

THIS IS EXHIBIT "27" TO THE  
AFFIDAVIT OF JOHN ARBUTHNOT IV  
SWORN BEFORE ME AT WINNIPEG, MANITOBA,  
this 12<sup>th</sup> day of July, 2024



A NOTARY PUBLIC IN AND FOR THE PROVINCE OF MANITOBA

Borrower(s): DELTA 9 CANNABIS INC.**1. DEFINITIONS**

- (a) All capitalized terms used in this agreement ("Agreement") including any schedules ("Schedules") annexed hereto shall, except where defined herein, be interpreted pursuant to their respective meanings when used in the Personal Property Security Act of Alberta in force at the date of this Agreement ("PPSA").
- (b) In this Agreement:
- (i) "Account Debtor" means a debtor of the Debtor on an Intangible, Chattel Paper or Account, or any obligor of the Debtor on an Instrument;
  - (ii) "Agreed Rate" means the rate of interest payable under the document(s) evidencing the Indebtedness and in the event such document(s) bear different rates of interest the "Agreed Rate" shall mean the highest of such interest rates;
  - (iii) "Consumer Goods" means those goods that are used or acquired by the Debtor for use primarily for his personal, family or household purposes;
  - (iv) "Debtor" means the "Borrower(s)";
  - (v) "Encumbrances" means any Security Interest, mortgages, liens, claims, charges and other encumbrances affecting the Collateral including Permitted Encumbrances but excluding the Security Interest created hereby;
  - (vi) "Permitted Encumbrances" means any Encumbrances which are described in Schedule "C" and any others approved in writing by the Credit Union prior to their creation or assumption, and
  - (vii) "Receiver" includes a Receiver-Manager.

**2. SECURITY INTEREST**

- (a) For value received, the Debtor hereby grants to the Credit Union, by way of mortgage, charge and assignment, a Security Interest in the undertaking of the Debtor and in all Goods (including all parts, accessories, attachments, special tools, additions and Accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money, Securities and other property now or hereafter owned or acquired by or on behalf of the Debtor (including such as may be returned to or repossessed by the Debtor) and in all Proceeds thereof, (herein collectively called the "Collateral"), including, without limitation, all of the following property now or hereafter owned or acquired by or on behalf of the Debtor:
- (i) all property described in Schedule "A";
  - (ii) all Inventory;
  - (iii) all Equipment, including, without limitation, all machinery, tools, apparatus, plant, furniture, Fixtures and vehicles of whatsoever nature or kind;
  - (iv) all Accounts, including, without limitation, all book accounts and book debts and generally all accounts, debts, dues, claims, choses in action, judgements and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing due to or owned by or which may hereafter become due, owing or accruing due to or owned by the Debtor;
  - (v) all deeds, documents, writings, papers and books of account and other books relating to or being records of Accounts, Chattel Paper, Instruments or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
  - (vi) all contractual rights and insurance claims and all goodwill, patents, trademarks, copyrights, and other intellectual property; and
  - (vii) all crops and livestock including all crops that are or which hereafter become crops on any real property described in Schedule "B".
- (b) Any reference to "Collateral" shall, unless its context otherwise requires, be deemed a reference to "Collateral or any part thereof".

- (c) The Security Interest granted hereby shall not extend or apply to and the Collateral shall not include the last day of the term of any lease or agreement therefore but upon the enforcement of the Security Interest the Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.
- (d) The Security Interest granted hereby shall not extend or apply to and the Collateral shall not include the Debtor's Consumer Goods except for any described in Schedule "A".

### 3. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment of any and all obligations, indebtedness and liabilities of the Debtor to the Credit Union whether present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor is bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness").

### 4. DEBTOR'S REPRESENTATIONS AND WARRANTIES

The Debtor represents and warrants and so long as this Agreement remains in effect continuously represents and warrants that:

- (a) the Collateral is genuine and owned by the Debtor free of all Encumbrances except Permitted Encumbrances;
- (b) each Account, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same and the amount represented by the Debtor to the Credit Union from time to time as owing by each Account Debtor is the correct amount actually and unconditionally owing by such Account Debtor;
- (c) there is no litigation, proceeding or dispute pending or to the knowledge of the Debtor threatened against or affecting the Debtor or the Collateral, the adverse determination of which might materially and adversely affect the Debtor's financial condition or impair the Debtor's ability to perform its obligations hereunder;
- (d) the name(s) of the Debtor(s) is(are) accurately and fully set out above, and the Debtor is not known by any other name(s), and
- (e) there is no provision in any agreement to which the Debtor is a party, nor to the knowledge of the Debtor is there any statute, rule or regulation, or any judgement, decree or order of any court binding on the Debtor, which would be contravened by the execution and delivery of this Agreement.

### 5. DEBTOR'S COVENANTS

The Debtor covenants and agrees;

- (a) to defend the Collateral (except Collateral dealt with as permitted by clause 7 hereof) against the claims and demands of all other parties claiming the same or an interest therein;
- (b) to keep the Collateral free from all Encumbrances except Permitted Encumbrances;
- (c) subject to clause 7 hereof, not to sell, exchange, transfer, assign, lease, or otherwise dispose of Collateral or any interest therein without the prior written consent of the Credit Union;
- (d) to notify the Credit Union promptly of:
  - (i) any change in the information contained herein or in the Schedules relating to the Debtor, the Debtor's name, the Debtor's business or Collateral;
  - (ii) the details of any significant acquisition of Collateral;
  - (iii) the details of any claims or litigation affecting the Debtor or Collateral;
  - (iv) any loss or damage to Collateral;
  - (v) any default by any Account Debtor in payment or other performance of his obligations with respect to Collateral, and
  - (vi) the return to or repossession by the Debtor of Collateral;
- (e) to keep the Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, bylaw, rule, regulation or ordinance;
- (f) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of the Debtor or Collateral as and when the same become due and payable;

- (g) to punctually make all payments and perform all obligations in any lease by the Debtor and under any agreement charging property of the Debtor;
- (h) to prevent Collateral from being or becoming a Fixture or an Accession to other property that is not Collateral;
- (i) to carry on and conduct the business of the Debtor in a proper and efficient manner so as to protect and preserve the Collateral and to keep, in accordance with the Canadian Accounting Standards for Private Enterprises, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning the Collateral;
- (j) to deliver to the Credit Union from time to time promptly upon request:
  - (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to the Collateral;
  - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying the same;
  - (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
  - (iv) all policies and certificates of insurance relating to the Collateral, and
  - (v) such information concerning the Collateral, the Debtor and the Debtor's business and affairs as the Credit Union may reasonably request;
- (k) not to remove any of the Collateral from the jurisdiction in which it is located without the prior written consent of the Credit Union, and in the case of such removal to provide the Credit Union with a written certificate stating the time of removal, what is being removed and the intended new locality of such Collateral, and to assist the Credit Union in effecting such further registrations as may be required by the Credit Union to protect its Security Interest; provided however that this provision shall not be construed as a waiver of any prohibition against removal or relocation of Collateral contained elsewhere in this Agreement, nor shall it be construed as permission to do so;
- (l) in the event the value of the Collateral shall be materially reduced, to immediately reduce the amount of the Indebtedness by an amount determined by the Credit Union;
- (m) if the Collateral includes crops and livestock, in addition to the Debtor's other obligations regarding Collateral:
  - (i) to do all acts which may be necessary to attend to, care for, raise and fatten the livestock and to grow, cultivate, spray, irrigate, cut, harvest, pick, clean, preserve and protect the crops, all according to the most approved methods of farming husbandry and to keep the farm(s) on which the Collateral is located free of noxious weeds and grasses, and maintain the present buildings and improvements on the said farm(s) in good condition and repair;
  - (ii) to provide suitable range, pasture and feed for all livestock and care for and protect them from disease, damage, injury, death destruction by weather, wild animals, theft or other cause;
  - (iii) to pay, when due, all obligations incurred for labour or material or otherwise in the care or feeding or shearing of such livestock, and
  - (iv) at the request of the Credit Union, to deliver to the Credit Union the Debtor's Canadian Wheat Board producer's permit book and to assign to the Credit Union all of the Debtor's rights thereunder, and
- (n) to permit the Credit Union, by its officers or authorized agents, at any time, and from time to time, as often as the Credit Union in its sole discretion may determine, to enter the premises owned or occupied by the Debtor for the purpose of inspecting the Collateral and the operation of the Debtor's business.

## 6. INSURANCE

The Debtor shall insure and keep insured against loss or damage by fire or other insurable hazards the Collateral to the extent of its full insurable value, and shall maintain such other insurance as the Credit Union may reasonably require. The loss under the policies of insurance shall be made payable to the Credit Union as its interest may appear and the insurance shall be written by an insurance company approved by the Credit Union in terms satisfactory to the Credit Union and the Debtor shall provide the Credit Union with copies of the same. The Debtor shall pay all premiums and other sums of money necessary for such insurance as they become due and deliver to the Credit Union proof of said payment, and shall not allow anything to be done by which the policies may become vitiated. Upon the happening of any loss or damage the Debtor shall furnish at its expense all necessary proofs and shall do all necessary acts to enable the Credit Union to obtain payment of the insurance monies.

## 7. DEALING WITH COLLATERAL

The Debtor shall not sell, exchange, transfer, assign, lease or otherwise dispose of that Collateral described in Schedule "A" except with the prior written consent of the Credit Union which consent may be arbitrarily withheld. Until but not after Default the Debtor may deal with Collateral, other than that Collateral described in Schedule "A", in the ordinary course of the Debtor's business in any manner not inconsistent with the provisions of this Agreement, provided that the Debtor may only sell, exchange, transfer, assign, lease or otherwise dispose of such Collateral for fair value on commercially reasonable terms and provided that all cash Proceeds therefrom are immediately deposited with the Credit Union.



## **8. COLLATERAL IN POSSESSION OF CREDIT UNION, RECEIVER OR SHERIFF**

If Collateral is at any time in the possession of the Credit Union, a Receiver or Sheriff, the Credit Union, Receiver or Sheriff in possession, as the case may be:

- (a) shall not be required to take any steps to preserve any rights against other parties to any Chattel Paper, Security, or Instrument constituting Collateral;
- (b) shall not be required to keep the Collateral identifiable, and
- (c) may use the Collateral in any manner and to any extent the Credit Union, in its sole discretion, deems advisable.

## **9. SECURITIES**

If the Collateral at any time includes Securities, the Debtor authorizes the Credit Union to transfer the same or any part thereof into its own name or that of its nominee(s) so that the Credit Union or its nominee(s) may appear of record as the sole owner thereof; provided that, until Default, the Credit Union shall promptly deliver to the Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Debtor or its order a proxy to vote and take all action with respect to such Securities. After Default, the Debtor waives all rights to receive any notices or communications received by the Credit Union or its nominee(s) as such registered owner and agrees that no proxy issued by the Credit Union to the Debtor or its order as aforesaid shall thereafter be effective.

## **10. COLLECTION FROM ACCOUNT DEBTORS**

Before or after Default, the Credit Union may notify any Account Debtor of this Security Interest and may direct such Account Debtor to make all payments to the Credit Union. The Debtor acknowledges that any payments on or other Proceeds of the Collateral received by the Debtor from any Account Debtor, whether before or after notice of this Security Interest is given to such Account Debtor and whether before or after Default, shall be received and held by the Debtor in trust for the Credit Union and shall be turned over to the Credit Union upon request. The Debtor agrees that it will not commingle any Proceeds of or payments on the Collateral with any of the Debtor's funds or property, but will hold them separate and apart.

## **11. OTHER TERMS**

This Agreement includes the terms, if any, which are contained in Schedule "D".

## **12. APPLICATION OF MONIES**

All Monies collected or received by the Credit Union pursuant to or in exercise of any right it possesses with respect to the Collateral shall be applied on account of the Indebtedness in such manner as the Credit Union may in its sole discretion determine or, at the option of the Credit Union, may be held unappropriated in a collateral account or released to the Debtor, all without prejudice to the liability of the Debtor or the rights of the Credit Union hereunder, and any surplus shall be accounted for as required by law.

## **13. DEFAULT**

The happening of any of the following events shall constitute default ("Default") hereunder:

- (a) non-payment when due, whether by acceleration, demand or otherwise, of any amount forming part of the Indebtedness;
- (b) failure of the Debtor to observe or perform any term contained in this Agreement or in any other agreement between the Debtor and the Credit Union;
- (c) declaration of incompetency by a court of competent jurisdiction or death of an individual Debtor or an individual partner of a partnership Debtor;
- (d) bankruptcy or insolvency of the Debtor; filing against the Debtor of a petition in bankruptcy; making of an assignment for the benefit of creditors by the Debtor; appointment of a Receiver or trustee for the Debtor or for any property of the Debtor or institution by or against the Debtor of any proposal, plan of arrangement or other type of insolvency proceeding under the Bankruptcy Act or otherwise;
- (e) institution by or against the Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against, or winding up of the affairs of the Debtor;
- (f) any of the Encumbrances becomes enforceable;

- (g) the Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets or commits or threatens to commit an act of bankruptcy;
- (h) any execution, sequestration, extent or other process of any court becomes enforceable against the Debtor or if a distress or analogous process is levied upon the property of the Debtor or any part thereof;
- (i) any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of the Debtor pursuant to or in connection with this Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to the Credit Union to extend any credit to or to enter into this or any other agreement with the Debtor, is false in any material respect at the time as of which the facts therein set forth were stated or certified, or omits any substantial contingent or unliquidated liability or claim against the Debtor; or if upon the date of execution of this Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to the Credit Union at or prior to the time of such execution;
- (j) any of the licenses, permits or approvals granted by any government or any governmental authority and essential to the business of the Debtor is withdrawn, cancelled or significantly altered;
- (k) at any time, there is a material adverse change in the financial condition of the Debtor, or
- (l) the Credit Union considers that it is insecure, or that the prospect of payment or performance by the Debtor of the Indebtedness is or is about to be impaired, or that the Collateral is or is about to be placed in jeopardy.

#### 14. ACCELERATION

In the event of Default, the Credit Union, in its sole discretion, may without demand or notice of any kind, declare all or any of the Indebtedness which is not by its terms payable on demand, to be immediately due and payable. This clause does not apply to or affect any of the Indebtedness payable on demand.

