

COURT FILE NUMBER 2401-09688

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF DELTA 9
CANNABIS INC., DELTA 9 LOGISTICS INC.,
DELTA 9 BIO-TECH INC., DELTA 9 LIFESTYLE
CANNABIS CLINIC INC. and DELTA 9 CANNABIS
STORE INC.

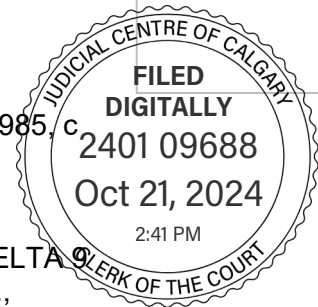
APPLICANTS DELTA 9 CANNABIS INC., DELTA 9 LOGISTICS
INC., DELTA 9 BIO-TECH INC., DELTA 9
LIFESTYLE CANNABIS CLINIC INC. and DELTA 9
CANNABIS STORE INC.

DOCUMENT **APPLICATION**

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

MLT AIKINS LLP
Barristers and Solicitors
#2100 – 222 3rd Ave SW
Calgary, AB T2P 0B4
Attention: Ryan Zahara / Molly McIntosh
Telephone: (403) 693-5420 / (780) 969-3501
Email: rzahara@mltaikins.com
mmcintosh@mltaikins.com
File No. 0136555.00034

Clerk's stamp



NOTICE TO RESPONDENTS:

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

Date: November 1, 2024
Time: 2:00 p.m.
Where: Calgary Courts Centre via WebEx Virtual Courtroom 60:
<https://albertacourts.webex.com/meet/virtual.courtroom60>
Before: The Honourable Justice M.A. Marion

Go to the end of this document to see what you can do and when you must do it.

REMEDY CLAIMED OR SOUGHT:

1. The Applicants, Delta 9 Cannabis Inc. ("**D9 Parent**"), Delta 9 Logistics Inc. ("**Logistics**"), Delta 9 Bio-Tech Inc. ("**Bio-Tech**"), Delta 9 Lifestyle Cannabis Clinic Inc. ("**Lifestyle**"), and Delta 9 Cannabis Store Inc. ("**Store**", and collectively with Logistics, Bio-Tech, and Lifestyle, the "**Applicants**" or "**Delta 9**") seek the following relief:
 - (a) an Order pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 (the "**CCAA**") substantially in the form attached hereto as **Schedule "A"** granting the following relief:
 - (i) declaring service of this Application and its supporting materials good and sufficient and, if necessary, abridging the time for notice of the Application to the time actually given;
 - (ii) extending the Stay Period (as defined in the Amended and Restated Initial Order, granted July 24, 2024 (the "**ARIO**") by the Honourable Associate Chief Justice K. G. Nielsen and subsequently extended by the Stay Extension Order, granted by Justice C. D. Simard on September 11, 2024 (the "**First Stay Extension Order**")), up to and including January 31, 2025, or such further and other date as this Court may consider appropriate (the "**Stay Extension Order**");
 - (iii) approving an increase to the principal amount of the Interim Financing Facility and the Interim Financing Charge (as those terms are defined in the ARIO) by an additional \$2,000,000.00; and
 - (iv) approving the activities, including the fees and disbursements of Alvarez & Marsal Canada Inc. (the "**Monitor**") and its legal counsel, as set out in the Third Report of the Monitor, to be filed (the "**Third Report**");
 - (b) an Order pursuant to Part 6, Division 4 of the Alberta *Rules of Court*, AR 124/2010 (the "**Rules**") substantially in the form attached hereto as **Schedule "B"** sealing the Confidential Appendix to the Third Report; and
 - (c) such further and other relief as this Court may deem just and appropriate in the circumstances.

2. Capitalized terms used herein that are not otherwise defined have the meaning ascribed to them in the First Affidavit of John Arbuthnot IV, sworn on July 12, 2024 (the “**First Arbuthnot Affidavit**”), the Second Affidavit of John Arbuthnot IV, sworn on July 18, 2024 (the “**Second Arbuthnot Affidavit**”), the Third Affidavit of John Arbuthnot IV, sworn on September 3, 2024 (the “**Third Arbuthnot Affidavit**”), and the Fourth Affidavit of John Arbuthnot IV, sworn on October 21, 2024 (the “**Fourth Arbuthnot Affidavit**”).

