



Court File No. S-226773
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF THE BUSINESS CORPORATIONS ACT, S.B.C. 2002, c. 57

AND

IN THE MATTER OF MEDIASURE PHARMACEUTICALS INC. AND MEDIASURE HOLDINGS INC.
(COLLECTIVELY, THE "COMPANIES" OR THE "PETITIONERS")

MONITOR'S SECOND SUPPLEMENT TO THE FIRST REPORT TO COURT

DELOITTE RESTRUCTURING INC.

SEPTEMBER 12, 2022

TABLE OF CONTENTS

INTRODUCTION AND BACKGROUND.....	1
TERMS OF REFERENCE	2
ACTIVITIES OF THE MONITOR SINCE THE SEPTEMBER 8 APPLICATION	3
AMENDED SHP PROPOSED DIP FACILITY	4

APPENDICES

Appendix A – Debtor-in-possession facility commitment letter dated September 9, 2022
between Medipure Holdings Inc. and SHP Capital, LLC

INTRODUCTION AND BACKGROUND

- 1) On August 19, 2022 (the "**Initial Order Date**"), on application by Medipure Pharmaceuticals Inc. ("**MPI**") and Medipure Holdings Inc. ("**MHI**", together with MPI, "**Medipure**" or the "**Companies**"), the Supreme Court of British Columbia (the "**Court**") made an order (the "**Initial Order**") granting the Companies protection from their creditors pursuant to the *Companies Creditors Arrangement Act*, R.S.C. 1985 as amended (the "**CCAA**"). Under the Initial Order, Deloitte Restructuring Inc. ("**Deloitte**") was appointed as the Monitor of the Companies with enhanced powers (the "**Monitor**") and the Monitor, counsel to the Monitor, counsel to the Companies, and counsel to SHP Capital LLC ("**SHP**") (with respect to the fees and disbursements incurred in the hearing of the Initial Order) were granted a \$300,000 charge on the Companies' assets (the "**CCAA Administration Charge**"). These proceedings (the "**CCAA Proceedings**") are a continuation of the proceedings (the "**BIA Proceedings**") which commenced on May 11, 2022 pursuant to Part III, Division I of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") under which Deloitte was appointed as the proposal Trustee of the Companies (the "**Proposal Trustee**"). The Initial Order discharges Deloitte as the Proposal Trustee of the Companies under the BIA Proceedings.
- 2) The Initial Order appointed the Monitor and granted an initial stay of proceedings until August 22, 2022 (the "**Initial CCAA Stay**").
- 3) The first report of the Monitor dated August 22, 2022 (the "**Monitor's First Report**") was prepared for the Companies' application on August 22, 2022 (the "**Comeback Hearing**") to, among other things, extend the Initial CCAA Stay and provided information to this Court on the Companies in respect of the Monitor's view on the enhanced powers to be included in the Amended and Restated Initial Order (the "**ARIO**"), commented on the Companies' updated cash flow forecast dated August 17, 2022 for the period from August 20, 2022 to November 18, 2022 (the "**August 17 Cash Flow Forecast**"), commented on the additional DIP financing required pursuant to the August 17 Cash Flow Forecast, commented on the extension of the Initial CCAA Stay, commented on the CCAA Administration Charge, the proposed chief restructuring officer ("**CRO**") charge of \$50,000 (the "**CRO Charge**"), and the proposed debtor-in-possession ("**DIP**") lender's charge of \$3.6 million (the "**CCAA DIP Charge**").
- 4) As a result of the Comeback Hearing and pursuant to a Court Order dated August 22, 2022, the Court approved the ARIO, which included the appointment of Helmsman Management Ltd. as CRO of the Companies (the "**CRO**"), extended the Initial CCAA Stay to August 24, 2022 (the "**First CCAA Stay Extension**"), and granted the CRO Charge. The CCAA DIP Charge was not granted as the Court application for interim financing was moved to August 24, 2022 (the "**August 24 Application**").
- 5) Despite the August 24 Application and a subsequent application on August 30, 2022, the Companies were unable to secure interim funding for the CCAA Proceedings and the Court granted a short extension of the CCAA stay to September 1, 2022 to see if suitable funding could be sourced by the Companies.
- 6) The Monitor's first supplement to the Monitor's First Report dated September 1, 2022 (the "**First Supplement to the Monitor's First Report**") was prepared for the Monitor's application on September 1, 2022 (the "**September 1 Application**") to, among other things, amend the ARIO (the "**Second ARIO**") to give additional powers to the CRO to sell the Companies' property, to grant an additional charge to the maximum of \$200,000 as security for fees and disbursements of the Monitor, counsel to the Monitor and the CRO (the "**Liquidation Charge**"), to determine (the "**WEPPA Determination**") that any employees terminated after the date of the Second ARIO are