#### 15. REMEDIES

On Default:

- (a) the Credit Union may enforce this Agreement by any method provided for in this Agreement, in the PPSA or as otherwise permitted by law or in equity, and, without limitation, may dispose of Collateral by lease or deferred payment;
- (b) the Credit Union may seize or otherwise take possession of the Collateral or any part thereof and sell the same by public or private sale at such price and upon such terms as the Credit Union in its sole discretion may determine and the proceeds of such sale less all costs, charges and expenses of the Credit Union (including costs as between a solicitor and his own client on a full indemnity basis) shall be applied on the Indebtedness and the surplus, if any, shall be disposed of according to law;
- (c) the Credit Union may take proceedings in any court of competent jurisdiction for the appointment of a Receiver;
- (d) the Credit Union may appoint by instrument any person or persons to be a Receiver of any Collateral, and may remove any person so appointed and appoint another in his stead;
- (e) unless otherwise restricted by his appointment, any Receiver shall have the power:
  - (i) to take possession of any Collateral for that purpose to take any proceedings, in the name of the Debtor or otherwise;
  - (ii) to carry on or concur in carrying on the business of the Debtor;
  - (iii) to sell or lease any Collateral;
  - (iv) to make any arrangement or compromise which he may think expedient in the interest of the Credit Union;
  - (v) to pay all liabilities and expenses connected with the Collateral, including the cost of insurance and payment of taxes or other costs, charges or expenses incurred in obtaining, maintaining possession of and preserving the Collateral, and the same shall be added to the Indebtedness and secured by the Collateral;
  - (vi) to hold as additional security any increase or profits resulting from the Collateral;
  - (vii) to exercise all rights and remedies that the Credit Union may have under this Agreement, the PPSA or otherwise at law or in equity;
  - (viii) with the written consent of the Credit Union, to borrow money for the purpose of carrying on the business of the Debtor or for maintenance of the Collateral or any part thereof or for other purposes approved by the Credit Union, and any amount so borrowed together with interest thereon shall form a charge upon the Collateral in priority to the Security Interest created by this Agreement, and
  - (ix) to do any other act or thing as may be considered to be incidental or conducive to any of the matters and powers aforesaid;

- (f) the Debtor hereby appoints each Receiver appointed by the Credit Union to be its attorney to effect a sale or lease of any Collateral and any deed, lease, agreement, or other document signed by a Receiver pursuant to this power of attorney shall have the same effect as if it had been executed by and under the seal of the Debtor;
- (g) a Receiver appointed by the Credit Union shall be deemed to be the agent of the Debtor, and the Debtor shall be solely responsible for his acts or defaults and for his remuneration and expenses, and the Credit Union shall not be in any way responsible for any misconduct or negligence on the part of any Receiver;
- (h) all monies received by the Receiver after providing for payment of all costs, charges and expenses of or incidental to the exercise of any of the powers of the Receiver shall be paid to the Credit Union and applied on account of the Indebtedness;
- (i) the Credit Union may enter upon, use and occupy all premises owned or occupied by the Debtor or wherein the Collateral may be situate;
- (j) before, during or after realizing on the Collateral, the Credit Union may recover and enforce judgement against the Debtor for the Indebtedness and all costs, charges and expenses reasonably incurred by the Credit Union (including, without limitation, costs as between a solicitor and his own client on a full indemnity basis) in recovering or enforcing judgement against the Debtor, and
- (k) the Credit Union may, but shall not be bound to, realize on the Collateral.

## 16. DEFICIENCY

If the Credit Union realizes on the Collateral and the realization is not sufficient to satisfy all the Indebtedness, the Debtor acknowledges and agrees that the Debtor shall continue to be liable for any Indebtedness remaining outstanding and the Credit Union shall be entitled to pursue full payment thereof.

## 17. COSTS AND EXPENSES

- (a) Upon the Debtor's failure to perform any of its obligations under this Agreement then the Credit Union may, but shall not be obligated to perform the same and in the event of performance thereof by the Credit Union the Debtor shall pay to the Credit Union forthwith upon written demand therefor an amount equal to all costs, charges and expenses incurred by the Credit Union in performing the Debtor's obligations plus interest thereon at the Agreed Rate from the date such costs, charges and expenses are incurred by the Credit Union until paid by the Debtor.
- (b) The Debtor shall pay all costs, charges and expenses reasonably incurred by the Credit Union or any Receiver appointed by it (including, but without restricting the generality of the foregoing, costs as between a solicitor and his own client on a full indemnity basis), in preparing, registering financing statements regarding or enforcing this Agreement, inspecting, taking custody of, preserving, repairing, maintaining, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting the Indebtedness and all such costs, charges and expenses together with any monies owing as a result of any borrowing by any Receiver appointed by the Credit Union shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby. Such costs, charges and expenses shall bear interest at the Agreed Rate from the date the same were incurred to the date of payment by the Debtor.
- (c) The Credit Union may pay or satisfy any Encumbrances or pay any sum necessary to clear title to any Collateral, and the Debtor agrees to repay the same on demand, plus interest thereon at the Agreed Rate.
- (d) All amounts paid by the Credit Union pursuant to this clause together with interest thereon at the Agreed Rate shall form part of the Indebtedness and be secured hereby.

## 18. SET OFF

Without limiting any other right the Credit Union may have, the Credit Union may, in its sole discretion at any time and without notice, set off any and all amounts owed to the Debtor by the Credit Union in any capacity and, whether or not due, against any and all Indebtedness including any contingent or non-matured Indebtedness and Indebtedness as principal or guarantor.

## 19. FURTHER ASSURANCES

The Debtor agrees to execute and deliver to the Credit Union such further assurances, conveyances and supplemental deeds as may be necessary to properly carry out the intention of this Agreement, as determined by the Credit Union, or as may be required by the Credit Union from time to time.

## 20. NOTICE

Any notice or demand required or permitted to be made or given by the Credit Union to the Debtor may be validly served by leaving the same with, or by mailing the same by prepaid registered mail, to the Debtor at his address as set out herein (or at such other address as the Debtor may in writing notify the Credit Union of as the Debtor's address for service under this Agreement) or by leaving such notice with any officer or director of the Debtor as shown on the records of the Credit Union, and in the case of mailing such notice or demand shall be deemed to have been received by the Debtor on the third business day following the date of mailing.

## 21. GENERAL

- (a) The Credit Union may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with the Debtor, Account Debtors, sureties and others and with Collateral and other security as the Credit Union may see fit without prejudice to the liability of the Debtor or the Credit Union's right to hold and realize upon the Security Interest. The Credit Union may demand, collect and sue on Collateral in either the Debtor's or the Credit Union's name and may endorse the Debtor's name on any and all cheques, commercial paper, and any other instruments pertaining to or constituting Collateral. The Credit Union shall not be liable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease or otherwise dispose of Collateral or to initiate any proceedings for such purposes.
- (b) No delay or omission by the Credit Union in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. The Credit Union may remedy any Default by the Debtor hereunder in any manner without waiving the Default remedied and without waiving any other prior or subsequent Default by the Debtor. All rights and remedies of the Credit Union granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.
- (c) The Debtor waives protest of any Instrument constituting Collateral at any time held by the Credit Union in which the Debtor is in any way liable and notice of any other action taken by the Credit Union.
- (d) This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Agreement and the Security Interest or any part thereof to enforce any rights hereunder, the Debtor shall not assert against the assignee any claim or defence which the Debtor now has or hereafter may have against the Credit Union.
- (e) If more than one Debtor executes this Agreement the obligations of such Debtors hereunder shall be joint and several.
- (f) No modification, variation or amendment of any term of this Agreement shall be binding or effective unless made by written agreement, executed by the parties hereto and no waiver of any term hereof shall be binding or effective unless in writing.
- (g) This Agreement is in addition to and not in substitution for any other agreements, securities or Security Interest now or hereafter held by the Credit Union and all such other agreements, securities and Security Interest shall remain in full force and effect.
- (h) The headings used in this Agreement are for convenience only and are not to be considered part of this Agreement and do not in any way limit, explain or amplify the terms of this Agreement.
- (i) When the context so requires, a singular shall be read as if the plural were expressed and vice versa and the terms hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, partnership or corporation.
- (j) In the event any terms of this Agreement, as amended from time to time, shall be deemed invalid, void or unenforceable, in whole or in part, by any court of competent jurisdiction, the remaining terms of this Agreement shall remain in full force and effect.
- (k) Nothing herein contained shall in any way obligate the Credit Union to grant, continue, renew or extend time for payment of the Indebtedness.

## 22. ATTACHMENT

- (a) Subject to subclause (b), the Security Interest created hereby is intended to attach the Collateral when this Agreement is executed by the Debtor and delivered to the Credit Union.
- (b) With respect to that Collateral acquired by the Debtor after the date this Agreement is executed and delivered to the Credit Union, the Security Interest created hereby in such Collateral is intended to attach at the same time as the Debtor acquires rights in such Collateral.

## 23. DISCLOSING INFORMATION

This Agreement and any information pertaining thereto or to the Indebtedness may be disclosed by the Credit Union as required by the PPSA.

**REMAINDER OF PAGE LEFT INTENTIONALLY BLANK;  
PAGE 9 OF 10 FOLLOWS IMMEDIATELY HEREAFTER.**

#### 24. GOVERNING LAW AND JURISDICTION

This Agreement shall be interpreted in accordance with the laws of the Province of Alberta, and the Debtor irrevocably agrees that any suit or proceeding with respect to any matters arising out of or in connection with this Agreement may be brought in the courts of the Province of Alberta or in any court of competent jurisdiction, as the Credit Union may elect, and the Debtor agrees to attorn to the same.

#### 25. COPY OF AGREEMENT

Debtor acknowledges receipt of a copy of this Agreement and waives any right it may have to receive a Financing Statement or Financing Change Statement relating to it.

IN WITNESS WHEREOF the Debtor has hereunto executed this Agreement this 11th day of March, 2022 at Winnipeg, Manitoba.

**DELTA 9 CANNABIS INC.**

Per: \_\_\_\_\_  
John William Arbuthnot IV, CEO

Per: \_\_\_\_\_

#### FULL ADDRESS OF DEBTOR

210, 777 - 8th Avenue SW,  
Calgary, Alberta T2P 3R5

\*Complete Affidavit of Execution if Debtor is an individual or partnership.

**SCHEDULE "A"**  
**(DESCRIBED PROPERTY)**

\*Obtain serial numbers for all motor vehicles, trailers, mobile homes, farm machinery, equipment and airplanes.

Serial Number	Year	Make and Model	Description of Goods

**SCHEDULE "B"**  
**(DESCRIBED REAL PROPERTY)**

\*Obtain Legal Description


**SCHEDULE "C"**  
**(PERMITTED ENCUMBRANCES AFFECTING COLLATERAL)**

**DELTA 9 CANNABIS INC.**

- NIL

**SCHEDULE "D"**  
**(OTHER TERMS AND CONDITIONS)**






**GENERAL SECURITY  
AGREEMENT**

**Connect First Credit Union Ltd.**  
(hereinafter called the "Credit Union")  
P.O. Box 908  
Calgary, Alberta T2P 2J6  
**096 Branch**  
**Member No.** \_\_\_\_\_

Borrower(s): **DELTA 9 BIO-TECH INC.**

**1. DEFINITIONS**

- (a) All capitalized terms used in this agreement ("Agreement") including any schedules ("Schedules") annexed hereto shall, except where defined herein, be interpreted pursuant to their respective meanings when used in the Personal Property Security Act of Alberta in force at the date of this Agreement ("PPSA").
- (b) In this Agreement:
  - (i) "Account Debtor" means a debtor of the Debtor on an Intangible, Chattel Paper or Account, or any obligor of the Debtor on an Instrument;
  - (ii) "Agreed Rate" means the rate of interest payable under the document(s) evidencing the Indebtedness and in the event such document(s) bear different rates of interest the "Agreed Rate" shall mean the highest of such interest rates;
  - (iii) "Consumer Goods" means those goods that are used or acquired by the Debtor for use primarily for his personal, family or household purposes;
  - (iv) "Debtor" means the "Borrower(s)";
  - (v) "Encumbrances" means any Security Interest, mortgages, liens, claims, charges and other encumbrances affecting the Collateral including Permitted Encumbrances but excluding the Security Interest created hereby;
  - (vi) "Permitted Encumbrances" means any Encumbrances which are described in Schedule "C" and any others approved in writing by the Credit Union prior to their creation or assumption, and
  - (vii) "Receiver" includes a Receiver-Manager.

**2. SECURITY INTEREST**

- (a) For value received, the Debtor hereby grants to the Credit Union, by way of mortgage, charge and assignment, a Security Interest in the undertaking of the Debtor and in all Goods (including all parts, accessories, attachments, special tools, additions and Accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money, Securities and other property now or hereafter owned or acquired by or on behalf of the Debtor (including such as may be returned to or repossessed by the Debtor) and in all Proceeds thereof, (herein collectively called the "Collateral"), including, without limitation, all of the following property now or hereafter owned or acquired by or on behalf of the Debtor:
  - (i) all property described in Schedule "A";
  - (ii) all Inventory;
  - (iii) all Equipment, including, without limitation, all machinery, tools, apparatus, plant, furniture, Fixtures and vehicles of whatsoever nature or kind;
  - (iv) all Accounts, including, without limitation, all book accounts and book debts and generally all accounts, debts, dues, claims, choses in action, judgements and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing due to or owned by or which may hereafter become due, owing or accruing due to or owned by the Debtor;
  - (v) all deeds, documents, writings, papers and books of account and other books relating to or being records of Accounts, Chattel Paper, Instruments or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
  - (vi) all contractual rights and insurance claims and all goodwill, patents, trademarks, copyrights, and other intellectual properties, and

{GSA - Site-specific-1}

\*Delete and initial if inapplicable.

- (vii) all crops and livestock including all crops that are or which hereafter become crops on any real property described in Schedule "B".
- (b) For the purposes hereof, the "Collateral" shall be restricted to Collateral which is now, or at any time hereafter, located at, related to, used in connection with, arises from the business or affairs carried on at, and/or generated in respect of, the lands which are municipally known as 760 Pandora Avenue, Winnipeg, Manitoba, Canada and 770 Pandora Avenue, Winnipeg, Manitoba, Canada and/or with the legal descriptions described in Schedule "E", and any amendments to title or subdivisions thereof and all Parts, Accessories, Attachments, Equipment Additions, Accretions and Accessions thereto and Proceeds thereof.
- (c) Any reference to "Collateral" shall, unless its context otherwise requires, be deemed a reference to "Collateral or any part thereof".
- (d) The Security Interest granted hereby shall not extend or apply to and the Collateral shall not include the last day of the terms of any lease or agreement therefore but upon the enforcement of the Security Interest the Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.
- \* (d) The Security Interest granted hereby shall not extend or apply to and the Collateral shall not include the Debtor's Consumer Goods except for any described in Schedule "A".

### **3. INDEBTEDNESS SECURED**

The Security Interest granted hereby secures payment of any and all obligations, indebtedness and liabilities of the Debtor to the Credit Union whether present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor is bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness").

### **4. DEBTOR'S REPRESENTATIONS AND WARRANTIES**

The Debtor represents and warrants and so long as this Agreement remains in effect continuously represents and warrants that:

- (a) the Collateral is genuine and owned by the Debtor free of all Encumbrances except Permitted Encumbrances;
- (b) each Account, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same and the amount represented by the Debtor to the Credit Union from time to time as owing by each Account Debtor is the correct amount actually and unconditionally owing by such Account Debtor;
- (c) there is no litigation, proceeding or dispute pending or to the knowledge of the Debtor threatened against or affecting the Debtor or the Collateral, the adverse determination of which might materially and adversely affect the Debtor's financial condition or impair the Debtor's ability to perform its obligations hereunder;
- (d) the name(s) of the Debtor(s) is(are) accurately and fully set out above, and the Debtor is not known by any other name(s), and
- (e) there is no provision in any agreement to which the Debtor is a party, nor to the knowledge of the Debtor is there any statute, rule or regulation, or any judgement, decree or order of any court binding on the Debtor, which would be contravened by the execution and delivery of this Agreement.

