

## TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1  
Stylesheet Version v1.2

ETAS ID: TM325854

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT		
<b>NATURE OF CONVEYANCE:</b>	SECURITY INTEREST		
<b>CONVEYING PARTY DATA</b>			
<b>Name</b>	<b>Formerly</b>	<b>Execution Date</b>	<b>Entity Type</b>
CRH Medical Corporation		12/01/2014	CORPORATION: DELAWARE
<b>RECEIVING PARTY DATA</b>			
<b>Name:</b>	KNIGHT THERAPEUTICS INC.		
<b>Street Address:</b>	376 Victoria Avenue, Suite 220		
<b>City:</b>	Westmount, Quebec,		
<b>State/Country:</b>	CANADA		
<b>Postal Code:</b>	H3Z 1C3		
<b>Entity Type:</b>	CORPORATION: CANADA		
<b>PROPERTY NUMBERS Total: 3</b>			
<b>Property Type</b>	<b>Number</b>	<b>Word Mark</b>	
<b>Serial Number:</b>	86288713	CRH	
<b>Serial Number:</b>	86288705	CRH MEDSENSE	
<b>Serial Number:</b>	86288697	MEDSENSE	
<b>CORRESPONDENCE DATA</b>			
<b>Fax Number:</b>	8165317545		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
<b>Phone:</b>	(816) 460-2400		
<b>Email:</b>	brian.mcginley@dentons.com, anita.hansen@dentons.com		
<b>Correspondent Name:</b>	Brian R. McGinley		
<b>Address Line 1:</b>	Dentons US LLP		
<b>Address Line 2:</b>	P. O. Box 061080		
<b>Address Line 4:</b>	Chicago, ILLINOIS 60606-1080		
<b>ATTORNEY DOCKET NUMBER:</b>	10024344-0001 (BRM)		
<b>NAME OF SUBMITTER:</b>	Brian R. McGinley		
<b>SIGNATURE:</b>	/brian r mcginley/		
<b>DATE SIGNED:</b>	12/11/2014		
<b>Total Attachments: 27</b>			
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## GENERAL SECURITY AND PLEDGE AGREEMENT

**THIS GENERAL SECURITY AND PLEDGE AGREEMENT** is made as of December 1, 2014 among **CRH MEDICAL CORPORATION**, a company formed under the laws of British Columbia ("**Borrower**"), **CRH MEDICAL CORPORATION**, a Delaware corporation ("**CRH US**"), **ARNOLD E. SUTTON, M.D., PC**, a Georgia professional corporation ("**Sutton**"), **GASTROENTEROLOGY ANESTHESIA ASSOCIATES, LLC**, a Georgia limited liability company ("**GAA**"), **CRH ANESTHESIA MANAGEMENT, LLC**, a Delaware limited liability company ("**CRHAM**", and collectively with CRH US, Sutton and GAA the "**Non-Borrower Grantors**"), and any other person or entity that becomes party hereto from time to time pursuant to Section 38 of this agreement (each individually a "**Grantor**", and collectively, the "**Grantors**"), in favor of **KNIGHT THERAPEUTICS INC.**, in its capacity as collateral agent (in such capacity, the "**Collateral Agent**") on behalf of itself and the other Lenders (as defined below) from time to time party to the Financing Documents (as defined below).

### Background

**WHEREAS** Borrower, owes, and in the future may owe, Secured Obligations (as defined below) to the Collateral Agent and the Lenders under or pursuant to one or more of the Financing Documents;

**WHEREAS** pursuant to a Guaranty dated as of December 1, 2014 by each of the Non-Borrower Grantors in favor of the Collateral Agent, on behalf of and for the benefit of the Secured Parties (as it may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Guaranty**"), the Non-Borrower Grantors have guaranteed all of the Secured Obligations;

**WHEREAS** it is a condition to the extension of credit by the Lenders pursuant to the Financing Documents that each Grantor enter into this agreement in favor of the Collateral Agent, on behalf of and for the benefit of the Secured Parties;

**WHEREAS**, the Financing Documents require that all Secured Obligations be secured by a lien and security interest in and on the Collateral (as defined herein) granted by the Grantors pursuant to this Agreement;

**WHEREAS**, Pursuant to the Collateral Agency and Intercreditor Agreement (as defined below), the Lenders appointed the Collateral Agent to act as collateral agent for their benefit to hold Security pursuant to this agreement; and

**WHEREAS**, Non-Borrower Grantors acknowledge that the extension of credit by the Lenders to Borrower pursuant to the Financing Documents will directly and indirectly provide substantial benefit to Non-Borrower Grantors by making funds available to Non-Borrower Grantors through Borrower and by enhancing the financial strength of the consolidated group of Borrower;

**THIS AGREEMENT WITNESSES** that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each Grantor, each Grantor hereby agrees as follows:

### Definitions and Interpretation

1. In this agreement, all capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Collateral Agency and Intercreditor Agreement, and the following words shall, unless otherwise provided, have the meanings set out below:

"**Business Day**" shall have the meaning ascribed to such term in the Collateral Agency and Intercreditor Agreement;

**"Collateral"** means all present and future property and assets of each Grantor pledged, assigned, mortgaged, charged, hypothecated or made subject to a security interest pursuant to this agreement;

**"Collateral Agent"** means Knight Therapeutics Inc. appointed pursuant to the Collateral Agency and Intercreditor Agreement for the Lenders, and shall include its successors or assigns appointed pursuant to the provisions of the Collateral Agency and Intercreditor Agreement;

**"Collateral Agency and Intercreditor Agreement"** means the collateral agency and intercreditor agreement entered into between the Collateral Agent, as collateral agent, Knight Therapeutics Inc., as senior lender, Norrep Credit Opportunities Fund II (Parallel), LP and Norrep Credit Opportunities Fund II, LP, as subordinated lenders, and Borrower, as borrower, as the same may be amended, modified, supplemented, extended, renewed, restated or replaced from time to time

**"Contractual Right"** means any agreement, right, franchise, license, authorization, approval, equipment lease or sublease, privilege or permit (a) to which any Grantor is now or hereafter becomes a party, (b) in which any Grantor now or hereafter has any interest or (c) of which any Grantor is or hereafter becomes a beneficiary;

**"Credit Agreements"** shall have the meaning ascribed to such term in the Collateral Agency and Intercreditor Agreement;

**"Enforcement Request"** shall have the meaning ascribed to such term in the Collateral Agency and Intercreditor Agreement;

**"Event of Default"** shall have the meaning ascribed to such term in the Collateral Agency and Intercreditor Agreement;

**"Financing Documents"** shall have the meaning ascribed to such term in the Collateral Agency and Intercreditor Agreement;

**"Intellectual Property"** means all patents, trademarks, trade names, business names, trade styles, logos and other business identifiers, copyrights, technology, inventions, industrial designs, know-how, trade secrets and other industrial and intellectual property in which any Grantor now or in the future has any right, title or interest, including any industrial or intellectual property specifically listed or otherwise described in Schedule "A" hereto;