former employees for the purposes of the *Wage Earners Protection Program Act* ("**WEPPA**"), and to extend the CCAA stay of proceedings (the "**Stay**") to October 17, 2022. At the September 1 Application, the Companies also brought an application to, among other things, approve a DIP facility commitment letter dated August 31, 2022 as between MHI and SHP (the "**SHP Proposed DIP Facility**") and a related charge on the assets (the "**Interim Lender's Charge**"). The First Supplement to the Monitor's First Report also provided information to Court on the SHP Proposed DIP Facility and Interim Lender's Charge.

- 7) As a result of the September 1 Application and pursuant to a Court Order dated September 1, 2022, the Court approved the Second ARIO, Liquidation Charge, WEPPA Determination, and the extension of the Stay to October 17, 2022. The Court's decision on the SHP Proposed DIP Facility and Interim Lender's Charge was adjourned to September 8, 2022 (the "**September 8 Application**") to allow the parties impacted by certain conditions of the Interim Lender's Charge, being Canada Revenue Agency ("**CRA**") and HFS Management Inc. ("**HFS**"), time to prepare for the application. The SHP Proposed DIP Facility is conditional on the Interim Lender's Charge, which includes \$2.75 million to fund the repayment of a pre-filing SHP secured loan with Medipure, ranking in priority to HFS for any prior DIP charges and all deemed trust claims arising under any applicable statutes (the "**CRA Priority Issue**").
- 8) As a result of the September 8 Application and, due to the wide ranging impacts of the CRA Priority Issue, Mr. Justice Walker reserved judgement on the approval of the SHP Proposed DIP Facility and Interim Lender's Charge. Mr. Justice Walker also requested (the "**September 8 Court Request**") that the Monitor provide an update report to the Court early during the week of September 12, 2022 on the steps taken by the Monitor and CRO to deal with the employees and operations due to the lack of funding in the CCAA Proceedings.
- 9) The Monitor did receive on September 11, 2022 an amended and signed version of a DIP facility commitment letter dated September 9, 2022 as between MHI and SHP (the "**Amended SHP Proposed DIP Facility**") which includes some minor adjustments to the terms and amounts in the SHP Proposed DIP Facility due to the delayed funding date.
- 10) This is the Monitor's second supplement to the Monitor's First Report under the CCAA Proceedings (the "**Second Supplement to the Monitor's First Report**") which has been prepared pursuant to the September 8 Court Request.

PURPOSE

- 11) The purpose of the Second Supplement to the Monitor's First Report is to provide information to this Honourable Court in respect of:
 - a) The September 8 Court Request; and
 - b) The Amended SHP Proposed DIP Facility received subsequent to the First Supplement to the Monitor's First Report.

TERMS OF REFERENCE

- 12) In preparing the Second Supplement to the Monitor's First Report, the Monitor has relied upon unaudited financial and other information supplied, and representations made to it, by certain senior management of the Companies ("**Management**") and the Companies' legal counsel, Boughton Law Corporation ("**Boughton**" or

"Companies' Counsel"). Although this information has been reviewed, Deloitte has not conducted an audit nor otherwise attempted to verify the accuracy or completeness of any of the information prepared by Management or otherwise provided by the Companies in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook*. Accordingly, Deloitte expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information contained in, or otherwise used to prepare this report.