### **5. DEBTOR'S COVENANTS**

The Debtor covenants and agrees;

- (a) to defend the Collateral (except Collateral dealt with as permitted by clause 7 hereof) against the claims and demands of all other parties claiming the same or an interest therein;
- (b) to keep the Collateral free from all Encumbrances except Permitted Encumbrances;

- (c) subject to clause 7 hereof, not to sell, exchange, transfer, assign, lease, or otherwise dispose of collateral or any interest therein without the prior written consent of the Credit Union;
- (d) to notify the Credit Union promptly of:
  - (i) any change in the information contained herein or in the Schedules relating to the Debtor, the Debtor's name, the Debtor's business or Collateral;
  - (ii) the details of any significant acquisition of Collateral;
  - (iii) the details of any claims or litigation affecting the Debtor or Collateral;
  - (iv) any material loss or damage to Collateral;
  - (v) any default by any Account Debtor in payment or other performance of his obligations with respect to Collateral, and
  - (vi) the return to or repossession by the Debtor of Collateral;
- (e) to keep the Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;
- (f) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of the Debtor or Collateral as and when the same become due and payable, except when such taxes, rates, levies, assessments, and other charges are being disputed in good faith;
- (g) to punctually make all payments and perform all obligations in any lease by the Debtor and under any agreement charging property of the Debtor;
- (h) to prevent Collateral from being or becoming a Fixture or an Accession to other property that is not Collateral;
- (i) to carry on and conduct the business of the Debtor in a proper and efficient manner so as to protect and preserve the Collateral and to keep, in accordance with the Canadian Accounting Standards for Private Enterprises, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning the Collateral;
- (j) to deliver to the Credit Union from time to time promptly upon request:
  - (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to the Collateral;
  - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying the same;
  - (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
  - (iv) all policies and certificates of insurance relating to the Collateral, and
  - (v) such information concerning the Collateral, the Debtor and the Debtor's business and affairs as the Credit Union may reasonably request;
- (k) not to remove any of the Collateral from the jurisdiction in which it is located without the prior written consent of the Credit Union, and in the case of such removal to provide the Credit Union with a written certificate stating the time of removal, what is being removed and the intended new locality of such Collateral, and to assist the Credit Union in effecting such further registrations as may be required by the Credit Union to protect its Security Interest; provided however that this provision shall not be construed as a waiver of any prohibition against removal or relocation of Collateral contained elsewhere in this Agreement, nor shall it be construed as permission to do so;
- (l) in the event the value of the Collateral shall be materially reduced, to immediately reduce the amount of the Indebtedness by an amount determined by the Credit Union;
- (m) if the Collateral includes crops and livestock, in addition to the Debtor's other obligations regarding Collateral:
  - (i) to do all acts which may be necessary to attend to, care for, raise and fatten the livestock and to grow, cultivate, spray, irrigate, cut, harvest, pick, clean, preserve and protect the crops, all according to the most

- approved methods of farming husbandry and to keep the farm(s) on which the Collateral is located free of noxious weeds and grasses, and maintain the present buildings and improvements on the said farm(s) in good condition and repair;
- (ii) to provide suitable range, pasture and feed for all livestock and care for and protect them from disease, damage, injury, death destruction by weather, wild animals, theft or other cause;
  - (iii) to pay, when due, all obligations incurred for labour or material or otherwise in the care or feeding or shearing of such livestock, and
  - (iv) at the request of the Credit Union, to deliver to the Credit Union the Debtor's Canadian Wheat Board producer's permit book and to assign to the Credit Union all of the Debtor's rights thereunder, and
- (n) to permit the Credit Union, by its officers or authorized agents, at any time, and from time to time, as often as the Credit Union in its sole discretion may determine, to enter the premises owned or occupied by the Debtor for the purpose of inspecting the Collateral and the operation of the Debtor's business.

## **6. INSURANCE**

The Debtor shall insure and keep insured against loss or damage by fire or other insurable hazards the Collateral to the extent of its full insurable value, and shall maintain such other insurance as the Credit Union may reasonably require. The loss under the policies of insurance shall be made payable to the Credit Union as its interest may appear and the insurance shall be written by an insurance company approved by the Credit Union in terms satisfactory to the Credit Union and the Debtor shall provide the Credit Union with copies of the same. The Debtor shall pay all premiums and other sums of money necessary for such insurance as they become due and deliver to the Credit Union proof of said payment, and shall not allow anything to be done by which the policies may become vitiated. Upon the happening of any loss or damage the Debtor shall furnish at its expense all necessary proofs and shall do all necessary acts to enable the Credit Union to obtain payment of the insurance monies.

## **7. DEALING WITH COLLATERAL**

The Debtor shall not sell, exchange, transfer, assign, lease or otherwise dispose of that Collateral described in Schedule "A" except with the prior written consent of the Credit Union which consent may be arbitrarily withheld. Until but not after Default the Debtor may deal with Collateral, other than that Collateral described in Schedule "A", in the ordinary course of the Debtor's business in any manner not inconsistent with the provisions of this Agreement, provided that the Debtor may only sell, exchange, transfer, assign, lease or otherwise dispose of such Collateral for fair value on commercially reasonable terms and provided that all cash Proceeds therefrom are immediately deposited with the Credit Union.

## **8. COLLATERAL IN POSSESSION OF CREDIT UNION, RECEIVER OR SHERIFF**

If Collateral is at any time in the possession of the Credit Union, a Receiver or Sheriff, the Credit Union, Receiver or Sheriff in possession, as the case may be:

- (a) shall not be required to take any steps to preserve any rights against other parties to any Chattel Paper, Security, or Instrument constituting Collateral;
- (b) shall not be required to keep the Collateral identifiable, and
- (c) may use the Collateral in any manner and to any extent the Credit Union, in its sole discretion, deems advisable.

## **9. SECURITIES**

If the Collateral at any time includes Securities, the Debtor authorizes the Credit Union to transfer the same or any part thereof into its own name or that of its nominee(s) so that the Credit Union or its nominee(s) may appear of record as the sole owner thereof; provided that, until Default, the Credit Union shall promptly deliver to the Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Debtor or its order a proxy to vote and take all action with respect to such Securities. After Default, the Debtor waives all rights to receive any notices or communications received by the Credit Union or its nominee(s) as such registered owner and agrees that no proxy issued by the Credit Union to the Debtor or its order as aforesaid shall thereafter be effective.

## **10. COLLECTION FROM ACCOUNT DEBTORS**

Before or after Default, the Credit Union may notify any Account Debtor of this Security Interest and may direct such Account Debtor to make all payments to the Credit Union. The Debtor acknowledges that any payments on or other Proceeds of the Collateral received by the Debtor from any Account Debtor, whether before or after notice of this Security Interest is given to such Account Debtor and whether before or after Default, shall be received and held by the Debtor in trust for the Credit Union and shall be turned over to the Credit Union upon request. The Debtor agrees that it will not commingle any Proceeds of or payments on the Collateral with any of the Debtor's funds or property, but will hold them separate and apart.

## **11. OTHER TERMS**

This Agreement includes the terms, if any, which are contained in Schedule "D".

## **12. APPLICATION OF MONIES**

All Monies collected or received by the Credit Union pursuant to or in exercise of any right it possesses with respect to the Collateral shall be applied on account of the Indebtedness in such manner as the Credit Union may in its sole discretion determine or, at the option of the Credit Union, may be held unappropriated in a collateral account or released to the Debtor, all without prejudice to the liability of the Debtor or the rights of the Credit Union hereunder, and any surplus shall be accounted for as required by law.

## **13. DEFAULT**

The happening of any of the following events shall constitute default ("Default") hereunder:

- (a) non-payment when due, whether by acceleration, demand or otherwise, of any amount forming part of the Indebtedness;
- (b) failure of the Debtor to observe or perform any term contained in this Agreement or in any other agreement between the Debtor and the Credit Union;
- (c) declaration of incompetency by a court of competent jurisdiction or death of an individual Debtor or an individual partner of a partnership Debtor;
- (d) bankruptcy or insolvency of the Debtor; filing against the Debtor of a petition in bankruptcy; making of an assignment for the benefit of creditors by the Debtor; appointment of a Receiver or trustee for the Debtor or for any property of the Debtor or institution by or against the Debtor of any proposal, plan of arrangement or other type of insolvency proceeding under the Bankruptcy Act or otherwise;
- (e) institution by or against the Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against, or winding up of the affairs of the Debtor;
- (f) any of the Encumbrances becomes enforceable;
- (g) the Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets or commits or threatens to commit an act of bankruptcy;
- (h) any execution, sequestration, extent or other process of any court becomes enforceable against the Debtor or if a distress or analogous process is levied upon the property of the Debtor or any part thereof;
- (i) any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of the Debtor pursuant to or in connection with this Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to the Credit Union to extend any credit to or to enter into this or any other agreement with the Debtor, is false in any material respect at the time as of which the facts therein set forth were stated or certified, or omits any substantial contingent or unliquidated liability or claim against the Debtor; or if upon the date of execution of this Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to the Credit Union at or prior to the time of such execution;

- (j) any of the licenses, permits or approvals granted by any government or any governmental authority and essential to the business of the Debtor is withdrawn, cancelled or significantly altered;
- (k) at any time, there is a material adverse change in the financial condition of the Debtor, or
- (l) the Credit Union considers that it is insecure, or that the prospect of payment or performance by the Debtor of the Indebtedness is or is about to be impaired, or that the Collateral is or is about to be placed in jeopardy;

and such event, if capable of being cured, is not cured within five business days after notice from the Credit Union.

#### 14. ACCELERATION

In the event of Default, the Credit Union, in its sole discretion, may without demand or notice of any kind, declare all or any of the Indebtedness which is not by its terms payable on demand, to be immediately due and payable. This clause does not apply to or affect any of the Indebtedness payable on demand.

#### 15. REMEDIES

On Default:

- (a) the Credit Union may enforce this Agreement by any method provided for in this Agreement, in the PPSA or as otherwise permitted by law or in equity, and, without limitation, may dispose of Collateral by lease or deferred payment;
- (b) the Credit Union may seize or otherwise take possession of the Collateral or any part thereof and sell the same by public or private sale at such price and upon such terms as the Credit Union in its sole discretion may determine and the proceeds of such sale less all costs, charges and expenses of the Credit Union (including costs as between solicitor and his own client on a full indemnity basis) shall be applied on the Indebtedness and the surplus, if any, shall be disposed of according to law;
- (c) the Credit Union may take proceedings in any court of competent jurisdiction for the appointment of a Receiver;
- (d) the Credit Union may appoint by instrument any person or persons to be a Receiver of any Collateral, and may remove any person so appointed and appoint another in his stead;
- (e) unless otherwise restricted by his appointment, any Receiver shall have the power:
  - (i) to take possession of any Collateral and for that purpose to take any proceedings, in the name of the Debtor or otherwise;
  - (ii) to carry on or concur in carrying on the business of the Debtor;
  - (iii) to sell or lease any Collateral;
  - (iv) to make any arrangement or compromise which he may think expedient in the interest of the Credit Union;
  - (v) to pay all liabilities and expenses connected with the Collateral, including the cost of insurance and payment of taxes or other costs, charges or expenses incurred in obtaining, maintaining possession of and preserving the Collateral, and the same shall be added to the Indebtedness and secured by the Collateral;
  - (vi) to hold as additional security any increase or profits resulting from the Collateral;
  - (vii) to exercise all rights and remedies that the Credit Union may have under this Agreement, the PPSA or otherwise at law or in equity;
  - (viii) with the written consent of the Credit Union, to borrow money for the purpose of carrying on the business of the Debtor or for maintenance of the Collateral or any part thereof or for other purposes approved by the Credit Union, and any amount so borrowed together with interest thereon shall form a charge upon the Collateral in priority to the Security Interest created by this Agreement, and
  - (ix) to do any other act or thing as may be considered to be incidental or conducive to any of the matters and powers aforesaid;
- (f) the Debtor hereby appoints each Receiver appointed by the Credit Union to be its attorney to effect a sale or lease of any Collateral and any deed, lease, agreement, or other document signed by a Receiver pursuant to this power of attorney shall have the same effect as if it had been executed by and under the seal of the Debtor;



- (g) a Receiver appointed by the Credit Union shall be deemed to be the agent of the Debtor, and the Debtor shall be solely responsible for his acts or defaults and for his remuneration and expenses, and the Credit Union shall not be in any way responsible for any misconduct or negligence on the part of any Receiver;
- (h) all monies received by the Receiver after providing for payment of all costs, charges and expenses of or incidental to the exercise of any of the powers of the Receiver shall be paid to the Credit Union and applied on account of the Indebtedness;
- (i) the Credit Union may enter upon, use and occupy all premises owned or occupied by the Debtor wherein the Collateral may be situate;
- (j) before, during or after realizing on the Collateral, the Credit Union may recover and enforce judgement against the Debtor for the Indebtedness and all costs, charges and expenses reasonably incurred by the Credit Union (including, without limitation, costs as between a solicitor and his own client on a full indemnity basis) in recovering or enforcing judgement against the Debtor, and
- (k) the Credit Union may, but shall not be bound to, realize on the Collateral.

## 16. DEFICIENCY

If the Credit Union realizes on the Collateral and the realization is not sufficient to satisfy all the Indebtedness, the Debtor acknowledges and agrees that the Debtor shall continue to be liable for any Indebtedness remaining outstanding and the Credit Union shall be entitled to pursue full payment thereof.

## 17. COSTS AND EXPENSES

- (a) Upon the Debtor's failure to perform any of its obligations under this Agreement then the Credit Union may, but shall not be obligated to perform the same and in the event of performance thereof by the Credit Union the Debtor shall pay to the Credit Union forthwith upon written demand therefor an amount equal to all costs, charges and expenses incurred by the Credit Union in performing the Debtor's obligations plus interest thereon at the Agreed Rate from the date such costs, charges and expenses are incurred by the Credit Union until paid by the Debtor.
- (b) The Debtor shall pay all costs, charges and expenses reasonably incurred by the Credit Union or any Receiver appointed by it (including, but without restricting the generality of the foregoing, costs as between a solicitor and his own client on a full indemnity basis), in preparing, registering financing statements regarding or enforcing this Agreement, inspecting, taking custody of, preserving, repairing, maintaining, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting the Indebtedness and all such costs, charges and expenses together with any monies owing as a result of any borrowing by any Receiver appointed by the Credit Union shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby. Such costs, charges and expenses shall bear interest at the Agreed Rate from the date the same were incurred to the date of payment by the Debtor.
- (c) The Credit Union may pay or satisfy any Encumbrances or pay any sum necessary to clear title to any Collateral, and the Debtor agrees to repay the same on demand, plus interest thereon at the Agreed Rate.
- (d) All amounts paid by the Credit Union pursuant to this clause together with interest thereon at the Agreed Rate shall form part of the Indebtedness and be secured hereby.

## 18. SET OFF

Without limiting any other right the Credit Union may have, the Credit Union may, in its sole discretion at any time and without notice, set off any and all amounts owed to the Debtor by the Credit Union in any capacity and, whether or not due, against any and all Indebtedness including any contingent or non-matured Indebtedness and Indebtedness as principal or guarantor.

## 19. FURTHER ASSURANCES



The Debtor agrees to execute and deliver to the Credit Union such further assurances, conveyances and supplemental deeds as may be necessary to properly carry out the intention of this Agreement, as determined by the Credit Union, or as may be required by the Credit Union from time to time.

