EXECUTION COPY

SENIOR SECURED CONVERTIBLE BRIDGE LOAN

ESTABLISHED

BY ANGIOTECH PHARMACEUTICALS, INC.,

AS LENDER

IN FAVOUR

OF

HAEMACURE CORPORATION

AS BORROWER

AS OF JUNE 1, 2009

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SENIOR SECURED CONVERTIBLE BRIDGE LOAN AGREEMENT

THIS AGREEMENT dated as of the 1st day of June 2009.

B E T W E E N :

HAEMACURE CORPORATION

(the "**Borrower**")

- and -

ANGIOTECH PHARMACEUTICALS, INC.

(the "**Lender**")

WITNESSES THAT, in consideration of the establishment of the Credit Facilities by the Lender in favour of the Borrower and for other good and valuable consideration (the receipt and sufficiency of which are hereby mutually acknowledged), the parties agree as follows:

ARTICLE ONE

INTERPRETATION

Section 1.01 Definitions

For the purposes of this Agreement and where the context does not otherwise require, the following terms shall have the following meanings:

(1) "**Affiliate**" of a Person means any other Person which, directly or indirectly, controls or is controlled by or is under common control with the first Person, and for purposes of this definition, "**control**" (including with correlative meanings the terms "**controlled by**" and "**under common control with**") means the power to direct or cause the direction of the management and policies of any Person, through the ownership of shares.

(2) "**Agreement**" means this agreement and the schedules hereto and any amendments, restatements or supplements to this agreement or the schedules at any time and from time to time.

(3) "**Amended and Restated Fibrin Sealant Collaboration Agreement**" means that certain amended and restated license, development and collaboration agreement for drug-loaded fibrin sealant to be entered into between the Lender, the Borrower

and US Sub on the earlier of December 31, 2009 and 90 days after the closing of a Bona Fide Equity Financing, as same may be amended, restated or otherwise modified from time to time.

(4) "**Applicable Law**" means, at any time, with respect to any Person, property, transaction or event, all applicable laws, statutes, regulations, treaties, judgments and decrees and (insofar as they have the force of law) all applicable official directives, rules, consents, approvals, by-laws, Governmental Authorizations, guidelines, Orders and policies of any Governmental Authority or Persons having authority over any of the parties hereto or over any of their respective Property or assets or business operations.

(5) "**Bona Fide Equity Financing**" means an equity financing of the Borrower pursuant to which the Borrower raises gross proceeds of at least US$13,500,000 in the aggregate without taking into account the amount of the Converted Obligations.

(6) "**Books and Records**" mean all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the collateral charged by the Security which are at any time owned by the Borrower or to which the Borrower (or any Person on the Borrower's behalf) has access.

(7) "**Borrower**" means Haemacure Corporation;

(8) "**Borrowings**" means the advance of the Credit Facilities.

(9) "**Business Day**" means a day on which banks are open for business in Montreal, Québec and Vancouver, British Columbia other than a Saturday, Sunday, statutory or legal holiday.

(10) "**Capitalized Lease Obligations**" means monetary obligations under any agreements for the lease or rental of real or movable property that in accordance with GAAP are required to be classified and accounted for as capital leases.

(11) "**Closing Date**" means June 2, 2009.

(12) "**Code**" shall mean the U.S. Internal Revenue Code of 1986, as amended.

(13) "**Collaboration Agreements**" shall mean, collectively, the Master Collaboration Agreement, the Fibrin Sealant Collaboration Agreement, the Fibrin Sealant Distribution Agreement, the Thrombin Supply Agreement and, once entered into, the Amended and Restated Fibrin Sealant Collaboration Agreement.

(14) "**Commitment**" means the commitment of the Lender to advance to the Borrower the principal amount of US$2,500,000 in multiple drawdowns as set forth in Schedule "M" annexed hereto and, at the Lender's sole discretion, the additional

principal amount of up to US$1,000,000, in multiple drawdowns, in each case, subject to the terms of this Agreement.

(15) "**Consolidated**" means when used to describe the calculation of any amount relating to the Borrower, consolidated, in accordance with GAAP.

(16) "**Contaminant**" includes, but is not limited to, any pollutant, dangerous, toxic or hazardous substance or waste of any description whatsoever, hazardous materials or contaminants including any of the foregoing as defined in any Environmental Law.

(17) "**Converted Obligations**" means the Outstanding Obligations (including, without limitation, the drawdowns advanced in accordance with Section 4.09(1)) as of the date of the closing of a Bona Fide Equity Financing.

(18) "**Credit Facilities**" means the credit facilities made available under Article Two.

(19) "**Default**" means any of the events described in Section 10.01 regardless of whether any requirement in connection with such event for the giving of notice, the lapse of time, or both, has been satisfied or met.

(20) "**Default Rate**" means the per annum rate of interest equal to the Interest Rate plus, to the extent permitted by law, 2.00% but in no event shall such rate exceed the maximum rate permitted by Applicable Law.

(21) "**Demand**" means any communication of demand for payment of all or any portion of the Outstanding Obligations, made in writing by the Lender.

(22) "**Employee Plan**" includes any pension, stock bonus, employee stock ownership plan, retirement, profit sharing, deferred compensation, stock option, bonus or other incentive plan, whether qualified or nonqualified, or any disability, medical, dental or other health plan, life insurance or other death benefit plan, vacation benefit plan, severance plan or other employee benefit plan or arrangement, including those pension, profit-sharing and retirement plans of the Borrower or US Sub, as the case may be, described from time to time in the financial statements of the Borrower or US Sub, as the case may be, and any pension plan, welfare plan, Defined Benefit Pension Plans (as defined in ERISA) or any multi-employer plan, maintained or administered by the Borrower or US Sub, as the case may be, or to which the Borrower or US Sub, as the case may be, is a party or may have any liability or by which the Borrower or US Sub, as the case may be, is bound.

(23) "**Environmental Activity**" means any past, present or future activity, event or circumstance in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition,

handling or transportation or its Release into the natural environment including the movement through or in the air, soil, subsoil, surface water or groundwater.

(24) "**Environmental Laws**" means any and all federal, provincial, state, municipal, local and foreign statutes, laws, regulations, ordinances, rules, Orders, decrees, Governmental Authorizations or other governmental restrictions having the force of law relating to the environment, occupational health and safety, health protection or any Environmental Activity.

(25) "**ERISA**" shall mean the U.S. Employee Retirement Income Security Act of 1974, as amended.

(26) "**Excluded Taxes**" means, with respect to the Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower or US Sub hereunder or under the Security, (a) taxes imposed on or measured by its net income, and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located or, in the case of the Lender, in which its applicable lending office is located and (b) any branch profits taxes or any similar tax imposed by any jurisdiction in which the Lender is located.

(27) "**Event of Default**" means any of the events specified in Section 10.01, provided that any requirement in connection with such event for the giving of notice, the lapse of time or both, has been satisfied or met.

(28) "**Fibrin Sealant Distribution Agreement**" means that certain fibrin sealant distribution agreement to be entered into on the Closing Date between the Lender, the Borrower and US Sub as same may be amended, restated or otherwise modified from time to time.

(29) "**Fibrin Sealant Collaboration Agreement**" means that certain license, development and collaboration agreement for drug-loaded fibrin sealant to be entered into between the Lender, the Borrower and US Sub on the Closing Date as same may be amended, restated or otherwise modified from time to time.

(30) "**Financial Year**" of an entity means the 12-month period ending on the fiscal year end of that entity in each year.

(31) "**Forecast**" means the forecast attached to Schedule "O" annexed hereto.

(32) "**GAAP**" means generally accepted accounting principles which are in effect in Canada from time to time and applied in a consistent manner from period to period.

(33) "**Governmental Authority**" means any nation or government, any province, state, municipality, local or other political subdivision thereof and any agency,

instrumentality or other entity thereof exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

(34) "**Governmental Authorizations**" means all authorizations, approvals, franchises, Orders, certificates, consents, directives, notices, licenses, permits, variances, registrations or other rights from a Governmental Authority issued to or required, to be obtained by the Borrower or US Sub, or which may be in the future issued to or required to be obtained, as the case may be, relating to any of the Property or assets of the Borrower or US Sub or to the business of the Borrower or US Sub as now conducted and as contemplated to be conducted, including, without limitation, those related to the manufacturing, production and sale of (i) medical devices and (ii) fibrin sealant and thrombin products or other products and the conduct of clinical trials and other development activities, including, without limitation, those Governmental Authorizations;

(35) "**Guarantee**" means, with respect to a Person, any absolute or contingent liability of that Person under any guarantee, agreement, endorsement (other than for collection or deposit in the ordinary course of business), discount with recourse or other obligation to pay, purchase, repurchase or otherwise be or become liable or obligated upon or in respect of any Indebtedness of any other Person and including any absolute or contingent obligations to:

(i) advance or supply funds for the payment or purchase of any Indebtedness of any other Person,

(ii) purchase, sell or lease (as lessee or lessor) any property, assets, goods, services, materials or supplies primarily for the purpose of enabling any other Person to make payment of Indebtedness or to assure the holder thereof against loss, or

(iii) indemnify or hold harmless any other Person from or against any losses, liabilities or damages, in circumstances intended to enable such other Person to incur or pay any Indebtedness or to comply with any agreement relating thereto or otherwise to assure or protect creditors against loss in respect of such Indebtedness.

Each Guarantee shall be deemed to be in an amount equal to the amount of the Indebtedness in respect of which the Guarantee is given, unless the Guarantee is limited to a determinable amount in which case the amount of the Guarantee shall be deemed to be the lesser of the amount of the Indebtedness in respect of which the Guarantee is given and such determinable amount.

(36) "**HSR Act**" shall mean the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

(37) "**Indebtedness**" of a Person means, without duplication,

(i) all debts, liabilities and obligations, direct, indirect, liquidated, unliquidated, contingent and other, including principal, interest, charges and fees, which in accordance with GAAP would be classified upon the Person’s balance sheet as liabilities including, without limitation, all Capitalized Lease Obligations and all Guarantees of such debts, liabilities and obligations; and

(ii) all obligations secured by any Security Interest, including principal, interest, charges and fees, existing on property owned or acquired by the Person subject to such Security Interest whether or not the Person has assumed or otherwise become liable for the payment of such obligations.

(38) "**Indemnified Taxes**" means Taxes other than Excluded Taxes.

(39) "**Initial Borrowing**" has the meaning ascribed thereto in Section 2.01.

(40) "**Initial Notes**" means, collectively, the promissory notes of the Borrower in respect of the Initial Borrowing substantially in the form set forth in Schedule "Q".

(41) "**Intellectual Property**" of the Borrower or US Sub, as the case may be, means:

(i) inventions, discoveries, methods, letters patent, applications for letters patent, renewals, reissues, extensions, divisions, continuations and continuations-in-part;

(ii) trademarks and service marks (and the goodwill pertaining thereto), tradenames or corporate names and any application, registration, or renewal pertaining thereto;

(iii) copyright in works, including, but not limited to, computer software, documentation, source code, object code and all registrations and recordals thereof and any programmable media, paper or other media on which such works are fixed;

(iv) industrial designs, integrated circuit topographies and any registration thereof;

(v) trade secrets, including know-how, ideas, plans, algorithms, hardware, firmware and architectures, whether in written, graphic or oral form;

(vi) applications or registrations, including, without limitation, those set out in Schedule "G" annexed hereto;

(vii) any future developments or improvements relating to intellectual and industrial property set out in (i) to (vi) above;

(viii) the right to take action for any infringement of rights in intellectual and industrial property prior to execution of this Agreement; and

(ix) any option or right to make, use, sell, copy, modify, distribute, have made, create derivative works from or sublicense any intellectual or industrial property, including, without limitation, all rights acquired under any License Agreement;

in Canada, the United States and all other countries worldwide.

(42) "**Interest Rate**" means an interest rate of 10.00% per annum compounded quarterly.

(43) "**Lender**" means Angiotech Pharmaceuticals, Inc.

(44) "**License Agreements**" means all agreements pursuant to which the Borrower has obtained rights or an option to acquire rights or has granted to a Person rights or an option to acquire rights to use any Intellectual Property owned by a Person or the Borrower, respectively.

(45) "**Loan Documents**" means this Agreement, the Notes, the Security and any other documents, certificates, instruments, deeds, contracts or agreements to be entered into or delivered pursuant to this Agreement, the Notes or the Security as same documents, certificates, instruments, deeds, contracts or agreements may be amended, restated or otherwise modified from time to time, other than the Collaboration Agreements.

(46) "**Master Collaboration Agreement**" means that certain master collaboration agreement to be entered into between the Lender, the Borrower and US Sub on the Closing Date as same may be amended, restated or otherwise modified from time to time.

(47) "**Material Adverse Effect**" means a material adverse effect upon the financial condition, Property, assets, operations, business or prospects of the Borrower or US Sub, as the case may be;

(48) "**Material Contracts**" has the meaning ascribed thereto in Section 7.01(29);

(49) "**Maturity Date**" means June 2, 2011.

(50) "**Notes**" means, collectively, the Initial Notes and the Second Notes.

(51) "**Orders**" means orders, injunctions, writs, judgments, administrative complaints, decrees, rulings, awards, assessments, directions, determinations, instructions, penalties or sanctions issued, filed or imposed by any Governmental Authority;

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

(53) "**Outstanding Borrowings**" means, at the time of determination, the outstanding principal amount of the Credit Facilities.