**"Investment Assets"** means all present and future Investment Property (as such term is defined in the UCC) and Financial Assets (as such term is defined in the UCC) held by any Grantor, including all present and future options and warrants held by any Grantor and all other rights and entitlements arising therefrom or related thereto, and, to the extent constituting "securities" within the meaning of Article 8 of the UCC, any Grantor's present and future interests in partnerships, limited partnerships, limited liability partnerships and limited liability companies, all substitutions for any of the foregoing and all dividends and income derived therefrom or payable in connection therewith;

**"Lenders"** means, collectively, Knight Therapeutics Inc., Norrep Credit Opportunities Fund II (Parallel), LP and Norrep Credit Opportunities Fund II, LP and shall include their successors and assigns;

**"Liens"** shall have the meaning ascribed to such term in the Collateral Agency and Intercreditor Agreement;

**"Money"** means United States dollars;

**"Person"** shall have the meaning ascribed to such term in the Collateral Agency and Intercreditor Agreement;

**"Proceeds"** means identifiable or traceable personal or real property in any form derived directly or indirectly from any dealing with any of the Collateral or the proceeds therefrom;

**"Receiver"** means a receiver, receiver-manager and receiver and manager;

**"Secured Parties"** means, collectively, the Collateral Agent and the Lenders;

**"Security"** shall have the meaning ascribed to such term in the Collateral Agency and Intercreditor Agreement;

**"Security Interest"** means the pledges, assignments, mortgages, charges and hypothecations of, and the security interests in, the Collateral created hereunder in favor of the Collateral Agent, on behalf of and for the benefit of the Secured Parties;

**"Secured Obligations"** shall have the meaning ascribed to such term in the Collateral Agency and Intercreditor Agreement; and

**"UCC"** means the Uniform Commercial Code in effect in the State of New York, as amended from time to time.

2. References such as "this agreement", "hereof", "herein", "hereto" and like references refer to this agreement and any schedules, exhibits or appendices attached hereto (all of which schedules, exhibits and appendices form a part of this agreement) and not to any particular section, subsection, paragraph or other subdivision of this agreement.
3. The division of this agreement into sections, subsections and paragraphs and the insertion of headings in this agreement are for convenience of reference only and shall not affect the construction or interpretation of this agreement.
4. Terms used herein which are defined in the UCC, shall have the same meanings herein as are ascribed to such terms in the UCC, unless such terms are otherwise defined herein.
5. The word "Grantor", the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used. The term "successors" shall include, without limiting its meaning, any entity resulting from the merger of an entity with another entity. Where the context so requires, words used herein (including defined terms) importing the singular shall include the plural and vice versa and words used herein (including defined terms) importing gender shall include all genders (including the neuter).
6. Nothing herein is intended or shall be deemed to subordinate the Security Interest to any other Lien affecting all or any portion of the Collateral.
7. If one or more of the provisions contained herein shall be invalid, illegal or unenforceable in any respect, such provision or provisions shall be severed from this agreement only to the extent necessary, and the validity, legality and enforceability of the remaining provisions hereof, including the provision or provisions remaining after such severance, shall not in any way be affected or impaired thereby.
8. In the event that any day, on or before which any action is required to be taken hereunder, is not a Business Day, then such action shall be required to be taken on or before the first Business Day thereafter.

9. If any provision in this agreement refers to any action taken or to be taken by any Grantor, or which any Grantor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. When used in the context of a general statement followed by a reference to one or more specific items or matters, the term "including" shall mean "including, without limitation" and the use of the term "includes" shall mean "includes, without limitation".
10. This agreement shall be governed by and construed in accordance with the laws of the State of New York, including without limitation the provisions of New York General Obligations Law Section 5-1401 and 5-1402. Each Grantor hereby irrevocably and unconditionally attorns and submits to the non-exclusive jurisdiction of the courts of the State of New York, provided that nothing herein shall prevent the Collateral Agent from proceeding at its election against any Grantor in the courts of any other province, country or jurisdiction.

### **Grant of Security Interest**

11. As continuing security for the payment and performance of the Secured Obligations, each of the Grantors hereby pledges, assigns, mortgages, charges and hypothecates to the Collateral Agent, for the benefit of each of the Secured Parties, and grants to the Collateral Agent, for the benefit of each of the Secured Parties, a security interest in the following:
  - (a) all present and future equipment of such Grantor, including all of its present and future equipment, fixtures, tools, furniture, books, records, documents, vehicles of any nature, kind or description, and all accessions to any of the foregoing, including all spare parts and accessories installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating to the foregoing;
  - (b) all present and future inventory of such Grantor, including all of its present and future raw materials, materials used or consumed in its business, work-in-progress, finished goods, goods used for packing and goods acquired or held for sale or lease or that have been leased or furnished or that are to be furnished under contracts of rental or service, and all accessions to any of the foregoing, including all spare parts and accessories installed in or affixed or attached to any of the foregoing;
  - (c) all present and future general intangibles of such Grantor, including all of its present and future accounts and other amounts receivable, book debts, goodwill, Intellectual Property and choses in action of every nature and kind;
  - (d) all present and future documents, chattel paper, instruments, letter of credit rights, deposit accounts and Money of such Grantor;
  - (e) all present and future Investment Assets of such Grantor;
  - (f) all substitutions or exchanges from time to time in respect of any of the foregoing Investment Assets;
  - (g) all dividends, distributions and other income (whether in the form of Money, Investment Assets or any other property) derived from or in respect of any of the foregoing Investment Assets or payable in connection therewith and all monies and property received or receivable in the nature of the return or repayment of capital in respect thereof;
  - (h) the deposit accounts maintained by such Grantor, as set forth on Schedule "D" hereto.

- (i) all present and future real property, personal property, and assets of such Grantor of any nature or kind, including all real property, personal property and assets at any time owned, leased or licensed by such Grantor or in which such Grantor at any time has any right or interest or to which such Grantor is or may at any time become entitled (other than the property and assets of such Grantor validly pledged or assigned or subjected to a valid mortgage, charge, hypothec or security interest by subsection 11(a), 11(b), 11(c), 11(d), 11(e), 11(f), 11(g) or 11(h) hereof and subject to the exceptions hereinafter contained); and
- (j) all Proceeds derived directly or indirectly from any dealing with any of the foregoing, including insurance proceeds and any other payment representing indemnity or compensation for loss of or damage thereto.

Partial releases of the security interest created by this agreement will be granted to the Grantors in accordance with the provisions of the Collateral Agency and Intercreditor Agreement.

#### **Limited Exceptions to Grant of Security Interest**

12. Despite any other provision of this agreement, the Security Interest shall not attach to any Contractual Right to the extent that, as a matter of law or by the terms of the underlying contract, is (i) not assignable; or (ii) not assignable without first obtaining approval or consent (collectively, the "**Non-Assignable Rights**"), and the Obligors (or any one or more of them) shall hold all such Non-Assignable Rights in trust for the Collateral Agent as security for the performance of the Secured Obligations. In the case of any Contractual Right described in clause (ii) of this Section 12, the applicable Grantor shall use its best efforts to obtain the consent required to permit any such Contractual Right to be subjected to the Security Interest, and the Security Interest shall attach to such Contractual Right following the receipt of such consent.