## 20. NOTICE

Any notice or demand required or permitted to be made or given by the Credit Union to the Debtor may be validly served by leaving the same with, or by mailing the same by prepaid registered mail, to the Debtor at his address as set out herein (or at such other address as the Debtor may in writing notify the Credit Union of as the Debtor's address for service under this Agreement) or by leaving such notice with any officer or director of the Debtor as shown on the records of the Credit Union, and in the case of mailing such notice or demand shall be deemed to have been received by the Debtor on the third business day following the date of mailing.

## 21. GENERAL

- (a) The Credit Union may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with the Debtor, Account Debtors, sureties and others and with Collateral and other security as the Credit Union may see fit without prejudice to the liability of the Debtor or the Credit Union's right to hold and realize upon the Security Interest. The Credit Union may demand, collect and sue on Collateral in either the Debtor's or the Credit Union's name and may endorse the Debtor's name on any and all cheques, commercial paper, and any other instruments pertaining to or constituting Collateral. The Credit Union shall not be liable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease or otherwise dispose of Collateral or to initiate any proceedings for such purposes.
- (b) No delay or omission by the Credit Union in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. The Credit Union may remedy any Default by the Debtor hereunder in any manner without waiving the Default remedied and without waiving any other prior or subsequent Default by the Debtor. All rights and remedies of the Credit Union granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.
- (c) The Debtor waives protest of any Instrument constituting Collateral at any time held by the Credit Union in which the Debtor is in any way liable and notice of any other action taken by the Credit Union.
- (d) This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Agreement and the Security Interest or any part thereof to enforce any rights hereunder, the Debtor shall not assert against the assignee any claim or defence which the Debtor now has or hereafter may have against the Credit Union.
- (e) If more than one Debtor executes this Agreement the obligations of such Debtors hereunder shall be joint and several.
- (f) No modification, variation or amendment of any term of this Agreement shall be binding or effective unless made by written agreement, executed by the parties hereto and no waiver of any term hereof shall be binding or effective unless in writing.
- (g) This Agreement is in addition to and not in substitution for any other agreements, securities or Security Interests now or hereafter held by the Credit Union and all such other agreements, securities and Security Interests shall remain in full force and effect.
- (h) The headings used in this Agreement are for convenience only and are not to be considered part of this Agreement and do not in any way limit, explain or amplify the terms of this Agreement.
- (i) When the context so requires, a singular shall be read as if the plural were expressed and vice versa and the terms hereof shall be read with all grammatical changes necessary dependant upon the person referred to being male, female, partnership or corporation.

- (j) In the event any terms of this Agreement, as amended from time to time, shall be deemed invalid, void or unenforceable, in whole or in part, by any court of competent jurisdiction, the remaining terms of this Agreement shall remain in full force and effect.
- (k) Nothing herein contained shall in any way obligate the Credit Union to grant, continue, renew or extend time for payment of the Indebtedness.

## 22. ATTACHMENT

- (a) Subject to subclause (b), the Security Interest created hereby is intended to attach the Collateral when this Agreement is executed by the Debtor and delivered to the Credit Union.
- (b) With respect to that Collateral acquired by the Debtor after the date this Agreement is executed and delivered to the Credit Union, the Security Interest created hereby in such Collateral is intended to attach at the same time as the Debtor acquires rights in such Collateral.

## 23. DISCLOSING INFORMATION

This Agreement and any information pertaining thereto or to the Indebtedness may be disclosed by the Credit Union as required by the PPSA.

## 24. GOVERNING LAW AND JURISDICTION

This Agreement shall be interpreted in accordance with the laws of the Province of Alberta, and the Debtor irrevocably agrees that any suit or proceeding with respect to any matters arising out of or in connection with this Agreement may be brought in the courts of the Province of Alberta or in any court of competent jurisdiction, as the Credit Union may elect, and the Debtor agrees to attorn to the same.

## 25. COPY OF AGREEMENT

Debtor acknowledges receipt of a copy of this Agreement and waives any right it may have to receive a Financing Statement or Financing Change Statement relating to it.

IN WITNESS WHEREOF the Debtor has hereunto executed this Agreement this 11 day of March, 2022.

**DELTA 9 BIO-TECH INC.**

Per: John William Arbuthnot IV, President

Per: \_\_\_\_\_

**SCHEDULE "A"**  
**(DESCRIBED PROPERTY)**

\*Obtain serial numbers for all motor vehicles, trailers, mobile homes, farm machinery, equipment and airplanes.

- NIL

**SCHEDULE "B"**  
**(DESCRIBED REAL PROPERTY)**  
\*Obtain Legal Description

---

---

---

---

---

---

---

---

**SCHEDULE "C"**  
**(PERMITTED ENCUMBRANCES AFFECTING COLLATERAL)**

**Delta 9 Bio-Tech Inc.**

- NIL

**SCHEDULE "D"**  
**(OTHER TERMS AND CONDITIONS)**

---

---

---

---

---

---

---

---

**SCHEDULE "E"**  
**(COLLATERAL LOCATIONS)**

PARCELS A, B, C, D, E AND F PLAN 51110 WLTO  
EXC FIRSTLY: OUT OF SAID PARCELS A AND C  
ALL MINES AND MINERALS MINERAL OILS PETROLEUM GAS COAL  
GRAVEL AND VALUABLE STONE OF EVERY DESCRIPTION THAT MAY BE FOUND IN  
UPON OR UNDER SAID PARCELS A AND C  
TOGETHER WITH THE RIGHT TO ENTER AND REMOVE THE SAME  
SECONDLY: OUT OF SAID PARCELS B AND E, ALL MINES AND MINERALS AS  
RESERVED IN DEED 2374744 WLTO AND  
THIRDLY: OUT OF SAID PARCEL F, ALL MINES AND MINERALS AS SET FORTH  
IN TRANSFER 2374748 WLTO  
IN SW 1/4 3 AND SE 1/4 4-11-4 EPM AND  
IN GOVERNMENT ROAD ALLOWANCE (CLOSED) BETWEEN SAID SECTIONS

PARCEL "G" PLAN 51110 WLTO  
EXC ALL MINES AND MINERALS AS SET FORTH IN TRANSFER 2374748 WLTO  
IN SW 1/4 3 AND SE 1/4 4-11-4 EPM AND IN GOVERNMENT ROAD ALLOWANCE  
(CLOSED) BETWEEN SAID SECTIONS

PARCEL "J" PLAN 51110 WLTO  
EXC ALL MINES AND MINERALS MINERAL OILS PETROLEUM GAS COAL  
GRAVEL AND VALUABLE STONE WHICH MAY BE FOUND IN UPON OR UNDER THE  
SAID PARCEL  
TOGETHER WITH THE RIGHT TO ENTER AND REMOVE THE SAME  
IN SW 1/4 3 AND SE 1/4 4-11-4 EPM AND  
IN GOVERNMENT ROAD ALLOWANCE (CLOSED) BETWEEN SAID SECTIONS

PARCEL "K" PLAN 51110 WLTO  
IN SW 1/4 3 AND SE 1/4 4-11-4 EPM AND  
IN GOVERNMENT ROAD ALLOWANCE (CLOSED) BETWEEN SAID SECTIONS

PARCEL "H" PLAN 51110 WLTO  
EXC FIRSTLY: PLAN 65096 WLTO AND  
SECONDLY: ALL MINES AND MINERALS AS RESERVED IN TRANSFER 2374746  
WLTO IN SW 1/4 3 AND SE 1/4 4-11-4 EPM AND IN GOVERNMENT ROAD ALLOWANCE  
(CLOSED) BETWEEN SAID SECTIONS



Borrower(s): DELTA 9 LIFESTYLE CANNABIS CLINIC INC.**1. DEFINITIONS**

- (a) All capitalized terms used in this agreement ("Agreement") including any schedules ("Schedules") annexed hereto shall, except where defined herein, be interpreted pursuant to their respective meanings when used in the Personal Property Security Act of Alberta in force at the date of this Agreement ("PPSA").
- (b) In this Agreement:
- (i) "Account Debtor" means a debtor of the Debtor on an Intangible, Chattel Paper or Account, or any obligor of the Debtor on an Instrument;
  - (ii) "Agreed Rate" means the rate of interest payable under the document(s) evidencing the Indebtedness and in the event such document(s) bear different rates of interest the "Agreed Rate" shall mean the highest of such interest rates;
  - (iii) "Consumer Goods" means those goods that are used or acquired by the Debtor for use primarily for his personal, family or household purposes;
  - (iv) "Debtor" means the "Borrower(s)";
  - (v) "Encumbrances" means any Security Interest, mortgages, liens, claims, charges and other encumbrances affecting the Collateral including Permitted Encumbrances but excluding the Security Interest created hereby;
  - (vi) "Permitted Encumbrances" means any Encumbrances which are described in Schedule "C" and any others approved in writing by the Credit Union prior to their creation or assumption, and
  - (vii) "Receiver" includes a Receiver-Manager.

**2. SECURITY INTEREST**

- (a) For value received, the Debtor hereby grants to the Credit Union, by way of mortgage, charge and assignment, a Security Interest in the undertaking of the Debtor and in all Goods (including all parts, accessories, attachments, special tools, additions and Accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money, Securities and other property now or hereafter owned or acquired by or on behalf of the Debtor (including such as may be returned to or repossessed by the Debtor) and in all Proceeds thereof, (herein collectively called the "Collateral"), including, without limitation, all of the following property now or hereafter owned or acquired by or on behalf of the Debtor:
- (i) all property described in Schedule "A";
  - (ii) all Inventory;
  - (iii) all Equipment, including, without limitation, all machinery, tools, apparatus, plant, furniture, Fixtures and vehicles of whatsoever nature or kind;
  - (iv) all Accounts, including, without limitation, all book accounts and book debts and generally all accounts, debts, dues, claims, choses in action, judgements and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing due to or owned by or which may hereafter become due, owing or accruing due to or owned by the Debtor;
  - (v) all deeds, documents, writings, papers and books of account and other books relating to or being records of Accounts, Chattel Paper, Instruments or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
  - (vi) all contractual rights and insurance claims and all goodwill, patents, trademarks, copyrights, and other intellectual property; and
  - (vii) all crops and livestock including all crops that are or which hereafter become crops on any real property described in Schedule "B".
- (b) Any reference to "Collateral" shall, unless its context otherwise requires, be deemed a reference to "Collateral or any part thereof".
- (c) The Security Interest granted hereby shall not extend or apply to and the Collateral shall not include the last day of the term of any lease or agreement therefore but upon the enforcement of the Security Interest the Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

- (d) The Security Interest granted hereby shall not extend or apply to and the Collateral shall not include the Debtor's Consumer Goods except for any described in Schedule "A".

### **3. INDEBTEDNESS SECURED**

The Security Interest granted hereby secures payment of any and all obligations, indebtedness and liabilities of the Debtor to the Credit Union whether present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor is bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness").

### **4. DEBTOR'S REPRESENTATIONS AND WARRANTIES**

The Debtor represents and warrants and so long as this Agreement remains in effect continuously represents and warrants that:

- (a) the Collateral is genuine and owned by the Debtor free of all Encumbrances except Permitted Encumbrances;
- (b) each Account, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same and the amount represented by the Debtor to the Credit Union from time to time as owing by each Account Debtor is the correct amount actually and unconditionally owing by such Account Debtor;
- (c) there is no litigation, proceeding or dispute pending or to the knowledge of the Debtor threatened against or affecting the Debtor or the Collateral, the adverse determination of which might materially and adversely affect the Debtor's financial condition or impair the Debtor's ability to perform its obligations hereunder;
- (d) the name(s) of the Debtor(s) is(are) accurately and fully set out above, and the Debtor is not known by any other name(s), and
- (e) there is no provision in any agreement to which the Debtor is a party, nor to the knowledge of the Debtor is there any statute, rule or regulation, or any judgement, decree or order of any court binding on the Debtor, which would be contravened by the execution and delivery of this Agreement.

### **5. DEBTOR'S COVENANTS**

The Debtor covenants and agrees;

- (a) to defend the Collateral (except Collateral dealt with as permitted by clause 7 hereof) against the claims and demands of all other parties claiming the same or an interest therein;
- (b) to keep the Collateral free from all Encumbrances except Permitted Encumbrances;
- (c) subject to clause 7 hereof, not to sell, exchange, transfer, assign, lease, or otherwise dispose of Collateral or any interest therein without the prior written consent of the Credit Union;
- (d) to notify the Credit Union promptly of:
  - (i) any change in the information contained herein or in the Schedules relating to the Debtor, the Debtor's name, the Debtor's business or Collateral;
  - (ii) the details of any significant acquisition of Collateral;
  - (iii) the details of any claims or litigation affecting the Debtor or Collateral;
  - (iv) any loss or damage to Collateral;
  - (v) any default by any Account Debtor in payment or other performance of his obligations with respect to Collateral, and
  - (vi) the return to or repossession by the Debtor of Collateral;
- (e) to keep the Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, bylaw, rule, regulation or ordinance;
- (f) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of the Debtor or Collateral as and when the same become due and payable;
- (g) to punctually make all payments and perform all obligations in any lease by the Debtor and under any agreement charging property of the Debtor;
- (h) to prevent Collateral from being or becoming a Fixture or an Accession to other property that is not Collateral;

- (i) to carry on and conduct the business of the Debtor in a proper and efficient manner so as to protect and preserve the Collateral and to keep, in accordance with the Canadian Accounting Standards for Private Enterprises, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning the Collateral;
- (j) to deliver to the Credit Union from time to time promptly upon request:
  - (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to the Collateral;
  - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying the same;
  - (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
  - (iv) all policies and certificates of insurance relating to the Collateral, and
  - (v) such information concerning the Collateral, the Debtor and the Debtor's business and affairs as the Credit Union may reasonably request;
- (k) not to remove any of the Collateral from the jurisdiction in which it is located without the prior written consent of the Credit Union, and in the case of such removal to provide the Credit Union with a written certificate stating the time of removal, what is being removed and the intended new locality of such Collateral, and to assist the Credit Union in effecting such further registrations as may be required by the Credit Union to protect its Security Interest; provided however that this provision shall not be construed as a waiver of any prohibition against removal or relocation of Collateral contained elsewhere in this Agreement, nor shall it be construed as permission to do so;
- (l) in the event the value of the Collateral shall be materially reduced, to immediately reduce the amount of the Indebtedness by an amount determined by the Credit Union;
- (m) if the Collateral includes crops and livestock, in addition to the Debtor's other obligations regarding Collateral:
  - (i) to do all acts which may be necessary to attend to, care for, raise and fatten the livestock and to grow, cultivate, spray, irrigate, cut, harvest, pick, clean, preserve and protect the crops, all according to the most approved methods of farming husbandry and to keep the farm(s) on which the Collateral is located free of noxious weeds and grasses, and maintain the present buildings and improvements on the said farm(s) in good condition and repair;
  - (ii) to provide suitable range, pasture and feed for all livestock and care for and protect them from disease, damage, injury, death destruction by weather, wild animals, theft or other cause;
  - (iii) to pay, when due, all obligations incurred for labour or material or otherwise in the care or feeding or shearing of such livestock, and
  - (iv) at the request of the Credit Union, to deliver to the Credit Union the Debtor's Canadian Wheat Board producer's permit book and to assign to the Credit Union all of the Debtor's rights thereunder, and
- (n) to permit the Credit Union, by its officers or authorized agents, at any time, and from time to time, as often as the Credit Union in its sole discretion may determine, to enter the premises owned or occupied by the Debtor for the purpose of inspecting the Collateral and the operation of the Debtor's business.