(54) "**Outstanding Obligations**" means, at the time of determination, the aggregate of (i) Outstanding Borrowings, (ii) all unpaid interest and fees thereon as herein provided, (iii) all other indebtedness, liabilities and obligations (including without limitation under any indemnities) and all other fees, charges and expenses required to be paid by the Borrower to the Lender hereunder or pursuant to the Security or any other written agreements now or hereafter entered into between the Borrower and the Lender pertaining to the Credit Facilities.

(55) "**Permitted Asset Sale**" means a sale, transfer, lease, contribution or other conveyance by the Borrower of any asset, real or personal, excluding Intellectual Property, which (a) is listed in Schedule "N" annexed hereto or (b), individually

or in the aggregate, is less than US$ ***(omitted)*** and which satisfies any one of the following conditions:

(i) such sale, transfer, lease, contribution or conveyance is in the ordinary course of its business;

(ii) such sale, transfer, lease, contribution or conveyance is between the Borrower and any Affiliate which has provided a Guarantee of the Borrower's Outstanding Obligations; or

(iii) the net proceeds from any such sale, transfer, lease, contribution or conveyance are applied to acquire replacements of any assets which are the subject of such sale, transfer, lease, contribution or conveyance.

(56) "**Permitted Encumbrances**" means:

(i) inchoate or statutory priorities, liens or trust claims for taxes, assessments and other governmental charges or levies (excluding liens arising under ERISA) which are not delinquent or the validity of which are currently being contested in good faith by appropriate proceedings provided that there shall have been set aside a reserve to the extent required by GAAP in an amount which is reasonably adequate with respect thereto;

(ii) the right reserved to, or vested in, any municipality or Governmental Authority by the terms of any lease, license, franchise, grant, or permit, or by any statutory provision, to terminate any such lease, license, franchise, grant or permit, or to require annual or periodic payments as a condition of the continuance thereof;

(iii) inchoate or statutory liens of contractors, subcontractors, mechanics, suppliers, material men and others in respect of construction, maintenance, repair or operation of assets or properties, or other like possessory liens and public utility liens provided the amounts owed in respect of the same are not delinquent, or such liens are being contested by the Borrower in good faith by appropriate and timely proceedings;

(iv) security given to a public utility or other Governmental Authority or other public authority when required by such utility or Governmental Authority in connection with the operations of the Borrower in the ordinary course of business;

(v) title defects or easements, rights-of-way, servitudes or other similar rights in land (including, without limiting the generality of the foregoing, rights-of-way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other persons which are of a minor nature and in the aggregate will not materially impair the value or use of the property for the purposes for which it is held;

(vi) the reservations, limitations, provisos and conditions, if any, expressed in any original grants from the Crown;

(vii) the Security;

(viii) Security Interests securing Purchase Money Obligations provided the Security Interest charges only the asset which is the subject of the Purchase Money Obligations and no other asset;

(ix) Security Interests identified in Schedule "E" annexed hereto; and

(x) equipment leases entered into in the ordinary course of the Borrower’s business.

(57) "**Permitted Indebtedness**" means the following Indebtedness of the Borrower:

(i) the Outstanding Obligations;

(ii) current accounts payable arising in the ordinary course of business;

(iii) any other Indebtedness specifically permitted hereunder;

(iv) Capitalized Lease Obligations and Purchase Money Obligations not to exceed the aggregate amount of US$100,000, including, without limitation, Indebtedness to non-vendor third parties incurred to finance the acquisition of new assets;

(v) Indebtedness owed by the Borrower and secured by Permitted Encumbrances; and

(vi) Indebtedness in respect of which the Lender has given its prior written consent as to existence and ranking.

(58) "**Person**" includes, without limitation, an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof and any other incorporated or unincorporated entity.

(59) "**Property**" means any movable, immovable, tangible, intangible, personal or real property or rights (including, without limitations, inventory, equipment, raw materials, vehicles, rights of payment and fixtures) owned, leased, occupied or under the charge, management or control of the Borrower or US Sub, as the case may be.

(60) "**Purchase Money Obligations**" means the outstanding balance of the purchase price of movable or personal Property, title to which has been acquired or will be acquired upon payment of such purchase price, or Indebtedness to non-vendor third parties incurred to finance the acquisition of such new or replacement movable or personal Property or any refinancing of such Indebtedness or outstanding balance.

(61) "**Release**" includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place, escape, leach, disperse, migrate and exhaust, and when used as a noun (as applicable) has the same meaning.

(62) "**Second Borrowing**" has the meaning ascribed thereto in Section 2.01.

(63) "**Second Notes**" means, collectively, the promissory notes of the Borrower in respect of the Second Borrowing substantially in the form set forth in Schedule "Q".

(64) "**Security**" means the security and agreements described in Article Nine and any additional security issued from time to time by any Person in support of the liabilities and obligations of the Borrower hereunder.

(65) "**Security Interest**" includes a mortgage, charge, floating charge, pledge, hypothec, assignment, lien, encumbrance, conditional sale agreement or other title retention agreement, subordination trust or other security interest or arrangement of any kind or character intended to create a security interest in substance regardless of whether the person creating the interest retains an equity of redemption, and any agreement to provide or enter into at any time or on the happening of any event such a security interest or arrangement.

(66) "**Subsidiary**" and "**Subsidiaries**" shall mean, respectively, with respect to any Person, each and all such corporations, partnerships, limited partnerships, limited liability companies, limited liability partnerships, joint ventures or other entities of which or in which such Person owns, directly or indirectly, such number of outstanding capital securities as have more than fifty percent (50.00%) of the ordinary voting power for the election of directors or other managers of such corporation, partnership, limited liability company or other entity, including, without limitation US Sub.

(67) "**Taxes**" means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including, without limitation, any interest, additions to tax or penalties applicable thereto.

(68) "**Term**" means respectively a period of twenty-four (24) months from and after the Closing Date.

(69) "**Thrombin Supply Agreement**" means the thrombin supply agreement to be entered into on the Closing Date between the Lender, the Borrower and US Sub as same may be amended, restated or otherwise modified from time to time.

(70) "**United States Dollars**" and "**US$**" each means lawful money of the United States of America.

(71) "**US Sub**" means Haemacure Corporation, a Delaware corporation.

(72) "**Written**" and "**In Writing**" shall include printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception including telecopy.

Section 1.02 United States Currency

Unless otherwise specified herein, all amounts and values referred to in this Agreement and the Notes shall be calculated in United States Dollars.

Section 1.03 Interest Act

All annual rates of interest referred to herein are based on a calendar year of 365 or 366 days, as the case may be.

Section 1.04 Headings and Table of Contents

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

Section 1.05 References

All references to Sections, Articles and Schedules are to Sections and Articles of and Schedules to this Agreement. The words "hereto", "herein", "hereof", "hereunder", "this Agreement" and similar expressions mean and refer to this Agreement.

Section 1.06 Number and Gender

Where the context so requires, words importing the singular include the plural and vice versa, and words importing gender include the masculine, feminine and neuter genders.

Section 1.07 Maximum Interest Rate

(1) In the event that any provision of this Agreement or the Notes would oblige the Borrower to make any payment of interest or any other payment which is construed by a court of competent jurisdiction to be interest in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by the Lender of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)), then notwithstanding such provision, such amount or rate shall be deemed to have been adjusted *nunc pro tunc* to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by the Lender of interest at a criminal rate, such adjustment to be effected, to the extent necessary, as follows:

(i) firstly, by reducing the amount or rate of interest required to be paid under Section 5.01 of this Agreement or the Notes; and

(ii) thereafter, by reducing any fees, commissions, premiums and other amounts which would constitute interest for the purposes of Section 347 of the *Criminal Code* (Canada).

(2) If, notwithstanding the provisions of Section 1.07(1) and after giving effect to all adjustments contemplated thereby, the Lender shall have received an amount in excess of the maximum permitted by such clause, then such excess shall be applied by the Lender to the reduction of the principal balance of the Outstanding Borrowings and not to the payment of interest or if such excessive interest exceeds such principal balance, such excess shall be refunded to the Borrower.

(3) Any amount or rate of interest referred to in this Section 1.07 shall be determined in accordance with generally accepted actuarial practices and principles at an effective annual rate of interest over the Term or the term of the Notes on the assumption that any charges, fees or expenses that fall within the meaning of "interest" (as defined in the *Criminal Code* (Canada)) shall, if they relate to a specific period of time, be prorated over that period of time and otherwise be prorated over the Term or the term of the Notes and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Lender and acceptable to the Borrower, acting reasonably, shall be conclusive for the purposes of such determination.

Section 1.08 <u>Schedules</u>

The Schedules forming part of this Agreement are as follows:

Schedule		**Description**
Schedule "A"	-	Form of Opinions
Schedule "B"	-	Litigation
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Schedule		**Description**
Schedule "Q"	-	Form of Promissory Note

ARTICLE TWO

CREDIT FACILITIES

Section 2.01 Credit Facilities.

Subject to the provisions of this Agreement, the Lender agrees to make available to the Borrower a non-revolving senior secured convertible bridge loan (a) in the principal amount of US$2,500,000 to be advanced to the Borrower by the Lender in multiple drawdowns as set forth in Schedule "M" annexed hereto (the "**Initial Borrowing**") and (b) in the additional principal amount of up to US$1,000,000 to be advanced in multiple drawdowns, from time to time, to the Borrower by the Lender, at the sole discretion of the Lender (the "**Second Borrowing**").

Section 2.02 Illegality

If the introduction of or any change in any Applicable Law (including, without limitation, any Applicable Law relating to the development, testing and commercialization of licensed products within the field of use set forth in each of the Collaboration Agreements) or in the interpretation or application thereof by any court or by any Governmental Authority charged with the administration thereof, makes it unlawful or prohibited for the Lender to make, to fund or to maintain its Commitment or to perform any of its obligations under this Agreement, the Lender may, by ninety (90) days written notice to the Borrower (unless the provision of the Applicable Law requires earlier prepayment in which case the notice period shall be such shorter period as required to comply with the Applicable Law), terminate its obligations under this Agreement and in such event, the Borrower shall prepay such Borrowings forthwith (or at the end of such period as the Lender in its discretion agrees), without notice or penalty, together with all accrued but unpaid interest and fees as may be applicable to the date of payment.

ARTICLE THREE

PROCEDURES APPLICABLE TO BORROWINGS

Section 3.01 Written Instructions

The Lender shall act upon the written instructions of the Chief Executive Officer of the Borrower or any Person whom the Chief Executive Officer has identified in writing as being a Person authorized to give instructions regarding matters contemplated by this Agreement, including, without limiting the generality of the foregoing, the Credit Facilities. The Lender shall not be responsible for any error or omission relating to such instructions. The Borrower may revoke the authority of any authorized Person by notifying the Lender in writing, which notice shall be effective immediately.

ARTICLE FOUR

PAYMENTS AND MANDATORY CONVERSION

Section 4.01 Interest and Repayment

The Credit Facilities, together with accrued and unpaid interest thereunder, shall bear interest as follows:

(1) the principal amount of each of the drawdowns under the Initial Borrowing shall bear interest at the Interest Rate from, and including, the date on which such drawdown is made to the Borrower by the Lender as set forth in Schedule "M" annexed hereto to, and including, the Maturity Date, which interest will be compounded and capitalized on a quarterly basis; and

(2) the principal amount of each of the drawdowns under the Second Borrowing, if any, shall bear interest at the Interest Rate from, and including, the date on which such drawdown is made to the Borrower by the Lender to, and including, the Maturity Date, which interest will be compounded and capitalized on a quarterly basis.

Subject to the provisions of Section 4.09, the Outstanding Obligations shall be repaid in full by the Borrower on the earlier of (i) the Maturity Date and (ii) the date of acceleration of the Outstanding Obligations pursuant to Article Ten.

Section 4.02 Mandatory Prepayment

Notwithstanding anything herein to the contrary, ***(omitted)***% of the net proceeds of the disposition of any asset of the Borrower, or any Subsidiary of the Borrower, other than proceeds generated by Permitted Asset Sales, shall be paid to the Lender forthwith upon receipt as a permanent reduction of the Credit Facilities.

Section 4.03 Payments Generally

Subject to Section 4.04, each payment under this Agreement or the Notes shall be made for value at or before 1:00 p.m. (Montréal time) on the date such payment is due and payable, in arrears.

The Borrower shall make all payments required to be made hereunder electronically to Angiotech Pharmaceuticals, Inc. at:

DESTINATION BANK:	*****(omitted)*
INTERMEDIARY BANK:	*****(omitted)*
BENEFICIARY:	*****(omitted)*

Section 4.04 No Credit for Trust Funds

For greater certainty, payments of any nature whatsoever made by the Borrower to the Lender which the Lender is required to pay to any Person by reason of any trust imposed by law (including, without limitation, provisions of the U.S. Bankruptcy Code, as amended, relating to fraudulent conveyances, preferences, or other voidable or recoverable payments of money or transfers of Property) or by any Person upon amounts received by the recipient from the Borrower, shall not be credited against, or deemed to be payment on account of, all or any portion of the Outstanding Borrowings. All costs and expenses incurred by the Lender or its representatives and solicitors in connection with the repayment of such monies to any Person shall be for the account of the Borrower and payable on demand. Interest shall accrue on these costs and expenses, until paid at the Default Rate.

Section 4.05 Payments of Principal and Interest

The Borrower shall make payments of principal and interest on the Credit Facilities in arrears, as contemplated by Section 4.01 and Section 4.03, and in accordance with the terms and provisions of the Notes, until the Credit Facilities are paid in full.