- 13) Certain of the information referred to in this report consists of financial forecasts and/or projections prepared by Management. An examination or review of financial forecasts and projections and procedures as outlined by the *Chartered Professional Accountants of Canada* has not been performed. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from those forecasts and/or projections and the variations could be significant.
- 14) All monetary amounts contained in this report are expressed in Canadian dollars, unless otherwise indicated.
- 15) Terms not defined in the Second Supplement to the Monitor's First Report are defined in the First Supplement to the Monitor's First Report, Monitor's First Report, Initial Order, ARIO, or Second ARIO.
- 16) The Monitor's reports and other information in respect of the CCAA Proceedings will be posted on the Monitor's website at www.insolvencies.deloitte.ca/en-ca/Pages/Medipure (the "**Monitor's Website**").

ACTIVITIES OF THE MONITOR SINCE THE SEPTEMBER 8 APPLICATION

- 17) The Monitor has completed the following activities since the September 8 Application:
 - a) Held discussions with SHP, SHP's counsel, the CRO, Boughton, and the Monitor's counsel to clarify the terms and amounts included in the SHP Proposed DIP Facility as a result of the Court reserving judgement and the related impacts on the Medipure employees, operations, and the CCAA Proceedings.
 - b) Met with the Medipure employees by video conference with the CRO on September 9, 2022 (the "**September 9 Employee Meeting**") to provide an update on the September 8 Application, the SHP Proposed DIP Facility, and Medipure's operations, and to answer any questions. Ten of the eleven active Medipure employees were on the call as one employee was on vacation. One employee, who is on paternity leave, did not attend the call. One employee, who had requested to be terminated effective September 8, 2022, attended the call and the one employee who had requested to be terminated on September 6, 2022 did not attend the call.
 - c) Notified the employees at the September 9 Employee Meeting that the Medipure CCAA Proceedings, as a result of no funding, were moving into a liquidation process and that all employees were terminated as of September 9, 2022. The only exceptions were two employees that were being retained (the "**Retained Employees**"). One other employee was proposed to be retained but requested to be terminated on September 8, 2022. The Retained Employees are continuing with the Companies at the request of SHP, and pursuant to other funding

arrangements to be agreed to between the employees and SHP or through the SHP Proposed DIP Facility, to assist the Monitor and CRO with the wind down of the operations and completion of a compressed sales process. Mr. Nihar Pandey, the Chief Executive Officer and Chief Scientific Officer, also requested that he not be terminated until at least September 13, 2022 so he could execute any needed agreements and assist with the transition of the operations.

- d) On September 11, 2022, the CRO issued ten termination letters effective September 9, 2022 to the Medipure employees (one termination letter was issued previously on September 6, 2022). The status of the employees as at September 12, 2022 is outlined in the following table:

Employee Status as of September 12, 2022

Description	Number	Termination Letter Issued
Active employees at September 9, 2022	11	8
Paternity leave	1	1
Requested termination September 6, 2022	1	1
Requested termination September 8, 2022	1	1
	<u>14</u>	<u>11</u>

- e) Reviewed the terms and amounts included in the Amended SHP Proposed DIP Facility to ensure the employees terminated effective September 9, 2022, and the three remaining, would be paid all of their wages arrears to September 9, 2022, with the exception of any WEPPA payments to be received by eligible employees (the "**WEPPA Offsets**"), if the Amended SHP Proposed DIP Facility was approved by the Court.
- f) Met and corresponded with the CRO, the Company, Boughton and the Monitor's counsel around the path forward if the Amended SHP Proposed DIP Facility is, or is not, approved by September 13, 2022.
- g) Prepared the Second Supplement to the Monitor's First Report.

AMENDED SHP PROPOSED DIP FACILITY

- 18) The Monitor included a detailed analysis of the SHP Proposed DIP Facility and related Interim Lender's Charge in the First Supplement to the Monitor's First Report. SHP has made some subsequent amendments which are included in the Amended SHP Proposed DIP Facility attached hereto as **Appendix "A"**.
- 19) The changes to the Amended SHP Proposed DIP Facility, as compared to the SHP Proposed DIP Facility, are as follows:
- a) The principal amount of the facility has increased from US \$4.6 million to approximately US \$4.8 million (excluding fees) to account for an increase of US \$156,000 in the SHP secured loan balance (the "**SHP Loan Balance**") to approximately US \$2.9 million (due to additional legal fees), and a US \$50,000 increase in the SHP working capital commitment (the "**SHP Working Capital Commitment**") to \$1.9 million. The increase in the SHP Working Capital Commitment is due mainly to the addition of \$36,000 for one week of payroll arrears, net of any WEPPA Offsets, a reduction of \$11,250 in the payroll for three employees to only be retained for three versus four weeks, and the remainder being contingency and foreign exchange differences.