## 6. INSURANCE

The Debtor shall insure and keep insured against loss or damage by fire or other insurable hazards the Collateral to the extent of its full insurable value, and shall maintain such other insurance as the Credit Union may reasonably require. The loss under the policies of insurance shall be made payable to the Credit Union as its interest may appear and the insurance shall be written by an insurance company approved by the Credit Union in terms satisfactory to the Credit Union and the Debtor shall provide the Credit Union with copies of the same. The Debtor shall pay all premiums and other sums of money necessary for such insurance as they become due and deliver to the Credit Union proof of said payment, and shall not allow anything to be done by which the policies may become vitiated. Upon the happening of any loss or damage the Debtor shall furnish at its expense all necessary proofs and shall do all necessary acts to enable the Credit Union to obtain payment of the insurance monies.

## 7. DEALING WITH COLLATERAL

The Debtor shall not sell, exchange, transfer, assign, lease or otherwise dispose of that Collateral described in Schedule "A" except with the prior written consent of the Credit Union which consent may be arbitrarily withheld. Until but not after Default the Debtor may deal with Collateral, other than that Collateral described in Schedule "A", in the ordinary course of the Debtor's business in any manner not inconsistent with the provisions of this Agreement, provided that the Debtor may only sell, exchange, transfer, assign, lease or otherwise dispose of such Collateral for fair value on commercially reasonable terms and provided that all cash Proceeds therefrom are immediately deposited with the Credit Union.

## 8. COLLATERAL IN POSSESSION OF CREDIT UNION, RECEIVER OR SHERIFF

If Collateral is at any time in the possession of the Credit Union, a Receiver or Sheriff, the Credit Union, Receiver or Sheriff in possession, as the case may be:

- (a) shall not be required to take any steps to preserve any rights against other parties to any Chattel Paper, Security, or Instrument constituting Collateral;
- (b) shall not be required to keep the Collateral identifiable, and
- (c) may use the Collateral in any manner and to any extent the Credit Union, in its sole discretion, deems advisable.

## **9. SECURITIES**

If the Collateral at any time includes Securities, the Debtor authorizes the Credit Union to transfer the same or any part thereof into its own name or that of its nominee(s) so that the Credit Union or its nominee(s) may appear of record as the sole owner thereof; provided that, until Default, the Credit Union shall promptly deliver to the Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Debtor or its order a proxy to vote and take all action with respect to such Securities. After Default, the Debtor waives all rights to receive any notices or communications received by the Credit Union or its nominee(s) as such registered owner and agrees that no proxy issued by the Credit Union to the Debtor or its order as aforesaid shall thereafter be effective.

## **10. COLLECTION FROM ACCOUNT DEBTORS**

Before or after Default, the Credit Union may notify any Account Debtor of this Security Interest and may direct such Account Debtor to make all payments to the Credit Union. The Debtor acknowledges that any payments on or other Proceeds of the Collateral received by the Debtor from any Account Debtor, whether before or after notice of this Security Interest is given to such Account Debtor and whether before or after Default, shall be received and held by the Debtor in trust for the Credit Union and shall be turned over to the Credit Union upon request. The Debtor agrees that it will not commingle any Proceeds of or payments on the Collateral with any of the Debtor's funds or property, but will hold them separate and apart.

## **11. OTHER TERMS**

This Agreement includes the terms, if any, which are contained in Schedule "D".

## **12. APPLICATION OF MONIES**

All Monies collected or received by the Credit Union pursuant to or in exercise of any right it possesses with respect to the Collateral shall be applied on account of the Indebtedness in such manner as the Credit Union may in its sole discretion determine or, at the option of the Credit Union, may be held unappropriated in a collateral account or released to the Debtor, all without prejudice to the liability of the Debtor or the rights of the Credit Union hereunder, and any surplus shall be accounted for as required by law.

## **13. DEFAULT**

The happening of any of the following events shall constitute default ("Default") hereunder:

- (a) non-payment when due, whether by acceleration, demand or otherwise, of any amount forming part of the Indebtedness;
- (b) failure of the Debtor to observe or perform any term contained in this Agreement or in any other agreement between the Debtor and the Credit Union;
- (c) declaration of incompetency by a court of competent jurisdiction or death of an individual Debtor or an individual partner of a partnership Debtor;
- (d) bankruptcy or insolvency of the Debtor; filing against the Debtor of a petition in bankruptcy; making of an assignment for the benefit of creditors by the Debtor; appointment of a Receiver or trustee for the Debtor or for any property of the Debtor or institution by or against the Debtor of any proposal, plan of arrangement or other type of insolvency proceeding under the Bankruptcy Act or otherwise;
- (e) institution by or against the Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against, or winding up of the affairs of the Debtor;
- (f) any of the Encumbrances becomes enforceable;
- (g) the Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets or commits or threatens to commit an act of bankruptcy;



- (h) any execution, sequestration, extent or other process of any court becomes enforceable against the Debtor or if a distress or analogous process is levied upon the property of the Debtor or any part thereof;
- (i) any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of the Debtor pursuant to or in connection with this Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to the Credit Union to extend any credit to or to enter into this or any other agreement with the Debtor, is false in any material respect at the time as of which the facts therein set forth were stated or certified, or omits any substantial contingent or unliquidated liability or claim against the Debtor; or if upon the date of execution of this Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to the Credit Union at or prior to the time of such execution;
- (j) any of the licenses, permits or approvals granted by any government or any governmental authority and essential to the business of the Debtor is withdrawn, cancelled or significantly altered;
- (k) at any time, there is a material adverse change in the financial condition of the Debtor, or
- (l) the Credit Union considers that it is insecure, or that the prospect of payment or performance by the Debtor of the Indebtedness is or is about to be impaired, or that the Collateral is or is about to be placed in jeopardy.

#### 14. ACCELERATION

In the event of Default, the Credit Union, in its sole discretion, may without demand or notice of any kind, declare all or any of the Indebtedness which is not by its terms payable on demand, to be immediately due and payable. This clause does not apply to or affect any of the Indebtedness payable on demand.

#### 15. REMEDIES

On Default:

- (a) the Credit Union may enforce this Agreement by any method provided for in this Agreement, in the PPSA or as otherwise permitted by law or in equity, and, without limitation, may dispose of Collateral by lease or deferred payment;
- (b) the Credit Union may seize or otherwise take possession of the Collateral or any part thereof and sell the same by public or private sale at such price and upon such terms as the Credit Union in its sole discretion may determine and the proceeds of such sale less all costs, charges and expenses of the Credit Union (including costs as between a solicitor and his own client on a full indemnity basis) shall be applied on the Indebtedness and the surplus, if any, shall be disposed of according to law;
- (c) the Credit Union may take proceedings in any court of competent jurisdiction for the appointment of a Receiver;
- (d) the Credit Union may appoint by instrument any person or persons to be a Receiver of any Collateral, and may remove any person so appointed and appoint another in his stead;
- (e) unless otherwise restricted by his appointment, any Receiver shall have the power:
  - (i) to take possession of any Collateral for that purpose to take any proceedings, in the name of the Debtor or otherwise;
  - (ii) to carry on or concur in carrying on the business of the Debtor;
  - (iii) to sell or lease any Collateral;
  - (iv) to make any arrangement or compromise which he may think expedient in the interest of the Credit Union;
  - (v) to pay all liabilities and expenses connected with the Collateral, including the cost of insurance and payment of taxes or other costs, charges or expenses incurred in obtaining, maintaining possession of and preserving the Collateral, and the same shall be added to the Indebtedness and secured by the Collateral;
  - (vi) to hold as additional security any increase or profits resulting from the Collateral;
  - (vii) to exercise all rights and remedies that the Credit Union may have under this Agreement, the PPSA or otherwise at law or in equity;
  - (viii) with the written consent of the Credit Union, to borrow money for the purpose of carrying on the business of the Debtor or for maintenance of the Collateral or any part thereof or for other purposes approved by the Credit Union, and any amount so borrowed together with interest thereon shall form a charge upon the Collateral in priority to the Security Interest created by this Agreement, and
  - (ix) to do any other act or thing as may be considered to be incidental or conducive to any of the matters and powers aforesaid;
- (f) the Debtor hereby appoints each Receiver appointed by the Credit Union to be its attorney to effect a sale or lease of any Collateral and any deed, lease, agreement, or other document signed by a Receiver pursuant to this power of attorney shall have the same effect as if it had been executed by and under the seal of the Debtor;

- (g) a Receiver appointed by the Credit Union shall be deemed to be the agent of the Debtor, and the Debtor shall be solely responsible for his acts or defaults and for his remuneration and expenses, and the Credit Union shall not be in any way responsible for any misconduct or negligence on the part of any Receiver;
- (h) all monies received by the Receiver after providing for payment of all costs, charges and expenses of or incidental to the exercise of any of the powers of the Receiver shall be paid to the Credit Union and applied on account of the Indebtedness;
- (i) the Credit Union may enter upon, use and occupy all premises owned or occupied by the Debtor or wherein the Collateral may be situate;
- (j) before, during or after realizing on the Collateral, the Credit Union may recover and enforce judgement against the Debtor for the Indebtedness and all costs, charges and expenses reasonably incurred by the Credit Union (including, without limitation, costs as between a solicitor and his own client on a full indemnity basis) in recovering or enforcing judgement against the Debtor, and
- (k) the Credit Union may, but shall not be bound to, realize on the Collateral.

#### 16. DEFICIENCY

If the Credit Union realizes on the Collateral and the realization is not sufficient to satisfy all the Indebtedness, the Debtor acknowledges and agrees that the Debtor shall continue to be liable for any Indebtedness remaining outstanding and the Credit Union shall be entitled to pursue full payment thereof.

#### 17. COSTS AND EXPENSES

- (a) Upon the Debtor's failure to perform any of its obligations under this Agreement then the Credit Union may, but shall not be obligated to perform the same and in the event of performance thereof by the Credit Union the Debtor shall pay to the Credit Union forthwith upon written demand therefor an amount equal to all costs, charges and expenses incurred by the Credit Union in performing the Debtor's obligations plus interest thereon at the Agreed Rate from the date such costs, charges and expenses are incurred by the Credit Union until paid by the Debtor.
- (b) The Debtor shall pay all costs, charges and expenses reasonably incurred by the Credit Union or any Receiver appointed by it (including, but without restricting the generality of the foregoing, costs as between a solicitor and his own client on a full indemnity basis), in preparing, registering financing statements regarding or enforcing this Agreement, inspecting, taking custody of, preserving, repairing, maintaining, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting the Indebtedness and all such costs, charges and expenses together with any monies owing as a result of any borrowing by any Receiver appointed by the Credit Union shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby. Such costs, charges and expenses shall bear interest at the Agreed Rate from the date the same were incurred to the date of payment by the Debtor.
- (c) The Credit Union may pay or satisfy any Encumbrances or pay any sum necessary to clear title to any Collateral, and the Debtor agrees to repay the same on demand, plus interest thereon at the Agreed Rate.
- (d) All amounts paid by the Credit Union pursuant to this clause together with interest thereon at the Agreed Rate shall form part of the Indebtedness and be secured hereby.

#### 18. SET OFF

Without limiting any other right the Credit Union may have, the Credit Union may, in its sole discretion at any time and without notice, set off any and all amounts owed to the Debtor by the Credit Union in any capacity and, whether or not due, against any and all Indebtedness including any contingent or non-matured Indebtedness and Indebtedness as principal or guarantor.

#### 19. FURTHER ASSURANCES

The Debtor agrees to execute and deliver to the Credit Union such further assurances, conveyances and supplemental deeds as may be necessary to properly carry out the intention of this Agreement, as determined by the Credit Union, or as may be required by the Credit Union from time to time.

#### 20. NOTICE

Any notice or demand required or permitted to be made or given by the Credit Union to the Debtor may be validly served by leaving the same with, or by mailing the same by prepaid registered mail, to the Debtor at his address as set out herein (or at such other address as the Debtor may in writing notify the Credit Union of as the Debtor's address for service under this Agreement) or by leaving such notice

with any officer or director of the Debtor as shown on the records of the Credit Union, and in the case of mailing such notice or demand shall be deemed to have been received by the Debtor on the third business day following the date of mailing.

**REMAINDER OF PAGE LEFT INTENTIONALLY BLANK;  
PAGE 8 OF 10 FOLLOWS IMMEDIATELY HEREAFTER.**



## 21. GENERAL

- (a) The Credit Union may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with the Debtor, Account Debtors, sureties and others and with Collateral and other security as the Credit Union may see fit without prejudice to the liability of the Debtor or the Credit Union's right to hold and realize upon the Security Interest. The Credit Union may demand, collect and sue on Collateral in either the Debtor's or the Credit Union's name and may endorse the Debtor's name on any and all cheques, commercial paper, and any other instruments pertaining to or constituting Collateral. The Credit Union shall not be liable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease or otherwise dispose of Collateral or to initiate any proceedings for such purposes.
- (b) No delay or omission by the Credit Union in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. The Credit Union may remedy any Default by the Debtor hereunder in any manner without waiving the Default remedied and without waiving any other prior or subsequent Default by the Debtor. All rights and remedies of the Credit Union granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.
- (c) The Debtor waives protest of any Instrument constituting Collateral at any time held by the Credit Union in which the Debtor is in any way liable and notice of any other action taken by the Credit Union.
- (d) This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Agreement and the Security Interest or any part thereof to enforce any rights hereunder, the Debtor shall not assert against the assignee any claim or defence which the Debtor now has or hereafter may have against the Credit Union.
- (e) If more than one Debtor executes this Agreement the obligations of such Debtors hereunder shall be joint and several.
- (f) No modification, variation or amendment of any term of this Agreement shall be binding or effective unless made by written agreement, executed by the parties hereto and no waiver of any term hereof shall be binding or effective unless in writing.
- (g) This Agreement is in addition to and not in substitution for any other agreements, securities or Security Interest now or hereafter held by the Credit Union and all such other agreements, securities and Security Interest shall remain in full force and effect.
- (h) The headings used in this Agreement are for convenience only and are not to be considered part of this Agreement and do not in any way limit, explain or amplify the terms of this Agreement.
- (i) When the context so requires, a singular shall be read as if the plural were expressed and vice versa and the terms hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, partnership or corporation.
- (j) In the event any terms of this Agreement, as amended from time to time, shall be deemed invalid, void or unenforceable, in whole or in part, by any court of competent jurisdiction, the remaining terms of this Agreement shall remain in full force and effect.
- (k) Nothing herein contained shall in any way obligate the Credit Union to grant, continue, renew or extend time for payment of the Indebtedness.

## 22. ATTACHMENT

- (a) Subject to subclause (b), the Security Interest created hereby is intended to attach the Collateral when this Agreement is executed by the Debtor and delivered to the Credit Union.
- (b) With respect to that Collateral acquired by the Debtor after the date this Agreement is executed and delivered to the Credit Union, the Security Interest created hereby in such Collateral is intended to attach at the same time as the Debtor acquires rights in such Collateral.