Section 4.06 Use of Proceeds

(1) Use of Proceeds. The proceeds of the Credit Facilities shall be used by the Borrower to fund primarily the advance of the development of its current fibrin sealant and thrombin products substantially in accordance with the Forecast.

(2) The Credit Facilities and the Notes. The obligation of the Borrower to repay the unpaid principal amount and interest on the Credit Facilities shall be evidenced by the Notes.

(3) Disbursement. Subject to the satisfaction of the conditions precedent set forth in Article Six, the Lender shall, on each of the applicable drawdown dates, disburse the Credit Facilities by wire transfer to the Borrower.

Section 4.07 Other Payment Terms

Notwithstanding any other provisions of this Agreement or the Notes, the Borrower shall make all payments due to the Lender in United States Dollars, which payments shall be made in immediately available funds, in the manner set forth in Section 4.03.

Section 4.08 Taxes

(1) Payments Subject to Taxes. If any one of the Borrower, US Sub or the Lender is required by Applicable Law to deduct or pay any Indemnified Taxes (including, without limitation, any Other Taxes) in respect of any payment by or on account of any obligation of the Borrower or US Sub hereunder or under the Security, then (i) the sum payable shall be increased by the Borrower or US Sub when payable as necessary so, that after making or allowing for all required deductions

and payments (including deductions and payments applicable to additional sums payable under this Section 4.08), the Lender receives an amount equal to the sum it would have received had no such deductions or payments been required, (ii) the Borrower or US Sub shall make any such deductions required to be made by it under Applicable Law and (iii) the Borrower or US Sub shall timely pay the full amount required to be deducted to the relevant Governmental Authority in accordance with Applicable Law.

(2) Payment of Other Taxes by the Borrower. Without limiting the provisions of Section 4.08(1) above, the Borrower or US Sub, as the case may be, shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(3) Indemnification by the Borrower. The Borrower or US Sub, as the case may be, shall indemnify the Lender, within 15 days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 4.08) paid by the Lender and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower or US Sub, as the case may be, by the Lender shall be conclusive absent manifest error. In the event the Lender subsequently recovers all or part of the payment made under this Section paid by the Borrower or US Sub, as the case may be, it shall promptly repay an equal amount to the Borrower or US Sub, as the case may be.

(4) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower or US Sub to a Governmental Authority, the Borrower or US Sub, as the case may be, shall deliver to the Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender.

Section 4.09 Bona Fide Equity Financing

(1) The Lender shall have the option to advance to the Borrower on the day immediately preceding the closing of a Bona Fide Equity Financing all of the drawdowns under the Initial Borrowing that have not previously been advanced to the Borrower in accordance with the terms and conditions of this Agreement.

(2) Upon closing of a Bona Fide Equity Financing:

(i) the Converted Obligations shall automatically be converted, without the payment of any additional consideration, into fully paid and non-assessable equity securities of the same class at a discount of 15% to the price payable by purchasers of such equity securities at closing of such Bona Fide Equity Financing provided, however, that a portion of the Converted Obligations may, at the option of the Lender, be converted into fully paid and non-assessable equity securities of class other than the class of equity securities being issued at closing of such Bona Fide Equity Financing in the event the conversion of all or any portion of the Converted Obligations into equity securities of the same class of equity securities would require the Lender to consolidate the financial results of the Borrower in its financial statements; provided further that Borrower and the Lender will mutually agree on the terms and conditions of such other class of equity securities;

(ii) the Borrower shall issue to the Lender a warrant for the purchase of equity securities of the same class as issued at closing of such Bona Fide Equity Financing having the following terms:

(A) the warrant shall be exercisable for a number of equity securities equal to the Converted Obligations divided by the issue price of the equity securities issued at closing of the Bona Fide Equity Financing;

(B) the warrant shall have an exercise price equal to the issue price of the Bona Fide Equity Financing; and

(C) the warrant shall have the same term as the warrants, if any, issued as part of the Bona Fide Equity Financing provided, however, that, to the extent no warrant is issued in connection with the Bona Fide Equity Financing, the warrant shall have a term of five (5) years from the closing of the Bona Fide Equity Financing;

(iii) the Lender shall have the right to appoint one of its representatives to the board of directors of the Borrower; and

(3) The Borrower shall take all actions necessary to obtain prior to the closing of the Bona Fide Equity Financing all of the Governmental Authorizations required to complete the conversion in full of the Converted Obligations set forth in this Section 4.09, including, without limitation, the conditional approval by the Toronto Stock Exchange of the additional listing of the equity securities issuable to the Lender upon (i) the conversion in full of the Converted Obligations and (ii) the exercise of the warrants issuable to the Lender pursuant to Section 4.09(2)(ii).

(4) Upon closing of the Bona Fide Equity Financing and the conversion in full of the Converted Obligations into equity securities of the Borrower in accordance with Section 4.09(2), the Outstanding Obligations shall be deemed to have been repaid in full by the Borrower as of the closing date of the Bona Fide Equity Financing.

(5) Each party shall prepare and file the notification and report forms required to be filed under the HSR Act and any notification or other document required to be filed under any applicable antitrust or competition-related Applicable Law in connection with the conversion, and shall respond as promptly as practicable to (i) any inquiries or requests received from the (U.S.) Federal Trade Commission or the (U.S.) Department of Justice for additional information or documentation and (ii) any inquiries or requests received from any state or provincial attorney general, antitrust or competition authority or other Governmental Authority in connection with antitrust or related matters.

ARTICLE FIVE

INTEREST, FEES AND EXPENSES

Section 5.01 Interest on Overdue Amounts

Upon a default in the payment of principal, interest or any other amount due under this Agreement or the Notes, the Borrower shall pay interest on the principal portion of such overdue amount both before and after judgment at the Default Rate, computed from the date such amount becomes overdue for so long as such amount remains overdue. Such interest shall be payable upon demand by the Lender and shall be compounded quarterly.

Section 5.02 Costs and Expenses

All statements, reports, certificates, Security registrations, opinions and other documents or information required to be furnished to the Lender by the Borrower under this Agreement shall be supplied without cost to the Lender. Each of the Lender and the Borrower shall bear its own costs and expenses in relation to the preparation of the Loan Documents and the closing of the transactions set forth therein.

Section 5.03 Determination Conclusive

Each determination by the Lender of any rate or fee referenced herein shall, in the absence of manifest error, be final, conclusive and binding on the Borrower.

ARTICLE SIX

CONDITIONS PRECEDENT

Section 6.01 Conditions – Credit Facilities

The obligation of the Lender to advance the Credit Facilities under this Agreement is subject to the terms and conditions of this Agreement and is conditional upon satisfactory evidence being given to the Lender and its counsel as to compliance with the following conditions, on or before the Closing Date:

(1) Representations and Warranties. The representations and warranties contained in Section 7.01 of this Agreement shall be true and correct in all material respects on the Closing Date (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified by materiality in the text thereof).

(2) Resolutions and Certificates. The Lender shall have received, duly executed and in form and substance satisfactory to it:

(i) a copy of the constating documents and by-laws of each of the Borrower and US Sub, together with a copy of the resolutions of the board of directors and the shareholders, as required, of the Borrower authorizing the execution, delivery and performance of this Agreement, the Notes, the Security, each of the Collaboration Agreements (other than the Amended and Restated Fibrin Sealant Collaboration Agreement) and any other Loan Documents, certified by an appropriate officer of the Borrower;

(ii) a certificate of incumbency for each of the Borrower and US Sub showing the names, offices and specimen signatures of the officers who will execute, as applicable, this Agreement, the Notes, the Security, each of the Collaboration Agreements (other than the Amended and Restated Fibrin Sealant Collaboration Agreement) and any other Loan Documents; and

(iii) such additional supporting documents as the Lender or its counsel may reasonably request.

(3) Delivery of Initial Note. The Lender shall have received an Initial Note evidencing the Indebtedness of the Borrower towards the Lender pursuant to all of the drawdowns made as of the Closing Date under the Initial Borrowing.

(4) Delivery of Security. The Lender shall have received the Security together with any necessary consents, estoppels, confirmations, priorities agreements or subordinations of third parties as may be required by the Lender, duly executed by the issuer thereof and in form and substance satisfactory to the Lender and its counsel.

(5) Registration. The Security has been registered, recorded or filed in all jurisdictions where deemed necessary by the Lender and its counsel.

(6) Delivery of Collaboration Agreements. The Lender shall have received duly executed copies of each of the Collaboration Agreements (other than the Amended and Restated Fibrin Sealant Collaboration Agreement), in each case, in form and substance satisfactory to the Lender.

(7) Legal Opinions. The Lender shall have received from Heenan Blaikie LLP and Shutts & Bowen LLP, counsels to the Borrower, favourable legal opinions under laws of the Province of Québec, the State of Florida and such other jurisdictions as may be required by the Lender, acting reasonably, in connection with this Agreement, the Notes, the Security, the Collaboration Agreements and any other Loan Documents, substantially in the form of the opinions annexed as Schedule "A" hereto.

(8) Insurance. The Lender shall have received a certificate of insurance in respect of all insurance policies maintained by the Borrower and US Sub which is to name the Lender as additional insured and loss payee, as its interest may appear.

(9) Material Contracts. The Lender or its counsel shall have completed to its satisfaction all due diligence on the business and affairs of the Borrower and US Sub and received and reviewed copies of all documents, including, without limitation, any shareholder agreements, security agreements, royalty agreements, manufacturing and supply contracts, clinical trial agreements, Governmental Authorizations, leases and other agreements material to the assets or Property and the business of the Borrower or US Sub, as the case may be, and such other document as requested by the Lender or its counsel, including any License Agreements, and the Lender shall be satisfied that all Material Contracts and Governmental Authorizations are in full force and effect and shall be in full force and effect upon the closing of the transactions set forth in this Agreement and that the Borrower and the other parties thereto are not in default thereunder.

(10) Security Interests. All Security Interests charging any asset of the Borrower or US Sub, as the case may be, other than the Security and Permitted Encumbrances,

shall have been (i) discharged or (ii) fully subordinated and postponed, in right of security and payment, in favour of the Security and the Outstanding Obligations.

(11) Absence of Litigation. On the Closing Date, there shall be no claim, action, suit, proceeding, arbitration, complaint, charge, investigation, notice of violation, notice of noncompliance, or similar matter pending or threatened against the Borrower or US Sub, as the case may be.

(12) Third Party Consents and Governmental Approvals. All consents, approvals, and authorizations of any Person or registrations, declarations, filings or recordings with, or notices to any Person, including, without limitation, any Governmental Authority, required in connection with the completion of any of the transactions contemplated by this Agreement, the Notes, the Security and any other Loan Documents, each of the Collaboration Agreements, the execution of thereof, the closing or the performance of any of the terms and conditions of thereunder and any consents required under contracts shall have been obtained at or before the Closing Date on terms acceptable to the Lender, acting reasonably.

(13) Key Employees. The Borrower and the Lender shall have entered into retention agreements, in form and substance satisfactory to the Lender, acting reasonably, with employees identified as key employees by the Lender, in its sole discretion.

(14) Waivers. The Lender shall have received the waivers of the breaches by the Borrower or US Sub, as the case may be, set forth below:

(omitted)

Section 6.02 Additional Conditions in respect of the Post-Closing Drawdowns on the Initial Borrowing

The obligation of the Lender to advance the additional drawdowns under the Initial Borrowing on the dates set forth in Schedule "M" annexed hereto or in accordance with Section 4.09(1), as the case may be, is subject to the terms and conditions of this Agreement and is conditional upon satisfactory evidence being given to the Lender and its counsel as to compliance with the following additional conditions, on or before the date of a specific drawdown set forth in Schedule "M" annexed hereto:

(1) Representations and Warranties. The representations and warranties contained in Section 7.01 and Section 11.01 and the conditions set forth in Section 6.01(12) are and shall continue to be true and correct in every material respect as if made on such date of drawdown (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified by materiality in the text thereof).

(2) Delivery of Initial Note. The Lender shall have received from the Borrower an Initial Note evidencing the Indebtedness of the Borrower towards the Lender pursuant to the additional drawdown made under the Initial Borrowing.

(3) Indebtedness. Except for the Permitted Indebtedness, the Borrower and US Sub shall not have any other Indebtedness.

(4) No Default. No Default or Event of Default has occurred and is continuing.

(5) Material Adverse Effect. Nothing shall have occurred nor any fact become known to the Lender of which the Lender was not aware at the date of this Agreement and which is reasonably likely to have a Material Adverse Effect or creates a material impairment in the prospect of repayment of any portion of the Credit Facilities to be advanced by the Lender or results in a material impairment of the value or priority of the Lender's Security Interest.

(6) Compliance with Forecast. The Borrower shall have complied with the Forecast in all material respects.

Section 6.03 Additional Conditions in respect of the Second Borrowing

If the Lender has agreed in writing to make any advance under the Second Borrowing, the obligation of the Lender to advance the Second Borrowing under this Agreement shall be subject to the terms and conditions of this Agreement and shall be conditional upon satisfactory evidence being given to the Lender and its counsel as to compliance with the following additional conditions, on or before the date of the advance of the Second Borrowing:

(1) Representations and Warranties. The representations and warranties contained in Section 7.01 and Section 11.01 and the conditions set forth in Section 6.01(12) are and shall continue to be true and correct in every material respect as if made on such date of drawdown (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified by materiality in the text thereof).

