

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 McCarthy Tétrault LLP
4000, 421 – 7th Avenue SW
Calgary, AB T2P 4K9
Attention: Sean Collins, KC / Lance Williams / Ashley Bowron
Tel: 403-260-3531 / 604-643-7100
Fax: 403-260-3501 / 604-643-7900
Email: scollins@mccarthy.ca / lwilliams@mccarthy.ca /
abowron@mccarthy.ca

NOTICE TO RESPONDENT:

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:	January 10, 2025
Time:	10:00 a.m.
Where:	Calgary Courts Centre (Virtual Courtroom via WebEx – see Schedule “A” hereto)
Before Whom:	The Honourable Justice Marion

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

Remedy claimed or sought: SNDL Inc. (“**SNDL**”) applies for an order, substantially in the form
attached as Schedule “B” hereto, among other things:

1. Declaring that the time for service of this application (the “**Application**”), the Affidavit #1 of Ryan Hellard, sworn on December 19, 2024 (“**First Hellard Affidavit**”), and other related application materials, is abridged, if necessary, the Application is properly returnable on January 10, 2025, that service of the Application, the First Hellard Affidavit, and other related application materials, on the service list (the “**Service List**”) created and maintained in respect of these proceedings (the “**CCAA Proceedings**”), is validated, good, and sufficient, and that no persons, other than those on the Service List, are entitled to service of the materials filed in connection with the within Application.

2. Declaring that an Event of Default under the \$10 million March 30, 2022 10% Senior Second Lien Convertible Debenture (the “**Debenture**”) issued by Delta 9 Cannabis Inc. (“**Delta 9**”) in favour of SNDL occurred on April 1, 2023.

3. Declaring that the entire outstanding Principal Amount plus the MOIC Premium and accrued and unpaid interest became due and payable in cash upon the issuance of the demand for repayment from counsel to SNDL to Delta 9 on May 21, 2024.

4. Declaring that the amount outstanding under the Debenture, exclusive of legal fees and protective disbursements, as at January 10, 2025, is \$2,864,102.20 with interest accruing thereon at a per diem amount of \$1,405.50.

5. Declaring that SNDL is entitled to recover from Delta 9 protective disbursements in the amount of \$270,000.00 together with interest thereon from and after July 5, 2024 until the date of repayment.

6. Declaring that SNDL is entitled to recover its costs relative to all steps undertaken in relation to incurring the Protective Disbursements in addition to all costs related to enforcing the obligations of Delta 9 to SNDL, including solicitor and client costs calculated as between a solicitor and own client on a full indemnity basis).

7. Such further and other relief as counsel for SNDL may advise and this Honourable Court considers to be just and appropriate.

Grounds for Making this Application:

8. Delta 9 is indebted to SNDL under and pursuant to the Debenture. As set out in Affidavit #1 of Ryan Hellard and the Bench Brief of SNDL:

- (a) Delta 9 breached certain covenants contained in the Debenture by at least August 11, 2022;
- (b) SNDL waived the breach committed by Delta 9, originally by way of waiver dated August 11, 2022 (the “**First Waiver**”);
- (c) Delta 9 was in breach of the First Waiver by at least August 22, 2022 (the “**First Breach**”) and the First Waiver, in accordance with its terms, automatically ceased to apply;
- (d) SNDL waived the First Breach by way of waiver dated September 9, 2022 (the “**Second Waiver**”);
- (e) Delta 9 breached the Second Waiver on March 31, 2023 (the “**Second Breach**”) and the Second Waiver, in accordance with its terms, automatically ceased to apply;
- (f) An Event of Default under the Debenture occurred on April 1, 2023;
- (g) On May 21, 2024, SNDL demanded that Delta 9 repay the entire outstanding Principal Amount plus the MOIC Premium, accrued and unpaid interest, in addition accrued interest, legal fees and expenses and any other costs or amounts recoverable from Delta 9;
- (h) On September 12, 2024, Delta 9 made a payment on account of the amounts outstanding under the Debenture in the amount of \$11,696,814.00. Such payment did not include the MOIC Premium, interest at the Default Rate nor SNDL’s recoverable fees, costs and other expenses. The September 12, 2024 payment was made without prejudice to SNDL’s right to claim such amounts from Delta 9; and
- (i) After accounting for the September 12, 2024 payment, the balance outstanding as at December 31, 2024, inclusive of the MOIC Premium, but exclusive of SNDL’s recoverable fees, costs and other expenses, calculated from the date of the Event of Default occurring on April 1, 2023 will be \$2,850,047.20.

Material or evidence to be relied on:

9. The Affidavit #1 of Ryan Hellard sworn December 19, 2024, to be filed
10. The Bench Brief of SNDL, to be filed
11. Such further and other material as counsel for SNDL may advise and this Honourable Court may permit.

Applicable rules:

12. The *Alberta Rules Of Court*, Alta. Reg. 124/2010.
13. Such further and other rules as counsel for SNDL may advise and this Honourable Court may permit.