## 23. DISCLOSING INFORMATION

This Agreement and any information pertaining thereto or to the Indebtedness may be disclosed by the Credit Union as required by the PPSA.

#### 24. GOVERNING LAW AND JURISDICTION

This Agreement shall be interpreted in accordance with the laws of the Province of Alberta, and the Debtor irrevocably agrees that any suit or proceeding with respect to any matters arising out of or in connection with this Agreement may be brought in the courts of the Province of Alberta or in any court of competent jurisdiction, as the Credit Union may elect, and the Debtor agrees to attorn to the same.

#### 25. COPY OF AGREEMENT

Debtor acknowledges receipt of a copy of this Agreement and waives any right it may have to receive a Financing Statement or Financing Change Statement relating to it.

IN WITNESS WHEREOF the Debtor has hereunto executed this Agreement this 11th day of March, 2022 at Winnipeg, Manitoba.

**DELTA 9 LIFESTYLE CANNABIS CLINIC INC.**

Per: \_\_\_\_\_  
John William Arbuthnot IV, President

Per: \_\_\_\_\_

FULL ADDRESS OF DEBTOR

30<sup>th</sup> Floor, 360 Main Street  
Winnipeg, Manitoba R3C 4G1

\*Complete Affidavit of Execution if Debtor is an individual or partnership.

**SCHEDULE "A"**  
**(DESCRIBED PROPERTY)**

\*Obtain serial numbers for all motor vehicles, trailers, mobile homes, farm machinery, equipment and airplanes.

Serial Number	Year	Make and Model	Description of Goods
<hr/>			

**SCHEDULE "B"**  
**(DESCRIBED REAL PROPERTY)**

\*Obtain Legal Description

---

---

---

---

---

---

---

**SCHEDULE "C"**  
**(PERMITTED ENCUMBRANCES AFFECTING COLLATERAL)**

**DELTA 9 LIFESTYLE CANNABIS CLINIC INC.**

- NIL

**SCHEDULE "D"**  
**(OTHER TERMS AND CONDITIONS)**

---

---

---

---

---

---

---



## GENERAL SECURITY AGREEMENT

Connect First Credit Union Ltd.  
(hereinafter called the "Credit Union")  
P.O. Box 908  
Calgary, Alberta T2P 2J6  
**096 Branch**  
**Member No.** \_\_\_\_\_

Borrower(s): DELTA 9 CANNABIS STORE INC.

### 1. DEFINITIONS

- (a) All capitalized terms used in this agreement ("Agreement") including any schedules ("Schedules") annexed hereto shall, except where defined herein, be interpreted pursuant to their respective meanings when used in the Personal Property Security Act of Alberta in force at the date of this Agreement ("PPSA").
- (b) In this Agreement:
  - (i) "Account Debtor" means a debtor of the Debtor on an Intangible, Chattel Paper or Account, or any obligor of the Debtor on an Instrument;
  - (ii) "Agreed Rate" means the rate of interest payable under the document(s) evidencing the Indebtedness and in the event such document(s) bear different rates of interest the "Agreed Rate" shall mean the highest of such interest rates;
  - (iii) "Consumer Goods" means those goods that are used or acquired by the Debtor for use primarily for his personal, family or household purposes;
  - (iv) "Debtor" means the "Borrower(s)";
  - (v) "Encumbrances" means any Security Interest, mortgages, liens, claims, charges and other encumbrances affecting the Collateral including Permitted Encumbrances but excluding the Security Interest created hereby;
  - (vi) "Permitted Encumbrances" means any Encumbrances which are described in Schedule "C" and any others approved in writing by the Credit Union prior to their creation or assumption, and
  - (vii) "Receiver" includes a Receiver-Manager.

### 2. SECURITY INTEREST

- (a) For value received, the Debtor hereby grants to the Credit Union, by way of mortgage, charge and assignment, a Security Interest in the undertaking of the Debtor and in all Goods (including all parts, accessories, attachments, special tools, additions and Accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money, Securities and other property now or hereafter owned or acquired by or on behalf of the Debtor (including such as may be returned to or repossessed by the Debtor) and in all Proceeds thereof, (herein collectively called the "Collateral"), including, without limitation, all of the following property now or hereafter owned or acquired by or on behalf of the Debtor:
  - (i) all property described in Schedule "A";
  - (ii) all Inventory;
  - (iii) all Equipment, including, without limitation, all machinery, tools, apparatus, plant, furniture, Fixtures and vehicles of whatsoever nature or kind;
  - (iv) all Accounts, including, without limitation, all book accounts and book debts and generally all accounts, debts, dues, claims, choses in action, judgements and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing due to or owned by or which may hereafter become due, owing or accruing due to or owned by the Debtor;
  - (v) all deeds, documents, writings, papers and books of account and other books relating to or being records of Accounts, Chattel Paper, Instruments or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
  - (vi) all contractual rights and insurance claims and all goodwill, patents, trademarks, copyrights, and other intellectual property; and
  - (vii) all crops and livestock including all crops that are or which hereafter become crops on any real property described in Schedule "B".
- (b) Any reference to "Collateral" shall, unless its context otherwise requires, be deemed a reference to "Collateral or any part thereof".
- (c) The Security Interest granted hereby shall not extend or apply to and the Collateral shall not include the last day of the term of any lease or agreement therefore but upon the enforcement of the Security Interest the Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

- (d) The Security Interest granted hereby shall not extend or apply to and the Collateral shall not include the Debtor's Consumer Goods except for any described in Schedule "A".

### 3. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment of any and all obligations, indebtedness and liabilities of the Debtor to the Credit Union whether present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor is bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness").

### 4. DEBTOR'S REPRESENTATIONS AND WARRANTIES

The Debtor represents and warrants and so long as this Agreement remains in effect continuously represents and warrants that:

- (a) the Collateral is genuine and owned by the Debtor free of all Encumbrances except Permitted Encumbrances;
- (b) each Account, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same and the amount represented by the Debtor to the Credit Union from time to time as owing by each Account Debtor is the correct amount actually and unconditionally owing by such Account Debtor;
- (c) there is no litigation, proceeding or dispute pending or to the knowledge of the Debtor threatened against or affecting the Debtor or the Collateral, the adverse determination of which might materially and adversely affect the Debtor's financial condition or impair the Debtor's ability to perform its obligations hereunder;
- (d) the name(s) of the Debtor(s) is(are) accurately and fully set out above, and the Debtor is not known by any other name(s), and
- (e) there is no provision in any agreement to which the Debtor is a party, nor to the knowledge of the Debtor is there any statute, rule or regulation, or any judgement, decree or order of any court binding on the Debtor, which would be contravened by the execution and delivery of this Agreement.

### 5. DEBTOR'S COVENANTS

The Debtor covenants and agrees;

- (a) to defend the Collateral (except Collateral dealt with as permitted by clause 7 hereof) against the claims and demands of all other parties claiming the same or an interest therein;
- (b) to keep the Collateral free from all Encumbrances except Permitted Encumbrances;
- (c) subject to clause 7 hereof, not to sell, exchange, transfer, assign, lease, or otherwise dispose of Collateral or any interest therein without the prior written consent of the Credit Union;
- (d) to notify the Credit Union promptly of:
  - (i) any change in the information contained herein or in the Schedules relating to the Debtor, the Debtor's name, the Debtor's business or Collateral;
  - (ii) the details of any significant acquisition of Collateral;
  - (iii) the details of any claims or litigation affecting the Debtor or Collateral;
  - (iv) any loss or damage to Collateral;
  - (v) any default by any Account Debtor in payment or other performance of his obligations with respect to Collateral, and
  - (vi) the return to or repossession by the Debtor of Collateral;
- (e) to keep the Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, bylaw, rule, regulation or ordinance;
- (f) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of the Debtor or Collateral as and when the same become due and payable;
- (g) to punctually make all payments and perform all obligations in any lease by the Debtor and under any agreement charging property of the Debtor;
- (h) to prevent Collateral from being or becoming a Fixture or an Accession to other property that is not Collateral;

- (i) to carry on and conduct the business of the Debtor in a proper and efficient manner so as to protect and preserve the Collateral and to keep, in accordance with the Canadian Accounting Standards for Private Enterprises, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning the Collateral;
- (j) to deliver to the Credit Union from time to time promptly upon request:
  - (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to the Collateral;
  - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying the same;
  - (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
  - (iv) all policies and certificates of insurance relating to the Collateral, and
  - (v) such information concerning the Collateral, the Debtor and the Debtor's business and affairs as the Credit Union may reasonably request;
- (k) not to remove any of the Collateral from the jurisdiction in which it is located without the prior written consent of the Credit Union, and in the case of such removal to provide the Credit Union with a written certificate stating the time of removal, what is being removed and the intended new locality of such Collateral, and to assist the Credit Union in effecting such further registrations as may be required by the Credit Union to protect its Security Interest; provided however that this provision shall not be construed as a waiver of any prohibition against removal or relocation of Collateral contained elsewhere in this Agreement, nor shall it be construed as permission to do so;
- (l) in the event the value of the Collateral shall be materially reduced, to immediately reduce the amount of the Indebtedness by an amount determined by the Credit Union;
- (m) if the Collateral includes crops and livestock, in addition to the Debtor's other obligations regarding Collateral:
  - (i) to do all acts which may be necessary to attend to, care for, raise and fatten the livestock and to grow, cultivate, spray, irrigate, cut, harvest, pick, clean, preserve and protect the crops, all according to the most approved methods of farming husbandry and to keep the farm(s) on which the Collateral is located free of noxious weeds and grasses, and maintain the present buildings and improvements on the said farm(s) in good condition and repair;
  - (ii) to provide suitable range, pasture and feed for all livestock and care for and protect them from disease, damage, injury, death destruction by weather, wild animals, theft or other cause;
  - (iii) to pay, when due, all obligations incurred for labour or material or otherwise in the care or feeding or shearing of such livestock, and
  - (iv) at the request of the Credit Union, to deliver to the Credit Union the Debtor's Canadian Wheat Board producer's permit book and to assign to the Credit Union all of the Debtor's rights thereunder, and
- (n) to permit the Credit Union, by its officers or authorized agents, at any time, and from time to time, as often as the Credit Union in its sole discretion may determine, to enter the premises owned or occupied by the Debtor for the purpose of inspecting the Collateral and the operation of the Debtor's business.

## 6. INSURANCE

The Debtor shall insure and keep insured against loss or damage by fire or other insurable hazards the Collateral to the extent of its full insurable value, and shall maintain such other insurance as the Credit Union may reasonably require. The loss under the policies of insurance shall be made payable to the Credit Union as its interest may appear and the insurance shall be written by an insurance company approved by the Credit Union in terms satisfactory to the Credit Union and the Debtor shall provide the Credit Union with copies of the same. The Debtor shall pay all premiums and other sums of money necessary for such insurance as they become due and deliver to the Credit Union proof of said payment, and shall not allow anything to be done by which the policies may become vitiated. Upon the happening of any loss or damage the Debtor shall furnish at its expense all necessary proofs and shall do all necessary acts to enable the Credit Union to obtain payment of the insurance monies.

## 7. DEALING WITH COLLATERAL

The Debtor shall not sell, exchange, transfer, assign, lease or otherwise dispose of that Collateral described in Schedule "A" except with the prior written consent of the Credit Union which consent may be arbitrarily withheld. Until but not after Default the Debtor may deal with Collateral, other than that Collateral described in Schedule "A", in the ordinary course of the Debtor's business in any manner not inconsistent with the provisions of this Agreement, provided that the Debtor may only sell, exchange, transfer, assign, lease or otherwise dispose of such Collateral for fair value on commercially reasonable terms and provided that all cash Proceeds therefrom are immediately deposited with the Credit Union.

## 8. COLLATERAL IN POSSESSION OF CREDIT UNION, RECEIVER OR SHERIFF



If Collateral is at any time in the possession of the Credit Union, a Receiver or Sheriff, the Credit Union, Receiver or Sheriff in possession, as the case may be:

- (a) shall not be required to take any steps to preserve any rights against other parties to any Chattel Paper, Security, or Instrument constituting Collateral;
- (b) shall not be required to keep the Collateral identifiable, and
- (c) may use the Collateral in any manner and to any extent the Credit Union, in its sole discretion, deems advisable.

## **9. SECURITIES**

If the Collateral at any time includes Securities, the Debtor authorizes the Credit Union to transfer the same or any part thereof into its own name or that of its nominee(s) so that the Credit Union or its nominee(s) may appear of record as the sole owner thereof; provided that, until Default, the Credit Union shall promptly deliver to the Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Debtor or its order a proxy to vote and take all action with respect to such Securities. After Default, the Debtor waives all rights to receive any notices or communications received by the Credit Union or its nominee(s) as such registered owner and agrees that no proxy issued by the Credit Union to the Debtor or its order as aforesaid shall thereafter be effective.

## **10. COLLECTION FROM ACCOUNT DEBTORS**

Before or after Default, the Credit Union may notify any Account Debtor of this Security Interest and may direct such Account Debtor to make all payments to the Credit Union. The Debtor acknowledges that any payments on or other Proceeds of the Collateral received by the Debtor from any Account Debtor, whether before or after notice of this Security Interest is given to such Account Debtor and whether before or after Default, shall be received and held by the Debtor in trust for the Credit Union and shall be turned over to the Credit Union upon request. The Debtor agrees that it will not commingle any Proceeds of or payments on the Collateral with any of the Debtor's funds or property, but will hold them separate and apart.

## **11. OTHER TERMS**

This Agreement includes the terms, if any, which are contained in Schedule "D".

## **12. APPLICATION OF MONIES**

All Monies collected or received by the Credit Union pursuant to or in exercise of any right it possesses with respect to the Collateral shall be applied on account of the Indebtedness in such manner as the Credit Union may in its sole discretion determine or, at the option of the Credit Union, may be held unappropriated in a collateral account or released to the Debtor, all without prejudice to the liability of the Debtor or the rights of the Credit Union hereunder, and any surplus shall be accounted for as required by law.

## **13. DEFAULT**

The happening of any of the following events shall constitute default ("Default") hereunder:

- (a) non-payment when due, whether by acceleration, demand or otherwise, of any amount forming part of the Indebtedness;
- (b) failure of the Debtor to observe or perform any term contained in this Agreement or in any other agreement between the Debtor and the Credit Union;
- (c) declaration of incompetency by a court of competent jurisdiction or death of an individual Debtor or an individual partner of a partnership Debtor;
- (d) bankruptcy or insolvency of the Debtor; filing against the Debtor of a petition in bankruptcy; making of an assignment for the benefit of creditors by the Debtor; appointment of a Receiver or trustee for the Debtor or for any property of the Debtor or institution by or against the Debtor of any proposal, plan of arrangement or other type of insolvency proceeding under the Bankruptcy Act or otherwise;
- (e) institution by or against the Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against, or winding up of the affairs of the Debtor;
- (f) any of the Encumbrances becomes enforceable;
- (g) the Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets or commits or threatens to commit an act of bankruptcy;

- (h) any execution, sequestration, extent or other process of any court becomes enforceable against the Debtor or if a distress or analogous process is levied upon the property of the Debtor or any part thereof;
- (i) any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of the Debtor pursuant to or in connection with this Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to the Credit Union to extend any credit to or to enter into this or any other agreement with the Debtor, is false in any material respect at the time as of which the facts therein set forth were stated or certified, or omits any substantial contingent or unliquidated liability or claim against the Debtor; or if upon the date of execution of this Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to the Credit Union at or prior to the time of such execution;
- (j) any of the licenses, permits or approvals granted by any government or any governmental authority and essential to the business of the Debtor is withdrawn, cancelled or significantly altered;
- (k) at any time, there is a material adverse change in the financial condition of the Debtor, or
- (l) the Credit Union considers that it is insecure, or that the prospect of payment or performance by the Debtor of the Indebtedness is or is about to be impaired, or that the Collateral is or is about to be placed in jeopardy.