(2) Delivery of Second Notes. The Lender shall have received from the Borrower a Second Note evidencing the Indebtedness of the Borrower towards the Lender pursuant to the advance made under the Second Borrowing.

(3) Indebtedness. Except for the Permitted Indebtedness, the Borrower and US Sub shall not have any other Indebtedness.

(4) No Default. No Default or Event of Default has occurred and is continuing.

(5) Material Adverse Effect. Nothing shall have occurred nor any fact become known to the Lender of which the Lender was not aware at the date of this Agreement and which is reasonably likely to have a Material Adverse Effect or creates a material impairment in the prospect of repayment of any portion of the Credit Facilities to be advanced by the Lender or results in a material impairment of the value or priority of the Lender's Security Interest.

(6) Compliance with Forecast. The Borrower shall have complied with the Forecast in all material respects.

Section 6.04 Waiver

The terms and conditions stated in this Article Six are inserted for the sole benefit of the Lender and may be waived by it in writing in whole or in part and with or without terms or conditions.

ARTICLE SEVEN

REPRESENTATIONS AND WARRANTIES

Section 7.01 Representation and Warranties

The Borrower represents and warrants to the Lender that on the Closing Date and, where applicable, beyond the Closing Date:

(1) Due Incorporation. The Borrower is a corporation duly incorporated, organized and validly subsisting under the laws of Canada. US Sub is a corporation duly incorporated, organized and validly subsisting under the laws of Delaware. Each of the Borrower and US Sub has all necessary corporate power and authority to own its properties and assets and to carry on business as now conducted and as contemplated to be conducted, including, without limitation, the manufacturing, production and sale of medical devises and fibrin sealant and thrombin products, and is duly licensed or registered or otherwise qualified to carry on business in all jurisdictions wherein the nature of its assets or the business transacted makes such licensing, registration or qualification necessary, including, without limitation, the State of Florida and the Province of Québec.

(2) Power. Each of the Borrower and US Sub, as the case may be, has full corporate power and capacity to enter into, deliver and perform its obligations under this Agreement, the Notes, the Security, each of the Collaboration Agreements (other than the Amended and Restated Fibrin Sealant Collaboration Agreement), and all other Loan Documents.

(3) Due Authorization and No Conflict. The execution, delivery and performance by each of the Borrower and US Sub, as the case may be, of this Agreement, the Notes, the Security, each of the Collaboration Agreements (other than the Amended and Restated Fibrin Sealant Collaboration Agreement), and all other Loan Documents and the consummation of the transactions contemplated hereby and thereby:

(i) have been duly authorized by all necessary corporate action;

(ii) do not and will not require any approval, authorization or consent from the shareholders of each of the Borrower and US Sub;

(iii) do not and will not conflict with, result in any breach or violation of, or constitute a default or require notice under the constating documents or by-laws of either the Borrower or US Sub, or, in any material respect, any Applicable Law (including, without limitation, with any Applicable Law relating to the development, testing and commercialization of licensed products within the field of use set forth in each of the Master Collaboration Agreements), determination or award presently in effect and applicable to each of the Borrower and US Sub, of any commitment, agreement or any other instrument to which the Borrower is now a party or is otherwise bound, or under any Governmental Authorizations;

(iv) do not (except for the Security) result in or require the creation of any Security Interest upon or with respect to any of the properties or assets of each of the Borrower and US Sub; and

(v) do not require the consent or approval of any Person (other than those consents or approvals already obtained and copies of which have been delivered to the Lender) of, or registration, notification or filing with, any other party or any Governmental Authority having jurisdiction except for filings in connection with the perfection of the security interests created by the Security.

(4) Valid and Enforceable Obligations. This Agreement, the Notes, the Security, the each of the Collaboration Agreements (other than the Amended and Restated Fibrin Sealant Collaboration Agreement), and all other Loan Documents to which the Borrower or US Sub is a party, are, or when executed and delivered to the Lender will be, legal, valid and binding obligations of the Borrower or US Sub, as the case may be, enforceable by the Lender in accordance with their respective

terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, to the general principles of equity and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.

(5) Title. Subject only to Permitted Encumbrances and the Security, each of the Borrower and US Sub has good and marketable title to its Property, including, without limitation, the Governmental Authorizations and the Intellectual Property, free and clear of all Security Interests.

(6) Validity and Priority of Security. Subject only to Permitted Encumbrances, the Security creates a valid first registered, charge, lien and Security Interest on the Property and assets of each of the Borrower and US Sub, including Intellectual Property.

(7) No Actions. Save as set forth in Schedule "B" annexed hereto, there are no actions, suits, proceedings, inquiries or investigations existing or, to the knowledge of each of the Borrower and US Sub, pending, threatened or affecting each of the Borrower and US Sub in any court or before or by any federal, provincial or municipal or other governmental department, commission, board, tribunal, bureau or agency, domestic or foreign, which are reasonably likely to have a Material Adverse Effect or materially and adversely affect the ability of the Borrower to repay the Outstanding Obligations or any part thereof or which are reasonably likely to materially and adversely affect the ability of the Borrower and US Sub, as the case may be, to perform any of its obligations under this Agreement, the Notes, the Security, each of the Collaboration Agreements (other than the Amended and Restated Fibrin Sealant Collaboration Agreement), or any other Loan Documents, or the validity or enforceability of this Agreement or the Security.

(8) No Material Adverse Effect or Event of Default. No event has occurred and is continuing, and no circumstance exists which has not been waived, and which constitutes a Default or Event of Default hereunder or a default or event of default in respect of any material commitment, agreement or any other instrument, including, without limitation, any of the Material Contracts, to which the Borrower or US Sub is now a party or is otherwise bound, entitling any other party thereto to accelerate the maturity of amounts of principal owing thereunder, or terminate any such material commitment, agreement or instrument, including, without limitation, any of the Material Contracts, or which would have a Material Adverse Effect.

(9) Compliance with Law. Except as otherwise disclosed in Schedule "P" annexed hereto, each of the Borrower and US Sub is not in violation of any terms of its constating documents or by-laws or of any Applicable Law, regulation, rule, order, judgment, writ, injunction, decree, determination or award presently in

effect and applicable to it, the violation of which would have a Material Adverse Effect.

(10) Location of Assets. Schedule "C" annexed hereto contains the legal description of all immovable or real Property owned by each of the Borrower and US Sub. Set out in Schedule "D" annexed hereto is a list of all immovable or real Property locations leased by each of the Borrower and US Sub. Set out in Schedule "F" annexed hereto is a list of all immovable or real Property locations in which any material asset owned by each of the Borrower and US Sub is located and which locations are neither owned nor leased by the Borrower or US Sub.

(11) Subsidiaries. Other than as may be set out in Schedule "I" annexed hereto, neither the Borrower nor US Sub owns any shares or voting securities of any Person and neither has any other Subsidiaries.

(12) Taxes. Except as otherwise disclosed in Schedule "P" annexed hereto, each of the Borrower and US Sub has filed all foreign, federal, provincial and local tax returns which are required to be filed and has paid all Taxes due pursuant to such returns or pursuant to any assessment received by each of the Borrower and US Sub except such Taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided. The charges, accruals and reserves on the books of the Borrower in respect of any Taxes or other governmental charges are adequate.

(13) Intellectual Property.

(i) Each of the Borrower and US Sub solely owns all Intellectual Property necessary for the conduct in all material respects of its business as now conducted and as contemplated to be conducted, including, without limitation, the manufacturing and production of fibrin sealant and thrombin products, without any conflict with the rights of others, and in each case free from any Security Interest except for Permitted Encumbrances and the Security. Except as otherwise disclosed in Schedule "P" annexed hereto, no royalty is due to a third party for practice of such Intellectual Property. All Intellectual Property is new and original. No Intellectual Property has been dedicated to the public, has been finally adjudged to be invalid or unenforceable, or is licensed to a third party. Set out in Schedule "G" annexed hereto are all registered or applied for patents, patent applications, trademarks, trade names, copyrights, licenses and rights with respect to the Intellectual Property owned by each of the Borrower and US Sub.

(ii) Any Intellectual Property that is not owned by the Borrower or US Sub is used with the consent of or license from the rightful owner through the License Agreements set forth in Schedule "H" annexed hereto; such License Agreements are valid and subsisting and in good standing and there are no defaults thereunder by each of the Borrower and US Sub or, if applicable, its Subsidiaries. Each of the Borrower and US Sub has all rights necessary to use the Intellectual Property described in the License Agreements set out in Schedule "H" annexed hereto, free from any Security Interest, except for Permitted Encumbrances and the Security.

(iii) Neither the Borrower nor US Sub has received a written demand, claim, notice or inquiry from any Person in respect of any of its Intellectual Property which challenges or threatens to challenge the validity of, the rights of the Borrower or US Sub in, or the right of the Borrower or US Sub to use, any such Intellectual Property that has not been resolved.

(iv) No claim has been threatened or asserted in writing against the Borrower or US Sub that the Borrower or US Sub has violated or infringed upon the intellectual property rights of any Person that has not been resolved and, to the knowledge of the Borrower and US Sub, it is not in violation or infringement of, and has not violated or infringed, any proprietary rights of any other Person.

(v) To the knowledge of the Borrower and US Sub, no Person is infringing the Borrower's or US Sub's Intellectual Property.

(vi) Each of the Borrower and US Sub have taken reasonable measures to protect the secrecy, confidentiality and value of all of its material trade secrets (including, without limitation, entering into appropriate confidentiality agreements with all officers, directors, employees, and other Persons with access to such trade secrets). To the knowledge of the Borrower and US Sub, its material trade secrets have not been disclosed to any Person other than to Persons who had a need to know and use such trade secrets in the ordinary course of business and who executed appropriate confidentiality agreements prohibiting unauthorized disclosure of such trade secrets.

(14) Supplier and Trade Relations. There is not any actual or, to the best of each of the Borrower's and US Sub's knowledge and belief, threatened termination or cancellation of, or any change in, the business relationship between each of the Borrower and US Sub and any supplier material to the operations of each of the Borrower and US Sub that would result in a Material Adverse Effect.

(15) Labour Matters. To the best of each of the Borrower's and US Sub's knowledge, there are no strikes or other labour disputes against each of the Borrower and US Sub that are pending or threatened. All payments due from each of the Borrower and US Sub on account of workers compensation, social security, Canada Pension Plan, employment insurance, employee health plans, social security and insurance of every kind and employee income tax source deductions and vacation pay have been paid. Each of the Borrower and US Sub does not have any obligation under any collective bargaining agreement nor, to the best of each of the Borrower's and US Sub's knowledge, is there any organizing activity involving each of the Borrower and US Sub by any labour union or group of employees. All employee and employer contributions under any pension plan operated by each of the Borrower and US Sub have been made and the fund or funds established under such plans are funded in accordance with applicable regulatory requirements and there exists no going concern unfunded liabilities or solvency deficiencies thereunder.

(16) Accuracy of Information. All factual information previously or contemporaneously furnished to the Lender by or on behalf of each of the

Borrower and US Sub in writing for purposes of or in connection with this Agreement or any transaction contemplated hereby, including, without limitation, the Notes, the Security, any other Loan Documents, any financial statement, budget, balance sheet or business plan, is true and accurate in every material respect and such information is not incomplete by the omission of any material fact necessary to make such information not misleading.

(17) Registered Office. The registered office, principal place of business and place where the Borrower keeps its Books and Records is located at 215 Redfern Avenue, Suite 100, Westmount, Québec, H3Z 3L5. The registered office, principal place of business and place where US Sub keeps its Books and Records is located at 600 Tallevast Road, Suite 201, Bradenton, Florida 34243.

(18) Financial Year End. The financial year-end of each of the Borrower and US Sub is the last day of October.

(19) Guarantees. Each of the Borrower and US Sub has not guaranteed the obligations of any Person in respect of indebtedness for borrowed money other than in connection with Permitted Indebtedness.

(20) Inventory. Any inventory purchased by each of the Borrower and US Sub is purchased free and clear of any and all adverse claims other than unpaid supplier's rights to repossess goods under applicable personal or movable property security legislation and Section 81.1 of the *Bankruptcy and Insolvency Act* (Canada) or the equivalent provisions of the U.S. Bankruptcy Code or under State legislation.

(21) Authorized and Issued Capital. The authorized capital of the Borrower consists of an unlimited number of common shares and an unlimited number of preferred shares. The authorized capital of US Sub consists of 1500 common shares. The issued and outstanding shares of all classes of each of the Borrower and US Sub, on a fully diluted basis, are set forth in Schedule "J" annexed hereto.

(22) Amount of Accounts. The amount represented by each of the Borrower and US Sub to the Lender from time to time as owing by each account debtor or by all account debtors in respect of the accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by each of the Borrower and US Sub to the Lender at that time, will to the best of each of the Borrower's and US Sub's knowledge be owed free of any dispute, set-off or counterclaim.

(23) No Required Disposition. There is no existing agreement, option, right or privilege capable of becoming an agreement or option pursuant to which the Borrower or US Sub would be required to sell or otherwise dispose of any of its movable or personal Property, including, without limitation, Intellectual Property.

(24) Predecessor Names and Trade Names. Since the date of its incorporation, each of the Borrower and US Sub has not used nor does it now use any name other than its current corporate name and any other names set out in Schedule "K" annexed hereto.

(25) Lease Obligations. Except as otherwise disclosed in Schedule "P", each of the Borrower and US Sub is current in all of its lease obligations and payments in respect of leased premises and is not in default thereunder.