- b) A condition has been added that the Amended SHP Proposed DIP Facility may be terminated by SHP, in its sole discretion, any time after 5:00pm PDT on September 13, 2022.
 - c) The payment of the SHP Loan Balance and the SHP Working Capital Commitment (net of the approximately US \$500,000 contingency) would continue to be funded within one business day of Court approval of the Amended SHP Proposed DIP Facility.
 - d) All other terms and conditions remain the same, including the condition that the Interim Lender's Charge would rank only behind the \$500,000 in Administration Charges granted in the BIA and CCAA Proceedings and the \$50,000 CRO Charge in the CCAA Proceedings and shall rank in priority to all deemed trust claims arising under any applicable statutes.
- 20) The Monitor has the same comments in regards to the Amended SHP Proposed DIP Facility as for the SHP Proposed DIP Facility, as outlined in paragraphs 24 to 28 of the First Supplement to the Monitor's First Report. On this basis, and under the assumption that the DIP financing is not affected by the terms of the cease trade order issued by the British Columbia Securities Commission as against MHI on November 4, 2015, the Monitor would support the Companies in seeking the approval of the Amended SHP Proposed DIP Facility.

All of which is respectfully submitted to this Honourable Court this 12th day of September, 2022.

DELOITTE RESTRUCTURING INC.

In its capacity as CCAA Monitor of
Medipure Holdings Inc. and Medipure Pharmaceuticals Inc.
and not in its personal or corporate capacity.



Per: Jeff Keeble, CPA, CA, CIRP, LIT, CBV
Senior Vice-President

Appendix A

**Debtor-in-possession facility commitment letter dated September 9, 2022
between Medipure Holdings Inc. and SHP Capital, LLC**

Debtor-in-Possession Facility Commitment Letter

September 9, 2022

Medipure Holdings Inc.
302-267 West Esplanade Avenue
North Vancouver, BC V7M 1A5

Attention: Nihar Pandey

Re: Debtor-in-Possession (DIP) Facility Commitment Letter

The Lender (defined below) is pleased to confirm that it will make available to the Borrower the credit facilities described below on, and subject to, the terms and conditions described in this letter and the attached Schedule A and Schedule B (together, this "**Commitment Letter**"). All amounts herein are in United States dollars, unless otherwise specified.

Borrowers: Medipure Holdings Inc. (collectively, the "**Borrower**").

Guarantors: Medipure Pharmaceuticals Inc. and Medipure d.o.o. Croatia

Lender: SHP Capital, LLC, a Delaware limited liability company ("**SHP**" or the "**Lender**") with a mailing address at 1374A South Venetian Way, Miami, FL 33139. As a protection to the Borrower, if the Lender makes a decision under the Interim Loan (defined below) and the Borrower objects to the decision, they may seek that the Monitor (defined below) evaluate the disagreement. In such situation, if the Monitor disagrees with the decision of the Lender, then the Monitor shall be empowered to reverse the decision of the Lender. Provided, however, the Monitor shall adhere to the terms of the Interim Loan in deciding whether to reverse any such decision of the Lender.

Principal Amount: \$4,806,000 excluding fees

Drawdown: Drawdowns may be made in minimum installments of \$25,000 with two business days' notice and only in accordance with the most current Cash Flow Forecast (as defined below).

Instrument: Debtor in possession loan (the "**Interim Loan**"), in the form of a non-revolving facility, subject to the issuance of an order (the "**Interim Loan Approval Order**") by the Supreme Court of British Columbia, in form and substance satisfactory to the Lender in its sole discretion, made in the *CCAA* proceedings initiated by the Borrower (the "**CCAA Proceedings**") approving the Interim Loan and granting the Lender a first-place super priority charge over the assets of the Borrower (the "**Interim Lender's Charge**") in form and substance acceptable to the Lender in its sole discretion.