#### 14. ACCELERATION

In the event of Default, the Credit Union, in its sole discretion, may without demand or notice of any kind, declare all or any of the Indebtedness which is not by its terms payable on demand, to be immediately due and payable. This clause does not apply to or affect any of the Indebtedness payable on demand.

#### 15. REMEDIES

On Default:

- (a) the Credit Union may enforce this Agreement by any method provided for in this Agreement, in the PPSA or as otherwise permitted by law or in equity, and, without limitation, may dispose of Collateral by lease or deferred payment;
- (b) the Credit Union may seize or otherwise take possession of the Collateral or any part thereof and sell the same by public or private sale at such price and upon such terms as the Credit Union in its sole discretion may determine and the proceeds of such sale less all costs, charges and expenses of the Credit Union (including costs as between a solicitor and his own client on a full indemnity basis) shall be applied on the Indebtedness and the surplus, if any, shall be disposed of according to law;
- (c) the Credit Union may take proceedings in any court of competent jurisdiction for the appointment of a Receiver;
- (d) the Credit Union may appoint by instrument any person or persons to be a Receiver of any Collateral, and may remove any person so appointed and appoint another in his stead;
- (e) unless otherwise restricted by his appointment, any Receiver shall have the power:
  - (i) to take possession of any Collateral for that purpose to take any proceedings, in the name of the Debtor or otherwise;
  - (ii) to carry on or concur in carrying on the business of the Debtor;
  - (iii) to sell or lease any Collateral;
  - (iv) to make any arrangement or compromise which he may think expedient in the interest of the Credit Union;
  - (v) to pay all liabilities and expenses connected with the Collateral, including the cost of insurance and payment of taxes or other costs, charges or expenses incurred in obtaining, maintaining possession of and preserving the Collateral, and the same shall be added to the Indebtedness and secured by the Collateral;
  - (vi) to hold as additional security any increase or profits resulting from the Collateral;
  - (vii) to exercise all rights and remedies that the Credit Union may have under this Agreement, the PPSA or otherwise at law or in equity;
  - (viii) with the written consent of the Credit Union, to borrow money for the purpose of carrying on the business of the Debtor or for maintenance of the Collateral or any part thereof or for other purposes approved by the Credit Union, and any amount so borrowed together with interest thereon shall form a charge upon the Collateral in priority to the Security Interest created by this Agreement, and
  - (ix) to do any other act or thing as may be considered to be incidental or conducive to any of the matters and powers aforesaid;
- (f) the Debtor hereby appoints each Receiver appointed by the Credit Union to be its attorney to effect a sale or lease of any Collateral and any deed, lease, agreement, or other document signed by a Receiver pursuant to this power of attorney shall have the same effect as if it had been executed by and under the seal of the Debtor;



- (g) a Receiver appointed by the Credit Union shall be deemed to be the agent of the Debtor, and the Debtor shall be solely responsible for his acts or defaults and for his remuneration and expenses, and the Credit Union shall not be in any way responsible for any misconduct or negligence on the part of any Receiver;
- (h) all monies received by the Receiver after providing for payment of all costs, charges and expenses of or incidental to the exercise of any of the powers of the Receiver shall be paid to the Credit Union and applied on account of the Indebtedness;
- (i) the Credit Union may enter upon, use and occupy all premises owned or occupied by the Debtor or wherein the Collateral may be situate;
- (j) before, during or after realizing on the Collateral, the Credit Union may recover and enforce judgement against the Debtor for the Indebtedness and all costs, charges and expenses reasonably incurred by the Credit Union (including, without limitation, costs as between a solicitor and his own client on a full indemnity basis) in recovering or enforcing judgement against the Debtor, and
- (k) the Credit Union may, but shall not be bound to, realize on the Collateral.

#### 16. DEFICIENCY

If the Credit Union realizes on the Collateral and the realization is not sufficient to satisfy all the Indebtedness, the Debtor acknowledges and agrees that the Debtor shall continue to be liable for any Indebtedness remaining outstanding and the Credit Union shall be entitled to pursue full payment thereof.

#### 17. COSTS AND EXPENSES

- (a) Upon the Debtor's failure to perform any of its obligations under this Agreement then the Credit Union may, but shall not be obligated to perform the same and in the event of performance thereof by the Credit Union the Debtor shall pay to the Credit Union forthwith upon written demand therefor an amount equal to all costs, charges and expenses incurred by the Credit Union in performing the Debtor's obligations plus interest thereon at the Agreed Rate from the date such costs, charges and expenses are incurred by the Credit Union until paid by the Debtor.
- (b) The Debtor shall pay all costs, charges and expenses reasonably incurred by the Credit Union or any Receiver appointed by it (including, but without restricting the generality of the foregoing, costs as between a solicitor and his own client on a full indemnity basis), in preparing, registering financing statements regarding or enforcing this Agreement, inspecting, taking custody of, preserving, repairing, maintaining, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting the Indebtedness and all such costs, charges and expenses together with any monies owing as a result of any borrowing by any Receiver appointed by the Credit Union shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby. Such costs, charges and expenses shall bear interest at the Agreed Rate from the date the same were incurred to the date of payment by the Debtor.
- (c) The Credit Union may pay or satisfy any Encumbrances or pay any sum necessary to clear title to any Collateral, and the Debtor agrees to repay the same on demand, plus interest thereon at the Agreed Rate.
- (d) All amounts paid by the Credit Union pursuant to this clause together with interest thereon at the Agreed Rate shall form part of the Indebtedness and be secured hereby.

#### 18. SET OFF

Without limiting any other right the Credit Union may have, the Credit Union may, in its sole discretion at any time and without notice, set off any and all amounts owed to the Debtor by the Credit Union in any capacity and, whether or not due, against any and all Indebtedness including any contingent or non-matured Indebtedness and Indebtedness as principal or guarantor.

#### 19. FURTHER ASSURANCES

The Debtor agrees to execute and deliver to the Credit Union such further assurances, conveyances and supplemental deeds as may be necessary to properly carry out the intention of this Agreement, as determined by the Credit Union, or as may be required by the Credit Union from time to time.

#### 20. NOTICE

Any notice or demand required or permitted to be made or given by the Credit Union to the Debtor may be validly served by leaving the same with, or by mailing the same by prepaid registered mail, to the Debtor at his address as set out herein (or at such other address as the Debtor may in writing notify the Credit Union of as the Debtor's address for service under this Agreement) or by leaving such notice

with any officer or director of the Debtor as shown on the records of the Credit Union, and in the case of mailing such notice or demand shall be deemed to have been received by the Debtor on the third business day following the date of mailing.

## 21. GENERAL

- (a) The Credit Union may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with the Debtor, Account Debtors, sureties and others and with Collateral and other security as the Credit Union may see fit without prejudice to the liability of the Debtor or the Credit Union's right to hold and realize upon the Security Interest. The Credit Union may demand, collect and sue on Collateral in either the Debtor's or the Credit Union's name and may endorse the Debtor's name on any and all cheques, commercial paper, and any other instruments pertaining to or constituting Collateral. The Credit Union shall not be liable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease or otherwise dispose of Collateral or to initiate any proceedings for such purposes.
- (b) No delay or omission by the Credit Union in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. The Credit Union may remedy any Default by the Debtor hereunder in any manner without waiving the Default remedied and without waiving any other prior or subsequent Default by the Debtor. All rights and remedies of the Credit Union granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.
- (c) The Debtor waives protest of any Instrument constituting Collateral at any time held by the Credit Union in which the Debtor is in any way liable and notice of any other action taken by the Credit Union.
- (d) This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Agreement and the Security Interest or any part thereof to enforce any rights hereunder, the Debtor shall not assert against the assignee any claim or defence which the Debtor now has or hereafter may have against the Credit Union.
- (e) If more than one Debtor executes this Agreement the obligations of such Debtors hereunder shall be joint and several.
- (f) No modification, variation or amendment of any term of this Agreement shall be binding or effective unless made by written agreement, executed by the parties hereto and no waiver of any term hereof shall be binding or effective unless in writing.
- (g) This Agreement is in addition to and not in substitution for any other agreements, securities or Security Interest now or hereafter held by the Credit Union and all such other agreements, securities and Security Interest shall remain in full force and effect.
- (h) The headings used in this Agreement are for convenience only and are not to be considered part of this Agreement and do not in any way limit, explain or amplify the terms of this Agreement.
- (i) When the context so requires, a singular shall be read as if the plural were expressed and vice versa and the terms hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, partnership or corporation.
- (j) In the event any terms of this Agreement, as amended from time to time, shall be deemed invalid, void or unenforceable, in whole or in part, by any court of competent jurisdiction, the remaining terms of this Agreement shall remain in full force and effect.
- (k) Nothing herein contained shall in any way obligate the Credit Union to grant, continue, renew or extend time for payment of the Indebtedness.

## 22. ATTACHMENT

- (a) Subject to subclause (b), the Security Interest created hereby is intended to attach the Collateral when this Agreement is executed by the Debtor and delivered to the Credit Union.
- (b) With respect to that Collateral acquired by the Debtor after the date this Agreement is executed and delivered to the Credit Union, the Security Interest created hereby in such Collateral is intended to attach at the same time as the Debtor acquires rights in such Collateral.

## 23. DISCLOSING INFORMATION

This Agreement and any information pertaining thereto or to the Indebtedness may be disclosed by the Credit Union as required by the PPSA.

#### 24. GOVERNING LAW AND JURISDICTION

This Agreement shall be interpreted in accordance with the laws of the Province of Alberta, and the Debtor irrevocably agrees that any suit or proceeding with respect to any matters arising out of or in connection with this Agreement may be brought in the courts of the Province of Alberta or in any court of competent jurisdiction, as the Credit Union may elect, and the Debtor agrees to attorn to the same.

#### 25. COPY OF AGREEMENT

Debtor acknowledges receipt of a copy of this Agreement and waives any right it may have to receive a Financing Statement or Financing Change Statement relating to it.

IN WITNESS WHEREOF the Debtor has hereunto executed this Agreement this 11th day of March, 2022 at Winnipeg, Manitoba.

**DELTA 9 CANNABIS STORE INC.**

Per: \_\_\_\_\_  
John William Arbuthnot IV, President

Per: \_\_\_\_\_

FULL ADDRESS OF DEBTOR

30<sup>th</sup> Floor, 360 Main Street,  
Winnipeg, Manitoba R3C 4G1

\*Complete Affidavit of Execution if Debtor is an individual or partnership.

**SCHEDULE "A"**  
**(DESCRIBED PROPERTY)**

\*Obtain serial numbers for all motor vehicles, trailers, mobile homes, farm machinery, equipment and airplanes.

Serial Number	Year	Make and Model	Description of Goods

**SCHEDULE "B"**  
**(DESCRIBED REAL PROPERTY)**  
\*Obtain Legal Description


**SCHEDULE "C"**  
**(PERMITTED ENCUMBRANCES AFFECTING COLLATERAL)**

DELTA 9 CANNABIS STORE INC.

- NIL

**SCHEDULE "D"**  
**(OTHER TERMS AND CONDITIONS)**


THIS IS EXHIBIT "28" TO THE  
AFFIDAVIT OF JOHN ARBUTHNOT IV  
SWORN BEFORE ME AT WINNIPEG, MANITOBA,  
this 12<sup>th</sup> day of July, 2024

A handwritten signature in blue ink, appearing to read "Amyalander", is written over a horizontal line.

A NOTARY PUBLIC IN AND FOR THE PROVINCE OF MANITOBA



## **GUARANTEE AND POSTPONEMENT (of a Corporation)**

TO THE CREDIT UNION:

IN CONSIDERATION OF CONNECT FIRST CREDIT UNION LTD. (the "Credit Union") dealing with Delta 9 Cannabis Inc. of 210, 777 - 8th Avenue SW, Calgary, Alberta T2P 3R5 (hereinafter referred to as the "Customer") the undersigned hereby jointly and severally guarantee(s) payment to the Credit Union of all present and future debts and liabilities direct or indirect or otherwise, now or at any time and from time to time hereafter due or owing to the Credit Union from or by the Customer or by any successor corporation of the Customer and whether incurred by the Customer alone or jointly with any other Corporation, person or persons, or otherwise howsoever; provided, however, that the liability of the undersigned and of each of the undersigned herein is limited to:

- unlimited,
- interest from the date of demand for payment at the rate(s) agreed upon between the Credit Union and the Customer, and
- solicitor-client costs as provided for hereunder.

IT IS AGREED that no change in the name, objects, capital stock or constitution of the Customer, shall in any way affect the liability of the undersigned or any of them, either with respect to transactions occurring before or after any such change, and the Credit Union shall not be concerned to see or inquire into the powers of the Customer or any of its directors or other agents, acting or purporting to act on its behalf, and monies, advances, renewals or credits, in fact borrowed or obtained from the Credit Union in the professed exercise of such powers shall be deemed to form part of the debts and liabilities hereby guaranteed, notwithstanding that such borrowing or obtaining of monies, advances, renewals or credits shall be in excess of the powers of the Customer or of its directors or other agents aforesaid, or be in any way irregular, defective or informal.

IT IS FURTHER AGREED that the Credit Union, without notice to the undersigned and without exonerating in whole or in part the undersigned, or any of them (if more than one), may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from, or from perfecting securities of, may accept compositions from, and may otherwise deal with the Customer and all other persons (including the undersigned, or any one of them, and any other guarantor) and securities, as the Credit Union may see fit, and that all dividends, compositions, and monies received by the Credit Union from the Customer or from any other persons or estates capable of being applied by the Credit Union in reduction of the debts and liabilities hereby guaranteed, shall be regarded for all purposes as payments in gross, and the Credit Union shall be entitled to prove against the estate of the Customer upon any insolvency of winding-up in respect of the whole of said debts and liabilities, and the undersigned shall have no right to be subrogated to the Credit Union in respect of any such proof until the Credit Union shall have received from such estate payment in full of its claim with interest.

The undersigned agrees that the Credit Union may, without notice to the Guarantor(s), agree to change the interest rate on any or all of the debts and liabilities guaranteed herein by either raising or reducing the said interest rate, and that the undersigned shall be bound by such changes and interest rate and the undersigned further agrees that such changes in interest rate will in no way limit or lessen the liability of the undersigned and this Guarantee.