(26) Partnership. Neither the Borrower nor US Sub is in partnership with any Person and neither the Borrower nor US Sub and any of their respective Subsidiaries is a participant in any joint venture.

(27) ERISA Obligations. All Employee Plans of US Sub meet the minimum funding standards of Section 302 of ERISA and 412 of the Code where applicable, and each such Employee Plan that is intended to be qualified within the meaning of Section 401 of the Code is qualified. No withdrawal liability has been incurred under any such Employee Plans and no "Reportable Event" or "Prohibited Transaction" (as such terms are defined in ERISA), has occurred with respect to any such Employee Plans, unless approved by the appropriate governmental agencies. The US Sub has promptly paid and discharged all obligations and liabilities arising under ERISA of a character which if unpaid or unperformed might result in the imposition of a Lien against any of its properties or assets.

(28) Governmental Authorizations. Each of the Borrower and US Sub holds all the Governmental Authorizations required by the Borrower or US Sub to enable it to carry on the business as currently conducted and as contemplated to be conducted in compliance with all Applicable Laws. The Governmental Authorizations are in full force and effect in accordance with their terms, and the Borrower and US Sub are not aware of any event that has occurred or circumstance that exists that (with or without notice or lapse of time) may constitute or result in a violation of any such Governmental Authorization, or give rise to an obligation on the part of the Borrower or US Sub, as the case may be, to undertake or bear any cost of corrective or remedial action. No proceedings are pending or, to the knowledge of the Borrower or US Sub, as the case may be, threatened, which could result in their revocation, modification or limitation and all steps have been taken and filings made on a timely basis with respect to each Governmental Authorization and any required renewal. Without limitation of any other representation or warranty hereunder, (i) all products sold for commerce or material produced for clinical trials, with respect to which Borrower or US Sub is considered to be the manufacturer for regulatory purposes, have been manufactured in accordance with applicable good manufacturing practices and other Applicable Law, and (ii) Borrower and US Sub have conducted all clinical trials in accordance with Applicable Law. Neither Borrower nor US Sub is aware of any serious adverse effects with respect to products currently sold by them.

(29) Material Contracts. Schedule "L" annexed hereto sets forth a complete list of all contracts that are material to the Borrower or US Sub, as the case may be (the "**Material Contracts**"). There are no Material Contracts other than those listed in Schedule "L".

Section 7.02 Compliance with Securities Laws

Each of the Borrower and US Sub is in compliance in all material respects with the provisions and requirements of all applicable securities laws, stock exchanges, regulations, rules and requirements of any jurisdiction having authority in relation to each of the Borrower and US Sub, including, without limitation, the completion on a proper and timely basis of all necessary filings and reports under any and all such securities laws, regulations, rules and requirements.

Section 7.03 Disclosure

No representation or warranty made by the Borrower in this Agreement or any of the Security delivered by the Borrower, US Sub or any Subsidiaries thereof contains any untrue statement of a fact or omits to state a material fact necessary in order to make the statements contained therein, taken as a whole, not misleading in light of the circumstances in which they are made.

Section 7.04 Lender's Representations and Warranties

The Lender represents, and warrants to the Borrower that:

(1) The execution, delivery and performance by the Lender of this Agreement and all other Loan Documents and the consummation of the transactions contemplated hereby and thereby do not require the consent or approval (other than those consents or approvals already obtained and copies of which have been delivered to the Lender) of, or registration or filing with, any other party or any Governmental Authority having jurisdiction except for filings in connection with the perfection of the security interests created by the Security.

(2) the Lender is not a non-resident of Canada for the purposes of Part XIII of the *Income Tax Act* (Canada).

Section 7.05 Survival of Representations and Warranties

The representations and warranties contained in this Article Seven shall survive the execution and delivery of this Agreement and the making of Borrowings hereunder, regardless of any investigation or examination made by the Lender or its counsel. The Lender shall be deemed to have relied upon each of the Borrower's representations and warranties in making available the Credit Facilities hereunder and the Borrower shall be deemed to have relied upon each of the Lender's representations and warranties hereunder.

ARTICLE EIGHT

COVENANTS

Section 8.01 Positive Covenants

From the date hereof and until the Outstanding Obligations are repaid in full or converted in full into equity securities of the Borrower in accordance with Section 4.09, each of the Borrower and US Sub will observe and perform each of the following covenants, unless compliance therewith shall have been waived in writing by the Lender:

(1) Existence. Each of the Borrower and US Sub will do or cause to be done all such things as are necessary to maintain its corporate existence in good standing, to ensure that it has, at all times, the right and is duly qualified to conduct its business and to obtain and maintain all rights, privileges and franchises necessary for the conduct of its business.

(2) Conduct of Business. Each of the Borrower and US Sub will maintain, operate and use its Property and assets, and will carry on and conduct its business so as to preserve and protect such Property and assets and business and the profits thereof.

(3) Payment of Principal, Interest and Expenses. Subject to the conversion in full of the Converted Obligations pursuant to Section 4.09, each of the Borrower and US Sub will duly and punctually pay or cause to be paid to the Lender the Outstanding Obligations at the times and places and in the manner provided for herein and in the Notes.

(4) Payment of Taxes and Claims. Each of the Borrower and US Sub will pay and discharge promptly when due all Taxes, assessments and other governmental charges or levies imposed upon it or upon its properties or assets or upon any part thereof, as well as all claims of any kind (including claims for labour, materials and supplies) which, if unpaid, would by law become a lien, charge, trust or other claim upon any such properties or assets; but each of the Borrower and US Sub shall not be required to pay any such Tax, assessment, charge or levy or claim if the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings and if the Borrower or US Sub, as the case may be, shall have set aside on its books a reserve to the extent required by GAAP in an amount which is reasonably adequate with respect thereto.

(5) Use of Proceeds. The Borrower and its Subsidiaries shall use the proceeds of all Borrowings for the purposes set forth in subsection 4.06(1).

(6) Reserves. The Borrower and its Subsidiaries will maintain appropriate reserves for Taxes and other contingent expenses or liabilities in accordance with GAAP.

(7) Other Information. The Borrower shall furnish to the Lender promptly on written request therefor such other information in its possession respecting its financial

condition and its business and affairs, as the Lender may from time to time reasonably require.

(8) Insurance.

(i) The Borrower shall obtain and maintain for the Term, at its own expense:

(A) "Commercial General Liability Insurance" (including bodily injury and property damage, products and completed operations, personal and advertising liability, medical payments and tenants legal liability) reasonably satisfactory to the Lender. The limit of liability shall be at least an annual aggregate of CDN$***(omitted)*** per occurrence (except for medical payments and tenants legal liability which shall be not less than, respectively, CDN$***(omitted)*** and CDN$***(omitted)***). The policy shall be without deductible, except for the tenants legal liability which may have a deductible of up to CDN$***(omitted)***. The policy shall name the Lender as an additional insured, be primary and without contribution with respect to any insurance carried by the Lender, and contain a cross liability (or severability of interests) clause.

(B) "Excess Liability" (umbrella form) reasonably satisfactory to the Lender. The limit of liability shall be at least in the annual aggregate of CDN$***(omitted)*** per occurrence. The policy shall be without deductible. The policy shall name the Lender as an additional insured, be primary and without contribution with respect to any insurance carried by the Lender, and contain a cross liability (or severability of interests) clause.

(ii) US Sub shall obtain and maintain for the Term, at its own expense:

(A) "Commercial General Liability Insurance" (including products and completed operations, personal and advertising liability, medical payments and fire damage) reasonably satisfactory to the Lender. The limit of liability shall be at least an annual aggregate of US$***(omitted)*** and US$***(omitted)*** per occurrence (except for personal and advertising liability which shall not be less than US$1,000,000 and medical payments and fire damage which shall be not less than, respectively, US$***(omitted)*** and US$***(omitted)***). The deductible of the policy shall be no more than US$***(omitted)*** in the aggregate and US$***(omitted)*** per claim. The policy shall name the Lender as an additional insured, be primary and without contribution with respect to any insurance carried by the Lender, and contain a cross liability (or severability of interests) clause.

(B) "Automobile Liability" reasonably satisfactory to the Lender. The combined single limit of liability shall be at least an annual aggregate of US$***(omitted)***. The deductible of the policy shall be no more than US$***(omitted)*** in respect of hired physical damage liability.

(C) "Excess Liability" (umbrella form) reasonably satisfactory to the Lender. The limit of liability shall be at least in the annual aggregate of US$***(omitted)*** per occurrence. The policy may have a deductible of up to US$***(omitted)***. The policy shall name the Lender as an additional insured, be primary and without contribution with respect to any insurance carried by the Lender, and contain a cross liability (or severability of interests) clause.

(D) "Workers Compensation and Employers' Liability" reasonably satisfactory to the Lender. The limit of liability shall be at least of US$***(omitted)*** per disease, employee and accident. The policy shall be without deductible. The policy shall name the Lender as an additional insured, be primary and without contribution with respect to any insurance carried by the Lender, and contain a cross liability (or severability of interests) clause.

(iii) Such other insurance against risks of loss and with terms as shall be reasonably required by Lender. All policies of insurance shall be placed with financially sound, commercial insurers reasonably satisfactory to the Lender. All policies of insurance shall provide that the Lender shall be given 30 days prior notice of cancellation of coverage. This notice provision shall be without qualification.

(9) Books and Records. Each of the Borrower and US Sub will, at all times, maintain proper records and books of account in accordance with GAAP and therein make true and correct entries of all dealings and transactions relating to its business and, if requested in writing by the Lender, will make the same available for inspection by the Lender or any agent of the Lender at all reasonable times.

(10) Reporting Requirements. Borrower or US Sub, as the case may be, shall furnish to the Lender:

(i) Financial Statements. Promptly as they are available and in any event: (i) within ninety (90) days of each fiscal year end of the Borrower, consolidated audited financial statements of the Borrower and its Subsidiaries; (ii) within thirty (30) days of each month end, the consolidated unaudited, internal financial statements of the Borrower and its Subsidiaries, presented in a format substantially similar to the audited financial statements; and (iii) ***(omitted)***.

(ii) Notice of Defaults. As soon as possible, and in any event within five (5) Business Days after the discovery of a Default or Event of Default provide the Lender with an officer's certificate setting forth the facts relating to or giving rise to such Default or Event of Default and the remedial action which the Borrower or US Sub, as the case may be, has taken or proposes to take with respect thereto.

(11) Access. Each of the Borrower and US Sub will permit the Lender through its officers or employees or through any agents or consultants retained by it, upon request, to have reasonable access during normal business hours and from time to time, to any of the Borrower's or US Sub's premises and to any records, information or data in its possession so as to enable the Lender to ascertain the state of the Borrower's or US Sub's operations, and will permit the Lender to make copies of and abstracts from such records, information or data and will upon request of the Lenders deliver to the Lender copies of such records, information or data provided, however, that the provisions of this Section 8.01(11) shall not be applicable in respect of know-how, trade secrets, batch records and the like until an Event of Default has occurred and is continuing.

(12) Notice of Material Adverse Effect. The Borrower will give to the Lender prompt written notice, and in any event within five (5) Business Days of the occurrence thereof, of any change in the affairs, business, condition (financial or otherwise) of the Borrower that has a Material Adverse Effect or any of its Subsidiaries, or of any material loss, destruction or damage to its properties and assets, or if there is a material impairment of the prospect of repayment of any portion of the Outstanding Obligations owing to the Lender or a material impairment of the value or priority of the Lender's Security Interest in the Property.

(13) Notice of Litigation. The Borrower or US Sub, as the case may be, will give to the Lender prompt written notice, and in any event within five (5) Business Days of the occurrence thereof, of any material action, suit, litigation, or other proceeding which is commenced or threatened against it and which has a claimed amount in excess of US$50,000.

(14) Registration of Security. The Borrower or US Sub, as the case may be, will provide the Lender with such assistance and do such things as the Lender may from time to time request so that the Security and any other instruments of conveyance or assignment effected pursuant to this Agreement or otherwise will be and remain registered, recorded or filed from time to time in such manner and in such places as may in the opinion of the Lender be necessary or advisable in perfecting the Security Interests constituted thereby, including, without limitation, registrations required as a result of the establishment of any new places of business.

(15) Material Contracts. Each of the Borrower and US Sub shall perform all material obligations of each of the Borrower and US Sub pursuant to all documents, contracts and agreements material to the operations of each of the Borrower and US Sub, including, without limitation, the Material Contracts.

(16) Compliance with Laws. Each of the Borrower and US Sub shall comply in all respects with all Applicable Law (including, without limitation, all Applicable Law relating to the development, testing and commercialization of licensed products within the field of use set forth in each of the each of the Collaboration Agreements) that the non-compliance of which would result in a Material Adverse Effect and shall give the Lender prompt written notice of any violation or alleged violation of Applicable Law and keep the Lender informed with respect thereto.

(17) Leased Locations. Each of the Borrower and US Sub shall fully pay financial obligations in a timely manner and otherwise perform obligations under all leases and other agreements with respect to each leased location or public warehouse or other location that is not owned by each of the Borrower and US Sub and where any asset charged by the Security is located.