SHP Capital Loan: Medipure Holdings Inc. borrowed \$2,000,000 principal amount from SHP pursuant to a secured term grid promissory note dated October 21, 2021, and a general security agreement dated November 2, 2021 (the "**SHP Loan**"). The SHP Loan is secured by all the property of the Borrower and currently bears interest at 15% per annum. The Borrower is currently in default. The SHP Loan provides for the reimbursement of SHP's out of pocket expenses, including the fees and

disbursements of its legal counsel, plus accrued interest on such disbursements. SHP estimates that the balance due and owing on the SHP Loan, including all interest, expenses, fees and disbursements, is approximately \$2,906,000 (the “**SHP Loan Balance**”).

Funding of Interim Loan:

The Interim Loan shall be funded in the following order.

- a) SHP shall contribute cash up to the amount of the SHP Loan Balance (the “**SHP Loan Repayment Commitment**”) to be utilized solely to repay in full the SHP Loan Balance in full and final satisfaction of the SHP Loan. The SHP Loan Repayment Commitment shall bear interest at 15% per annum.
- b) Simultaneously with the SHP Loan Repayment Commitment being fulfilled, SHP shall contribute cash to satisfy any additional draws for working capital up to \$1,900,000 (the “**SHP Working Capital Commitment**”). The SHP Working Capital Commitment shall bear interest at 8% per annum. Within one business day of receiving the Interim Loan Approval Order, the Lender will fund \$1,400,000 of the SHP Working Capital Commitment as described in the Capital Contributions paragraph below.

Use of Proceeds: The SHP Loan Repayment Commitment shall be used solely to repay the SHP Loan. Funds from the SHP Working Capital Commitment shall be used explicitly for the items listed on Schedule B.

Capital Contributions: Based on instructions received from the Borrower and approved by Deloitte Restructuring Inc. (the “**Monitor**”), the Lender shall advance funds under the Interim Loan either to (i) the trust account of the Monitor, in trust, for the Monitor to use for payment of obligations of the Borrower or (ii) to the Borrower.

Closing Date: As required by the Borrower, subject to fulfillment of the conditions precedent set forth in this Commitment Letter.

Maturity: The Interim Loan, including any outstanding principal, interest and fees becomes fully due and payable upon a date (the “**Maturity Date**”) which is the earlier of:

- a) September 30, 2022; or
- b) such further defaults as may be customary in the Lender's form of loan agreement.

Accelerated Maturity: The Interim Loan shall be suspended, and the Maturity Date may be accelerated (at the option of the Lender) upon the occurrence of a Default.

Defaults: Any of the following will constitute defaults (collectively, the “**Defaults**”):

- a) if the Interim Loan Approval Order has been vacated, stayed or otherwise caused to be ineffective or is otherwise amended in a manner not approved by the Lender (which approval may be withheld in the sole discretion of the Lender);

- b) the issuance of an order terminating the CCAA Proceedings or lifting the stay in the CCAA Proceedings to permit the enforcement of any security against the Borrower or the assets of the Borrower, or the appointment of a receiver and manager, receiver, interim receiver or similar official or the making of a bankruptcy order against a Borrower or the assets of the Borrower;
- c) there is a negative variance of 15% or more from any Cash Flow Forecast, unless such variance is approved in advance by the Lender in writing;
- d) any steps are taken by the Borrower or any other person to challenge the Interim Loan Approval Order or the validity, enforceability or priority of the Interim Lender's Charge; or
- e) failure of the Borrower to comply in way with: (i) any Cash Flow Forecast; (ii) the requirements and procedures set out herein for the drawdown of the Interim Loan; or (iii) failure of the Borrower to perform or comply with any other term or covenant under this Commitment Letter.

Waiver: The Defaults may be waived by the Lender in its sole discretion.

Repayment: The full amount of all outstanding principal, interest, fees, expenses and disbursements will be repaid on the Maturity Date.