#### **Attachment**

13. Each Grantor confirms and agrees that:
- (a) value has been given by the Collateral Agent, for and on behalf of the Secured Parties, to such Grantor;
  - (b) such Grantor has rights in all its existing Collateral and power to transfer rights in such Collateral to the Collateral Agent, on behalf of and for the benefit of the Secured Parties; and
  - (c) such Grantor and the Secured Parties, have not postponed the time for attachment of the Security Interest and the Security Interest shall attach to such Grantor's existing Collateral upon the execution of this agreement and shall attach to Collateral in which such Grantor hereafter acquires rights at the time that such Grantor acquires rights in such Collateral.

#### **Provisions with respect to Investment Assets**

14. Whenever any Investment Assets is a certificated security, an uncertificated security or a security entitlement, the Grantors shall, or shall cause the issuer of such Investment Assets to, or shall cause the securities intermediary that holds such Investment Assets to, take all steps as are necessary to give exclusive control over such Investment Assets to the Collateral Agent in a manner satisfactory to the Collateral Agent.

15. All certificates representing Investment Assets may remain registered in the name of a Grantor, but such Grantor shall, promptly at the request of the Collateral Agent, duly endorse such certificates in blank for transfer or execute stock powers of attorney in respect thereof and deliver such certificates or powers of attorney to the Collateral Agent; in either case with all documentation being in form and substance satisfactory to the Collateral Agent. Upon the occurrence and continuance of an Event of Default and delivery of an Enforcement Request to the Borrower, at the Collateral Agent's written request:
- (a) each Grantor shall promptly cause its Investment Assets to be registered in the name of the Collateral Agent or its nominee, and the Collateral Agent is hereby appointed the irrevocable attorney (coupled with an interest) of each Grantor with full power of substitution to cause any or all of the Investment Assets of such Grantor to be registered in the name of the Collateral Agent or its nominee;
  - (b) each Grantor shall promptly cause each securities intermediary that holds any Investment Asset of such Grantor that is a security entitlement to record the Collateral Agent as the entitlement holder of such Investment Asset; and
  - (c) each Grantor shall promptly:
    - (i) in the case of any Investment Asset in the form of an uncertificated security or security entitlement in respect of which such Grantor shall have the right so to do under the terms of such Investment Asset, cause a security certificate to be issued for such Investment Asset that is in the form of an uncertificated security or a security entitlement;
    - (ii) endorse such security certificate in blank;
    - (iii) deliver such security certificate to the Collateral Agent; and
    - (iv) take all other steps necessary to give exclusive control over such certificated security to the Collateral Agent,

in a manner satisfactory to the Collateral Agent.

Collateral Agent hereby designates, makes, constitutes and appoints its special US counsel, Dentons US LLP ("**Dentons US**"), as Collateral Agent's true and lawful attorney-in-fact, and authorizes Dentons US to receive and hold, on Collateral Agent's behalf, any and all such certificates, stock powers, powers of attorney and other items required to be delivered to Collateral Agent under this Section 15, and Collateral Agent hereby directs Grantors to make any and all such deliveries directly to Dentons US at the following address: Dentons US LLP, 1221 Avenue of the Americas, New York, New York 10020 USA, Attn: David S. Hall, Esq.

16. Until the occurrence and continuance of an Event of Default and delivery of an Enforcement Request to the Borrower, the Grantors shall be entitled to exercise all voting rights attached to the Investment Assets and give consents, waivers and ratifications in respect thereof; provided that no vote shall be cast or consent, waiver or ratification given or action taken which would be prejudicial to the interests of the Secured Parties or which would have the effect of reducing the value of the Investment Assets as security for the Secured Obligations, or imposing any restriction on the transferability of any of the Investment Assets. All such rights of the Grantors to vote and give consents, waivers and ratifications shall cease immediately upon and delivery of an Enforcement Request to the Borrower.
17. Subject to the provisions of the Financing Documents, unless an Event of Default has occurred and is continuing and an Enforcement Request has been delivered to the Borrower, all dividends,



distributions, interest and other income in respect of Investment Assets and all proceeds received by the Grantors in respect of Investment Assets may be received by the Grantors in the ordinary course and distributed in the ordinary course to the holder or holders of equity interests in the Grantors. If an Event of Default has occurred and is continuing (and an Enforcement Request has been delivered to the Borrower) and the Collateral Agent has provided written notice of such Event of Default to the Borrower, the Grantors shall not be entitled to retain or distribute to their holder or holders of equity interests any such dividends, distributions, interest or other income or proceeds and, if any such amounts are received by any Grantor after the Collateral Agent provides such notice to the Borrower, such Grantor shall hold such amounts in trust, as trustee for the Secured Parties, and such Grantor shall forthwith pay such amounts to the Collateral Agent, to be applied to reduce the Secured Obligations or, at the option of the Collateral Agent, to be held as additional security for the Secured Obligations.

18. The responsibility of the Secured Parties in respect of any Investment Assets held by the Collateral Agent shall be limited to exercising the same degree of care which the Collateral Agent gives valuable property of the Collateral Agent. The Secured Parties shall not be bound under any circumstances to realize on any Investment Assets or allow any Investment Assets to be sold, or exercise any option or right attaching thereto, or be responsible for any loss occasioned by any sale of Investment Assets or by the retention or other refusal to sell the same; nor shall the Secured Parties be obliged to collect or see to the payment of interest or dividends thereon but, subject to Section 17, all such interest and dividends, if and when received by any Grantor, shall be held by such Grantor in trust for the Secured Parties, and shall be forthwith paid to the Collateral Agent.

#### **Representations and Warranties of the Grantors**

19. Each Grantor hereby represents and warrants to each of the Secured Parties that:
- (a) other than the Security Interest and any other Liens permitted under both of the Credit Agreements, such Grantor owns the Collateral free and clear of any Liens;
  - (b) the chief executive office of such Grantor is located at the address listed in Part I of Schedule "C" of this agreement;
  - (c) Schedule "A" hereto contains a complete and accurate list of all of the presently registered Intellectual Property of such Grantor, including all registered patents, trademarks and copyrights of such Grantor.
  - (d) Schedule "B" attached hereto includes a complete list of all Investment Assets including all securities, securities accounts and securities entitlements in which such Grantor has rights;
  - (e) Schedule "D" attached hereto includes a complete list of all deposit, current and other accounts maintained with any bank, trust company or other financial institution in which such Grantor has rights;
  - (f) all Contractual Rights relating to or affecting the Intellectual Property of such Grantor are in good standing;
  - (g) such Grantor owns directly, or is entitled to use by Contractual Right or otherwise, all of such Intellectual Property;
  - (h) such Grantor has made all necessary filings, registrations and recordations to protect all of its right, title and interest in that Intellectual Property which is material to the conduct of

such Grantor's business including all relevant renewals; and all such filings, registrations and recordations have been duly and properly made and are in full force and effect and are not subject to dispute by any governmental authority or agency.