(18) Maintenance of Equipment and Similar Assets. Each of the Borrower and US Sub shall keep and maintain all items of equipment and other similar types of movable or personal Property in good operating condition and repair and shall make all necessary replacements thereof and renewals thereto so that the value and operating efficiency thereof shall, at all times, be maintained and preserved, ordinary wear and tear excepted. Each of the Borrower and US Sub shall not permit any item to be operated or maintained in violation of any Applicable Law, statute, rule or regulation (including, without limitation, any Applicable Law relating to the development, testing and commercialization of licensed products within the field of use set forth in each of the Collaboration Agreements), in each

case, that the non-compliance of which would result in a Material Adverse Effect. With respect to items of leased equipment (to the extent the Lender has any security interest in any residual interest of each of the Borrower and US Sub in such equipment under the lease), each of the Borrower and US Sub shall keep, maintain, repair, replace and operate such leased equipment in such fashion necessary to prevent a Material Adverse Effect.

(19) Maintenance of Intellectual Property. Each of the Borrower and US Sub shall pay all fees and take all steps necessary in a prompt and diligent manner to keep and maintain the Intellectual Property in force, updated, valid and enforceable and to maintain the confidential, proprietary nature of all trade secrets, know how and other unregistered Intellectual Property. Each of the Borrower and US Sub shall update Schedule "G" annexed hereto semi-annually for the Lender and, in addition, shall advise the Lender of all new filings or applications for registrations of Intellectual Property within ten (10) Business Days of the date of such filings.

(20) Amended and Restated Fibrin Sealant Collaboration Agreement. ***(omitted)***

(21) Governmental Authorizations. Each of the Borrower and US Sub will (i) do or cause to be done all such things as are necessary to obtain, maintain and comply with the Governmental Authorizations to conduct the business of the Borrower or US Sub as now conducted and as contemplated to be conducted, including, without limitation, the manufacturing, production and sale of medical devices, fibrin sealant and thrombin products.

(22) ERISA Liabilities; Employee Plans. The Borrower shall cause US Sub to (i) keep in full force and effect any and all Employee Plans which are presently in existence or may, from time to time, come into existence under ERISA, and not withdraw from any such Employee Plans, unless such withdrawal can be effected or such Employee Plans can be terminated without liability to the Borrower or US Sub; (ii) make contributions to all of such Employee Plans in a timely manner and in a sufficient amount to comply with the standards of ERISA; including the minimum funding standards of ERISA; (iii) comply with all material requirements of ERISA which relate to such Employee Plans; (iv) notify the Lender immediately upon receipt by the Borrower or US Sub, as the case may be, of any notice concerning the imposition of any withdrawal liability or of the institution of any proceeding or other action which may result in the termination of any such Employee Plans or the appointment of a trustee to administer such Employee Plans; (v) promptly advise the Lender of the occurrence of any "Reportable Event" or "Prohibited Transaction" (as such terms are defined in ERISA), with respect to any such Employee Plans; and (vi) amend any Employee Plan that is intended to be qualified within the meaning of Section 401 of the Code to the extent necessary to keep the Employee Plan qualified, and to cause the Employee Plan to be administered and operated in a manner that does not cause the Employee Plan to lose its qualified status.

Section 8.02 <u>Restrictive Covenants</u>

From the date hereof and until the Outstanding Obligations, including, without limitation, upon any prepayment, are paid in full or converted in full into equity securities of the Borrower in accordance with Section 4.09, each of the Borrower and US Sub shall adhere to the following covenants unless waived in writing by the Lender:

(1) <u>Not to Amalgamate, etc</u>. The Borrower and each of its Subsidiaries shall not enter into any transaction or series of related transactions (whether by way of amalgamation, merger, winding-up, consolidation, reorganization, reconstruction, continuance, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, properties, rights or assets would become the property of any other Person or, in the case of amalgamation or continuance, of the continuing corporation resulting therefrom without the prior written consent of the Lender.

(2) <u>Indebtedness</u>. Each of the Borrower and US Sub shall not create, assume, issue or permit to exist, directly or indirectly, any Indebtedness except for Permitted Indebtedness without the prior written consent of the Lender.

(3) <u>Negative Pledge</u>. Except for Permitted Encumbrances or Purchase Money Obligations, each of the Borrower and US Sub shall not transfer or assign any interest, nor create, assume, incur or suffer to exist any Security Interest in or upon any of the Property or assets charged by the Security, including, without limitation, Intellectual Property and Governmental Authorizations, without the prior written consent of the Lender.

(4) <u>No Guarantees</u>. Each of the Borrower and US Sub shall not be or become liable, directly or indirectly, contingently or otherwise, for any obligation of any other Person by Guarantee other than as permitted hereunder, without the prior written consent of the Lender provided that each of the Borrower and US Sub shall be entitled to provide Guarantees in favour of trade creditors for trade debt in the ordinary course of business and in respect of other Indebtedness not for borrowed money.

(5) <u>Restrictions on Subsidiaries, Investments and Loans</u>. Each of the Borrower and US Sub shall not, without the prior written consent of the Lender, directly or indirectly, (i) acquire or form any Subsidiary after the date hereof; or (ii) make any loan to or equity investment, or purchase or otherwise acquire or hold any shares or securities of, any single Person or as otherwise contemplated herein.

(6) <u>Relocation of Assets</u>. Each of the Borrower and US Sub shall not locate or permit to be situated any of its present and after-acquired Property or assets in any jurisdiction other than as set out in Schedule "C" annexed hereto, Schedule "D" annexed hereto or Schedule "F" annexed hereto or Property or assets in transit in the ordinary course of business.

(7) Disposition of Assets. The Borrower and each of its Subsidiaries shall not sell, assign, transfer, convey, lease (as lessor), license, contribute or otherwise dispose of, or grant options or other rights with respect to the Property or assets charged by the Security, other than Permitted Asset Sales in the ordinary course of business, without the prior written consent of the Lender.

(8) Material Contracts. Each of the Borrower and US Sub shall not cancel or terminate any Material Contract or amend nor otherwise modify any Material Contract, or waive any default or breach under any Material Contract or take any other action in connection with any Material Contract that would have a Material Adverse Effect.

(9) Intellectual Property Escrow. The Borrower hereby covenants with the Lender that it shall not, and it shall cause US Sub not to, place any of its Intellectual Property, including, without limitation, any source code (the "Escrowed Intellectual Property") in escrow.

(10) Dividends and Extraordinary Bonuses. Each of the Borrower and US Sub shall not, without the prior written consent of the Lender, (i) pay any cash dividends or make any cash distributions on its equity securities, (ii) purchase, redeem, retire or otherwise acquire any of its equity securities, (iii) return any capital to any holder of its equity securities or (iv) pay any compensation or bonuses to employees or management other than as provided for in the Forecast.

(11) New Locations. Each of the Borrower and US Sub shall not, without providing a 30 days written notice to the Lender: (i) change the location of its registered office, principal place of business, chief executive office, or the location of its records or acquiring any such new locations; (ii) establish new places of business; (iii) change its corporate name; or (iv) change its form of entity or its jurisdiction of constitution, incorporation or organization.

ARTICLE NINE

SECURITY

Section 9.01 Security

The Borrower shall execute and deliver to, or shall cause to be executed and delivered to, the Lender in form and substance satisfactory to the Lender and its counsel, this Agreement the Notes, the Collaboration Agreements, the other Loan Documents and all documents to secure all debts, liabilities and obligations of the Borrower to the Lender including, without limitation, the Outstanding Obligations, as follows:

(1) a universal movable hypothec issued by the Borrower creating a first ranking hypothec and lien in all Property and assets of the Borrower including, without limitation, all Intellectual Property, subject to Permitted Encumbrances;

(2) guarantee of the Outstanding Obligations from US Sub;

(3) a security agreement for US Sub granting to the Lender a first priority perfected security interest in all of the current and future Property and assets of US Sub;

(4) a pledge of the issued and outstanding shares of US Sub in favour of the Lender;

(5) a collateral assignment of the lease ***(omitted)*** allowing the Lender to take over the Lease upon the occurrence of an Event of Default; and

(6) a consent to collateral assignment of lease ***(omitted)***.

(7) certificates/evidence of insurance issued in accordance with the requirements of subsection 8.01(8); and

(8) short form security agreements as set forth in the security agreement listed in Section 9.01(3).

Section 9.02 **<u>Further Assurances</u>**

The Borrower from time to time shall execute and deliver, or shall cause to be executed or delivered, to the Lender such further documents and assurances, in form and substance satisfactory to the Lender and its counsel, as may be reasonably requested by the Lender for the purpose of giving effect to this Agreement, the Notes, the Security or any other Loan Documents or for the purpose of establishing compliance with the representations, warranties and conditions of this Agreement, the Notes, the Security or any other Loan Documents. Without limiting the generality of the foregoing, upon the occurrence of an Event of Default, Borrower shall and shall cause the US Sub to use their respective best efforts to transfer or assign any Governmental Authorizations to Lender, such efforts to include, without limitation making such filings with Governmental Authorities and executing such documents as may be necessary to effectuate such transfers or assignments.

Section 9.03 **<u>Release of Security</u>**

Upon repayment in full of the Outstanding Balances or the conversion in full of the Converted Obligations in accordance with Section 4.09, as the case may be, the Lender shall release and discharge the Security within ten (10) Business Days from such repayment or conversion.

ARTICLE TEN

EVENTS OF DEFAULT

Section 10.01 **<u>Events of Default</u>**

Notwithstanding anything to the contrary herein, any of the following events shall constitute an event of default (each an "**Event of Default**"):

(1) Failure to Pay Principal or Interest – if the Borrower fails to make punctual payment when due of any principal amount or interest payable hereunder and under the Notes and if such payment is not made within three (3) Business Days of the day on which such payment is due;

(2) Failure to Pay Other Amounts – if the Borrower fails to make punctual payment when due of any amount payable hereunder other than principal or interest and if such payment is not made within ten (10) Business Days of the day on which such payment is due;

(3) False Representations, Etc. – if any representation or warranty made or given herein, in any certificate delivered pursuant hereto, in the Security or in any financial statements, budgets, balance sheets or business plans delivered pursuant hereto is false or erroneous in any material respect (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified by materiality in the text thereof);

(4) Cross-Default – if the Borrower defaults in the payment, when due, of any indebtedness for borrowed money in the principal amount of US$50,000 or greater, and such default has not been waived within the applicable cure period, if any, or if such indebtedness is accelerated or otherwise becomes due and payable prior to the stated maturity thereof;

(5) Default in Certain Covenants – if there is any default or failure in the observance or performance of any covenant contained in Section 8.02, provided that such default or failure is continuing three (3) Business Days after written notice thereof is given to the Borrower by the Lender.

(6) Default in Other Covenants – if, other than in respect of covenants contained in Section 8.02, or any covenant to pay, there is any default or failure in the observance or performance of any other act hereby required to be done or any other covenant or condition hereby required to be observed or performed, and the default or failure continues for ten (10) Business Days after written notice by the Lender to Borrower specifying such default or failure;

(7) Default under Security – if there is any default, event of default or failure in the observance or performance of any covenant in the Security by the Borrower and the default or failure continues for ten (10) Business Days after written notice by the Lender to Borrower specifying such default or failure;;

(8) Insurance Lapse – if any insurance on the properties or assets of the Borrower lapses and such coverage shall not be reinstated within ten (10) Business Days of such lapse;

(9) Material Adverse Effect – if there occurs a Material Adverse Effect or if there is an impairment of the prospect of repayment of any portion of the Outstanding

Obligations owing to the Lender or an impairment of the value or priority of the Lender's Security Interest in the Property;

(10) Voluntary Proceedings – if any one of the Borrower or any of its Subsidiaries makes a general assignment for the benefit of creditors; or any proceeding or filing is instituted or made by any one of the Borrower or any of its Subsidiaries seeking relief on its behalf as debtor, or to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts under any similar law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties or assets; or any one of the Borrower or its Subsidiaries takes any corporate action to authorize any of the actions set forth in this subsection 10.01(10);

(11) Involuntary Proceedings – if any notice of intention is filed or any proceeding or filing is instituted or made against any one of the Borrower or any of its Subsidiaries in any jurisdiction seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties or assets or seeking possession, foreclosure or retention, or sale or other disposition of, or other proceedings to enforce security over, all or a substantial part of the assets of any one of the Borrower or any of its Subsidiaries unless the same is being contested actively and diligently in good faith by appropriate and timely proceedings and is dismissed, vacated or stayed within forty (45) days of institution thereof;

(12) Receiver, etc. – if a receiver, liquidator, trustee, sequestrator or other officer with like powers is appointed with respect to, or an encumbrancer pursuant to a Security Interest or otherwise takes possession of, or forecloses or retains, or sells or otherwise disposes of, or otherwise proceeds to enforce security over any of the properties or assets of any one of the Borrower or any of its Subsidiaries or gives notice of its intention to do so, except where the same is being contested actively and diligently in good faith by appropriate and timely proceedings and the appointment or enforcement has been stayed within forty (45) days of institution thereof;

(13) Execution, Distress – if any writ, attachment, execution, sequestration, extent, distress or any other similar process becomes enforceable against any one of the Borrower or any of its Subsidiaries or if a distress or any analogous process is levied against any of the properties or assets of the Borrower or its Subsidiaries, or except where the same is being contested actively and diligently in good faith by appropriate and timely proceedings and the enforcement or levy has been stayed within forty (45) days of institution thereof;

(14) Sale – if any one of the Borrower or any of its Subsidiaries sells or otherwise disposes of, or threatens to sell or otherwise dispose of, all or a substantial part of its undertaking and Property and assets to any third party, without the prior written consent of the Lender, whether in one transaction or a series of related transactions;

(15) Assignment – if the Borrower assigns or attempts to assign its rights under this Agreement, the Notes, any of the Security or any other Loan Documents or any interest herein or therein to a third party without the prior consent of the Lender;

(16) Collaboration Agreements – in the event of an uncured material breach or default by the Borrower under any of the Collaboration Agreements and the Lender terminates, upon 30 days written notice, any such agreement in accordance with the terms set forth thereunder;

(17) Compliance with Forecast – if the Borrower has not complied with the Forecast in all material respects; and

(18) Approval of the Conversion – if the Borrower has not obtained on the closing date of a Bona Fide Equity Financing all of the Governmental Authorizations required to complete the conversion in full of the Converted Obligations set forth in Section 4.09 including, without limitation, (A) the conditional approval by the Toronto Stock Exchange of the additional listing of the equity securities issuable to the Lender upon (i) the conversion in full of the Converted Obligations and (ii) the exercise of the warrants issuable to the Lender pursuant to Section 4.09(2)(ii)) and (B) the waiting period applicable to such conversion under the HSR Act shall have expired or been terminated.