Interest: The Interim Loan shall bear interest as follows: (a) 8% per annum on \$1,850,000, which is for the SHP Working Capital Commitment, and (b) 15% per annum on approximately \$2,750,000, which is for the SHP Loan Repayment Commitment. All interest shall be calculated monthly in arrears on any amounts disbursed.

Origination Fee: The Borrower shall pay an origination fee to the Lender equal to 1.75% of the \$1,400,000 advanced by the Lender under the SHP Working Capital Commitment, and such fee shall be added to the principal balance of the Interim Loan on the date of such advance. The total origination fee payable to the Lender for the first advance is \$24,500. If additional funds are advanced to the Borrower, they shall be subject to an origination fee of 1.75% in the same manner.

Expenses: The Borrower will reimburse the Lender (or its successor in interest or nominee) for all reasonable and customary legal, professional, loan administration, perfection, enforcement, collection, conversion, credit bid, stalking horse, due diligence and all

other costs incurred by the Lender associated with the Interim Loan, the CCAA Proceedings and the stalking horse bid process.

Stalking Horse Bid: The Borrower agrees that the Lender shall have the right to submit a stalking horse bid for the property of the Borrower to the Monitor for approval by the court as soon as reasonably practicable.

Access to Management and Records:

The Lender shall have unfettered access to (i) management and employees of the Borrower and (ii) all records of the Borrower, without having to seek prior approval of the Monitor; provided, however, access to trade secrets or highly confidential information of this similar nature shall require prior approval of the Monitor.

Additional Agreements and Security:

If required by the Lender, the Borrower will execute the following additional agreements and obtain the following security in form and substance satisfactory to the Lender, in its sole discretion:

- a) a loan agreement;
- b) the Interim Lender's Charge approved pursuant to the Interim Loan Approval Order, whereby all other charges other than a court-approved administration charge of CAD\$300,000, an administration charge of CAD\$200,000 granted in prior proceedings under the *Bankruptcy and Insolvency Act*, and a CRO charge of CAD\$50,000 shall be subordinated to the Interim Lender's charge, and which Interim Lender's Charge shall rank in priority to all deemed trust claims arising under any applicable statute;
- c) the Interim Lender's Charge shall rank in priority senior to the NOI DIP loan from HFS Management Inc. and the CCAA DIP loan of CAD\$216,000 approved by the court on August 24, 2022;
- d) if circumstances arise such that additional DIP funds are requested by the Borrower and the Monitor, and the court is willing to approve such request, the Lender shall have the right, but not the obligation, to provide such dollar amount of funds to the Borrower on the same terms and conditions contained herein. If the Lender chooses not to advance such additional funds, then any new funds lent by the new DIP lender and approved by the court shall be on a pari passu basis with the Interim Lender's Charge; and
- e) such other security agreements as the Lender may reasonably require.

Debt Covenants:

The debt covenants associated with the Interim Loan shall include, but are not limited to, the following (collectively, the "**Debt Covenants**"):

- a) prepare and deliver to the Lender by noon on Tuesday bi-weekly following the Closing Date a rolling 13-week cashflow forecast (each a "**Cash Flow Forecast**");
- b) operate in compliance with the most current Cash Flow Forecast;

- c) prepare and deliver to the Lender by noon on Tuesday bi-weekly following the Closing Date a cashflow variance report showing the variance from the most current Cash Flow Forecast;
- d) report to the Lender as set out in Schedule "A" hereto (the "**Reporting**");
- e) comply with the provisions of any orders of the court made in the CCAA Proceedings;
- f) conduct all activities and expenditures in accordance with the Borrower's Cash Flow Forecast;
- g) keep the Lender informed of the Borrower's activities and consult the Lender with respect to any matters that could reasonably be expected to affect the Lender; and
- h) no further encumbrances of the assets of the Borrower.

