is necessary to avoid the loss of any material Collateral), perform the same and in so doing may expend such sums as Purchaser Representative may reasonably deem advisable in the performance thereof, including, without limitation, the payment of any insurance

premiums, the payment of any taxes, a payment to obtain a release of a Lien or potential Lien (other than Permitted Liens), expenditures made in defending against any adverse claim and all other expenditures which Purchaser Representative may make for the protection of the security hereof or which it may be compelled to make by operation of law. All such sums and amounts so expended shall be Secured Obligations repayable by Grantor promptly upon timely notice thereof. No such performance of any covenant or agreement by Purchaser Representative on behalf of Grantor, and no such advance or expenditure therefor, shall relieve Grantor of any default under the terms of this Security Agreement.

7. Events of Default and Remedies.

(a) General Remedies. Upon the occurrence of an Event of Default and during the continuation thereof, Purchaser Representative shall have, in addition to the rights and remedies provided herein or by law (including, but not limited to, the rights and remedies set forth in the Uniform Commercial Code of the jurisdiction applicable to the affected Collateral), the rights and remedies of a secured party under the Uniform Commercial Code (regardless of whether the Uniform Commercial Code is the law of the jurisdiction where the rights and remedies are asserted and regardless of whether the Uniform Commercial Code applies to the affected Collateral), and further, Purchaser Representative 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 Grantor, take possession of the Collateral, (ii) dispose of any Collateral on any such premises, (iii) require Grantor to assemble and make available to Purchaser Representative at the expense of Grantor any Collateral at any place and time designated by Purchaser Representative 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, and/or (v) without demand and without advertisement, notice, hearing or process of law, all of which Grantor hereby waives to the fullest extent permitted by law, at any place and time or times, 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 credit or otherwise, at such prices and upon such terms as Purchaser Representative deems advisable, in its sole discretion (subject to any and all mandatory legal requirements). Grantor acknowledges that any private sale referenced above may be at prices and on terms less favorable to Grantor than the prices and other terms which might have been obtained at a public sale; provided, however, that such private sale shall be made in a commercially reasonable manner. In addition to all other sums due Purchaser Representative with respect to the Secured Obligations, Grantor shall pay Purchaser Representative all reasonable costs and expenses incurred by Purchaser Representative, including, but not limited to, reasonable attorneys' 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 Purchaser Representative or Grantor 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 Bankruptcy Code. To the extent the rights of notice cannot be legally waived hereunder, Grantor agrees that any requirement of reasonable notice shall be met if such notice is personally served on or mailed, postage prepaid, to Grantor in accordance with the notice provisions set forth below at least 15 days before the time of sale or other event giving rise to the requirement of such notice. Purchaser Representative 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, Purchaser Representative may be a purchaser at any

such sale. Subject to the provisions of applicable law, Purchaser Representative 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, or Purchaser Representative may further postpone such sale by announcement made at such time and place.

(b) Access. In addition to the rights and remedies hereunder, upon the occurrence of an Event of Default and during the continuance thereof, Purchaser Representative shall have the right to enter and remain upon the various premises of Grantor without cost or charge to Purchaser Representative, and use the same, together with materials, supplies, books and records of Grantor for the purpose of collecting and liquidating the Collateral, or for preparing for sale and conducting the sale of the Collateral, whether by foreclosure, auction or otherwise. In addition, Purchaser Representative may remove Collateral, or any part thereof, from such premises and/or any records with respect thereto, in order to effectively collect or liquidate such Collateral.

(c) Nonexclusive Nature of Remedies. Failure by Purchaser Representative to exercise any right, remedy or option under this Security Agreement or as provided by law, or any delay by Purchaser Representative in exercising the same, shall not operate as a waiver of any such right, remedy or option. No waiver hereunder shall be effective unless it is in writing, signed by the party against whom such waiver is sought to be enforced and then only to the extent specifically stated, which in the case of Purchaser Representative shall only be granted as provided herein. To the extent permitted by law, neither Purchaser Representative, nor any party acting as attorney for Purchaser Representative, shall be liable hereunder for any acts or omissions or for any error of judgment or mistake of fact or law other than their gross negligence or willful misconduct hereunder. The rights and remedies of Purchaser Representative under this Security Agreement shall be cumulative and not exclusive of any other right or remedy which Purchaser Representative may have.

(d) Retention of Collateral. Purchaser Representative may, after providing the notices required under the Uniform Commercial Code or otherwise complying with the requirements of applicable law of the relevant jurisdiction, to the extent Purchaser Representative is in possession of any of the Collateral, retain the Collateral on behalf of the Purchasers in satisfaction of the Secured Obligations. Unless and until Purchaser Representative shall have provided such notices, however, Purchaser Representative shall not be deemed to have retained any Collateral in satisfaction of any Secured Obligations for any reason.