Section 10.02 Remedies of the Lender

Upon the occurrence of an Event of Default:

(1) the Outstanding Obligations shall, at the option of the Lender, become immediately due and payable to the Lender and the Lender may without notice to the Borrower apply any amounts outstanding to the credit of the Borrower to repayment of the Outstanding Obligations; and

(2) the Security shall, at the option of the Lender, become immediately enforceable.

Section 10.03 Lender May Waive

The Lender may at any time waive any Default or Event of Default which may have occurred, provided that no such waiver shall extend to or be taken in any manner whatsoever to affect any subsequent Default or Event of Default or the rights or remedies resulting therefrom. No such waiver shall be effective unless given by the Lender in writing.

Section 10.04 Remedies are Cumulative

For greater certainty, the rights and remedies of the Lender under this Agreement are cumulative and are in addition to and not in substitution for any rights or remedies provided by law; and any single or partial exercise by the Lender of any right or remedy for a Default or Event of Default or breach of any term, covenant, condition or agreement herein contained shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy to which the Lender may be lawfully entitled for the same default or breach, and any waiver by the Lender of the strict observance, performance or compliance with any term, covenant, condition or agreement herein contained and any indulgence granted by the Lender shall not be deemed to be a waiver of that or any subsequent default.

Section 10.05 Set-Off

The Lender shall be entitled at any time or from time to time after the occurrence of an Event of Default which is continuing, without notice to set-off, consolidate and to apply any or all deposits and any other indebtedness at any time held by or owing by the Lender to the Borrower or US Sub, as the case may be, against and on account of the debts, liabilities or obligations of the Borrower or US Sub, as the case may be, to the Lender, whether or not due and payable and whether or not the Lender has made demand therefor.

ARTICLE ELEVEN

ENVIRONMENTAL MATTERS

Section 11.01 Representations and Warranties

The Borrower hereby represents and warrants as follows:

(1) the business of each of the Borrower and US Sub has been operated in compliance in all material respects with all applicable Environmental Laws and with all Governmental Authorizations issued pursuant to Environmental Laws; and

(2) there are no claims, investigations, litigation, administrative proceedings, whether pending or threatened relating to any Contaminants, Releases or other forms of pollution or alleged violation of applicable Environmental Laws (collectively Environmental Matters) that may reasonably be expected to have a Material Adverse Effect. Each of the Borrower and US Sub has not assumed any material liability of any other Person for response, removal, remediation, investigation, clean up, compliance or required capital expenditures in connection with any Environmental Matter arising prior to the date hereof.

Section 11.02 Environmental Covenants

The Borrower covenants with the Lender as follows:

(1) Compliance. Each of the Borrower and US Sub shall comply in all material respects with the requirements of any Environmental Law applicable to it.

(2) Notification. Each of the Borrower and US Sub shall promptly forward to the Lender copies of all material Orders, notices, Governmental Authorizations, applications or other communications and reports in its possession in connection with any Environmental Law affecting or relating to the Property or the operations and activities of the Borrower or US Sub, as the case may be.

Section 11.03 Indemnity

The Borrower shall at all times indemnify and hold the Lender harmless against and from any and all claims, suits, actions, debts, damages, costs, losses, obligations, judgments, charges, and expenses, of any nature whatsoever suffered or incurred by the Lender, whether upon realization of the Security, or as lender to the Borrower, or as successors to or assignees of any right or interest of the Borrower, or as a result of any order, investigation or action by any Governmental Authority relating to the Borrower, US Sub or their respective business or Property or as privileged or secured creditor or mortgagee in possession of Property or as successor or successor-in-interest to the Borrower or US Sub, as the case may be, as a result of any taking of possession of all or any of the Property or by foreclosure deed or deed in lieu of foreclosure or by any other means relating to the Borrower or US Sub, as the case may be, under or on account of any breach of Environmental Law which occurred prior to or during the time that the Borrower or US Sub, as the case may be, had control or possession of the Property, with respect to:

(1) the Release of a Contaminant, the threat of the Release of any Contaminant, or the presence of any Contaminant affecting the Property, whether or not the same originates or emanates from the Property or any contiguous real or immovable property located thereon, including any loss of value of the Property as a result of any of the foregoing,

(2) the Release of a Contaminant owned by, or under the charge, management or control of the Borrower or any predecessor or assignor of the Borrower or US Sub, as the case may be,

(3) any costs incurred by any Governmental Authority or any other person or damages from injury to, destruction of, or loss of natural resources in relation to, the Property or elsewhere, including reasonable costs of assessing such injury, destruction or loss incurred under any Environmental Laws,

(4) liability for personal injury or property damage arising by reason of any civil law offenses or quasi-offenses or under any statutory or common law tort or similar theory, including, without limitation, damages assessed for the maintenance of a public or private nuisance or for the carrying on of a dangerous activity at, near, or with respect to the Property or elsewhere, and/or

(5) any other environmental matter affecting the Property or the operations and activities of the Borrower within the jurisdiction of any federal, provincial, municipal, state or local environmental agency.

The obligations of the Borrower under this Section 11.03 shall arise upon the discovery of the presence or Release of any Contaminant at, upon, under, over, within or with respect to the Property, whether or not any Governmental Authority has taken or threatened any action in connection with the presence of any Contaminant.

Section 11.04 Scope of Indemnity

The Borrower acknowledges that the Lender has agreed to make the Borrowings available in reliance upon its representations, warranties, and covenants in this Article. For this reason, it is the intention of the Borrower and the Lender that the provisions of this Article shall supersede any other provisions in this Agreement, the Notes, the Security or any other Loan Documents which in any way limit the liability of the Borrower and the Borrower shall be liable for any obligations arising under or in connection with this Article even if the amount of the liability incurred exceeds the Outstanding Obligations. The obligations of the Borrower arising under this Article are absolute and unconditional and shall not be affected by any act, omission or circumstance whatsoever, except in respect of gross negligence or intentional fault by the Lender. The obligations of the Borrower arising under this Article shall survive the Maturity Date and the repayment of the Outstanding Obligations and shall survive the transfer of any or all right, title and interest in and to the Property by the Borrower to any Person.

Section 11.05 Consultants, etc

Any time after Demand or the occurrence of an Event of Default which is continuing, the Lender may employ lawyers, engineers, scientists, or consultants of the Lenders' choice. Any engineer, scientist, or consultant so engaged by the Lender may upon reasonable notice to the Borrower enter on to any Property for the purpose of any inquiry and may make any necessary excavation or bore holes and take samples of any material or substance, and record or copy any information by any method. The Lender shall ensure that any such Person employed by or acting on behalf of the Lender shall conduct itself and any inquiry or other activity on or in respect of the Property in a manner which does not disrupt the business of the Borrower or result in a breach of any Environmental Law. The Borrower hereby consents to any inquiries by the Lender or any lawyers, engineers, scientists, or consultants engaged on its behalf under any freedom of access or freedom of information legislation and agrees to execute such further consents or documents as may be necessary to give effect to this Section 11.05. Until Demand or the occurrence of an Event of Default, the Lender shall not disclose to any Person any of the information obtained as a result of the foregoing without the prior written consent of the Borrower unless disclosure is required by law, in which case the Lender shall notify the Borrower and provide the Borrower with a reasonable opportunity to disclose such information.

Section 11.06 Fees and Expenses

If the Lender retains the services of any lawyer, engineer, scientist, or consultant in connection with the subject of this Article, the Borrower shall pay the reasonable out-of-pocket costs and fees thereby incurred if retained and applicable to such party as a result of any breach of Environmental Law or in connection with any inquiry or investigation by a Governmental Authority in connection with Environmental Law or if the services performed are reasonably necessary for the performance of the functions of the Lender under this Agreement or for the preservation or protection of the Security; provided, however, that the Lender shall require the prior approval of the Borrower to retain consultants prior to the occurrence of a Default. Notwithstanding the foregoing, each party shall be responsible for its costs and expenses in relation to the preparation of the documentation relating to, and the closing of, the Credit Facilities.

Section 11.07 Obligations, Costs and Expenses

If the Lender incurs any obligations, costs or expenses under this Article or in respect of any Environmental Activity covered by this Article, the Borrower shall pay the same to the Lender immediately on demand in respect of such party's obligations, and if such payment is not received within ten days, the Borrower will pay interest thereon at the Default Rate, which shall accrue from the date of expiry of such ten-day period to the date of payment.

ARTICLE TWELVE

GENERAL

Section 12.01 Confidentiality

Notwithstanding any other agreement between the parties, each of the Lender, Borrower and US Sub agrees (i) that terms and conditions of this Agreement, the Notes, the Security, the Collaboration Agreements and any other Loan Documents shall be strictly confidential, (ii) the Borrower shall keep the this Agreement, the Notes, the Security, the Collaboration Agreements and any other Loan Documents as well as the terms and conditions thereof, in strict confidence and (iii) the Borrower shall not, without the Lender's prior written consent disclose this Agreement, the Notes, the Security, the Collaboration Agreements and any other Loan Documents or the terms and conditions thereof, in any manner whatsoever, in whole or in part. Notwithstanding the foregoing, disclosure of this Agreement, the Notes, the Security, the Collaboration Agreements and any other Loan Documents or the terms and conditions thereof to (i) the Lender's, the Borrower's or US Sub's auditors, attorneys, advisors and insurers and (ii) potential investors in a Bona Fide Equity Financing who have signed a confidentiality agreement with the Borrower providing for substantially similar terms and conditions as set forth in the Confidential Disclosure Agreement dated March 31, 2009 between the Lender and the Borrower, shall be authorized. To the extent that the disclosure of this Agreement, the Notes, the Security, the Collaboration Agreements or any other Loan Documents is required under any Applicable Law, the Borrower or US Sub, as the case may be, may not disclose same without having first sent a written notice to the Lender to that effect.

Section 12.02 **Notices**

Any notice, request or other communication hereunder to any of the parties hereto shall be in writing and be well and sufficiently given if delivered personally or sent by prepaid registered mail to its address or by facsimile to the number and to the attention of the person set forth below:

(1) In the case of the Borrower:

HAEMACURE CORPORATION
215 Redfern Avenue
Suite 100
Westmount, Québec H3Z 3L5

Attention: Chief Executive Officer
Facsimile No.: 514-282-3358

With a copy to:

HAEMACURE CORPORATION
215 Redfern Avenue
Suite 100
Westmount, Québec H3Z 3L5

Attention: Secretary
Facsimile No.: 514-282-3358

In the case of the Lender:

ANGIOTECH PHARMACEUTICALS, INC.
1618 Station Street
Vancouver BC V6A 1B6

Attention: SVP, Business Development
Facsimile No.: 604-221-7676

with a copy to:

ANGIOTECH PHARMACEUTICALS, INC.
Suite 201
101 West North Bend Way
North Bend, WA 98045
USA

Attention: General Counsel
Facsimile No.: 425-831-4403

with a copy to:

OSLER, HOSKIN & HARCOURT LLP
1000 de La Gauchetière Street West
Suite 2100
Montreal, Québec
H3B 4W5

Attention: Etienne Massicotte
Facsimile: (514) 904-8101

Any such notice shall be deemed to be given and received, if delivered, when delivered, and if mailed, on the third Business Day following the date on which it was mailed, unless an interruption of postal services occurs or is continuing on or within the three (3) Business Days after the date of mailing in which case the notice shall be deemed to have been received on the third Business Day after postal service resumes and if sent by facsimile on the next Business Day after the day on which the telecopy is sent. Either party may by notice to the other, given as aforesaid, designate a changed address or facsimile number.

Section 12.03 Waiver of Non-Competition, Non-Sollicitation and Confidentiality Undertakings

(1) The Borrower hereby irrevocably and unconditionally waives the benefit of the non-competition, non-sollicitation and confidentiality undertakings granted by each of ***(omitted)***(for the purpose of this Section 12.03, the "**Key Employees**") in favour of the Borrower to the extent that any one of such Key Employees is hired by the Lender or any of its Affiliates after the date hereof.

(2) The Lender hereby undertakes not to hire any of the Key Employees until an Event of Default has occurred and is continuing.

Section 12.04 Performance of Covenants by the Lender

If any of the covenants or obligations contained herein shall not be performed by the Borrower, the Lender may perform such covenant or obligation and, if in so doing the Lender spends money or incurs liability, the amount of money reasonably so spent or liability incurred shall be added to the Credit Facilities.