- (i) such Grantor does not keep tangible Collateral at any location(s) except:
  - (i) the location listed in Part I of Schedule "C" hereto, and
  - (ii) any location(s) listed in Part II of Schedule "C" hereto,other than tangible Collateral in transit to or from such locations.

All representations and warranties made by each of the Grantors in this agreement (i) are material, (ii) will be considered to have been relied on by the Secured Parties, and (iii) will survive the execution and delivery of this agreement or any investigation made at any time by or on behalf of the Secured Parties and any disposition or payment of the Secured Obligations until this agreement is released in writing by the Collateral Agent.

### **Covenants of the Grantors**

20. Each Grantor agrees with the Secured Parties that, until the Secured Obligations have been satisfied and paid in full (and the Lenders' obligations under their respective Credit Agreements have been terminated):

- (a) it will:
  - (i) make and maintain all filings, registrations and recordations necessary or desirable to protect its right, title and interest in the Collateral, including all filings, registrations and recordations necessary or desirable in respect of patents, trademarks, copyrights and industrial designs included in the Intellectual Property;
  - (ii) not lease, sell, assign or otherwise dispose of all or any part of the Collateral, except as may be permitted under both of the Credit Agreements;
  - (iii) after the occurrence of an Event of Default which is continuing and the delivery of an Enforcement Request to the Borrower, permit the Collateral Agent to require any account debtor of such Grantor to make payment to the Collateral Agent of any or all amounts owing by the account debtor to such Grantor, and the Collateral Agent may take control of any proceeds referred to in subsection 11(j) hereof and may hold all amounts received from any account debtor and any proceeds as cash collateral as part of the Collateral and as security for the Secured Obligations;
  - (iv) At the request of the Collateral Agent, such Grantor will execute and deliver such further agreements, deeds, instruments and other documents and to do such things as may reasonably be necessary to give effect to this agreement;
  - (v) deliver to the Collateral Agent, at the Collateral Agent's request, duly endorsed and/or accompanied by such assignments, transfers, powers of attorney or other documents as the Collateral Agent may request, all items of the Collateral comprising chattel paper, instruments, Investment Assets, documents and documents of title;

- (vi) immediately provide the Collateral Agent with written notice of the direct or indirect filing of any application for registration affecting any of its Intellectual Property; and
  - (vii) at all times, both before and after the occurrence of a default, do or cause to be done such further and additional acts and things and execute and deliver or cause to be executed and delivered all such further and additional documents and agreements as the Collateral Agent may reasonably require to better pledge, assign, mortgage, charge and hypothecate the Collateral in favor of the Collateral Agent, on behalf of and for the benefit of the Secured Parties, to perfect the Security Interest and, without limiting the generality of the foregoing, to accomplish the intentions of this agreement; and
- (b) it will not, without 30 days' prior written notice to the Collateral Agent:
- (i) change its name or state of organization;
  - (ii) change the location of its chief executive office from that set out in Part I of Schedule "C" hereto; or
  - (iii) keep tangible Collateral at any location other than the location(s) listed in Parts I and II of Schedule "C" hereto, except as permitted in the Credit Agreements.

### **Default**

21. Without prejudice to any right which the Secured Parties may now or hereafter have to demand payment of any of the Secured Obligations, the Secured Obligations shall become immediately due and payable upon the occurrence of an Event of Default which is continuing and delivery of an Enforcement Request to the Borrower, and the Collateral Agent, on behalf of the Secured Parties, may exercise any and all of its rights and remedies set forth herein or in the other Financing Documents, the rights and remedies of a secured party set forth in the UCC and any other rights and remedies provided under applicable law.

### **Remedies of the Collateral Agent**

22. Without limiting the generality of the foregoing Section 21, upon the occurrence and during the continuance of an Event of Default and delivery of an Enforcement Request to the Borrower, the Collateral Agent, on behalf of the Secured Parties, may proceed to enforce the Security Interest and realize upon the Collateral by doing any one or more of the following:
- (a) entering upon any lands and premises where any Collateral is or may be located;
  - (b) taking possession of Collateral by any method permitted by law;
  - (c) occupying any lands and premises owned or occupied by the Grantors and using all or any part of such lands and premises and the equipment and other Collateral located thereon;
  - (d) leasing, selling, licensing or otherwise disposing of the whole or any part or parts of the Collateral;
  - (e) collecting, selling or otherwise dealing with any accounts or other amounts receivable of any Grantor, including notifying any Person obligated to any Grantor in respect of an account, chattel paper or instrument to make payment to the Collateral Agent of all present and future amounts due thereon;

- (f) taking steps and expending such monies as it considers necessary or desirable in its sole discretion to maintain, preserve and protect the Collateral, including making payments on account of other security interests affecting the Collateral; provided that the Secured Parties shall have no obligation to take any such actions or make any such expenditures; but any such amounts paid by the Secured Parties shall be added to the Secured Obligations and shall be secured by the Security Interest;
- (g) collecting any rents, income, and profits received in connection with the business of any Grantor or the Collateral, without carrying on such business;
- (h) exercising all voting rights attached to any Collateral constituting Investment Assets (whether or not registered in the name of the Collateral Agent or its nominee) and giving or withholding all consents, waivers and ratifications in respect thereof and otherwise acting with respect thereto as though it were the absolute owner thereof;
- (i) exercising any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any Collateral constituting Investment Assets as if it were the absolute owner thereof including the right to exchange at its sole discretion any and all of such Investment Assets upon the merger, consolidation, reorganization, recapitalization or other readjustment of any issuer thereof, or upon the exercise by any issuer of any right, privilege or option pertaining to any such Investment Assets, and in connection therewith, to deposit and deliver any such Investment Assets with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as it may determine in its sole discretion, all without liability except to account for property actually received by it;
- (j) complying with any limitation or restriction in connection with any proposed sale or other disposition of Collateral constituting Investment Assets as may be necessary in order to comply with applicable law or regulation or any policy imposed by any stock exchange, securities commission or other governmental or regulatory authority or official, and each Grantor agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, and the Secured Parties shall not be liable or accountable to any Grantor for any discount in the sale price of any such Investment Assets which may be given by reason of the fact that such Investment Assets are sold in compliance with any such limitation or restriction;
- (k) carrying on the business of the Grantors or any portion thereof;
- (l) exercising any and all of the rights and remedies granted pursuant to the UCC and any other applicable legislation, or otherwise available at law or in equity;
- (m) demanding, commencing, continuing or defending any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and giving valid and effectual receipts and discharges therefor and to compromise or give time for the payment or performance of all or any part of the accounts or other amounts receivable of a Grantor or any other obligation of any third party to a Grantor;
- (n) borrowing money for the maintenance, preservation or protection of the Collateral or for the carrying on of the business of any Grantor, and charge and grant further security interests in the Collateral in priority to the Security Interest or otherwise, as security for the money so borrowed;
- (o) accepting the Collateral in satisfaction of the Secured Obligations;