Applicable acts and regulations:

14. *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36.
15. Such further and other acts and regulations as counsel for SNDL may advise or this Honourable Court may permit.

Any irregularity complained of or objection relied on:

16. There are no irregularities complained of or objections relied on.

How the application is proposed to be heard or considered:

17. SNDL proposes that the Application be heard in person or via WebEx with one, some, or all of the parties present.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) 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 rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

SCHEDULE "A" **WEBEX DETAILS**

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

Virtual Courtroom Link:

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

Instructions for Connecting to the Meeting

1. Click on the link above or open up Chrome or Firefox and cut and paste it into your browser address bar.
2. If you do not have the Cisco Webex application already installed on your device, the site will have a button to install it. Follow installation instructions. Enter your full name and email address when prompted
3. Click on the **Open Cisco Webex Meeting**.
4. You will see a preview screen. Click on **Join Meeting**.

Key considerations for those attending:

1. Please connect to the courtroom **15 minutes prior** to the start of the hearing.
2. Please ensure that your microphone is muted and remains muted for the duration of the proceeding, unless you are speaking. Ensure that you state your name each time you speak.
3. If bandwidth becomes an issue, some participants may be asked to turn off their video and participate by audio only.
4. **Note: Recording or rebroadcasting of the video is prohibited.**
5. **Note: It is highly recommended you use headphones with a microphone or a headset when using Webex. This prevents feedback.**

For more information relating to Webex protocols and procedures, please visit:

<https://www.albertacourts.ca/qb/court-operations-schedules/webex-remote-hearings-protocol>

You can also join the meeting via the "Cisco Webex Meetings" App on your smartphone/tablet or other smart device. You can download this via the App marketplace and join via the link provided above.

SCHEDULE "B"
FORM OF ORDER

See attached.

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 **ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY
FILING THIS DOCUMENT McCarthy Tétrault LLP
4000, 421 – 7th Avenue SW
Calgary, AB T2P 4K9
Attention: Sean Collins, KC / Lance Williams / Ashley Bowron
Tel: 403-260-3531 / 604-643-7100
Fax: 403-260-3501 / 604-643-7900
Email: scollins@mccarthy.ca / lwilliams@mccarthy.ca /
abowron@mccarthy.ca

DATE ON WHICH ORDER WAS PRONOUNCED: January 10, 2025
NAME OF JUDGE WHO MADE THIS ORDER: Justice M.A. Marion
LOCATION OF HEARING: Calgary, Alberta

UPON the application (the “**Application**”) of SNDL Inc. (“**SNDL**”); **AND UPON** having read the Application and Affidavit #1 of Ryan Hellard, sworn on December 19, 2024 (the “**First Hellard Affidavit**”) filed; **UPON** having read the Affidavit of Service of Katie Hynne, sworn on ●, 202● (the “**Service Affidavit**”), filed; **AND UPON** hearing from counsel for SNDL and counsel to all other parties present;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The time for service of the Application and the First Hellard Affidavit, in the manner described in the Service Affidavit, is abridged, the Application is properly returnable today, service of the Application and the First Hellard Affidavit, on the service list (the “**Service List**”) maintained in these proceedings (the “**CCAA Proceedings**”), in the manner described in the Service Affidavit, is good and sufficient, and no other persons, other than those listed on the Service List, are entitled to service of the Application or the First Hellard Affidavit.
2. An Event of Default under the \$10 million March 30, 2022 10% Senior Second Lien Convertible Debenture (the “**Debenture**”) issued by Delta 9 Cannabis Inc.(“**Delta 9**”) in favour of SNDL occurred on April 1, 2023.
3. The entire outstanding Principal Amount plus the MOIC Premium and accrued and unpaid interest became due and payable in cash on May 21, 2024.
4. As of January 10, 2025, the amount due and owing under the Debenture, exclusive of legal fees and protective disbursements, is \$2,864,102.20 with interest accruing thereon at a per diem amount of \$1,405.50.
5. SNDL is entitled to recover the additional amount of \$270,000.00 from Delta 9 together with interest thereon at the rate of 18% per annum from and after July 5, 2025 to and including the date of payment of such amounts.
6. SNDL is awarded solicitor and client costs calculated as between a solicitor and own client on a full indemnity basis for all costs of enforcing the obligations of Delta 9 to SNDL
7. Service of this Order shall be deemed good and sufficient by:
 - (a) serving same on:
 - (i) the persons listed on the Service List created in these CCAA Proceedings;
 - (ii) any other person served with notice of the Application for this Order;
 - (iii) any other parties attending or represented at the Application for this Order;
 - and,

(b) posting a copy of this Order on the Monitor's website at <https://www.alvarezandmarsal.com/Delta9>;

and service on any other person is hereby dispensed with.

8. Service of this Order may be effected by facsimile, electronic mail, personal delivery, or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

Justice of the Court of King's Bench of Alberta