Conditions:

In addition to the matters described elsewhere in this Commitment Letter, the completion of the transaction and each drawdown of the Interim Loan will be subject to the following conditions:

- a) the granting by the court in the CCAA Proceedings of the Interim Loan Approval Order, including approval of this Commitment Letter and granting the Interim Lender's Charge pursuant to the Interim Loan Approval Order;
- b) the approval by the Lender, in writing and in its sole discretion, of each Cash Flow Forecast;
- c) the Lender shall have the option of appointing three additional directors selected by the Lender immediately after the Interim Lender's Charge is granted; provided, however, there shall be no obligation for the Lender to utilize this option;
- d) payment of all fees and expenses related to the financing;
- e) compliance with the Debt Covenants; and
- f) this Commitment Letter may be terminated by the Lender, in its sole discretion, any time after 5:00 p.m. PDT on September 13, 2022.

Representations and Warranties:

As normal for a transaction of this nature (which shall be, in each case, subject to materiality qualifiers, exceptions, thresholds and limitations to be mutually agreed upon).

Confidentiality:

Except as otherwise provided herein, unless and until such time as approval of this Commitment Letter is sought in the CCAA Proceedings, the Borrower, its shareholders, employees and other representatives will not disclose the existence or contents of this Commitment Letter except to their advisors and representatives who need to know the existence and contents hereof in order to facilitate the completion of the Interim Loan by the Lender.

No Broker: The Borrower represents and warrants that no commissions or other payments shall be due to any broker, consultant or any other third party in connection with this Interim Loan.

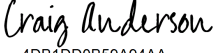
Further Assurances: The Borrower will, at its expense, do, execute, acknowledge and deliver or will cause to be done, executed, acknowledged and delivered all and every such further and other acts, agreements, instruments, registrations, filings and assurances as the Lender may require for the purpose of giving effect to this Commitment Letter.

Governing Law: This Commitment Letter and all related agreements shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

Yours truly,

SHP CAPITAL, LLC

by its authorized signatory:


DocuSigned by:

4DB1DD0B59A94AA...

Craig Anderson, its Manager

The undersigned hereby acknowledges, accepts and agrees to the terms and conditions of this Commitment Letter (including Schedule A and Schedule B attached hereto) this 9th day of September, 2022.

MEDI PURE HOLDINGS INC.


by its authorized signatory:

DocuSigned by:

433C202713E2401...

Nihar Pandey, Director

MEDI PURE PHARMACEUTICALS INC.

by its authorized signatory:

DocuSigned by:

433C202713E2401...

Nihar Pandey, Chief Executive Officer

SCHEDULE "A"

REPORTING REQUIREMENTS

The Borrower will provide the following reporting to the Lender once per week:

- a) internal financial statements as at the close of business of the previous Friday;
- b) copies of all bank statements showing the prior week's transactions;
- c) accounts payable listings; and
- d) a written update from management commenting on the status of the Borrower's ongoing operations.

SCHEDULE "B" (a)

All amounts in Canadian dollars.

SHP original retainer with Deloitte, CRO and Clark Wilson	\$375,000
Additional retainer for Deloitte, CRO and Clark Wilson	\$150,000
Boughton Law Corporation legal fees	\$350,000
Completion of MP-20X animal trials	\$400,000
Rent for BCIT lab and North Vancouver office (2 mos.)	\$ 39,113
BCIT lab lease security deposit (4 mos.)	\$ 45,170
Employee benefits	\$ 12,000
Croatia expenses	\$ 76,000
Gowlings law firm	\$ 25,000
MP-20X supply chain	\$ 30,000
IT expenses	\$ 14,000
Expense reimbursement	\$ 13,350
Payroll arrears for 9 weeks (net of WEPP)	\$234,709
Payroll for 3 weeks for 3 employees	\$ 33,750
Contingency (b)	\$601,908

Total in CAD	\$2,400,000
Equivalent in USD (at 1.30 USD/CAD)	\$1,846,154
Rounded Up Equivalent in USD (at 1.30 USD/CAD)	\$1,900,000

- (a) Dollars may not be transferred from one line item to another. If there are excess funds remaining for one line item after the planned expenditure(s) has been made, such funds shall stay in the bank account of the Borrower or the Monitor and not be utilized further.
- (b) Expenditure of funds under contingency is subject to approval by SHP in its sole and absolute discretion and such approval may be withheld without any justification.