- (p) appointing by instrument in writing a Receiver or Receivers of the Collateral or any part thereof;
  - (q) bringing proceedings in any court of competent jurisdiction for the appointment of a Receiver or Receivers or for the sale of the Collateral or any part thereof; and
  - (r) filing such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relating to any Grantor or the Collateral.
23. The Secured Parties shall not be required to marshal any present or future security for (including but not limited to this agreement and the Collateral subject to the Security Interest), or guarantees of, the Secured Obligations or any of them, or to resort to such security or guarantees in any particular order; and all of their rights hereunder and in respect of such securities and guaranties shall be cumulative and in addition to all other rights, however existing or arising. To the extent that they lawfully may do so, the Grantors hereby agree that they will not invoke and irrevocably waive the benefits of any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of the Secured Parties' rights under this agreement or under any other instrument evidencing any of the Secured Obligations or under which any of the Secured Obligations is outstanding or by which any of the Secured Obligations is secured or guaranteed. Except as required by applicable law, the Secured Parties shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the safe custody thereof.
24. Without limiting the ability of the Collateral Agent or any Receiver to dispose of Collateral in any other manner, each Grantor agrees that any sale, lease or other disposition of the Collateral hereunder may be completed by public auction, public tender or private contract, with or without notice, with or without advertising and with or without any other formality (except as required by law), all of which are hereby waived by the Grantors. If notice of a sale or other action by the Secured Party is required by applicable law, unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Grantors agree that ten (10) days written notice to the Grantors, or the shortest period of written notice permitted by such law, whichever is smaller, shall be sufficient notice; and that to the extent permitted by law, the Collateral Agent, its officers, attorneys and agents may bid and become purchasers at any such sale, if public, and may purchase at any private sale any of the Collateral that is of a type customarily sold on a recognized market or which is the subject of widely distributed standard price quotations. Any sale (public or private) shall be without warranty and free from any right of redemption, which the Grantors shall waive and release after default upon the Secured Party's request therefor, and may be free of any warranties as to the Collateral if Secured Party shall so decide. Any such disposition of Collateral may involve all or part of the Collateral and may be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as the Collateral Agent or any Receiver appointed by the Collateral Agent may, in its sole discretion, deem advantageous and may take place whether or not the Collateral Agent or any such Receiver has taken possession of such Collateral. Any purchaser or lessee of Collateral may be a customer of the Secured Parties.
25. The Secured Parties shall not be liable for any delay or failure to enforce any rights, powers or remedies available to it or to institute any proceedings for such purposes.
26. No right, power or remedy of the Secured Parties (whether granted herein or otherwise) shall be exclusive of or dependent on or merge in any other right, power or remedy, but all such rights, powers and remedies may from time to time be exercised independently or in combination.

27. The Grantors agree to pay to the Collateral Agent, forthwith on demand by the Collateral Agent, all reasonable costs and expenses incurred by the Secured Parties in connection with the exercise by the Secured Parties of their rights, powers and remedies hereunder, including:
- (a) any costs and expenses incurred by the Collateral Agent in taking, holding, moving, storing, recovering, possessing, repairing, processing, preparing for disposition or disposing of Collateral;
  - (b) any legal fees and expenses incurred by the Secured Parties in enforcing their rights, powers and remedies, including those incurred in connection with any proceedings taken for the purpose of enforcing their rights, powers and remedies hereunder or otherwise relating to the non-payment or non-performance of any Secured Obligations;
  - (c) the cost of borrowing amounts as hereinbefore provided in Section 22(n) (for the purpose of carrying on any Grantor's business or otherwise), including, the principal amount or any such amount borrowed, all interest thereon and fees relating thereto; and
  - (d) all costs and expenses of or incurred by any Receiver, agent or consultant appointed by the Collateral Agent (including any legal fees and expenses incurred by any such Receiver, agent or consultant).

All such sums shall bear interest at the highest rate applicable to the Secured Obligations, shall form part of the Secured Obligations and shall be secured by the Security Interest.

28. Any and all payments made in respect of the Secured Obligations from time to time and moneys realized from any Collateral (including moneys realized on any enforcement of this agreement) may be applied to such part or parts of the Secured Obligations as the Collateral Agent may see fit, and the Collateral Agent shall at all times and from time to time have the right to change any appropriation as the Collateral Agent may see fit.
29. The Grantors shall remain liable for all Secured Obligations that are outstanding following realization of all or any part of the Collateral.

#### **Rights of the Collateral Agent**

30. The Collateral Agent may pay the whole or any part of any Liens, taxes, rates or charges now or hereafter existing in respect of any Collateral and such payments together with all costs, charges and expenses which may be incurred in connection with making such payments shall form part of the Secured Obligations, shall bear interest at the highest rate applicable to the Secured Obligations, and shall be secured by the Security Interest. Whenever the Collateral Agent pays any such Lien, tax, rate or charge, it shall be entitled to all the equities and securities of the Person or Persons so paid and is hereby authorized to obtain any discharge thereof and hold such discharge without registration for so long as it may deem advisable to do so.
31. If any Grantor fails to perform or comply with any covenant or other obligation of such Grantor under this agreement, the Collateral Agent may, but need not, perform or otherwise cause the performance or compliance of such covenant or other obligation, provided that any performance or compliance undertaken by the Collateral Agent will not constitute a waiver, remedy or satisfaction of such failure. The costs and expenses of the Collateral Agent incurred in connection with any such performance or compliance shall be payable by the Grantors to the Collateral Agent on demand, form part of the Secured Obligations, bear interest at the highest rate applicable to the Secured Obligations and be secured by the Security Interest.
32. Each Grantor grants to each of the Secured Parties the right to set off against the Secured Obligations (or any portion thereof) any amount owed by the Secured Parties (and any one or

more of the Secured Parties) to such Grantor, including the amount of any and all accounts, credits or balances maintained by such Grantor with any Secured Party.

33. The Secured Parties, without exonerating in whole or in part the Borrower or the other Grantors, may grant time, renewals, extensions, indulgences, releases and discharges to, may obtain collateral and security from and give the same and any or all existing collateral or security up to, may abstain from taking collateral or security from or from perfecting collateral or security of, may accept compositions from, and may otherwise deal with the Borrower, the other Grantors and all other Persons and collateral as the Secured Parties may see fit.
34. Nothing herein shall obligate the Collateral Agent or any Lender to extend or amend any credit to the Borrower, the other Grantors or to any other Person.
35. The Collateral Agent or any Lender may assign, transfer and deliver to any transferee any of the interests in the Secured Obligations or any security or any documents or instruments held by the Collateral Agent or such Lender in respect thereof in accordance with the Financing Documents and the Collateral Agency and Intercreditor Agreement. No Grantor shall assign any of its rights or obligations hereunder without the prior written consent of the Collateral Agent and each Lender.