GROUNDINGS FOR MAKING THIS APPLICATION:

Introduction and Background

3. Delta 9 is a vertically integrated group of companies in the business of cannabis cultivation, processing, extraction, wholesale distribution and retail sales. Bio-Tech holds cannabis licences from Health Canada and the CRA pursuant to the *Excise Act, 2001*.
4. On July 15, 2024, the Honourable Justice D.R. Mah granted an Initial Order pursuant to the CCAA (the “**Initial Order**”) which, among other things, appointed Alvarez & Marsal Canada Inc. as the Monitor of the Applicants (the “**Monitor**”).
5. On July 24, 2024, the Honourable Associate Chief K.G. Nielsen granted the ARIO which, among other things, extended the initial stay period until September 15, 2024 and approved a sales investment and solicitation process (the “**SISP**”) in respect of the business and/or assets of Bio-Tech and a claims procedure order (the “**Claims Procedure Order**”).
6. On September 11, 2024, the Honourable Justice C. D. Simard granted the First Stay Extension Order, extending the stay of proceedings pursuant to the ARIO up to and including November 1, 2024 (the “**Stay Period**”).
7. Since the granting of the First Stay Extension Order, Delta 9 has, among other things:
 - (a) worked closely with the Monitor to continue to conduct the SISP and the Claims Procedure;
 - (b) worked diligently with the Plan Sponsor to develop and finalize a plan of arrangement with respect to certain of the Delta 9 Applicants;

- (c) in consultation with the Applicants, continued to take steps to wind down the operations of Logistics; and,
- (d) engaged in conversations with landlords of certain retail leases in Alberta and Manitoba to attempt to negotiate reduced rental rates and/or reduced rental space going forward.

Stay Extension

- 8. Pursuant to the First Stay Extension Order, the Stay Period is scheduled to expire on after November 1, 2024.
- 9. The Applicants require an extension of the Stay Period until January 31, 2025 to provide stability and to provide the Applicants with sufficient time to carry out the terms of the SISP, the Claims Procedure Order and put forward a plan of arrangement for certain of the Applicants to be voted on by the affected creditors.
- 10. The Applicants have acted, and continue to act, in good faith and with due diligence to, among other things, operate their Business in the ordinary course and advance these CCAA proceedings.
- 11. Approving the Stay Extension is in the best interest of all stakeholders as it provides the Applicants with the time and space required to affect a successful compromise and emerge as a sustainable operation.

Increase to Interim Financing and Interim Financing Charge

- 12. Pursuant to the ARIO, the Interim Financing Term Sheet was approved with a principal amount of \$16,000,000. The Interim Financing Charge covers the amounts due and owing under the terms of the Interim Financing Term Sheet, including all accrued interest, fees and costs, as applicable.
- 13. The Applicants require an additional amount of \$2,000,000.00 (the “**Additional IF**”) of interim financing in order to complete the CCAA proceedings, including completing the Bio-Tech SISP and bringing forward a vote by the affected creditors of a plan of arrangement in respect of the Applicants’ retail operations.

14. The Additional IF would enhance the prospects of the Applicants completing a viable compromise or arrangement being made in respect of the business.
15. The Applicants do not believe that any creditor would be materially prejudiced by the increase to the Interim Financing Charge or the additional amounts being made available under the Interim Financing Term Sheet.
16. Approving the Additional IF is in the best interest of all stakeholder as it provides the Applicants with the necessary funding to affect a successful compromise and emerge as a sustainable operation.

Sealing Relief and Approval of Monitor's Fees and Activities

17. The Applicants are seeking to seal the Confidential Appendix to the Third Report which contains commercially sensitive information.
18. The Applicants are also seeking approval of the fees and activities of the Monitor incurred and undertaken in these proceedings between August 25, 2024 to October 21, 2024. The substantive evidence and reporting on these fees and activities will be contained in the Third Report.