(e) Deficiency. In the event that the proceeds of any sale, collection or realization are insufficient to pay all amounts to which Purchasers are legally entitled, Grantor shall be liable for the deficiency, together with the costs of collection and the reasonable fees of any attorneys employed by Purchaser Representative to collect such deficiency. Any surplus remaining after the full payment and satisfaction of the Secured Obligations shall be returned to Grantor or to whomsoever a court of competent jurisdiction shall determine to be entitled thereto.

8. Rights of Purchaser Representative and other Purchasers.

(a) Power of Attorney. In addition to other powers of attorney contained herein, Grantor hereby designates and appoints Purchaser Representative, on behalf of itself and

the other Purchasers, and each of its designees or agents, as attorney-in-fact of Grantor, irrevocably and with power of substitution, with authority to take any or all of the following actions upon the occurrence and during the continuance of an Event of Default (including any applicable notice and opportunity to cure):

(i) to demand, collect, settle, compromise, adjust, give discharges and releases, all as Purchaser Representative may reasonably determine;

(ii) to commence and prosecute any actions at any court for the purposes of collecting any Collateral and enforcing any other right in respect thereof;

(iii) to pay or discharge taxes, liens, security interests, or other encumbrances levied or placed on or threatened against the Collateral of Grantor;

(iv) to sign and endorse any drafts, assignments, verifications, notices and other documents relating to the Collateral of Grantor;

(v) to defend, settle or compromise any suit, action or proceeding brought and, in connection therewith, give such discharge or release as Purchaser Representative may deem reasonably appropriate;

(vi) to direct any parties liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to Purchaser Representative or as Purchaser Representative shall direct;

(vii) receive, open and dispose of mail addressed to Grantor and endorse checks, notes, drafts, acceptances, money orders, bills of lading, warehouse receipts or other instruments or documents evidencing payment, shipment or storage of the goods giving rise to the Collateral of Grantor on behalf of and in the name of Grantor, or securing, or relating to such Collateral;

(viii) sell, assign, transfer, make any agreement in respect of, or otherwise deal with or exercise rights in respect of, any Collateral or the goods or services which have given rise thereto, as fully and completely as though Purchaser Representative were the absolute owner thereof for all purposes;

(ix) adjust and settle claims under any insurance policy relating thereto;

(x) execute and deliver all assignments, conveyances, statements, financing statements, renewal financing statements, security agreements, affidavits, notices and other agreements, instruments and documents that Purchaser Representative may reasonably determine necessary in order to perfect and maintain the security interests and liens granted in this Security Agreement and in order to fully consummate all of the transactions contemplated therein;

(xi) institute any foreclosure proceedings that Purchaser Representative may deem appropriate; and

(xii) perform all such other acts and things as Purchaser Representative may reasonably deem to be necessary, proper or convenient in connection with the Collateral.

This power of attorney is a power coupled with an interest and shall be irrevocable for so long as any of the Secured Obligations remain outstanding. Purchaser Representative shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges and options expressly or implicitly granted to Purchaser Representative in this Security Agreement, and shall not be liable for any failure to do so or any delay in doing so. Purchaser Representative shall not be liable for any act or omission or for any error of judgment or any mistake of fact or law in its individual capacity or its capacity as attorney-in-fact except acts or omissions resulting from its gross negligence or willful misconduct. This power of attorney is conferred on Purchaser Representative solely to protect, preserve and realize upon its security interest in the Collateral.

(b) Performance by Purchasers of Obligations. If Grantor fails to perform any agreement or obligation contained herein, a Purchaser itself may perform, or cause performance of, such agreement or obligation, and the expenses of such Purchaser incurred in connection therewith shall be payable by Grantor, and treated as Secured Obligations.

(c) Purchaser Representative's Duty of Care. Other than the exercise of reasonable care to assure the safe custody of the Collateral while being held by Purchaser Representative hereunder, Purchaser Representative shall have no duty or liability to preserve rights pertaining thereto, it being understood and agreed that Grantor shall be responsible for preservation of all rights in the Collateral, and Purchaser Representative shall be relieved of all responsibility for the Collateral upon surrendering it or tendering the surrender of it to Grantor.

9. Application of Proceeds. Upon the occurrence and during the continuance of an Event of Default, any payments in respect of the Secured Obligations and any proceeds of the Collateral, when received by Purchaser Representative in cash or its equivalent, will be applied in reduction of the Secured Obligations in the following order and priority: first, to Purchaser Representative to reimburse Purchaser Representative for costs and expenses of enforcing the rights of the Purchasers in the Collateral, including, without limitation, maintaining and liquidating the Collateral, and second, to all Purchasers on a pro rata, pari passu basis until all obligations owed under the Notes have been satisfied in full.