AND IT IS FURTHER AGREED that this shall be a continuing guarantee, and shall cover and secure any ultimate balance owing to the Credit Union, but the Credit Union shall not be obliged to exhaust its recourse against the Customer or other persons or the securities it may hold before being entitled to payment from the undersigned of all and every of the debts and liabilities hereby guaranteed: Provided always that the undersigned, or any one or more of them (if more than one), or the respective executors, administrators or legal representatives of any of the undersigned, may determine his or their further liability under this continuing guarantee by ninety days' notice in writing to be given to the Credit Union, and the liability hereunder of the undersigned and each of them (if more than one), and his or their respective executors, administrators and legal representatives shall continue until the expiration of ninety days after the giving of such notice, notwithstanding the death or insanity of the undersigned, and after the expiry of such notice the undersigned and each of them (if more than one), and his or their respective executors, administrators and legal representatives shall remain liable under this guarantee in respect of any sum or sums of money owing to the Credit Union as aforesaid on the date such notice expired and also in respect of any contingent of future liabilities incurred to or by the Credit Union on or before such date but maturing thereafter, but such determination in any manner of further liability of any one or more of the undersigned or of the respective executors, administrators or legal representatives of any of the undersigned shall not prevent the continuance of the liability hereunder of any others or other of the undersigned or of their or his respective executors, administrators, or legal representative. Every Certificate issued under the hand of the Manager or Acting Manager of the Credit Union for the time being at the Branch where the Customer's account shall be kept, purporting to show the amount at any particular time due and payable to the Credit Union, and covered by this guarantee, shall be received as conclusive evidence as against the undersigned and every one of them (if more than one), and his or their respective executors, administrators and legal representatives, that such amount is at such time so due and payable to the Credit Union and is covered hereby.

THIS CONTRACT shall be construed in accordance with the laws of the Province of Alberta and for the purpose of legal proceedings this contract shall be deemed to have been made in the said Province and to be performed there, and the Courts of that Province shall have jurisdiction over all disputes which may arise under this contract, provided always that nothing herein contained shall prevent the Credit Union from proceeding at its election against the undersigned in the Courts of any other Province or country.

NOTWITHSTANDING the provisions of any Statute relating to the rate of interest payable by debtors, this contract shall remain in full force and effect whatever the rate of interest received or demanded by the Credit Union.

ALL DEBTS AND LIABILITIES present and future of the Customer to the undersigned and each of them are hereby postponed to the debts and liabilities of the Customer to the Credit Union and all monies received by any of the undersigned or their or his assigns thereon shall be received as Trustees for the Credit Union and shall be paid over to the Credit Union.

THE UNDERSIGNED and each of them (if more than one) acknowledges that this Guarantee has been delivered free of any conditions and that no representations have been made to the undersigned or any of them (if more than one) affecting the liability of the undersigned or any of them (if more than one) under this Guarantee save as may be specifically embodied herein and agrees that this Guarantee is in addition to and not in substitution for any other Guarantees held or which may hereafter be held by the Credit Union.

IN THE EVENT the Credit Union engages a solicitor to effect collection of the amount outstanding under this guarantee, the undersigned agrees to pay the full costs of said solicitors as between solicitor and client.





AS WITNESS the hands and seals of the undersigned, at Winnipeg, Manitoba, this 11th  
day of March, 2022.

**DELTA 9 BIO-TECH INC.**

Per: \_\_\_\_\_

John William Arbuthnot IV, President

I have the authority to bind the Corporation





## **GUARANTEE AND POSTPONEMENT (of a Corporation)**

TO THE CREDIT UNION:

IN CONSIDERATION OF CONNECT FIRST CREDIT UNION LTD. (the "Credit Union") dealing with Delta 9 Cannabis Inc. of 210, 777 - 8th Avenue SW, Calgary, Alberta T2P 3R5 (hereinafter referred to as the "Customer") the undersigned hereby jointly and severally guarantee(s) payment to the Credit Union of all present and future debts and liabilities direct or indirect or otherwise, now or at any time and from time to time hereafter due or owing to the Credit Union from or by the Customer or by any successor corporation of the Customer and whether incurred by the Customer alone or jointly with any other Corporation, person or persons, or otherwise howsoever; provided, however, that the liability of the undersigned and of each of the undersigned herein is limited to:

- unlimited,
- interest from the date of demand for payment at the rate(s) agreed upon between the Credit Union and the Customer, and
- solicitor-client costs as provided for hereunder.

IT IS AGREED that no change in the name, objects, capital stock or constitution of the Customer, shall in any way affect the liability of the undersigned or any of them, either with respect to transactions occurring before or after any such change, and the Credit Union shall not be concerned to see or inquire into the powers of the Customer or any of its directors or other agents, acting or purporting to act on its behalf, and monies, advances, renewals or credits, in fact borrowed or obtained from the Credit Union in the professed exercise of such powers shall be deemed to form part of the debts and liabilities hereby guaranteed, notwithstanding that such borrowing or obtaining of monies, advances, renewals or credits shall be in excess of the powers of the Customer or of its directors or other agents aforesaid, or be in any way irregular, defective or informal.

IT IS FURTHER AGREED that the Credit Union, without notice to the undersigned and without exonerating in whole or in part the undersigned, or any of them (if more than one), may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from, or from perfecting securities of, may accept compositions from, and may otherwise deal with the Customer and all other persons (including the undersigned, or any one of them, and any other guarantor) and securities, as the Credit Union may see fit, and that all dividends, compositions, and monies received by the Credit Union from the Customer or from any other persons or estates capable of being applied by the Credit Union in reduction of the debts and liabilities hereby guaranteed, shall be regarded for all purposes as payments in gross, and the Credit Union shall be entitled to prove against the estate of the Customer upon any insolvency or winding-up in respect of the whole of said debts and liabilities, and the undersigned shall have no right to be subrogated to the Credit Union in respect of any such proof until the Credit Union shall have received from such estate payment in full of its claim with interest.

The undersigned agrees that the Credit Union may, without notice to the Guarantor(s), agree to change the interest rate on any or all of the debts and liabilities guaranteed herein by either raising or reducing the said interest rate, and that the undersigned shall be bound by such changes and interest rate and the undersigned further agrees that such changes in interest rate will in no way limit or lessen the liability of the undersigned and this Guarantee.



AND IT IS FURTHER AGREED that this shall be a continuing guarantee, and shall cover and secure any ultimate balance owing to the Credit Union, but the Credit Union shall not be obliged to exhaust its recourse against the Customer or other persons or the securities it may hold before being entitled to payment from the undersigned of all and every of the debts and liabilities hereby guaranteed: Provided always that the undersigned, or any one or more of them (if more than one), or the respective executors, administrators or legal representatives of any of the undersigned, may determine his or their further liability under this continuing guarantee by ninety days' notice in writing to be given to the Credit Union, and the liability hereunder of the undersigned and each of them (if more than one), and his or their respective executors, administrators and legal representatives shall continue until the expiration of ninety days after the giving of such notice, notwithstanding the death or insanity of the undersigned, and after the expiry of such notice the undersigned and each of them (if more than one), and his or their respective executors, administrators and legal representatives shall remain liable under this guarantee in respect of any sum or sums of money owing to the Credit Union as aforesaid on the date such notice expired and also in respect of any contingent of future liabilities incurred to or by the Credit Union on or before such date but maturing thereafter, but such determination in any manner of further liability of any one or more of the undersigned or of the respective executors, administrators or legal representatives of any of the undersigned shall not prevent the continuance of the liability hereunder of any others or other of the undersigned or of their or his respective executors, administrators, or legal representative. Every Certificate issued under the hand of the Manager or Acting Manager of the Credit Union for the time being at the Branch where the Customer's account shall be kept, purporting to show the amount at any particular time due and payable to the Credit Union, and covered by this guarantee, shall be received as conclusive evidence as against the undersigned and every one of them (if more than one), and his or their respective executors, administrators and legal representatives, that such amount is at such time so due and payable to the Credit Union and is covered hereby.

THIS CONTRACT shall be construed in accordance with the laws of the Province of Alberta and for the purpose of legal proceedings this contract shall be deemed to have been made in the said Province and to be performed there, and the Courts of that Province shall have jurisdiction over all disputes which may arise under this contract, provided always that nothing herein contained shall prevent the Credit Union from proceeding at its election against the undersigned in the Courts of any other Province or country.

NOTWITHSTANDING the provisions of any Statute relating to the rate of interest payable by debtors, this contract shall remain in full force and effect whatever the rate of interest received or demanded by the Credit Union.

ALL DEBTS AND LIABILITIES present and future of the Customer to the undersigned and each of them are hereby postponed to the debts and liabilities of the Customer to the Credit Union and all monies received by any of the undersigned or their or his assigns thereon shall be received as Trustees for the Credit Union and shall be paid over to the Credit Union.

THE UNDERSIGNED and each of them (if more than one) acknowledges that this Guarantee has been delivered free of any conditions and that no representations have been made to the undersigned or any of them (if more than one) affecting the liability of the undersigned or any of them (if more than one) under this Guarantee save as may be specifically embodied herein and agrees that this Guarantee is in addition to and not in substitution for any other Guarantees held or which may hereafter be held by the Credit Union.

IN THE EVENT the Credit Union engages a solicitor to effect collection of the amount outstanding under this guarantee, the undersigned agrees to pay the full costs of said solicitors as between solicitor and client.



AS WITNESS the hands and seals of the undersigned, at Winnipeg, Manitoba, this 11th  
day of March, 2022.

**DELTA 9 LIFESTYLE CANNABIS CLINIC INC.**

Per: John Arbuthnot IV, President

I have the authority to bind the Corporation







## **GUARANTEE AND POSTPONEMENT (of a Corporation)**

TO THE CREDIT UNION:

IN CONSIDERATION OF CONNECT FIRST CREDIT UNION LTD. (the "Credit Union") dealing with Delta 9 Cannabis Inc. of 210, 777 - 8th Avenue SW, Calgary, Alberta T2P 3R5 (hereinafter referred to as the "Customer") the undersigned hereby jointly and severally guarantee(s) payment to the Credit Union of all present and future debts and liabilities direct or indirect or otherwise, now or at any time and from time to time hereafter due or owing to the Credit Union from or by the Customer or by any successor corporation of the Customer and whether incurred by the Customer alone or jointly with any other Corporation, person or persons, or otherwise howsoever; provided, however, that the liability of the undersigned and of each of the undersigned herein is limited to:

- unlimited,
- interest from the date of demand for payment at the rate(s) agreed upon between the Credit Union and the Customer, and
- solicitor-client costs as provided for hereunder.

IT IS AGREED that no change in the name, objects, capital stock or constitution of the Customer, shall in any way affect the liability of the undersigned or any of them, either with respect to transactions occurring before or after any such change, and the Credit Union shall not be concerned to see or inquire into the powers of the Customer or any of its directors or other agents, acting or purporting to act on its behalf, and monies, advances, renewals or credits, in fact borrowed or obtained from the Credit Union in the professed exercise of such powers shall be deemed to form part of the debts and liabilities hereby guaranteed, notwithstanding that such borrowing or obtaining of monies, advances, renewals or credits shall be in excess of the powers of the Customer or of its directors or other agents aforesaid, or be in any way irregular, defective or informal.

IT IS FURTHER AGREED that the Credit Union, without notice to the undersigned and without exonerating in whole or in part the undersigned, or any of them (if more than one), may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from, or from perfecting securities of, may accept compositions from, and may otherwise deal with the Customer and all other persons (including the undersigned, or any one of them, and any other guarantor) and securities, as the Credit Union may see fit, and that all dividends, compositions, and monies received by the Credit Union from the Customer or from any other persons or estates capable of being applied by the Credit Union in reduction of the debts and liabilities hereby guaranteed, shall be regarded for all purposes as payments in gross, and the Credit Union shall be entitled to prove against the estate of the Customer upon any insolvency of winding-up in respect of the whole of said debts and liabilities, and the undersigned shall have no right to be subrogated to the Credit Union in respect of any such proof until the Credit Union shall have received from such estate payment in full of its claim with interest.

The undersigned agrees that the Credit Union may, without notice to the Guarantor(s), agree to change the interest rate on any or all of the debts and liabilities guaranteed herein by either raising or reducing the said interest rate, and that the undersigned shall be bound by such changes and interest rate and the undersigned further agrees that such changes in interest rate will in no way limit or lessen the liability of the undersigned and this Guarantee.



AND IT IS FURTHER AGREED that this shall be a continuing guarantee, and shall cover and secure any ultimate balance owing to the Credit Union, but the Credit Union shall not be obliged to exhaust its recourse against the Customer or other persons or the securities it may hold before being entitled to payment from the undersigned of all and every of the debts and liabilities hereby guaranteed: Provided always that the undersigned, or any one or more of them (if more than one), or the respective executors, administrators or legal representatives of any of the undersigned, may determine his or their further liability under this continuing guarantee by ninety days' notice in writing to be given to the Credit Union, and the liability hereunder of the undersigned and each of them (if more than one), and his or their respective executors, administrators and legal representatives shall continue until the expiration of ninety days after the giving of such notice, notwithstanding the death or insanity of the undersigned, and after the expiry of such notice the undersigned and each of them (if more than one), and his or their respective executors, administrators and legal representatives shall remain liable under this guarantee in respect of any sum or sums of money owing to the Credit Union as aforesaid on the date such notice expired and also in respect of any contingent or future liabilities incurred to or by the Credit Union on or before such date but maturing thereafter, but such determination in any manner of further liability of any one or more of the undersigned or of the respective executors, administrators or legal representatives of any of the undersigned shall not prevent the continuance of the liability hereunder of any others or other of the undersigned or of their or his respective executors, administrators, or legal representative. Every Certificate issued under the hand of the Manager or Acting Manager of the Credit Union for the time being at the Branch where the Customer's account shall be kept, purporting to show the amount at any particular time due and payable to the Credit Union, and covered by this guarantee, shall be received as conclusive evidence as against the undersigned and every one of them (if more than one), and his or their respective executors, administrators and legal representatives, that such amount is at such time so due and payable to the Credit Union and is covered hereby.

THIS CONTRACT shall be construed in accordance with the laws of the Province of Alberta and for the purpose of legal proceedings this contract shall be deemed to have been made in the said Province and to be performed there, and the Courts of that Province shall have jurisdiction over all disputes which may arise under this contract, provided always that nothing herein contained shall prevent the Credit Union from proceeding at its election against the undersigned in the Courts of any other Province or country.

NOTWITHSTANDING the provisions of any Statute relating to the rate of interest payable by debtors, this contract shall remain in full force and effect whatever the rate of interest received or demanded by the Credit Union.

ALL DEBTS AND LIABILITIES present and future of the Customer to the undersigned and each of them are hereby postponed to the debts and liabilities of the Customer to the Credit Union and all monies received by any of the undersigned or their or his assigns thereon shall be received as Trustees for the Credit Union and shall be paid over to the Credit Union.

THE UNDERSIGNED and each of them (if more than one) acknowledges that this Guarantee has been delivered free of any conditions and that no representations have been made to the undersigned or any of them (if more than one) affecting the liability of the undersigned or any of them (if more than one) under this Guarantee save as may be specifically embodied herein and agrees that this Guarantee is in addition to and not in substitution for any other Guarantees held or which may hereafter be held by the Credit Union.

IN THE EVENT the Credit Union engages a solicitor to effect collection of the amount outstanding under this guarantee, the undersigned agrees to pay the full costs of said solicitors as between solicitor and client.



AS WITNESS the hands and seals of the undersigned, at Winnipeg, Manitoba, this 11th  
day of March, 2022.

**DELTA 9 CANNABIS STORE INC.**

Per: \_\_\_\_\_

John William Arbuthnot IV, President

I have the authority to bind the Corporation