Material or evidence to be relied on:

19. The Affidavit of John Arbuthnot IV, filed on July 15, 2024;
20. The First Supplemental Affidavit of John Arbuthnot IV, filed on July 16, 2024;
21. The Second Affidavit of John Arbuthnot IV, filed on July 18, 2024;
22. The Second Supplemental Affidavit of John Arbuthnot IV, filed on July 22, 2024;
23. The Third Affidavit of John Arbuthnot IV, filed on September 3, 2024;
24. The Fourth Affidavit of John Arbuthnot IV, to be filed;
25. The Pre-Filing Report of the Proposed Monitor, filed on July 12, 2024;
26. The First Report of the Monitor, filed on July 25, 2024;
27. The Second Report of the Monitor, filed September 10, 2024;

28. The Third Report of the Monitor, to be filed; and
29. Such further and other materials as counsel for the Monitor or the Applicants may advise and this Honourable Court may permit.

Applicable rules:

30. Part 6, Division 1 of the Alberta *Rules of Court*, Alta Reg 124/2010.

Applicable Acts and regulations:

31. The *Companies' Creditors Arrangement Act*, RSC 1985, c C-36; and
32. Such further and other Acts or regulations as counsel may advise and this Honourable Court may permit.

Any irregularity complained of or objection relied on:

33. None.

How the application is proposed to be heard or considered:

34. By WebEx videoconference before the Honourable Justice M.A. Marion pursuant to the WebEx details enclosed hereto at **Appendix "A"**.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant a reasonable time before the application is to be heard or considered.

Appendix "A" – WebEx Details

The above booking is Confirmed

File #(s) : 2401 09688

Style of Cause: DELTA 9 CANNABIS INC. v. COMPANIES' CREDITORS ARRANGEMENT
ACT

Date/Duration:

Nov 01, 2024 02:00 PM

Total: 60 Minute(s)

Booking Type/List: Commercial

Purpose of Hearing: Commercial Hearing

Counsel: Molly Gretna Heather McIntosh; Ryan Zahara; Christopher Allan Nyberg; David
LeGeyt; Ryan Edward Algar; Jennifer Nicole Deyholos; James William Reid; Sean Francis
Collins; Ashley Elizabeth Bowron;

Virtual Courtroom 60 has been assigned for the above noted matter:

Virtual Courtroom Link:

<https://albertacourts.webex.com/meet/virtual.courtroom60>

SCHEDULE "A"

Form of Stay Extension and Increase to Interim Financing Order

COURT FILE NUMBER	2401-09688
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
	IN THE MATTER OF THE <i>COMPANIES'</i> <i>CREDITORS ARRANGEMENT ACT</i> , RSC 1985, c C-36, AS AMENDED
	AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DELTA 9 CANNABIS INC., DELTA 9 LOGISTICS INC., DELTA 9 BIO-TECH INC., DELTA 9 LIFESTYLE CANNABIS CLINIC INC. and DELTA 9 CANNABIS STORE INC.
APPLICANTS	DELTA 9 CANNABIS INC., DELTA 9 LOGISTICS INC., DELTA 9 BIO-TECH INC., DELTA 9 LIFESTYLE CANNABIS CLINIC INC. and DELTA 9 CANNABIS STORE INC.
DOCUMENT	ORDER – STAY EXTENSION AND INCREASE TO INTERIM FINANCING
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	MLT AIKINS LLP Barristers and Solicitors #2100 – 222 3 rd Ave SW Calgary, AB T2P 0B4 Attention: Ryan Zahara / Molly McIntosh Telephone: (403) 693-5420 / (780) 969-3501 Email: rzahara@mltaikins.com mmcintosh@mltaikins.com File No. 0136555.00034

Clerk's stamp

DATE ON WHICH ORDER WAS PRONOUNCED:	NOVEMBER 1, 2024
LOCATION WHERE ORDER WAS PRONOUNCED:	CALGARY, ALBERTA
NAME OF JUSTICE WHO MADE THIS ORDER:	THE HONOURABLE JUSTICE M.A. MARION