10. Continuing Agreement.

(a) This Security Agreement shall be a continuing agreement and shall remain in full force and effect so long as any of the Secured Obligations remain outstanding. Upon such payment and termination, this Security Agreement shall be automatically terminated and Purchaser Representative, on behalf of itself and all other Purchasers shall, upon the request and at the expense of Grantor, forthwith release all of its liens and security interests hereunder and shall execute and deliver all Uniform Commercial Code termination statements and/or other documents reasonably requested by Grantor evidencing such termination. Notwithstanding the foregoing all releases and indemnities provided hereunder shall survive termination of this Security Agreement.

(b) This Security 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 Purchasers 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 reasonable costs and expenses (including without limitation any reasonable legal fees and disbursements) incurred by Purchasers in defending and enforcing such reinstatement shall be deemed to be included as a part of the Secured Obligations.

11. Amendments; Waivers; Modifications. This Security Agreement may not be amended, waived, modified, changed, discharged or terminated except in writing.

12. Successors in Interest. This Security Agreement shall be binding upon Grantor, its successors and assigns and shall inure to the benefit of each Purchaser and its successors and assigns; provided, however, that Grantor may not assign its rights or delegate its duties hereunder without the prior written consent of Purchaser Representative.

13. Notices. All communications and notices hereunder shall be sent in the manner set out in the NPA.

14. Counterparts. This Security Agreement may be executed in any number of counterparts, each of which when 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 Security Agreement to produce or account for more than one such counterpart. Signatures evidenced by PDF shall be binding.

15. Headings. 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 Security Agreement.

16. Governing Law; Submission to Jurisdiction; Venue.

(a) This Security Agreement and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the State of California. Any legal action or proceeding with respect to this Security Agreement may be brought in the courts of the State of California and the United States of America sitting in Los Angeles, CA and, by execution and delivery of this Security Agreement, Grantor hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of such courts. Grantor further irrevocably consents 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, return receipt requested and received and/or delivery confirmation received, to it at the address for notices set forth above, such service to become effective upon receipt of a return receipt or delivery confirmation. Nothing herein shall affect the right of Purchaser Representative to serve process in any other manner permitted by law or to commence legal proceedings or to otherwise proceed against Grantor in any other jurisdiction.

(b) Grantor hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Security Agreement brought in the courts referred to in subsection (a)

hereof and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

Waiver of Jury Trial. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES TO THIS SECURITY AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

17. Severability. If any provision of any of the Security 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.

18. Entirety. This Security Agreement represents the entire agreement of the parties hereto and thereto, and supersedes all prior agreements and understandings, oral or written, if any, including any commitment letters or correspondence relating to transactions contemplated herein and therein.

19. Survival. All representations and warranties of Grantor hereunder shall survive the execution and delivery of this Security Agreement.

20. Other Security. To the extent that any of the Secured Obligations are now or hereafter secured by property other than the Collateral (including, without limitation, real property and securities owned by a Grantor), or by a guarantee, endorsement or property of any other Person, then Purchaser Representative shall have the right to proceed against such other property, guarantee or endorsement upon the occurrence of any Event of Default, and Purchaser Representative shall have the right, in its sole discretion, to determine which rights, security, liens, security interests or remedies Purchaser Representative shall at any time pursue, relinquish, subordinate, modify or take with respect thereto, without in any way modifying or affecting any of them or any of Purchaser Representative's rights or the Secured Obligations under this Security Agreement.

21. Obligations of Grantor. Notwithstanding any provision to the contrary contained herein, to the extent the obligations of Grantor shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers), then the obligations of Grantor hereunder shall be limited to the maximum amount that is permissible under applicable law (whether federal or state and including, without limitation, the Bankruptcy Code).

22. Joint and Several Liability. If multiple individuals or entities sign this Security Agreement on behalf of Grantor, their obligations under this Security Agreement shall be joint and several. The obligations of any Purchaser to Purchaser Representative arising hereunder shall be several.

[Signature page follows]

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be duly executed and delivered as of the date first above written.

GRANTOR:

CP LOGISTICS, LLC,
a North Carolina limited liability company

By _____
Name:
Title:

PURCHASER REPRESENTATIVE:

**HADRON HEALTH CARE AND CONSUMER
SPECIAL OPPORTUNITIES MASTER FUND**

By _____
Name:
Title:

No. S2010103
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

AND

**IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C.
1985, c. C-44 AND THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57**

AND

**IN THE MATTER OF SUNNIVA INC., SUNNIVA MEDICAL INC., 11111035
CANADA INC. AND 1167025 B.C. LTD**

PETITIONERS

AFFIDAVIT #2 OF BRIAN PETERS

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