#### **Consolidation of a Grantor**

36. If a Grantor merges or consolidates with any other entity or entities, this agreement shall continue in full force and effect and shall be binding on the merged or consolidated entity and, for greater certainty:

(a) the Security Interest shall:

- (i) continue to secure payment of all obligations of such Grantor to the Secured Parties (and to any one or more of them) pursuant to or in respect of the Financing Documents;
- (ii) secure payment of all obligations of each other merging or consolidating entity to the Secured Parties (and to any one or more of them) pursuant to or in respect of the Financing Documents; and
- (iii) secure payment of all obligations of the merged entity to the Secured Parties (and to any one or more of them) pursuant to or in respect of the Financing Documents arising on or after the merger,

and the term "Secured Obligations" shall include all such obligations of such Grantor, the other merging entities and the merged entity;

(b) the Security Interest shall:

- (i) continue to encumber all property and assets of such Grantor;
- (ii) encumber all property and assets of each other merging or consolidating entity; and
- (iii) encumber all property and assets of the merged or consolidated entity in existence at the time of the merger or consolidation and all property and assets acquired by the merged entity after the merger,

and the term "Collateral" shall include all such property and assets of such Grantor, the other merging or consolidating entities and the merged or consolidated entity;

- (c) all defined terms and other provisions of this agreement shall be deemed to have been amended to reflect such merger or consolidation, to the extent required by the context; and
- (d) the parties agree to execute and deliver all such further documents and assurances as may be necessary or desirable in connection with the foregoing.

### **Notices**

37. Unless otherwise provided, any notice to be given to a party in connection with this Guaranty will be given in writing and will be given by personal delivery, by a reputable delivery service, by fax or by electronic mail, addressed to the recipient at the following addresses or at such other address as may be notified by such party to the others pursuant to this Section 37:

If to the Collateral Agent:

376 Victoria Avenue, Suite 220  
Westmount, Quebec, H3Z 1C3  
Attention: Jeffrey Kadanoff  
Fax: +1 514 481 4116

with a copy to:

Dentons Canada LLP  
1, Place Ville Marie Suite 3900  
Montreal, Quebec, H3B 4M7  
Attention: Charles R. Spector  
Fax: +1 514 866 2241

with a copy to:

Norrep Credit Opportunities Fund II (Parallel) LP  
Norrep Credit Opportunities Fund II, LP  
c/o Crown Capital Partners Inc.  
Suite 3730, 77 King Street W.  
P.O. Box 196  
Toronto, ON M5K 1H6  
Attention: Chris Johnson  
Fax No. (416) 640-6722

with a copy to:

Torys LLP  
Suite 3000, 79 Wellington Street West  
Toronto, Ontario M5K 1N2  
Attention: Nina Mansoori  
Fax: (416) 865-7380



If to the Grantors:

c/o CRH Medical Corporation  
Suite 522 – 999 Canada Place  
World Trade Centre  
Vancouver, BC V6C 3E1  
Attention: Richard Bear  
Fax No. (866) 477-5386

**Additional Grantors**

38. Any Person that is required pursuant to the Financing Documents to enter into this agreement as an additional Grantor may do so by executing and delivering a supplement to this agreement in the form of Exhibit "1". After execution and delivery of such supplement to the Collateral Agent, such Person shall become a Grantor hereunder with the same force and effect as if originally named a Grantor herein upon acceptance by the Collateral Agent of such supplement. The execution and delivery of any document adding an additional Grantor as a party to this agreement shall not require the consent of any other Grantor hereunder. The rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor as a party to this agreement.

**Paramourncy**

39. In the event of any conflict between the terms of this agreement and the terms of a Credit Agreement, the terms and provisions of the applicable Credit Agreement shall prevail. In the event of any conflict between the terms of a Credit Agreement and the terms of the Collateral Agency and Intercreditor Agreement, the terms and provisions of the Collateral Agency and Intercreditor Agreement shall prevail.

**Miscellaneous**

40. Time shall be of the essence of this agreement.
41. Upon payment and fulfillment by the Borrower or the other Grantors, or their respective successors or permitted assigns, of all Secured Obligations and provided that none of Secured Parties is then under any obligation (conditional or otherwise) to make any further loan or extend any other type of credit to the Borrower, the other Grantors or to any other Person, the payment of which is secured, directly or indirectly, by this agreement, the Collateral Agent shall, upon request in writing by the Grantors and at the Grantors' expense, discharge this agreement.
42. This agreement is in addition to and not in substitution for any other security now or hereafter held by the Secured Parties and shall be general and continuing security notwithstanding that the Secured Obligations shall be at any time or from time to time fully satisfied or paid.
43. The Secured Parties may in writing (and not otherwise) waive any default by the Grantors, or any one of them, in the observance or performance of any provision of this agreement; provided that no waiver by the Secured Parties shall extend to or be taken in any manner whatsoever to affect any subsequent default, whether of the same or a different nature, or the rights resulting therefrom.
44. This agreement shall inure to the benefit of the Collateral Agent, its successors and assigns, and the Lenders and their respective successors and assigns and shall be binding on each of the Grantors, and their respective successors and permitted assigns.
45. The Grantors agree that the Collateral Agent may from time to time provide information concerning this agreement (including a copy hereof), the Collateral and the Secured Obligations

to any Person the Collateral Agent in good faith believes is entitled thereto pursuant to applicable legislation.

46. This agreement may be executed in any number of counterparts, all of which when taken together shall constitute one agreement. Any signatory hereto may deliver an executed copy of this agreement by facsimile or electronic mail to the addressee hereto provided that in such event that party shall promptly deliver to the addressee hereto an originally executed copy of this agreement.
47. Each of the Grantors acknowledges receipt of an executed copy of this agreement.
48. Each of the Grantors hereby authorize the Collateral Agent to file, and if requested will deliver to Collateral Agent, all financing statements and other documents and take such other actions as may from time to time be requested by Collateral Agent in order to maintain a first perfected security interest in and, if applicable, control of, the Collateral. Any financing statement filed by Collateral Agent may be filed in any filing office in any UCC jurisdiction and may (i) indicate the Collateral (1) as all personal property of Grantor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Chapter 9 of the UCC or such jurisdiction, or (2) by any other description which reasonably approximates the description contained in this agreement, and (ii) contain any other information required by part 5 of Chapter 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including, in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. Each Grantor also agrees to furnish any such information to Collateral Agent promptly upon request. Each Grantor also ratifies its authorization for Collateral Agent to have filed in any UCC jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.
49. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH GRANTOR HEREBY IRREVOCABLY AND EXPRESSLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF SECURED PARTIES IN THE NEGOTIATION, ADMINISTRATION, OR ENFORCEMENT THEREOF.

**[The remainder of this page has been intentionally left blank.]**

IN WITNESS WHEREOF this agreement has been executed by each of the undersigned as of the date first above written.