Section 12.05 Indemnity

In addition to any other indemnity provided for herein, the Borrower hereby indemnifies the Lender on demand against any loss (other than loss of profit), expense or liability which the Lender may sustain or incur as a consequence of the action or inaction of the Borrower in connection with any misrepresentation made by the Borrower herein or in any instrument in writing delivered to the Lender in connection with this Agreement, save and except for any loss expense or liability resulting from the gross negligence or intentional fault of the Lender.

Section 12.06 No Set-Off or Counterclaim

The obligations of the Borrower to make payments hereunder shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, any set-off, compensation, counterclaim, recoupment, defence or other right which the Borrower may have against the Lender.

Section 12.07 Severability

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 12.08 Time of Essence

Time shall, in all respects, be of the essence of this Agreement.

Section 12.09 Assignment

The Borrower and the Lender may not assign this Agreement, the Notes, the Security or any other Loan Documents, in whole or in part, or delegate its obligations hereunder or thereunder, without the prior written consent of the other party, except the Lender may (i) assign this Agreement, the Notes, the Security and any other Loan Documents, in whole or in part, or delegate its obligations hereunder or thereunder, to any of its Affiliates, (ii) assign this Agreement, the Notes, the Security or any other Loan Documents in whole or in part, to its lenders by way of security and (iii) may grant Security Interest to its lenders on this Agreement, the Notes, the Security or any other Loan Documents or any of its respective rights hereunder or thereunder to secure its credit facilities with such lenders.

Section 12.10 Entire Agreement

This Agreement, together with the Notes, the Security, the Collaboration Agreements and the other Loan Documents, constitutes the entire agreement between the parties with respect to the matters covered hereby and supersedes any other prior agreements or representations.

Section 12.11 Debtor-Creditor Relationship

It is expressly understood and agreed that the relationship between the Lender and the Borrower established by the transaction contemplated by this Agreement, the Notes, the Security and any other Loan Documents is exclusively that of creditor or lender, on the part of the Lender, and debtor or borrower, on the part of the Borrower, and is in no way to be construed as a partnership or joint venture of any kind. It is further understood that all payments by the Borrower under this Agreement, the Notes and the Security shall be exclusively on account of the said debtor/creditor relationship.

Section 12.12 **Amendments**

No amendment, modification or waiver of any provision of this Agreement, the Notes, the Security or any other Loan Documents or consent by the Lender to any departure from any provision of this Agreement, the Notes, the Security or any other Loan Documents is in any way effective unless it is in writing and signed by the Borrower and the Lender, in which event the amendment, modification, waiver or consent is effective only in the specific instance and for the specific purpose for which it is given.

Section 12.13 **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein and shall be treated in all respects as a Quebec contract.

Section 12.14 **Conflict**

In the event that there is any conflict or inconsistency between the provisions contained in this Agreement and the provisions contained in any Loan Documents, including, without limitation, the Notes and the Security, the provisions of this Agreement shall have priority over and shall override the provisions contained in the other document to the extent of such conflict or inconsistency.

Section 12.15 **Currency**

If any amount recovered or received by the Lender is in a currency (the "Other Currency") other than United States currency, the Other Currency shall be converted into an amount in United States currency sufficient to purchase the amount recovered or received in the Other Currency at a chartered bank in Quebec on the first Business Day after the Other Currency is received by the Lender, but the Lender shall have a separate cause of action against the Borrower for the amount, if any, by which the Other Currency, when promptly converted to United States currency under normal banking procedures, fails to yield (net after any costs of conversion) the full amount of the obligation owed to the Lender in United States Currency. Notwithstanding the foregoing, the Borrower shall have the right to repay the Lender in Canadian currency any costs or expenses incurred by the Lender in Canadian currency.

Section 12.16 **Successors and Assigns**

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

Section 12.17 **Formal Date**

For the purposes of convenience, this Agreement may be referred to as being dated as of June 1, 2009 irrespective of the actual date of its execution.

Section 12.18 <u>Counterparts</u>

This Agreement may be executed by one or more of the parties to this Agreement by facsimile and in any number of separate counterparts, each such counterpart to be deemed an original and all said counterparts when taken together shall be deemed to constitute one and the same instrument.

Section 12.19 <u>Superior Force</u>

The obligations of the Borrower hereunder shall not be reduced, limited or cancelled pursuant to the occurrence of an event of *force majeure*, the Borrower expressly assuming the risk of superior force.

Section 12.20 <u>Language</u>

The parties hereto have expressly required that this Agreement and all documents contemplated therein or relating thereto be drafted in the English language. *Les parties aux présentes ont expressément exigé que la présente convention de crédit ainsi que tous les documents y prévus ou y reliés soient rédigés en langue anglaise.*

***[The remainder of page left intentionally blank.
Signature page follows.]***

IN WITNESS WHEREOF the parties have executed this Agreement on the day and year first above written.

HAEMACURE CORPORATION, as Borrower

Per: *(signed) Gilles Lemieux*
Name: Gilles Lemieux
Title: Secretary

ANGIOTECH PHARMACEUTICALS, INC. , as Lender

Per: *(signed) Thomas Bailey*
Name: K. Thomas Bailey
Title: Chief Financial Officer

AGREED AND ACKNOWLEDGED on the date hereof.

HAEMACURE CORPORATION, as US Sub

Per: *(signed) Gilles Lemieux*
Name: Gilles Lemieux
Title: Secretary

SCHEDULE "A"

FORM OF OPINIONS

Please see attached.

SCHEDULE "B"

LITIGATION

In October 2005, the US Sub received a notice by Baxter Healthcare Corporation to save, defend, indemnify and hold the latter harmless in the case of Fereshteh Bastani v. Baxter Healthcare Corporation; Hoag Memorial Hospital Presbyterian; Richard B. Kim, M.D. and Does 1 to 100 inclusive. On April 13, 2005, the plaintiff took action against Baxter Healthcare Corporation and others in the Superior Court of the State of California, claiming general damages from, amongst others, manufacturers and distributors of fibrin sealant. The amount claimed is unknown. The US Sub denied any liability to Baxter Healthcare Corporation in this case, based on the release granted by Baxter Healthcare Corporation to the US Sub from all known and unknown causes of action, contained in the October 2003 Settlement, Termination and Release Agreement entered into by Baxter Healthcare Corporation and the US Sub. As of this date, no legal proceedings have been served upon the US Sub.

SCHEDULE "C"

OWNED PROPERTIES

Nil.

SCHEDULE "D"

LEASED PROPERTIES

1. Approximately 51,000 square feet of space contained within easterly ½ of ***(omitted)***building located at 600 Tallevast Road, more specifically depicted and described in Exhibit “A” of a lease ***(omitted)***

2. Approximately 1,395 square feet of laboratory space contained in ***(omitted)*** as Incubateur Pavillon J.-A. Bombardier, located at 5155 avenue Decelles, Suite 1219, Montréal, Québec, H3T 2B1.

3. Approximately 4,700 square feet of office space located at 215 Redfern Avenue, Suite 100, Montréal, Québec H3Z 3L5.

SCHEDULE "E"

PERMITTED ENCUMBRANCES

1. Security Interests pursuant to Applicable Law of State of Florida in favour of the lessor of the Company's premises in Sarasota, Florida leased pursuant to a lease ***(omitted)***.

2. Security Interests on certain laboratory equipment located in Montréal, Québec:

	Nature of Right	**Registration No. Registration Date**	**Parties**	**Information**
a.	Reservation of ownership and assignment	09-0057402-0002 February 4, 2009	Vendor: Alfa Laval Tumba AB Assignee: Exportkreditnamnden, the Swedish Export Credits Guarantee Board Purchaser: Haemacure Corporation	Charged Property: All rights, title and interest in and to the specific equipments. Expiry date: February 4, 2019
b.	Rights of ownership of the lessor (leasing)	07-0720834-0001 December 19, 2007	Lessor: General Electric Finance G.P.; GE Canada Equipment Financing G.P. Lessee: Haemacure Corporation	Charged Property: Specific equipment as well as all intellectual property rights, incorporeal property, accessories relating thereto and replacement parts, present and future. Expiry Date: December 17, 2011

	Nature of Right	Registration No. Registration Date	Parties	Information
c.	Rights of ownership of the lessor (leasing)	07-0647588-0001 November 9, 2007	Lessor: General Electric Canada Equipment Finance G.P.; GE Canada Equipment Financing G.P. Lessee: Haemacure Corporation	Charged Property: Specific equipment as well as all intellectual property rights, incorporeal property, accessories relating thereto and replacement parts, present and future. Expiry Date: November 9, 2011

3. Security Interests on the Hynetics manufacturing equipment in Sarasota Florida.

4. UCC-1 Financing Statement 2008 0789055 in favor of VWR International LLC (Delaware Secretary of State).

5. UCC-1 Financing Statement 2009 0060365 in favor of Ervin Leasing Company (Delaware Secretary of State).

6. UCC-1 Financing Statement 2006 04020749 in favor of Alfa Laval Tumba (Florida Secured Transaction Registry).

7. UCC-1 Financing Statement 2006 175479 in favor of Alfa Laval Tumba AB (Official Records of Sarasota County, Florida).

SCHEDULE "F"

LOCATION OF ASSETS

1. 215 Redfern Avenue, Suite 100, Westmount, Québec, H3Z 3L5

2. Pavillon J.-A. Bombardier, Université de Montréal, 5155 avenue Decelles, Suite 1219, Montréal, Québec, H3T 2B1

3. 600 Tallevast Road, Suite 201, Sarasota, Florida 34243.

SCHEDULE "G"

INTELLECTUAL PROPERTY

1. PATENTS

(omitted)

2. TRADEMARKS

(omitted)

3. COPYRIGHTS

(omitted)

4. OTHER INTELLECTUAL PROPERTY

(omitted)

SCHEDULE "H"

LICENSE AGREEMENTS

Settlement, release and termination agreement and license agreement dated March 1, 2002 between the Borrower and CSL Behring AG

SCHEDULE "I"

SUBSIDIARIES

1. **BORROWER:**

   US Sub

2. **US SUB:**

   Nil.

SCHEDULE "J"

CAPITALIZATION TABLE – BORROWER AND US SUB

1. BORROWER:

As of June 1, 2009, fully diluted number of common shares issued and outstanding: 352,278,185

As of June 1, 2009, no preferred shares were issued.

2. US SUB:

As of June 1, 2009, 1,500 shares were issued.

SCHEDULE "K"

PREDECESSOR/TRADE NAMES

1. Haemacure Corporation (the "Corporation") was incorporated on August 19, 1991 pursuant to the *Canada Business Corporations Act* under the name 2743281 Canada Inc.

2. On December 12, 1991, the Articles of the Corporation were amended to change the corporate name to H.A.C. Health Assurance (1991) Corporation.

3. On May 20, 1993, the Articles of the Corporation were amended to change the corporate name to Haemacure Corporation.

4. On June 11, 1996, prior to the closing of the Corporation's initial public offering, the Corporation amalgamated with Haemacure Biotech Inc. (previously known as 171707 Canada Inc.) and Acquisitions Haemacure Inc., each of which was, directly or indirectly, wholly owned by the Corporation.

SCHEDULE "L"

MATERIAL CONTRACTS

(omitted)

SCHEDULE "M"

DRAWDOWNS

(omitted)

SCHEDULE "N"

PERMITTED ASSET SALES

(omitted)

SCHEDULE "O"

FORECAST

(omitted)

SCHEDULE "P"

DISCLOSURES

(omitted)

SCHEDULE "Q"

FORM OF PROMISSORY NOTE

PROMISSORY NOTE

US$● Dated as of ●, 200●

FOR VALUE RECEIVED, the undersigned, **HAEMACURE CORPORATION** (the "**Borrower**"), **HEREBY PROMISES TO PAY** to the order of **ANGIOTECH PHARMACEUTICALS, INC.** (the "**Lender**" and, together with any assignee hereof, the "**Holder**"), the principal amount of ● United States Dollars (US$●) and to pay all other amounts due under the Credit Agreement (as hereinafter defined) on June 2, 2011 (the "**Maturity Date**"). Unless defined herein, capitalized terms used herein which are defined in the Credit Agreement shall have the meanings attributed thereto therein.

The principal amount of this Note and interest thereon as provided herein shall be payable in full on the Maturity Date.

The principal amount of this Note shall bear interest at the rate of 10.00% per annum (the "**Interest Rate**") from, and including, the date hereof to, and including, the Maturity Date, which interest shall be compounded and capitalized on a quarterly basis.

Principal, interest and all other amounts due with respect to the Credit Facilities are payable in United States Dollars to the Holder as follows: ANGIOTECH PHARMACEUTICALS, INC. (as detailed in the Credit Agreement), in immediately available funds. The Borrowings advanced by the Lender to the Borrower and the Interest Rate, and all payments made with respect thereto, shall be recorded by the Holder on its books.

This Note is one of the Notes referred to in, is entitled to the benefits of and is subject to terms of, the credit agreement, dated as of June 1, 2009, between the Borrower and the Lender (the "**Credit Agreement**").

Presentment for payment, demand, notice of protest and all other demands and notices of any kind in connection with the execution, delivery, performance and enforcement of this Note are hereby waived.

The Borrower shall pay, in accordance with the terms of the Credit Agreement, all reasonable fees and expenses, including, without limitation, reasonable legal fees and costs incurred by the Holder in the enforcement or in an attempt to enforce any of the Borrower’s obligations hereunder not performed when due.

This Note shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Quebec and the laws of Canada applicable therein.

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed on the date hereof.

HAEMACURE CORPORATION

By:____
Name: ●
Title: ●