UPON the application (the “**Application**”) of Delta 9 Cannabis Inc. (“**D9 Parent**”), Delta 9 Logistics Inc. (“**Logistics**”), Delta 9 Bio-Tech Inc. (“**Bio-Tech**”), Delta 9 Lifestyle Cannabis Clinic Inc. (“**Lifestyle**”) and Delta 9 Cannabis Store Inc. (“**Store**”, and collectively with D9 Parent, Logistics, Bio-Tech and Lifestyle, the “**Applicants**” or “**Delta 9**”) for an extension of the stay of

proceedings pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended; **AND UPON** having read the Application, the Affidavit of John Arbuthnot IV, sworn on July 12, 2024 and filed on July 15, 2024, the First Supplemental Affidavit of John Arbuthnot IV, sworn on July 15, 2024 and filed on July 16, 2024, the Second Affidavit of John Arbuthnot IV, sworn and filed on July 18, 2024, the Second Supplemental Affidavit of John Arbuthnot IV, sworn and filed on July 22, 2024, the Third Affidavit of John Arbuthnot IV, sworn on September 3, 2024 and filed on September 3, 2024, the Fourth Affidavit of John Arbuthnot IV, sworn on October 21, 2024, the Pre-Filing Report of the Proposed Monitor, Alvarez & Marsal Canada Inc. (the "**Monitor**"), filed on July 12, 2024 (the "**Pre-Filing Report**"), the First Report of the Monitor, filed on July 25, 2024 (the "**First Report**"), the Second Report of the Monitor, filed on September 10, 2024 (the "**Second Report**"), the Third Report of the Monitor, filed on October ____, 2024 (the "**Third Report**"); and the Affidavit of Service of ____, sworn and filed on October ____, 2024; **AND UPON** hearing the submissions of counsel for the Applicants, counsel for the Monitor and counsel for any other parties present; **IT IS HEREBY ORDERED AND DECLARED THAT:**

1. The time for service of the notice of the Application is hereby abridged and service thereof is seemed good and sufficient and this Application is properly returnable today.
2. The Stay Period, as defined in paragraph 14 of the Amended and Restated Initial Order, granted on July 24, 2024 (the "**ARIO**") and extended pursuant to the Order of the Honourable Justice C.D. Simard, granted on September 11, 2024 (the "**First Stay Extension Order**") in the within proceeding, is hereby extended until and including January 31, 2025.
3. The Amendment No. 2 to the Interim Financing Term Sheet (the "**Amended Interim Financing Term Sheet**") attached as Schedule "A" to the Third Report is hereby approved.
4. Delta 9 is hereby authorized to borrow up to \$_____ from the Interim Lender under the Amended Interim Financing Term Sheet and the Interim Lender's Charge, as defined in paragraph 35 of the ARIO and paragraph 4 of the First Stay Extension Order, is increased to the amounts outstanding under the Amended Interim Financing Term Sheet.
5. The Monitor's accounts for fees and disbursements, as set out in the Third Report, are hereby approved.

6. The accounts of the Monitor's legal counsel, Burnet, Duckworth & Palmer LLP, for its fees and disbursements, as set out in the Third Report, are hereby approved.
7. The Monitor's activities, actions, and conduct, as set out in the Third Report, are hereby ratified and approved.

The Honourable Justice M.A. Marion
Justice of the Court of King's Bench of Alberta

SCHEDULE "B"

Form of Sealing Order

COURT FILE NUMBER 2401-09688
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

Clerk's stamp

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

AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF DELTA
9 CANNABIS INC., DELTA 9 LOGISTICS INC.,
DELTA 9 BIO-TECH INC., DELTA 9 LIFESTYLE
CANNABIS CLINIC INC. and DELTA 9
CANNABIS STORE INC.

APPLICANTS DELTA 9 CANNABIS INC., DELTA 9 LOGISTICS
INC., DELTA 9 BIO-TECH INC., DELTA 9
LIFESTYLE CANNABIS CLINIC INC. and DELTA
9 CANNABIS STORE INC.