**GRANTORS:**

**CRH MEDICAL CORPORATION**, a company formed under the laws of British Columbia

By: \_\_\_\_\_  
Name: *Richard Beer*  
Title: *CFO & Corporate Secretary*

**CRH MEDICAL CORPORATION**, a Delaware corporation

By: \_\_\_\_\_  
Name: *Richard Beer*  
Title: *CFO & Secretary*

**ARNOLD E. SUTTON, M.D., PC**, a Georgia professional corporation

By: \_\_\_\_\_  
Name: *Richard Beer*  
Title: *CFO/Treasurer & Assistant Secretary*

**GASTROENTEROLOGY ANESTHESIA ASSOCIATES, LLC**, a Georgia limited liability company

By: \_\_\_\_\_  
Name: *Richard Beer*  
Title: *Vice-President, Finance*

**CRH ANESTHESIA MANAGEMENT, LLC**, a Delaware limited liability company

By: \_\_\_\_\_  
Name: *Richard Beer*  
Title: *CFO*

**COLLATERAL AGENT:**

**KNIGHT THERAPEUTICS INC.**

By: \_\_\_\_\_  
Name:  
Title:

IN WITNESS WHEREOF this agreement has been executed by each of the undersigned as of the date first above written.

**GRANTORS:**

**CRH MEDICAL CORPORATION**, a company formed under the laws of British Columbia

By: \_\_\_\_\_  
Name:  
Title:

**CRH MEDICAL CORPORATION**, a Delaware corporation

By: \_\_\_\_\_  
Name:  
Title:

**ARNOLD E. SUTTON, M.D., PC**, a Georgia professional corporation

By: \_\_\_\_\_  
Name:  
Title:

**GASTROENTEROLOGY ANESTHESIA ASSOCIATES, LLC**, a Georgia limited liability company

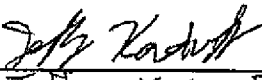
By: \_\_\_\_\_  
Name:  
Title:

**CRH ANESTHESIA MANAGEMENT, LLC**, a Delaware limited liability company

By: \_\_\_\_\_  
Name:  
Title:

**COLLATERAL AGENT:**

**KNIGHT THERAPEUTICS INC.**

By:   
Name: Jeffrey Kadanoff  
Title: CFO

**SCHEDULE "A"**

**LIST OF INTELLECTUAL PROPERTY**

CRH Medical Corporation (CAN)

None.

GAA

None.

Sutton

None.

CRHAM

None.

CRH Medical Corporation (US)

**Trademarks**

**United States**

No.	Trade-mark	Status	Wares/Goods	Owner
	CRH	Pending <b>Serial No.</b> 86288713 <b>App Date</b> 2014-05-22	Health products, namely, over-the-counter pharmaceutical preparations, namely, laxatives, dietary fiber to aid digestion, vitamin supplements, probiotic compositions and dietary and nutritional supplements for general health and well-being	CRH Medical Corporation CORPORATION DELAWARE 227 Bellevue Way NE #188 Bellevue WASHINGTON 98004
	CRH MEDSENSE	Pending <b>Serial No.</b> 86288705 <b>App Date</b> 2014-05-22	Health products, namely, over-the-counter pharmaceutical preparations, namely, laxatives, dietary fiber to aid digestion, vitamin supplements, probiotic compositions and dietary and nutritional supplements for general health and well-	CRH Medical Corporation CORPORATION DELAWARE 227 Bellevue Way NE #188 Bellevue WASHINGTON 98004

No.	Trade-mark	Status	Wares/Goods	Owner
			being	
	MEDSENSE	Pending <b>Serial No.</b> 86288697 <b>App Date</b> 2014-05-22	Health products, namely, over-the-counter pharmaceutical preparations, namely, laxatives, dietary fiber to aid digestion, vitamin supplements, probiotic compositions and dietary and nutritional supplements for general health and well-being	CRH Medical Corporation CORPORATION DELAWARE 227 Bellevue Way NE #188 Bellevue WASHINGTON 98004

**SCHEDULE "B"**

**LIST OF SECURITIES AND SECURITIES ACCOUNTS**

CRH Medical Corporation (CAN)

<b>Registered Owner</b>	<b>Issuer</b>	<b>Certificate Number</b>	<b>Description of Interest</b>
CRH Medical Corporation	CRH Medical Corporation (formerly Colorectal Health Clinics Corporation)	2	100 shares

CRH Medical Corporation (US)

<b>Registered Owner</b>	<b>Issuer</b>	<b>Certificate Number</b>	<b>Description of Interest</b>	<b>% of Outstanding Interests</b>
CRH Medical Corporation	CRH Anesthesia Management, LLC	1	Membership Interest	100%

Sutton

<b>Registered Owner</b>	<b>Issuer</b>	<b>Certificate Number</b>	<b>Description of Interest</b>	<b>% of Outstanding Interests</b>
Arnold E. Sutton, M.D., P.C.	Gastroenterology Anesthesia Associates, LLC	1	Membership Interest	100%

GAA

None.

CRHAM

None.

***Security Entitlements:***

CRH Medical Corporation (US)

Option to Purchase Stock Agreement dated as of December 1, 2014, by and between CRH Medical Corporation, a Delaware corporation, Arnold E. Sutton, M.D., P.C., a Georgia professional corporation, and Arnold E. Sutton, M.D.

CRH Medical Corporation (CAN)

None.

GAA

None.

Sutton

None.

CRHAM

None.



**SCHEDULE "C"**

**Part I**

Location of the Chief Executive Office of each Grantor

CRH Medical Corporation (US), GAA, Sutton and CRHAM

227 Bellevue Way NE, #188  
Bellevue, WA 98004

CRH Medical Corporation (CAN)

Suite 522 – 999 Canada Place  
World Trade Centre  
Vancouver, British Columbia, V6C 3E1

**Part II**

Other Location(s) of the Tangible Collateral of each Grantor

CRH Medical Corporation (US)

13 Central Way  
Kirkland, WA 98033

The Jay Group  
700 Indian Springs Drive  
Lancaster, PA 17601

CRH Medical Corporation (CAN)

50 Alliance Blvd.  
Barrie, Ontario, L4M 5K3

14301 24<sup>th</sup> Street E  
Sumner, Washington, 98390

GAA

None.

Sutton

None.

CRHAM

None.

**SCHEDULE "D"**

**DEPOSIT ACCOUNTS OF EACH GRANTOR**

CRH Medical Corporation (US)

<b><u>Bank/Trust Company</u></b>	<b><u>Branch Address</u></b>	<b><u>Account No.</u></b>
US Bank	PO Box 1800 Saint Paul, MN 55101	A/C# 1 993 8000 9647
US Bank	PO Box 1800 Saint Paul, MN 55101	A/C# 553000248

GAA

<b><u>Bank/Trust Company</u></b>	<b><u>Branch Address</u></b>	<b><u>Account No.</u></b>
Wells Fargo	1819 Main Street Sarasota, FL 34236	1228246037

Sutton

None.

CRHAM

None.