DOCUMENT **SEALING ORDER**

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

MLT AIKINS LLP
Barristers and Solicitors
#2100 – 222 3rd Ave SW
Calgary, AB T2P 0B4
Attention: Ryan Zahara / Molly McIntosh
Telephone: (403) 693-5420 / (780) 969-3501
Email: rzahara@mltaikins.com
mmcintosh@mltaikins.com
File No. 0136555.00034

DATE ON WHICH ORDER WAS PRONOUNCED: NOVEMBER 1, 2024

LOCATION WHERE ORDER WAS PRONOUNCED: CALGARY, ALBERTA

**NAME OF JUSTICE WHO MADE THIS ORDER: THE HONOURABLE JUSTICE M.D.
MARION**

UPON the application (the “**Application**”) of Delta 9 Cannabis Inc. (“**D9 Parent**”), Delta 9 Logistics Inc. (“**Logistics**”), Delta 9 Bio-Tech Inc. (“**Bio-Tech**”), Delta 9 Lifestyle Cannabis Clinic Inc. (“**Lifestyle**”) and Delta 9 Cannabis Store Inc. (“**Store**”, and collectively with D9 Parent, Logistics, Bio-Tech and Lifestyle, the “**Applicants**” or “**Delta 9**”) for a sealing order; **AND UPON**

having read the Application, the Affidavit of John Arbuthnot IV, sworn on July 12, 2024 and filed on July 15, 2024, the First Supplemental Affidavit of John Arbuthnot IV, sworn on July 15, 2024 and filed on July 16, 2024, the Second Affidavit of John Arbuthnot IV, sworn and filed on July 18, 2024, the Second Supplemental Affidavit of John Arbuthnot IV, sworn and filed on July 22, 2024, the Third Affidavit of John Arbuthnot IV, sworn on September 3, 2024 and filed on September 3, 2024, the Fourth Affidavit of John Arbuthnot IV, sworn on October 21, 2024 and filed on October ____, 2024, the Pre-Filing Report of the Proposed Monitor, Alvarez & Marsal Canada Inc. (the **"Monitor"**), filed on July 12, 2024 (the **"Pre-Filing Report"**), the First Report of the Monitor, filed on July 25, 2024 (the **"First Report"**), the Second Report of the Monitor, filed on September 10, 2024 (the **"Second Report"**), the Third Report of the Monitor, filed on October ____, 2024 (the **"Third Report"**) and the Confidential Appendix to the Third Report of the Monitor, unfiled (the **"Confidential Appendix"** and together with the Pre-Filing Report, the First Report and the Second Report, the **"Reports"**), and the Affidavit of Service of _____, sworn and filed on October ____, 2024; **AND UPON** hearing the submissions of counsel for the Applicants, counsel for the Monitor and counsel for any other parties present; **IT IS HEREBY ORDERED AND DECLARED THAT:**

1. The time for service of the notice of the Application is hereby abridged and service thereof is seemed good and sufficient and this Application is properly returnable today.
2. The Confidential Appendix shall be sealed until the earlier of: (a) completion of the Applicants' proceedings under the CCAA; (b) May 1, 2025; or (c) by further order of the Court.
3. If directed by the Court, the Applicants can provide a copy of the Confidential Appendix to the Clerk of the Court, who is hereby directed to seal any such copy of the Confidential Appendix in a sealed envelope which shall have a notice attached that sets out the style of cause of these proceedings and states that:

THIS ENVELOPE CONTAINS CONFIDENTIAL DOCUMENTS.
THESE CONFIDENTIAL DOCUMENTS ARE SEALED ON COURT
FILE NO. 2401-09688 PURSUANT TO THE ORDER OF THE
HONOURABLE JUSTICE M.A. MARION ON NOVEMBER 1, 2024.
THESE CONFIDENTIAL DOCUMENTS ARE NOT TO BE
ACCESSED BY ANY PERSON UNLESS OR UNTIL THE EARLIER

OF: (a) COMPLETION OF THE APPLICANTS' PROCEEDINGS
UNDER THE CCAA; (b) MAY 1, 2025; OR (c) FURTHER ORDER
OF THE COURT.

The Honourable Justice M.A. Marion
Justice of the Court of King's Bench of Alberta