CRH Medical Corporation (CAN)

N/A

**EXHIBIT "1"**

**FORM OF SUPPLEMENT AGREEMENT FOR ADDITIONAL GRANTORS**

SUPPLEMENT NO. \_\_\_\_\_, dated as of the \_\_\_\_ of \_\_\_\_\_, to the general security and pledge agreement dated as of December 1, 2014, among Borrower (as defined below), certain other Persons and **KNIGHT THERAPEUTICS INC.**, in its capacity as collateral agent (in such capacity, the "**Collateral Agent**") on behalf of itself and the other Lenders (as defined in the Security Agreement referred to below) from time to time party to the Financing Documents (as defined in the Security Agreement referred to below).

**BACKGROUND:**

**WHEREAS** CRH Medical Corporation, a company formed under the laws of British Columbia (the "**Borrower**"), owes, and in the future may owe, Secured Obligations (as defined in the Security Agreement referred to below) to the Collateral Agent and the Lenders under or pursuant to one or more of the Financing Documents;

**AND WHEREAS** pursuant to a Guaranty dated as of December 1, 2014 by each U.S. affiliate of the Borrower listed in the signature pages thereof and certain other Persons deriving direct and indirect benefit from the facilities made available under the Credit Agreements (collectively, the "**Original Non-Borrower Grantors**") in favor of the Collateral Agent, on behalf of and for the benefit of the Collateral Agent and the Lenders (as it may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Guaranty**"), the Original Non-Borrower Grantors have guaranteed all of the Secured Obligations;

**AND WHEREAS** pursuant to a general security and pledge agreement dated as of December 1, 2014 by Borrower and each of the Original Non-Borrower Grantors in favor of the Collateral Agent, on behalf of and for the benefit of the Secured Parties (as amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Security Agreement**"), Borrower and each Original Non-Borrower Grantor granted a Security Interest (as defined in the Security Agreement) in all of its present and future property, assets and undertaking to the Collateral Agent, on behalf of and for the benefit of Secured Parties (as defined in the Security Agreement) as security for the Secured Obligations;

**AND WHEREAS** the undersigned has delivered supplement no. \_\_\_\_\_ for additional Grantors dated as of the date hereof in favor of the Collateral Agent, on behalf of and for the benefit of the Secured Parties, pursuant to which the undersigned guaranteed all of the obligations of the Borrower to the Secured Parties;

**AND WHEREAS** it is a condition of the Financing Documents that the undersigned must become a party to the Security Agreement and grant first priority Liens on all of its assets in favor of the Collateral Agent to secure the Secured Obligations;

**FOR VALUABLE CONSIDERATION** (the receipt and sufficiency of which are hereby acknowledged), the undersigned covenants, acknowledges, represents and warrants in favor of the Collateral Agent, for its own benefit and for the benefit of the Secured Parties, as follows:

**Additional Grantors to be bound by the Guarantee**

1. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Security Agreement
2. The undersigned hereby: (a) agrees to become a Grantor under the Security Agreement with the same force and effect as if originally named therein as a Grantor and to be bound by all the terms

and provisions of the Security Agreement applicable to it as a Grantor thereunder; and (b) acknowledges that the Security Agreement shall henceforth be read and construed (i) as if the undersigned were a party thereto having all of the rights and obligations of a Grantor, and (ii) so that all references to a Grantor shall (to the extent context so permits) include the undersigned and be amended accordingly. Without limiting the generality of the foregoing, the undersigned hereby grants, charges, mortgages, hypothecs, pledges and assigns and grants a security interest in all of its present and after-acquired real and personal property to and in favor of the Collateral Agent, for the benefit of the Secured Parties, to the extent and in the manner contemplated by the Security Agreement.

3. Attached hereto are supplements to Schedule A, Schedule B, Schedule C and Schedule D of the Security Agreement pertaining to the undersigned.
4. The undersigned shall take all steps necessary and required under the Security Agreement to perfect, in favor of the Secured Parties, a first priority security interest in and Lien against undersigned's Collateral.

### **Representations and Warranties**

5. The undersigned hereby makes the representations and warranties set out in Section 19 of the Security Agreement with references therein to each Grantor and the Security Agreement being construed respectively as references to the undersigned and this Supplement and the Security Agreement as supplemented by this Supplement.
6. The undersigned represents and warrants that the supplements to the Schedules to the Security Agreement attached hereto are true and correct in all material respects and that such supplements set forth all information required to be scheduled under the Security Agreement with respect to the undersigned.

### **Counterparts**

7. This Supplement may be executed in counterparts, each of which shall be deemed to constitute an original, but all of which when taken together shall be deemed to constitute a single agreement. This Supplement shall become effective when the Collateral Agent shall have received counterparts of this Supplement that, when taken together, bear the signature(s) of the undersigned.

### **Force and Effect of Security Agreement**

8. Except as expressly supplemented hereby, the Security Agreement shall remain in full force and effect. The Security Agreement, as supplemented by this Supplement, shall constitute a single agreement.

### **Governing Law**

9. This Supplement shall be governed by and construed in accordance with the laws of the State of New York, including without limitation the provisions of New York General Obligations Law Section 5-1401 and 5-1402. The undersigned hereby irrevocably and unconditionally attorns and submits to the non-exclusive jurisdiction of the courts of the State of New York, provided that nothing herein shall prevent the Collateral Agent from proceeding at its election against the undersigned in the courts of any other province, country or jurisdiction.

### **Severability**

10. If any provision of this Supplement is determined pursuant to a final judgment of a court of competent jurisdiction to be invalid, illegal or unenforceable in any jurisdiction, the undersigned

agrees to the fullest extent it may effectively do so that (a) the validity, legality and enforceability in every other jurisdiction of such provision shall not in any way be affected or impaired thereby and (b) the validity, legality and enforceability in such jurisdiction of the remaining provisions hereof shall not in any way be affected or impaired thereby. The undersigned shall, at the request of the Collateral Agent negotiate in good faith with the Collateral Agent to replace any invalid, illegal or unenforceable provision contained in this Supplement with a valid, legal and enforceable provision which has the economic effect as close as possible to that of the invalid, illegal and unenforceable provision, to the extent permitted by law.

**Notices**

11. All communications and notices hereunder shall be in writing and shall be given as provided in the Security Agreement.

**Costs**

12. The undersigned shall forthwith reimburse the Collateral Agent, on demand and on a full indemnity basis, for all reasonable costs and expenses (including reasonable legal fees and expenses on a full indemnity basis) incurred by the Collateral Agent and the Lenders in connection with the preparation, issuance, protection, enforcement of and advice with respect to this Supplement and the enforcement of and advice with respect to the Security Agreement, including those arising in connection with the protection or enforcement of the rights of the Collateral Agent and the Lenders under the Security Agreement.

**TO WITNESS THIS AGREEMENT**, the undersigned have caused this supplement to be duly executed as of the date first written above.

**<NAME OF ADDITIONAL GRANTOR>**

By: \_\_\_\_\_  
Name:  
Title: