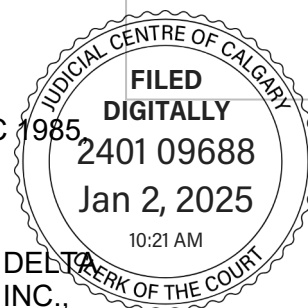


COURT FILE NUMBER 2401-09688
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

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 **SEVENTH AFFIDAVIT OF JOHN ARBUTHNOT
IV**

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

SEVENTH AFFIDAVIT OF JOHN ARBUTHNOT IV
Sworn on December 30, 2024

I, John Arbuthnot IV, of the City of Winnipeg, in the Province of Manitoba, SWEAR AND SAY
THAT:

1. I am the Chief Executive Officer (“**CEO**”) and director of Delta 9 Cannabis Inc. (“**Delta 9**”) and a director and president of 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**”; collectively, the “**Applicants**” or the “**Delta 9 Group**”). As such, I have personal knowledge of the matters deposed to in this Affidavit, except where stated to be based on information and belief, in which case, I verily believe the same to be true.

2. As a director and officer, I am responsible for managing the Applicants' overall operations and resources and making strategic business decisions. I have been in my current role as a director and officer for over six years, since shortly after D9 Parent went public in November 2017.

I. RELIEF SOUGHT

3. This affidavit (the "**Seventh Affidavit**") is sworn in support of an application scheduled for January 10, 2025 before the Honourable Justice M.A. Marion for:
 - (a) an order approving the sale and vesting of certain assets of Bio-Tech to 65999362 Canada Ltd. ("**659**") pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**"), contemplated in the Asset Purchase Agreement, dated December 28, 2024 (the "**APA**") and vesting all of the subject assets free and clear of all claims, encumbrances and charges (the "**659 Transaction**") other than certain permitted encumbrances;
 - (b) an order approving, among other things, the share purchase agreement dated December 28, 2024 (the "**SPA**") between Delta 9, Bio-Tech, and Simply Solventless Concentrates Ltd. ("**Simply**"), vesting in Simply all of Delta 9's right, title and interest in all of the outstanding and issued common shares of Bio-Tech (the "**Purchased Shares**") and vesting in ResidualCo all Excluded Assets, Excluded Contracts, and Excluded Liabilities in ResidualCo (all as defined in the SPA) (collectively, the "**Simply Transaction**"; together with the 659 Transaction, the "**Proposed Transactions**");
 - (c) releases for parties involved in the Proposed Transactions, including, but not limited to, the Monitor, Simply, Bio-Tech, and for the director and officers of Bio-Tech and ResidualCo; and
 - (d) a temporary sealing order in respect of the Confidential Appendices to the Sixth Report of the Alvarez & Marsal Canada Inc. ("**A&M**") in its capacity as the monitor (the "**Monitor**") of the Delta 9 Group, to be filed (the "**Sixth Report**").

II. BACKGROUND

4. The Delta 9 Group is a vertically integrated group of companies in the business of cannabis cultivation, processing, extraction, wholesale distribution, retail sales, and business to business sales.
5. Delta 9 is a publicly traded company and the parent company of Bio-Tech, Logistics, and Store.
6. Bio-Tech is a privately held corporation and wholly-owned subsidiary of Delta 9.
7. Bio-Tech is a licensed producer of cannabis and holds a license from Health Canada to cultivate, process and sell cannabis, as well as a license from the Canada Revenue Agency pursuant to the *Cannabis Act* and *Excise Act, 2001*, respectively.
8. Bio-Tech owns and operates a 95,000 square-foot cannabis cultivation and processing facility (the “**Bio-Tech Real Property**”) located at 760 Pandora Avenue E, Winnipeg, Manitoba and legally described as:

Title No. 2977656/1

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

(the “**Land**”).

III. STATUS OF THE CCAA PROCEEDINGS

9. On July 15, 2024, the Delta 9 Group sought and obtained an order (the “**Initial Order**”) under the CCAA.
10. On July 24, 2024, the Honourable Associate Chief Justice K.G. Nielsen granted the Amended and Restated Initial Order (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 (the “**SISP Order**”).

11. On September 11, 2024, the Honourable Justice C. D. Simard granted an Order extending the stay of proceedings pursuant to the ARIO up to and including November 1, 2024.
12. On November 1, 2024, the Honourable Justice M.A. Marion granted an Order further extending the stay of proceedings pursuant to the ARIO up to and including January 31, 2024.

IV. STATUS AND CONDUCT OF THE SISP

13. Since the granting of the SISP Order, Delta 9 has worked diligently with the Monitor in the advancement of the SISP. The Monitor, Bio-Tech, and the Sales Advisor, with the assistance of the CRO and the Plan Sponsor, have worked extremely hard and broadly canvassed the market to find the parties interested in Bio-Tech’s business and assets.
14. The SISP was intended to solicit interest for a sale of all or part of Bio-Tech’s business or property. The SISP provided the Monitor and Bio-Tech with the latitude to pursue both asset and share transactions and/or any combination thereof.
15. The SISP contemplated the following milestones, among others, each of which could be modified by the Monitor as permitted in the SISP:

Milestone	Deadline
Bio-Tech to create list of Known Potential Bidders	July 26, 2024
Monitor to prepare and have available for Potential Bidders the Data Room	July 26, 2024
Monitor to distribute Teaser Letters and NDAs to Known Potential Bidders	July 31, 2024
Bid Deadline	October 28, 2024
Auction (if required)	October 30, 2024
Transaction Approval Application Hearing (if required)	November 4 - 8, 2024
Closing Date Deadline	November 12, 2024

16. Pursuant to the SISP, the Monitor with the assistance of Bio-Tech:

- (a) Prepared an initial list of persons who may have an interest in the Opportunity which contained in excess of 83 persons (the “**Known Potential Bidders**”);
 - (b) Published a notice of the SISP (the “**Notice**”) in the National Post, New Cannabis Ventures, StratCann, Newswire, and the Insolvency Insider;
 - (c) Issued a press release on Canadian Newswire setting out the information contained in the Notice;
 - (d) Prepared a process summary (the “**Teaser Letter**”) describing the Opportunity outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP;
 - (e) A comprehensive package of marketing materials (including the development of all relevant financial, accounting, asset and facility listings, inventory schedules, liabilities, contractual agreements, valuation materials, and other materials (the “**VDR Materials**”), to be made available in a virtual data room (“**VDR**”); and
 - (f) A non-disclosure agreement in form and substance satisfactory to the Monitor and Bio-Tech and their respective counsel (an “**NDA**”).
17. Bio-Tech also engaged Capital Commercial Real Estate Services Inc. as the sales agent (the “**Sales Agent**”) to assist with the marketing of the Bio-Tech Facility. The Sales Agent’s marketing activities with respect to the Bio-Tech Facility included, among other things:
- (a) Preparing a marketing brochure in consultation with Bio-Tech, the Monitor and the CRO, which was sent to the Sales Agent’s investor and broker distribution list on September 4, 2024;
 - (b) Posting the listing for the Bio-Tech Facility on the Sales Agent’s website and Manitoba Realtor (CPIX); and
 - (c) Listing the Bio-Tech Facility on the Sales Agent’s LinkedIn Account which has over 1,700 followers.
18. Bio-Tech and the Monitor canvassed the market and made the best efforts to obtain potential bids for all or part of Bio-Tech’s property with the following events occurring during the SISP:

- (a) The SISP commenced on July 31, 2024, with the placement of the Notice announcing the commencement of the SISP in the media outlets, as posting of the Teaser and other SISP materials to the Monitor's Website;
 - (b) The Monitor disseminated the Teaser to a broad but focused list of Prospective Bidders, consisting of 69 strategic investors, 10 capital providers and 4 commercial real estate specialists and invited them to execute an NDA if interest in the Opportunity;
 - (c) 16 Prospective Bidders executed an NDA and were granted access to the VDR containing the VDR Materials with respect to Bio-Tech;
 - (d) All key staff of Bio-Tech, including myself as President and the sole director, as well as the Monitor, the CRO and the Sales Agent were made available to answer any questions and provide site tours for Prospective Bidders as part of their review and due diligence process;
 - (e) The bid deadline was October 28, 2024 (the "**SISP Bid Deadline**") and multiple offers were received by the SISP Bid Deadline.
19. On November 11, 2024, after extensive negotiations, Bio-Tech entered into an asset purchase agreement with 10213358 Manitoba Ltd. for the purchase of certain grow pod inventory and equipment. This transaction closed on December 2, 2024.
20. I understand that the Monitor intends to provide the Court with a more detailed description of the SISP in its Sixth Report and the Confidential Appendices.
21. At a high level, since the close of the bid deadline on October 28, 2024, Delta 9 has worked with the Monitor to review and assess bids, and has been engaged in negotiations with successful bidders to finalize their respective asset purchase agreements and advance Delta 9's goals of ensuring all of Bio-Tech's assets and/or business are transferred to bidders and the proceeds obtained therefrom are maximized for the benefit of all stakeholders.

V. THE 659 PROPERTY

22. Bio-Tech, with the assistance of the Monitor, selected a Qualified Bid tendered within the SISP by 659 for the purchase of the Land, Bio-Tech Real Property, and certain enumerated property, as more fully particularized in the APA, but excluding the property being retained by Simply as part of the Retained Assets (as defined in the SPA) under the terms of the SPA (collectively, the “**659 Property**”).
23. 659 agreed to acquire the 659 Property by way of the APA and a sale approval and vesting order, whereby the ownership of the 659 Property will be vested in 659 free and clear of encumbrances, except for permitted encumbrances.
24. A redacted copy of the APA is attached hereto and marked as **Exhibit “A”** with its key terms summarized below:

Key Terms	APA
Purchaser	659
Purchased Assets	Land and Bio-Tech Real Property
Excluded Assets	Retained Assets and Retained Contracts in the SPA
Transaction Structure	Standard asset purchase agreement with court approved vesting order
Key Conditions to Closing	Execution and delivery of the Third Party Lease. Other than the foregoing, only those customary conditions as to corporate existence, ability to enter into transaction, along with court approval and issuance of an approval and vesting order in form and substance satisfactory to the proposed Purchaser, with such approval

	and vesting order not having been appealed or set aside.
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25. 659's bid was the best overall for the 659 Property, taking into account the purchase price, the certainty of 659's ability to close, and other materials terms of the 659 Transaction.
26. 659's bid was not subject to any material conditions other than: (a) the delivery of the Third Party Lease; and (b) the usual requirement for Court approval. As I understand that the Third Party Lease has already been substantially finalized between Simply and 659,, I believe that the risk of the 659 Transaction not closing is minimal.
27. I further believe that 659's bid will achieve the highest recovery for all stakeholders with respect to the 659 Property.
28. I understand that an executed unredacted copy of the APA will be attached as a Confidential Appendix to a Report of the Monitor.
29. I am of the view that the above considerations support approval of the 659 Transaction and the granting of the related relief to conclude this transaction.

VI. THE SIMPLY TRANSACTION

30. Pursuant to the proposed Approval and Reverse Vesting Order (the "**ARVO**"), the Applicants are seeking, among other things, approval of the SPA and the Simply Transaction contemplated therein.
31. The SPA arose out of the efforts that were initiated prior to the SISP by Bio-Tech and then continued under the SISP by the Monitor, Bio-Tech, and the CRO. Accordingly, the SPA is the product of extensive discussion and negotiation among Delta 9, Bio-Tech, and Simply, in consultation with the Monitor, the CRO, and the Plan Sponsor.
32. Simply will acquire all of the Bio-Tech Shares (as defined in the SPA) of Bio-Tech from Delta 9 by the following corporate procedures:

- (a) Transferring and vesting all of the right, title and interest of Bio-Tech in and to the Excluded Assets, Excluded Contracts and Excluded Liabilities (each as defined in the SPA); and
 - (b) Authorizing and directing Delta 9 to transfer the Bio-Tech Shares to Simply and vesting in and to Simply all right, title and interest in and to the Bio-Tech Shares, free and clear of any Claims and Encumbrances.
- 33. The SPA was executed by the parties on December 28, 2024. A redacted copy of the SPA is attached hereto and marked as **Exhibit “B”**.
- 34. I understand that an executed unredacted copy of the SPA will be attached as a Confidential Appendix to the Sixth Report of the Monitor.

VII. RELIEF SOUGHT UNDER THE APPROVAL AND REVERSE VESTING ORDER

- 35. Pursuant to the SISP, Bio-Tech is seeking the Court’s approval of the ARVO at an application to be heard on January 10, 2025.
- 36. The Simply Transaction has been structured in the form of a “reverse vesting” transaction. Essentially, instead of providing for a traditional asset sale transaction where all purchased assets are purchased and transferred to Simply on a “free and clear” basis and all excluded assets, excluded contracts and excluded liabilities remain with the debtor company, the Simply Transaction provide for a share transaction whereby, Simply will acquire the business and assets on a “free and clear” basis and all Excluded assets, Excluded Contracts and Excluded Liabilities (all as defined in the SPA) will be transferred to a new corporation (“**ResidualCo**”).
- 37. The proposed ARVO is a reverse vesting order that approves the vesting structure of the Simply Transaction – i.e. the transfer of certain enumerated assets, liabilities, and contracts out of Bio-Tech and the subsequent purchase of Bio-Tech as an entity that has been cleansed of certain liabilities, contracts and assets which are more particularly defined in the SPA as the Excluded Assets, Excluded Liabilities and Excluded Assets.
- 38. The Simply Transaction is appropriate and necessary in the circumstances because, among other things, (i) the transaction is the result of the conduct of the Court-approved and robust SISP that broadly canvassed the market of parties interested in Bio-Tech’s

business and assets, (ii) Bio-Tech holds cannabis and excise licenses that are difficult to transfer or are non-transferable; and (iii) the transaction represent the best possible outcome for Bio-Tech and are in the best interests of its stakeholders including creditors, employees, vendors, and customers.

ARVO is Necessary Due to the Cannabis and Excise Licenses

39. Bio-Tech considers that it is necessary to use a reverse vesting structure to permit Simply to acquire the Bio-Tech Shares.
40. Bio-Tech's business is subject to onerous cannabis-related regulations and requires certain licenses (the "**Licenses**") to operate. Specifically, Bio-Tech holds: (i) a license with Health Canada under the *Cannabis Act* that permits it to cultivate, process, and sell cannabis; and (ii) a license with Canada Revenue Agency requiring it to apply cannabis excise stamps to its cannabis products in accordance with the *Excise Act, 2001*.
41. Under a traditional asset sale transaction structure, the Licenses are not transferrable to a purchaser.
42. As a result, the primary purpose of the reverse vesting structure is to preserve the Licenses by facilitating an efficient operational transfer of Bio-Tech's ongoing business and operations following the closing of the Simply Transaction.
43. Additionally, if an asset transfer was implemented, Bio-Tech would require consents to assign, re-establish or enter into new arrangements with respect to various other commercial counterparties, including:
 - (a) Contracts and SKU listings with certain provincially-operated cannabis distributors;
 - (b) Contracts with certain licensed cannabis producers;
 - (c) Contracts with certain suppliers of strategic data sources;
 - (d) Leases with certain lessees; and
 - (e) Intellectual property which would require re-recording and registration of the names and assignments.

44. The Simply Transaction will result in a going-concern outcome that will be beneficial to multiple stakeholders, including:
- (a) Employees – the potential for certain of Bio-Tech’s 113 employees to preserve their employment. As stated in the SPA, I understand that Simply intends to keep a substantial number of Bio-Tech’s current employees, subject to making a final determination on which employees will be retained [two] days prior to the Closing Date;
 - (b) Vendors – a substantial number of Bio-Tech’s supplier of goods and services being able to maintain their business relationship with Bio-Tech; and
 - (c) Customers – continuity of supply in provinces where Bio-Tech has distribution arrangements.
45. Bio-Tech would also not be able to continue to operate in the cannabis industry without its Licenses.
46. I do not believe the Simply Transaction, including the reverse vesting structure, will result in any material prejudice to any of the Applicants’ stakeholders.
47. I understand that the Monitor and the Plan Sponsor are supportive of the reverse vesting structure and agree that it is appropriate in the circumstances.

VIII. THE PROPOSED RELEASES

48. The proposed ARVO provides for releases for various parties, effective as of the date of issuance of the Monitor’s Closing Certificate following the closing of the Simply Transaction (the “**Releases**”). The Releases include: (i) the current director and officers of Bio-Tech; (ii) Bio-Tech’s legal counsel and advisors; (iii) the Monitor and its legal counsel; (iv) the Purchaser and its legal counsel and advisors; (v) Bio-Tech and (vi) the directors and officers of ResidualCo (collectively, the “**Released Parties**”).
49. The Releases sought are limited to releasing the Released Parties from claims arising in connection with any act or omission, transaction dealing or other occurrence existing or taking place prior to the Closing Time or arising in connection with or relating in any

manner whatsoever to the SPA, the Simply Transaction, or the conduct of the CCAA proceedings (collectively, the “**Released Claims**”).

50. In particular, the proposed ARVO provides for Releases of the current director and officers of Bio-Tech and ResidualCo (collectively, the “**Released D&Os**”). The Releases of the Released D&Os are limited to releasing them from any and all claims, including but not limited to claims for unpaid source deductions, GST liability, and excise taxes, that any person may have or be entitled to assert against the Released D&Os, whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity, and whether based on statute or otherwise, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place prior to commencement of these CCAA proceedings in respect of Bio-Tech, the business, operations, assets, property and affairs of Bio-Tech and the Bio-Tech and/or these CCAA proceedings (collectively, the “**D&O Released Claims**”).
51. The Releases of the Released D&Os do not waive or bar any claim or liability, among other things, arising out of any gross negligence or wilful misconduct on the part of the applicable Released D&O and that is an Insured Claim (as hereinafter defined). The Releases also carve out claims that section 5.1(2) of the CCAA precludes from being released.
52. At all times, Bio-Tech has made clear to the parties involved in the restructuring proceedings that the Releases would be sought in respect of any going concern or reverse-vesting order transaction involving Bio-Tech. It was a requirement under the Plan Sponsor Term Sheet that was approved by the Court that the Plan Sponsor would support any request for the Court to approve third-party releases in favor of the board of directors and officers of Bio-Tech in the event a reverse vesting transaction was brought forward. Attached hereto and marked as **Exhibit “C”** is a copy of the Plan Sponsor Term Sheet.
53. Additionally, the Releases are a condition of the SPA (section 6.2) and it is a requirement that the form of Approval and Reverse Vesting Order, including the Releases, is granted.
54. The Released D&Os are current directors and officers of Bio-Tech who have made significant and materials contributions in connection with the CCAA proceedings and the Proposed Transactions.

55. Additionally, it was a key provision of the KERP as part of the enticement and compensation to the Released D&Os to continue to provide services and maintain their roles as directors and officers during the CCAA Proceedings that the Applicants would, if a sale of the business and operations by way of a reverse vesting order and/or a release of all liability as a director and officer of Delta 9 Group that is subject to a plan of arrangement or compromise in the CCAA Proceedings, seek and obtain a release of all liability. The KERP, including this provision, was approved by the Court on July 24, 2024. Additionally, the Released D&Os are also not receiving any KERP payments as a result of the Proposed Transactions.
56. The Releases will facilitate the maximization of value of the property and assets of Bio-Tech and will facilitate the completion of the CCAA proceedings in respect of Bio-Tech.
57. The Releases are being sought to achieve certainty and finality for the Released Parties and the Released D&Os in the most efficient and appropriate manner given the circumstances. The Releases will also provide certainty regarding the Director's Charge (and its release) against the assets of Bio-Tech. The Releases are critical to the restructuring of the Delta 9 Group and necessary to ensure the Simply Transaction closes.
58. The Released Parties, and in particular, the Released D&Os are the current director and officers of Bio-Tech who have made significant and material contributions in connection with the CCAA proceedings and the Proposed Transactions, which, as previously discussed, will allow Bio-Tech to largely continue its operations as a going concern, maximized the value of the assets for the key stakeholders, and have played an integral role in the restructuring of the Delta 9 Group.
59. In particular, in my role as director of Bio-Tech I had the following roles during the restructuring process:
- (a) Sole director of Bio-Tech;
 - (b) Chief Executive Officer of the Delta 9 Group, including president of Bio-Tech; and
 - (c) Responsible Person under the *Cannabis Act* Licence (without which the Facility could not have operated during the CCAA proceedings).

60. I have been the sole director and primary management person for Bio-Tech since preceding the initiation of the CCAA proceedings and throughout the restructuring process.
61. I have provided critical insight, knowledge and experience necessary in order to bring forward the Proposed Transactions in respect of Bio-Tech and to maximize value for all of its stakeholders.
62. I have acted in good faith and with due diligence throughout the CCAA proceedings.

Director and Officer Excise Tax, GST and Source Deduction Liability Release

63. Bio-Tech's tax liability as of the date of the initial filing was as follows:
- (a) Excise tax liability ("**Excise Tax Liability**") \$7,831,515;
 - (b) goods and services tax liability ("**GST Liability**") of \$657,056; and
 - (c) source deduction liability ("**Source Deduction Liability**"; together with the Excise Tax Liability and GST Liability, collectively, the "**Tax Liability**") of \$18,000.
64. The CRA registered the amounts outstanding for the Excise Tax Liability on the title for the Land. The Excise Tax Liability is registered subsequent in priority to the amounts owed to SNDL Inc. pursuant to its first mortgage and the second mortgage registered against the Land.
65. Based on Bio-Tech's current liquidity and the Proposed Transactions, Bio-Tech will not have sufficient funds to satisfy the Tax Liability.
66. The ARVO sought herein provides for Releases of the Directors and Officers for pre-filing claims including in connection with both the Excise Tax Liability, the GST Liability and the Source Deduction Liability. The proposed Released D&O are not released from (a) any gross negligence or willful misconduct on the part of any of the Released D&Os; (b) any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA; and any action, application or other proceeding in respect of any claim or liability which is an insured claim.

67. The Directors and Officers are insured under a director's and officers insurance policy (the "**D&O Insurance Policy**") in the amount of \$2,500,000 from HDI Global Specialty SE Canada Branch. A copy of the D&O Insurance Policy was attached as Exhibit 47 to the First Arbuthnot Affidavit sworn on July 12, 2024 and a copy of that Insurance Policy is attached hereto and marked as **Exhibit "D"** for ease of reference.
68. The ARVO provides that any person is permitted to pursue an action in respect of any claim or liability which is an insured claim (the "**Insured Claims**") under any insurance policy, if any, maintained by Bio-Tech or ResidualCo (collectively, the "**Insurance Policies**") to the point of determination of liability, if any.
69. The person asserting an Insured Claim is entitled to recover solely from the proceeds under the Insurance Policies, to the extent available, in respect of any such Insured Claim, and recovery of such Insured Claim is limited solely to such proceeds, without any additional rights of enforcement, recovery, or recourse as against Bio-Tech or the Released Parties, and such person has no right to make any claim or seek any recoveries from Bio-Tech or any of the Released Parties, other than enforcing the person's rights to be paid by the applicable insurer(s) from the proceeds of the applicable Insurance Policies.

IX. RESIDUALCO SHOULD BE ADDED AS AN APPLICANT

70. To complete the Simply Transaction, all Excluded Contracts, Excluded Assets, and Excluded Liabilities with respect to Bio-Tech will be transferred and vested out to ResidualCo to allow Simply to indirectly acquire Bio-Tech's business and assets on a "free and clear" basis.
71. Upon transfer of all the Excluded Contracts, Excluded Assets, and Excluded Liabilities to ResidualCo, the realizable value of its assets will be insufficient to satisfy its obligations and it will not be able to meet its debts generally as they come due.

X. SEALING RELIEF

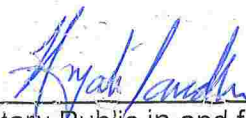
72. The Applicants are seeking a direction that the Redacted Exhibits and the Confidential Appendices to the Sixth Report (collectively, the "**Confidential Materials**") be sealed. The Confidential Materials contain commercially sensitive information.

73. I believe that the publication or dissemination of such confidential information at this time could negatively impact these proceedings, in the event that the Proposed Transactions does not close and the subject assets need to be remarketed.

CONCLUSION

74. I swear this Affidavit in support of an Application for approval of the APA and the SPA and applicable sealing relief and for no other or improper purpose.

SWORN BEFORE ME at Winnipeg, Manitoba,)
this 30th day of December, 2024)

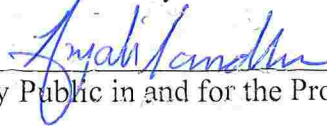


Notary Public in and for the Province of
Manitoba

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JOHN ARBUTHNOT IV


This is Exhibit "A"
referred to in the Affidavit of John Arbuthnot IV
sworn before me, at Winnipeg, Manitoba,
this 30th day of December , 2024


A Notary Public in and for the Province of Manitoba

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement dated as of the 28th day of December, 2024 (the "**Effective Date**"):

BETWEEN:

DELTA 9 BIO-TECH INC.

(the "**Vendor**")

– and –

6599362 CANADA LTD.

(the "**Purchaser**")

WHEREAS pursuant to the Order of the Honourable Justice D. R. Mah of the Alberta Court of King's Bench in the Judicial District of Calgary, Alberta (the "**Court**") issued July 15, 2024 (the "**CCAA Order**"), and the Amended and Restated Initial Order of the Honourable Associate Chief Justice K. G. Nielsen issued July 24, 2024 (the "**ARO**", and together with the CCAA Order, the "**Initial Order**") in Action No. 2401-09688 (the "**CCAA Proceedings**"), Alvarez & Marsal Canada Inc. (the "**Monitor**") was appointed monitor of Delta 9 Cannabis Inc., Delta 9 Logistics Inc., Bio-Tech, Delta 9 Lifestyle Cannabis Clinic Inc., and Delta 9 Cannabis Store Inc. (collectively, the "**Delta 9 Group**");

AND WHEREAS pursuant to the Order (the "**SISP Order**") of the Honourable Associate Chief Justice K. G. Nielsen issued July 24, 2024, the Court approved and authorized, among other things, the Monitor to conduct a sale and investment solicitation process in respect of the Company, including the sale of its business (the "**Business**") and assets;

AND WHEREAS the Purchaser desires to purchase, accept and assume from the Vendor, all of the Vendor's right, title, interest and obligation in and to the Purchased Assets and Assumed Liabilities, subject to and in accordance with the terms and conditions set forth in this Agreement;

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the parties hereto (collectively, the "**Parties**", and each, a "**Party**") hereby acknowledge and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Unless something in the subject matter or context is inconsistent therewith, the terms defined herein shall have the following meanings:

"**Acceptable Lessee**" means Simply Solventless Concentrates Inc., provided that, the Plan Sponsor grants a guarantee for the initial three (3) years of rent under the Third Party Lease as an indemnifier.

"Action" means any claim, action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity and by or before a Governmental Authority.

"Affiliate" means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to **"control"** another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise; and the term "controlled" shall have a similar meaning.

"Agreement" means this asset purchase agreement, as may be amended and restated from time to time in accordance with the terms hereof.

"ARO" has the meaning given to it in the recitals;

"Applicable Law" means, in relation to any Person, property or circumstance, all laws, statutes, rules, regulations, official directives and orders of Governmental Authorities (whether administrative, legislative, executive or otherwise), including judgments, orders and decrees of courts, commissions or bodies exercising similar functions, as amended, and includes the provisions and conditions of any permit, licence or other governmental or regulatory authorization, that are in effect as at the relevant time and are applicable to such person, property or circumstance.

"Approval and Vesting Order" means an order by the Court, in substantially the same form as the Alberta Template Approval and Vesting Order, among other things, approving and authorizing the Transaction and vesting in the Purchaser (or as it may direct) all the right, title, interest and obligation of the Vendor in and to the Purchased Assets, free and clear from any Encumbrances other than the Permitted Encumbrances and the Assumed Liabilities.

"Assumed Liabilities" means: (a) Liabilities specifically and expressly designated by the Purchaser as assumed Liabilities in Schedule "D"; and (b) all Liabilities relating to the Purchased Assets arising on or after the Closing Time; in each case solely in respect of the period from and after the Closing Time and not relating to any default existing prior to or as a consequence of Closing. For certainty, the Assumed Liabilities do not include the Excluded Liabilities.

"Authorization" means any authorization, approval, consent, concession, exemption, licence, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person's property or business and affairs (including any zoning approval or building permit) or from any Person in connection with any easements, contractual rights or other matters.

"Bill of Sale" means a general conveyance and bill of sale, in form and substance satisfactory to the Parties, acting reasonably, evidencing the assignment to the Purchaser of the Vendor's rights, benefits, and interests in, to and under the Purchased Assets.

"Books and Records" means the Vendor's files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), which are in the possession of the Vendor and are materially relevant to the Purchased Assets.

"Business Day" means a day on which banks are open for business in Calgary, Alberta, but does not include a Saturday, Sunday or statutory holiday in the Province of Alberta.

"CCAA Order" has the meaning given to it in the recitals;

"CCAA Proceedings" has the meaning given to it in the recitals;

"Cash Purchase Price" has the meaning set out in Section 3.2(b).

"Closing" means the completion of the Transactions confirmed by issuance of the Monitor's Certificate.

"Closing Date" means, subject to the terms hereof, the date that is the later of (a) forty five (45) days after the date the Approval and Vesting Order is granted by the Court; (b) the date that is forty five (45) days following the final resolution, dismissal or withdrawal of an appeal properly brought by a party with standing to appeal the Approval and Vesting Order; or (c) such other date as the Parties may agree to in writing from time to time.

"Closing Time" means 12:01 a.m. (Winnipeg time) on the Closing Date or such other time on the Closing Date as the Parties agree in writing that the Closing Time shall take place.

"Contracts" means all pending and executory contracts, agreements, leases, deeds, mortgages, licences, instruments, notes, commitments, undertakings, indentures, joint ventures, understandings, arrangements and all other legally binding arrangements (whether oral or written) to which the Vendor is a party or by which the Vendor is bound or in which the Vendor has, or will at Closing have, any rights or by which any of its property or assets are or may be affected.

"Court" has the meaning set out in the recitals hereto.

"Deposit" has the meaning ascribed thereto in Section 3.2 hereof.

"Effective Date" has the meaning set out in the preamble hereto.

"Encumbrance" means any legal notation, charge, lien, interest or other encumbrance or title defect of whatever kind or nature, regardless of form, whether or not registered or registrable and whether or not consensual or arising by law (statutory or otherwise), including any security interest, lien, Claim, charge, right of retention, deemed trust, judgment, writ of seizure, writ of execution, notice of seizure, notice of execution, notice of sale, hypothec, reservation of ownership, pledge, encumbrance, mortgage or right of a third party (including any contractual rights such as purchase options, rights of first refusal, rights of first offer or any other pre-emptive contractual right) or encumbrance of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of creating a security interest in, against or affecting the Purchased Assets (including any conditional sale or title retention agreement, or any capital or financing lease).

"ETA" means the *Excise Tax Act*, RSC 1985, c E-15 and the regulations thereunder.

"Excluded Assets" means all of Vendor's right, title and interest in the properties, rights, assets and undertakings that are not identified as Purchased Assets.

"Excluded Liabilities" means all Liabilities of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity and whether arising by subrogation, set-off, right of indemnification or otherwise) of or against the Vendor that are not Assumed Liabilities.

"Governmental Authority" means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

"GST" means the goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada), and any provincial, territorial or foreign legislation imposing a similar value added or multi-staged tax.

"Initial Order" has the meaning given to it in the recitals;

"Interim Period" means the period between the date of this Agreement and the Closing Date.

"Legal Proceeding" means any litigation, action, application, suit, investigation, hearing, claim, complaint, deemed complaint, grievance, civil, administrative, regulatory or criminal, arbitration proceeding or other similar proceeding, before or by any court or other tribunal or Governmental Authority and includes any appeal or review thereof and any application for leave to appeal or review.

"Liability" means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, legal, beneficial or equitable, present or future, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person, and includes, without limiting the generality of the foregoing, any debt, dues, guarantee, surety, indemnity obligation or other obligation.

"Monitor" has the meaning set out in the recitals hereto.

"Monitor's Certificate" has the meaning set out in Section 6.1(d).

"Organizational Documents" means any trust document, charter, certificate or articles of incorporation or amalgamation, articles of amendment, articles of association, articles of organization, articles of continuance, bylaws, as amended, partnership agreement or similar formation or governing documents of a Person (excluding individuals).

"Outside Date" means February 28, 2025, or such earlier or later date as the Parties may agree upon in writing

"Parties" has the meaning set out in the recitals hereto.

"Party" has the meaning set out in the recitals hereto.

"Permitted Encumbrances" means the following Encumbrances in respect of the Purchased Assets:

- (a) all Encumbrances contemplated in Section 58 of *The Real Property Act* (Manitoba) as amended, replaced or restated from time to time or any other similar Applicable Law; and
- (b) the additional Encumbrances listed on Schedule "B".

"Person" is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity.

"Personal Information" means any factual or subjective information, recorded or not, about an employee, contractor, agent, consultant, officer, director, executive, client, customer, supplier or natural person who is natural person or a natural person who is a shareholder or employee of the Vendor, or about any other identifiable individual, including any record that can be manipulated, linked or matched by a reasonably foreseeable method to identify an individual.

"Plan Sponsor" means 2759054 Ontario Inc. o/a Fika Herbal Goods.

"Purchase Price" has the meaning set out in Section 3.1.

"Purchased Assets" means all of Vendor's right, title and interest, if any, in and to the properties, rights, assets and undertakings listed in Schedule "A". For certainty, the Purchased Assets do not include the Excluded Assets.

"Purchaser's Solicitors" means Thompson Dorfman Sweatman LLP;

"Sanctions" has the meaning ascribed in Section 7.2(i) hereof.

"SISP" means the sales and investment solicitation process conducted in the CCAA Proceedings;

"SISP Order" has the meaning given to it in the recitals;

"Taxes" means, with respect to any Person, all national, federal, provincial, local or other taxes, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties and any Liability for the payment of any amounts of the type described in this paragraph as a result any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person, and includes, without limitation, property taxes, income taxes, branch taxes, profit taxes, capital gains taxes, gross receipt taxes, windfall profit taxes, value added taxes, severance taxes, ad valorem taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, licence taxes, excise taxes, franchise taxes, environmental taxes, transfer taxes, transmission fees, withholding or similar taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/PST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority.

"Third Party Lease" means the lease with the Purchaser, as landlord, Simply Solventless Concentrates Inc., as tenant, and the Plan Sponsor, as indemnifier, in the form attached as Schedule "E".

"Transactions" means all of the transactions contemplated by this Agreement, including the purchase and sale transaction whereby the Purchaser will acquire the Purchased Assets.

"Transaction Taxes" means all applicable Taxes, including any applicable land transfer taxes and GST/PST/HST, payable upon or in connection with the transactions contemplated by this Agreement and any filing, registration, recording, transfer or transmission fees payable in connection with the instruments of transfer provided for in this Agreement. For certainty, "Transaction Taxes" shall not include any income taxes payable by the Vendor.

"Vendor's Solicitors" means MLT Aikins LLP.

1.1 Interpretation Not Affected by Headings, etc.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.2 General Construction

The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement and not to any particular section hereof. The expression "Section" or reference to another subdivision followed by a number mean and refer to the specified Section or other subdivision of this Agreement. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.3 Extended Meanings

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term "including" means "including, without limitation," and such terms as "includes" have similar meanings and the term "third party" means any other Person other than the Vendor, Monitor, or the Purchaser, or any Affiliates thereof.

1.4 Currency

All references in this Agreement to dollars, monetary amounts, or to \$, are expressed in Canadian currency unless otherwise specifically indicated.

1.5 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

1.6 Schedules

The following schedules are attached hereto and incorporated in and form part of this Agreement:

SCHEDULES

- | | | |
|---------------------|---|------------------------|
| <u>Schedule "A"</u> | - | Purchased Assets |
| <u>Schedule "B"</u> | - | Permitted Encumbrances |

<u>Schedule "C"</u>	-	Assigned Contracts
<u>Schedule "D"</u>	-	Assumed Liabilities
<u>Schedule "E"</u>	-	Form of Third Party Lease

Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Schedules and the interpretation provisions set out in this Agreement will apply to the Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

1.7 Interpretation if Closing Does Not Occur

If Closing does not occur, each provision of this Agreement which presumes that the Purchaser has acquired the Purchased Assets and assumed the Assumed Liabilities shall be construed as having been contingent upon Closing having occurred.

ARTICLE 2 PURCHASE OF ASSETS AND ASSUMPTION OF LIABILITIES

2.1 Purchase and Sale of the Purchased Assets

Subject to the terms and conditions of this Agreement, effective as of the Closing Time, the Vendor shall sell, assign and transfer the Purchased Assets and Assumed Liabilities to the Purchaser, and the Purchaser shall purchase, accept, assume and receive from the Vendor, all of the Purchased Assets and Assumed Liabilities. For certainty, the Purchased Assets: (a) shall be free and clear of all Encumbrances that are not Permitted Encumbrances and (b) do not include the Excluded Assets.

2.2 Assumption of Assumed Liabilities

At the Closing Time, the Purchaser shall assume and agree to pay when due and perform and discharge in accordance with their terms, the Assumed Liabilities. Notwithstanding any other provision of this Agreement, the Purchaser shall not assume any Liabilities hereunder other than the Assumed Liabilities, except as required under Applicable Law.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

- (a) The purchase price payable by the Purchaser for the Purchased Assets shall be subject to adjustment as provided in this Agreement (the "**Purchase Price**"). For certainty, the Purchase Price shall be exclusive of applicable Taxes.
- (b) The Purchase Price shall be adjusted to proportionally allocate between the Parties all Taxes, local improvement charges, utilities, interest and such other adjustments contemplated in Section 3.5 of this Agreement.

- (c) In accordance with Section 3.5(b), the adjustments shall be for the Vendor's account as to both revenue and expenses up to 12:01 a.m. on the Closing Date, and thereafter for the Purchaser's account.

3.2 Satisfaction of Purchase Price

The Purchaser shall satisfy the purchase, at the Closing Time, in accordance with the following:

- (a) Deposit. The Parties acknowledge that the Purchaser has paid a deposit to the Vendor concurrent with the execution hereof in the amount
(the "**Deposit**") by wire transfer of immediately available funds to a trust account specified by the Monitor, and such Deposit shall be credited against the Purchase Price at Closing.
- (b) Cash Purchase Price. An amount equal to the remaining Purchase Price less the Deposit, plus any Transaction Taxes (the "**Cash Purchase Price**"), as adjusted pursuant to Section 3.5, shall be paid by the Purchaser to the Vendor via certified cheque, bank draft or wire transfer or immediately available funds at the Closing Time.
- (c) Assumed Liabilities. An amount equal to the amount of the remaining Assumed Liabilities which the Purchaser shall assume on the Closing Date, and which shall be satisfied by the Purchaser becoming liable for and performing the Assumed Liabilities.

3.3 Deposit

- (a) If Closing occurs in accordance with the terms and conditions of this Agreement, the Deposit shall be credited against the Purchase Price, in partial satisfaction of the Purchaser's obligation to pay the Purchase Price at Closing.
- (b) If this Agreement is terminated:
 - (i) pursuant to Sections 6.1, 6.2 or 8.1(b), the Deposit shall be returned to the Purchaser; or
 - (ii) for any other reason, the Deposit shall be forfeited by the Purchaser retained by the Vendor; and
 - (iii) in the event of termination of this Agreement under Section 8.1 pursuant to which the Vendor shall be entitled to retain the Deposit, the Parties agree that the amount of the Deposit constitutes a genuine pre-estimate of liquidated damages representing the Vendor's losses and Liabilities as a result of Closing not occurring and agree that the Vendor shall not be entitled to recover from the Purchaser any amounts that are in excess of the Deposit as a result of Closing not occurring. The Purchaser hereby waives any Claim or defence that the amount of the Deposit is a penalty or is otherwise not a genuine pre-estimate of the Vendor's damages.

3.4 Allocation of the Purchase Price

The Vendor and the Purchaser agree to allocate the Purchase Price to the Purchased Assets held by the Vendor for tax purposes in a manner to be agreed to by the Parties, each acting reasonably, at least three (3) days before Closing, and to report the sale and purchase of the Purchased Assets for all federal, provincial and local tax purposes in a manner consistent with such allocation.

3.5 Adjustments

- (a) Adjustments for the Purchased Assets shall be made as of the Closing Date and the Purchase Price will be adjusted accordingly. Except as otherwise provided in this Agreement, the Vendor will be responsible for all expenses and will be entitled to all revenues accrued with respect to the Purchased Assets for the period ending on the day before the Closing Date and, for the period from and including the Closing Date, the Purchaser will be responsible for all expenses and will be entitled to all revenues accruing with respect to the Purchased Assets. All real property taxes, local improvement, and assessment levies, and any other item normally adjusted for in a transaction of this nature shall be adjusted as at the Closing Date for the calendar year of sale.
- (b) A Statement of Adjustments will be delivered to the Purchaser by the Vendor at least five (5) Business Days prior to the Closing Date and shall have annexed to it details of the calculations used to arrive at all debits and credits on the Statement of Adjustments. The Vendor will give the Purchaser and its representatives copies of all working papers and back-up materials requested by the Purchaser in writing, acting reasonably, in order to verify the Statement of Adjustments.

ARTICLE 4 COVENANTS

4.1 Closing Date

- (a) The Parties shall cooperate with each other and shall use their commercially reasonable efforts to effect the Closing.
- (b) Each of the Parties shall, as promptly as possible, make, or cause to be made, all filings and submissions, as applicable, required under any Applicable Law to effect the Closing.

4.2 Interim Period

During the Interim Period, except as otherwise expressly contemplated or permitted by this Agreement (including the Approval and Vesting Order), the Vendor shall, unless consented to by the Purchaser, continue to maintain the Purchased Assets and operations of the Vendor in substantially the same manner as conducted on the Effective Date and in compliance with Applicable Laws in all material respects. For certainty, during the Interim Period the Vendor shall not remove any Purchased Assets from the Land, and shall obtain the prior written consent of the Purchaser prior to any maintenance, repairs or replacement of any Purchased Assets including all electrical fixtures, security cameras, electrical panels and switch boxes, heating fixtures and equipment, air conditioning and chiller equipment located on the Land.

4.3 Access During Interim Period

During the Interim Period, the Vendor shall, subject to any confidentiality, privacy or safety restrictions, give, or cause to be given, to the Purchaser, and its representatives, reasonable access during normal business hours to the Books and Records, to conduct such investigations, inspections, surveys or tests thereof and of the financial and legal condition of the Purchased Assets as the Purchaser reasonably deems necessary or desirable to further familiarize itself with the Purchased Assets. Without the generality of the foregoing: (a) the Purchaser and its representatives shall be permitted reasonable access during normal business hours to all documents relating to information scheduled or required to be disclosed under this Agreement and which are included in the data room; and (b) the Purchaser and its representatives shall be permitted to contact and discuss the Transactions contemplated herein with Governmental Authorities and the Vendor's customers and contractual counterparties. Such investigations, inspections, surveys and tests shall be carried out at the Purchaser's sole and exclusive risk and cost, during normal business hours, and without undue interference with the Vendor's operations and the Vendor shall co-operate reasonably in facilitating such investigations, inspections, surveys and tests and shall furnish copies of all such documents and materials relating to such matters as may be reasonably requested by or on behalf of the Purchaser.

4.4 Assigned Contracts

Intentionally deleted.

4.5 Insurance Matters

Until Closing, the Vendor shall keep in full force and effect all existing insurance policies and give any notice or present any claim under any such insurance policies consistent with past practice of the Vendor and the Vendor in the ordinary course of business.

4.6 Risk of Loss

The Purchased Assets shall be at the risk of the Vendor until Closing. If, between the date hereof and Closing, any of the Purchased Assets are destroyed, lost or materially damaged (each a "**Casualty**"), the Purchaser shall still complete the purchase of the Purchased Assets on an "as is, where is" basis without any adjustment to the Purchase Price payable hereunder and take an assignment from the Vendor of all insurance proceeds payable to the Vendor in respect of the Casualty. For greater certainty, in no event shall the aggregate total of the insurance proceeds assigned to the Purchaser in accordance with this Section and the fair market value of Purchased Assets exceed the Purchase Price.

4.7 Indemnity

The Purchaser hereby indemnifies the Vendor, the Monitor (in its personal and corporate capacity) and their respective representatives, and saves them fully harmless against, and will reimburse or compensate them for, any Damages arising from, in connection with or related in any manner whatsoever to:

- (a) any Transaction Taxes (including penalties and interest) which may be assessed against the Vendor in respect of the sale of the Purchased Assets;
- (b) the Purchaser's access in accordance with Section 4.3;
- (c) the Purchaser's failure to pay when due and failure to perform and discharge the Assumed Liabilities in accordance with their terms.

4.8 Personal Information Privacy

The Purchaser shall at all times comply with all Applicable Laws governing the protection of personal information with respect to Personal Information disclosed or otherwise provided to the Purchaser by the Vendor and Monitor under this Agreement. The Purchaser shall only collect, use or disclose such Personal Information for the purposes of investigating the Business as contemplated in this Agreement and completing the transactions contemplated in this Agreement. The Purchaser shall safeguard all Personal Information collected from the Vendor and/or the Monitor in a manner consistent with the degree of sensitivity of the Personal Information and maintain at all times the security and integrity of the Personal Information. The Purchaser shall not make copies of the Personal Information or any excerpts thereof or in any way re-create the substance or contents of the Personal Information if the purchase of the Purchased Assets is not completed for any reason and shall return all Personal Information to the Vendor or destroy such Personal Information at the Vendor's request.

4.9 Release of Claims

On Closing, the Purchaser, on behalf of itself and all of its Affiliates, shall be deemed to release the Vendor and all other members of the Delta 9 Group from all Actions, damages and losses that the Purchaser or any of its Affiliates have, had or may have against the Vendor and all other members of the Delta 9 Group prior to the date hereof. For certainty: (1) the Purchaser shall rescind its claim in the Delta 9 Group's claims process; (2) the Purchaser shall be deemed to consent to the release of the deposit of Three Hundred Fifty Thousand \$350,000.00 plus all accrued interest held in the trust accounts of MLT Aikins LLP under matter no. 111121/30 to the Vendor; (3) the Purchaser shall be deemed to consent to the release of all monies held in the trust accounts of the Monitor to the Vendor; and (4) provided nothing herein shall be deemed to release any claims that the Purchaser may have against the Vendor in respect of, or arising out of, this Agreement.

4.10 Vacancy on Closing

The Vendor shall deliver to the Purchaser on Closing the Purchased Assets vacant on possession, subject only to the Third Party Lease executed by the Acceptable Lessee.

4.11 Post-Closing Discharges

Vendor shall use best efforts to obtain discharges of all registrations of Vendor and its lenders relating to Vendor's lease of 770 Pandora Avenue East, Winnipeg, Manitoba, including, (i) discharges of Caveat Nos. 5411091/1 (as assigned), 5411020/1, 5411021/1 (as assigned), 5411022/1 (as assigned) and 5644684/1, all of which are made against Title Nos. 2513702/1, 2513726/1, 2513735/1 and 3015997/1 within ninety (90) days following the Closing Date. For certainty, this obligation of Vendor shall survive Closing.

ARTICLE 5 CLOSING ARRANGEMENTS

5.1 Closing

Closing shall take place on the Closing Date effective as of the Closing Time electronically (or as otherwise determined by mutual agreement of the Parties in writing), by the exchange of deliverables (in counterparts or otherwise) by electronic transmission in PDF format.

5.2 Vendor Closing Deliveries

At or before the Closing Time, the Vendor shall deliver or cause to be delivered to the Purchaser the following:

- (a) the Purchased Assets, with delivery to occur *in situ* wherever such Purchased Assets are located at the Closing Time;
- (b) a certified true copy of the Approval and Vesting Order, as issued and entered by the Court;
- (c) a statement of adjustment for the Purchased Assets in accordance with Section 3.5;
- (d) the Bill of Sale, if applicable, duly executed by the Vendor;
- (e) all keys to the buildings located on the property included in the Purchased Assets;
- (f) the Third Party Lease executed by the Acceptable Lessee, as tenant, and Plan Sponsor, as indemnifier;
- (g) bring-down certificate executed by the Vendor (without personal liability) dated as of the Closing Date, in form and substance satisfactory to the Purchaser acting reasonably, certifying that: (i) all of the representations and warranties of the Vendor hereunder remain true and correct in all material respects as of the Closing Date as if made on and as of such date or, if made as of a date specified therein, as of such date; and (ii) all of the terms and conditions set out in this Agreement to be complied with or performed by the Vendor and Monitor at or prior to Closing have been complied with or performed by the Vendor and Monitor in all material respects; and
- (h) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

5.3 Purchaser's Closing Deliveries

At or before the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor or Monitor, as applicable, the following:

- (a) the Cash Purchase Price referred to in Section 3.2(b), including the payment of all Transaction Taxes (if any) required to be paid on Closing, which shall be paid to the Vendor;
- (b) the Bill of Sale, duly executed by the Purchaser;
- (c) bring-down certificate executed by a senior officer of the Purchaser (without personal liability) dated as of the Closing Date, in form and substance satisfactory to the Vendor, acting reasonably, certifying that: (i) all of the representations and warranties of the Purchaser hereunder remain true and correct in all material respects as of the Closing Date as if made on and as of such date or, if made as of a date specified therein, as of such date; and (ii) all of the terms and conditions set out in this Agreement to be complied with or

performed by the Purchaser at or prior to Closing have been complied with or performed by the Purchaser in all material respects;

- (e) proof of a lender's policy title insurance;
- (f) the Third Party Lease executed by the Purchaser; and
- (f) such other agreements, documents and instruments as may be reasonably required by the Vendor to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

ARTICLE 6

CONDITIONS OF CLOSING

6.1 Mutual Conditions of Closing

The obligation of the Parties to complete the Transaction is subject to the following joint conditions being satisfied, fulfilled or performed on or prior to the Closing Date:

- (a) Approval and Vesting Order. The Court shall have pronounced the Approval and Vesting Order, which Approval and Vesting Order shall not have been stayed, set aside, or vacated and no Legal Proceeding shall have been commenced by a party with standing to appeal same which has not been fully dismissed, withdrawn or otherwise resolved in a manner satisfactory to the Parties, each acting reasonably.
- (b) No Order. No Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority (other than the Court or other court with standing) or otherwise in effect that restrains or prohibits the completion of the Transaction.
- (c) No Restraint. No motion, action or proceedings shall be pending by or before a Governmental Authority (other than the Court or other court with standing) to restrain or prohibit the completion of the Transaction contemplated by this Agreement.
- (d) Monitor's Certificate. The Monitor shall have provided an executed certificate of the Monitor substantially in the form attached to the Approval and Vesting Order (the "**Monitor's Certificate**") confirming that all other conditions to Closing have either been satisfied or waived by both the Purchaser and the Vendor.

The foregoing conditions are for the mutual benefit of the Parties. If any condition set out in this Section

6.1 is not satisfied, performed or mutually waived on or prior to the Closing Date, any Party may elect on written notice to the other Parties to terminate this Agreement.

6.2 Purchaser's Conditions of Closing

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (a) Vendor's Deliverables. The Vendor shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 5.2.
- (b) No Breach of Representations and Warranties. Except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement, each of the representations and warranties contained in Section 7.1 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.
- (c) No Breach of Covenants. The Vendor shall have performed, in all material respects, all covenants, obligations and agreements contained in this Agreement required to be performed by the Vendor on or before the Closing Date.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 6.2 may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. In the event any condition set out in this Section 6.2 is not satisfied or performed by the Closing Date, the Purchaser may elect on written notice to the Vendor to terminate the Agreement.

6.3 Vendor's Conditions of Closing

The obligation of the Vendor to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (a) Purchaser's Deliverables. The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Vendor or Monitor, as applicable, at the Closing all the documents and payments contemplated in Section 5.3.
- (b) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 7.2 shall be true and correct in all material respects (i) as of the Closing Date as if made on and as of such date, or (ii) if made as of a date specified therein, as of such date.
- (c) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition in this Section 6.3 may be waived by the Vendor in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing. If any condition set forth in this Section 6.3 is not satisfied or performed by the Closing Date, the Vendor may elect on written notice to the Purchaser to terminate the Agreement.

6.4 Monitor's Certificate

The Parties acknowledge and agree that the Monitor shall be entitled to deliver to the Purchaser, and file with the Court, the executed Monitor's Certificate without independent investigation, upon receiving written confirmation from both Parties (or the applicable Party's counsel) that all conditions of Closing in favour of such Party have been satisfied or waived, and the Monitor shall have no Liability to the Parties in

connection therewith. The Parties further acknowledge and agree that upon written confirmation from both Parties that all conditions of Closing in favour of such Party have been satisfied or waived, the Monitor deliver the executed Monitor's Certificate to the Purchaser's counsel in escrow, with the sole condition of its release from escrow being the Monitor's written confirmation that all such funds have been received, the Monitor's Certificate will be released from escrow to the Purchaser, and the Closing shall be deemed to have occurred.

ARTICLE 7 REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties of the Vendor

The Vendor hereby represents and warrants to and in favour of the Purchaser as of the date hereof and as of the Closing Time, and acknowledges that, the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) Authority. Subject to Court approval of this Agreement, it has the authority to sell the Purchased Assets to the Purchaser on the terms and conditions of this Agreement.
- (b) Residency. The Vendor is not a non resident of Canada within the meaning of section 116 of the *Income Tax Act* (Canada).
- (c) Authorization. This Agreement, and each of the other agreements, documents and instruments to be executed by the Vendor on or before the Closing, have been or will, subject to obtaining Court approval, constitute the valid and binding obligations of the Vendor.

7.2 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to and in favour of the Vendor as of the date hereof and as of the Closing Time, and acknowledges that, the Vendor is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) Incorporation and Status. The Purchaser is a corporation incorporated and existing under the Province of Manitoba as of the date hereof, is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (b) Corporate Authorization. The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.
- (c) No Conflict. The execution, delivery and performance by the Purchaser of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Purchaser.
- (d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser,

enforceable against it in accordance with its terms subject only to the Approval and Vesting Order.

- (e) Proceedings. There are no Legal Proceedings pending, or to the knowledge of the Purchaser, threatened against the Purchaser, before any Governmental Authority, which prohibit or seek to enjoin delay, restrict or prohibit the Closing of the Transaction, as contemplated by this Agreement, or which would reasonably be expected to delay, restrict or prevent the Purchaser from fulfilling any of its obligations set forth in this Agreement.
- (f) Funding Available. The Purchaser has available sufficient funding to enable the Purchaser to consummate the purchase of the Purchased Assets on the terms set forth herein and otherwise to perform all of the Purchaser's obligations under this Agreement. For certainty, such funding shall not be conditional on either: (i) title to the Purchased Assets being transferred to the Purchaser or other third party prior to the Purchase Price being advanced to the Vendor and the Monitor's Certificate being issued; and (ii) security being registered against the Purchased Assets prior to Closing.
- (g) Excise Tax Act. The Purchaser is registered under Part IX of the *Excise Tax Act* (Canada) with registration number 850132366.
- (h) Residency. The Purchaser is not a non resident of Canada within the meaning of section 116 of the *Income Tax Act* (Canada).
- (i) No Sanctions. None of the Purchaser, any of its subsidiaries or, to the knowledge of the Purchaser, any director, officer, agent, employee, Affiliate or representative of the Purchaser or any of its subsidiaries is, or is controlled or 50% or more owned by or is acting on behalf of, an individual or entity (a "**Sanctioned Person**") currently the subject of applicable economic sanctions including those administered or enforced by the government of Canada, the United States of America, or the United Kingdom (collectively, "**Sanctions**"). None of the Purchaser or any of its subsidiaries is located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions. To the Purchaser's knowledge, neither it nor any of its subsidiaries has engaged in any dealings or transactions with or for the benefit of a Sanctioned Person. The Purchaser has procedures and policies in place designed to ensure compliance with Sanctions.

7.3 "As is, Where is"

- (a) Except as contemplated in Section 7.1, the Purchaser acknowledges and agrees that it is purchasing the Purchased Assets and assuming the Assumed Liabilities on an "as is, where is" basis and on the basis that the Purchaser has conducted to its satisfaction an independent inspection, investigation and verification of the Purchased Assets, Assumed Liabilities and all other relevant matters and has determined to proceed with the Transaction contemplated herein and will accept the same at the Closing Time in their then current state, condition, location, and amounts, subject to all Permitted Encumbrances.
- (b) Except as otherwise expressly provided in Section 7.1, no representation, warranty or condition whether statutory (including under *The Sale of Goods Act* (Manitoba), *The International Sale of Goods Act* (Manitoba), the *International Sale of Goods Contracts Convention Act* (Canada) or any other Canadian (including federal, provincial or municipal) or international acts which may be applicable to the subject matter pursuant to the provisions of this Agreement, including but not limited to the United Nations

Convention on Contracts for the International Sale of Goods), or express or implied, oral or written, legal, equitable, conventional, collateral, arising by custom or usage of trade, or otherwise is or will be given by the Vendor or the Monitor including as to title, outstanding liens or encumbrances, description, fitness for purpose, merchantability, merchantable, quantity, condition (including physical and environmental condition), suitability, durability, assignability, or marketability thereof or any other matter or thing whatsoever, and all of the same are expressly excluded and disclaimed and any rights pursuant to such statutes have been waived by the Purchaser.

- (c) The Purchaser acknowledges and agrees that it has relied entirely and solely on its own investigations as to the matters set out above and in determining to purchase the Purchased Assets and assume the Assumed Liabilities pursuant to this Agreement.
- (d) The description of the Purchased Assets and Assumed Liabilities contained herein is for the purpose of identification only and the inclusion of any item in such description does not confirm the existence of any such items or that any such item is owned by the Vendor. Except as otherwise explicitly set forth in Section 7.1 no representation, warranty or condition has been given by the Vendor or the Monitor concerning the completeness or accuracy of such descriptions and the Purchaser acknowledges and agrees that any other representation, warranty, statements of any kind or nature, express or implied, (including any relating to the future or historical financial condition, results of operations, prospects, assets or liabilities of the Vendor or the quality, quantity or condition of the Purchased Assets) are specifically disclaimed by the Vendor.
- (e) Any documents, materials and information provided by the Vendor or Monitor to the Purchaser with respect to the Purchased Assets or Assumed Liabilities (including any confidential information memorandums, management presentations, or material made available in the electronic data room) have been provided to the Purchaser solely to assist the Purchaser in undertaking its own due diligence, and the Vendor and/or Monitor have not made and are not making any representations or warranties, implied or otherwise, to or for the benefit of the Purchaser as to the accuracy and completeness of any such documents, materials or information or the achievability of any valuations, estimates or projections. The Purchaser acknowledges that it has not and will not rely upon any such documents, materials or information in any manner, whether as a substitute for or supplementary to its own due diligence, searches, inspections and evaluations.
- (f) The Vendor and/or Monitor and their respective Affiliates, directors, officers, employees, agents and advisors shall not be liable for any inaccuracy, incompleteness or subsequent changes to any such documents, materials or information. The Purchaser further acknowledges that the use of the documents may not be possible without the Purchaser obtaining reliance or other assurances from the author of such documents directly and further that the documents may be subject to copyright or other property rights which may preclude their use by the Purchaser in whole or in part.

ARTICLE 8 TERMINATION

8.1 Grounds for Termination

This Agreement may be terminated prior to the Closing Date:

- (a) by the Vendor upon written notice to the Purchaser if:
 - (i) the Closing has not occurred by the Outside Date; or
 - (ii) the Purchaser has breached its obligations under this Agreement and has not cured such breach within five (5) Business Days of receiving notice thereof from Vendor;

provided in each case that the failure to close, as applicable, is not caused by a breach of this Agreement by the Vendor; or

- (b) by the Purchaser upon written notice to the Vendor if: (i) the Closing has not occurred by the Outside Date; or (ii) the Vendor has breached its obligations under this Agreement and has not cured such breach within five (5) Business Days of receiving notice thereof from Purchaser; provided in each case that the failure to close, as applicable, is not caused by a breach of this Agreement by the Purchaser.

8.2 Effect of Termination.

If this Agreement is terminated pursuant to Section 8.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder; except for the provisions of Sections 4.7 (Indemnity), 5.4 (Personal Information Privacy), 9.3 (Public Announcements) and 9.9 (Governing Law).

ARTICLE 9 GENERAL

9.1 Access to Books and Records

For a period of six (6) years from the Closing Date or for such longer period as may be reasonably required for the Vendor (or any trustee in bankruptcy of the estate of the Vendor) to comply with Applicable Law, the Purchaser will retain all original Books and Records that are transferred to the Purchaser under this Agreement, but the Purchaser is not responsible or liable for any accidental loss or destruction of, or damage to, any such Books and Records.

So long as any such Books and Records are retained by the Purchaser pursuant to this Agreement, the Vendor (and any representative, agent, former director or officer or trustee in bankruptcy of the estate of the Vendor, including the Monitor) has the right to inspect and to make copies (at its own expense) of them at any time upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Purchaser.

9.2 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered by read-receipted email, addressed:

- (a) in the case of the Purchaser, as follows:

6599362 Canada Ltd.
Door 67 - 125 Furniture Park
Winnipeg, MB R2G 1B9

Attention: Andrew DeFehr
Email: AAEFEHR@defehr.com

with a copy (which shall not constitute notice) to:

Thompson Dorfman Sweatman LLP
1700 – 242 Hargrave Street
Winnipeg MB R3C 0V1
Attention: Danny C. Spencer/Ross McFadyen
Email: dcs@tdslaw.com / ram@tdslaw.com

(b) in the case of the Vendor, as follows:

To Bio-Tech:

Delta 9 Bio-Tech Inc.
770 Pandora Avenue East
Winnipeg, MB R2C 3N1
Attention: John Arbuthnot
Email: john.arbuthnot@delta9.ca

with a copy (which shall not constitute notice) to:

MLT Aikins LLP
2100, 222 3rd Ave SW
Calgary, AB T2P 0B4
Attention: Ryan Zahara / Chris Nyberg
Email: rzahara@mltaikins.com / cnyberg@mltaikins.com

To the Monitor:

Alvarez and Marsal Canada Inc.
Bow Valley Square 4, Suite 1110 250 6th Ave SW
Calgary, AB T2P 3H7
Attention: David Williams / Quinn Park
Email: david.williams@alvarezandmarsal.com / qpark@alvarezandmarsal.com

Any such notice or other communication, if transmitted by email before 5:00 p.m. (Calgary time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Calgary time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission. In the case of a communication by email or other electronic means, if an autoreply is received indicating that the email is no longer monitored or in use, delivery must be followed by the dispatch of a copy of such communication pursuant to one of the other methods described above; provided however that any communication originally delivered by electronic means shall be deemed to have been given on the date stipulated above for electronic delivery. Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party. A Person may change its address for service by notice given in accordance with the foregoing and any subsequent communication must be sent to such Person at its changed address.

9.3 Public Announcements

The Vendor and the Monitor shall be entitled to disclose this Agreement to the Court and parties in interest in the CCAA Proceedings and this Agreement may be posted on the Monitor's website maintained in connection with the CCAA Proceedings at: <https://www.alvarezandmarsal.com/content/delta-9-sale-investment-solicitation-process>. Other than as provided in the preceding sentence or statements made in Court (or in pleadings filed therein) or where required to meet timely disclosure obligations of the Vendor or any of its Affiliates under Applicable Laws or stock exchange rules, the Purchaser shall not issue (prior to or after the Closing) any press release or make any public statement or public communication with respect to this Agreement or the transactions contemplated hereby without the prior consent of the Vendor, which shall not be unreasonably withheld or delayed.

9.4 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Parties.

9.5 Survival

All representations, warranties and covenants of Vendor contained in this Agreement shall merge and terminate on Closing. Notwithstanding the foregoing, the representations, warranties and covenants of the Purchaser contained herein shall not merge on Closing and shall survive and remain in full force and effect.

9.6 Benefit of Agreement

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

9.7 Entire Agreement

This Agreement and the attached Schedules hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements. This Agreement may not be amended or modified in any respect except by written instrument executed by the Vendor and the Purchaser.

9.8 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

9.9 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and each of the Parties irrevocably attorn to the exclusive jurisdiction of the Court in the CCAA Proceedings, and any appellate courts of the Province of Alberta therefrom.

9.10 Assignment

This Agreement may be assigned by the Purchaser prior to the issuance of the Approval and Vesting Order in whole or in part, without the prior written consent of the Vendor or the Monitor, provided that: (a) such assignee is a related party or subsidiary of the Purchaser; (b) the Purchaser provides prior notice of such assignment to the Vendor and Monitor; and (c) such assignee agrees to be bound by the terms of this Agreement to the extent of the assignment; provided, however, that any such assignment shall not relieve the Purchaser of its obligations hereunder.

9.11 Further Assurances

Each of the Parties shall, at the request and expense of the requesting Party, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances, transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement.

9.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by e-mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

9.13 Severability

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

9.14 Monitor's Capacity

In addition to all of the protections granted to the Monitor under the Initial Order, SISP Order or any other order of the Court in these CCAA Proceedings, the Purchaser acknowledges and agrees that the Monitor, acting in its capacity as court-appointed monitor and not in its corporate or personal capacity, will have no Liability to the Purchaser in connection with this Agreement or the Transaction contemplated herein.

9.15 Electronic Signatures

Each Party agrees that the electronic signatures, whether digital or encrypted, of the Parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or email electronic signatures.

[Signature Page Follows]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the Effective Date.

DELTA 9 BIO-TECH INC.

Per: 

Name: John Arbuthnot

Title: Authorized Signatory

6599362 CANADA LTD.

Per:

Name:

Title:

IN WITNESS WHEREOF the Parties have executed this Agreement as of the Effective Date.

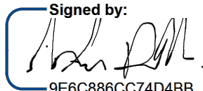
DELTA 9 BIO-TECH INC.

Per:

Name:

Title:

6599362 CANADA LTD.

Per:  Signed by:
9E6C886CC74D4BB

Name: Andrew DeFehr

Title: Director

SCHEDULE "A"

PURCHASED ASSETS

The land and property civically addressed as 760 Pandora Avenue E, Winnipeg, MB and legally described as (the "**Land**"):

Title No. 2977656/1

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

The Purchased Assets will include, without limitation, if appropriate, all buildings, structures, erections, improvements, appurtenances and fixtures situated in or upon all of the Land and all systems, machinery and equipment used or intended to be used in connection with the operation and maintenance thereof, including, but not limited to, all electrical fixtures, security cameras, panels and switch boxes, heating fixtures and equipment, air conditioning units and equipment, fencing, plumbing and bathroom fixtures as installed, screens, storm windows and doors, window blinds, partitions, power wiring and installations, pumps and compressors, and appliances if appropriate, all of which are now situate on the Land and are to be free and clear of all liens, charges, encumbrances and security interests excepting the Permitted Encumbrances.

Main electrical room and contents within.
Secondary electrical rooms and contents within.
Sub electrical panels attached to building walls or posts
Lighting inside and outside the building but not in containers.
Sprinkler headers, sprinkler lines and system outside of containers.
Chillers installed into the roof of the building.
Wells and well pumps coming out of ground and leading into the ground.
Ventilation equipment attached to the inside of the building.
Domestic water lines leading to bathrooms, sinks, cleaning rooms, etc.
Indifferent to burglar alarm system.
Office structures, walls, empty rooms within the building.
Bathrooms inside and attached to the exterior of the building.
Heating equipment inside the building but outside of containers.
Monitoring equipment for fire, CO2, low temp, etc.
Cable tray
Emergency lighting
Air compressor

SCHEDULE "B"

PERMITTED ENCUMBRANCES

Instrument Nos. 2528190/1, 2687852/1, 2687853/1, 5008307/1, 5008308/1

SCHEDULE "C"
ASSUMED CONTRACTS

NIL.

SCHEDULE "D"
ASSUMED LIABILITIES

NIL.

SCHEDULE "E"
FORM OF THIRD PARTY LEASE

See attached.

THIS BUILDING “E” LEASE made as of this ____ day of _____, 2025.

BETWEEN:

6599362 CANADA LTD.
(herein called the "**Landlord**"),

- and -

SIMPLY SOLVENTLESS CONCENTRATES INC.

(herein called the "**Tenant**"),

- and -

2759054 ONTARIO INC. o/a FIKA HERBAL GOODS

(herein called the "**Indemnifier**"),

WHEREAS the Landlord warrants and represents to the Tenant that the Landlord is the sole legal and beneficial owner of an estate in fee simple in the land known as 760 Pandora Ave. East, Winnipeg, Manitoba and legally described on Schedule “A” (the "**Lands**"), and all structures erected thereon and appurtenances thereto, in good and marketable title thereto;

AND WHEREAS the Tenant wishes to lease from the Landlord 98,000 square feet in the building known as Building E on the Lands (the "**Leased Premises**"), and the Landlord wishes to lease the Leased Premises to the Tenant;

NOW THEREFORE WITNESSETH that in consideration of the mutual covenants, conditions and agreements herein contained, the Landlord and the Tenant covenant and agree as follows:

ARTICLE 1 – DEFINITIONS

1.01 Definitions. In this Lease:

"**Additional Rent**" has the meaning ascribed thereto in Section 3.01(b) hereof;

"**Basic Rent**" has the meaning ascribed thereto in Section 3.01(a) hereof;

"**Building E**" means that building located on the Lands, known as Building E;

“Business Day” means a day other than a Saturday or Sunday or a statutory or civic holiday in the Province of Manitoba and **“Business Days”** shall have a corresponding meaning;

"Commencement Date" means _____, 2025;

"Environmental Laws" means all federal, provincial, municipal or local laws, statutes, regulations, ordinances, orders, directives, judgments, codes, decrees, injunctions, writs, policies (having the force of law), approvals, notices, rules, by-laws, common law and other applicable laws relating to environmental matters, dangerous goods, hazardous materials and occupational health and safety matters, including with limitation, those relating to the release or threatened release of environmentally sensitive materials and to the generation, use, storage, treatment, and disposal of environmentally sensitive materials.

"GST" has the meaning ascribed thereto in Section 3.04 hereof;

“Indemnifier” means the person who has executed the Indemnity Agreement, the form of which is attached to this Lease as Schedule “D”;

“Indemnity Agreement” means the agreement attached hereto as Schedule “D”;

"Initial Term" has the meaning ascribed thereto in Section 2.02 hereof.

"Lands" has the meaning ascribed thereto in the first preamble hereto;

"Lease" means this Lease and any Schedules hereto;

"Leased Premises" has the meaning ascribed thereto in the second preamble hereto, and the space comprising the Leased Premises is described on Schedule “A” hereto and shown in a sketch on Schedule B;

“Market Rent” means the rate of Basic Rent per square foot per annum for premises similar to the Leased Premises located in buildings similar to Building E in a comparable location as the Lands for a five (5) year term, including, without limitation, the age, size, level of improvements, quality and location of the Leased Premises, provided that the Market Rent shall not be less than the Basic Rent during the last year of the Term or the prior Renewal Term, as applicable;

"Permitted Use" has the meaning ascribed thereto in Section 4.01 hereof;

"Realty Taxes" means the aggregate of all real property taxes, rates, duties and assessments that may be levied, rated, charged or assessed against the Lands, or upon the Landlord in respect thereto, including, without limitation, all local improvement rates and charges, frontage taxes, water, school, hospital and other taxes and assessments both general and special, rates, levies and impositions, general or specific, ordinary or extraordinary, foreseen or unforeseen, now imposed, assessed or levied or which may

hereafter be imposed, assessed or levied by any federal, provincial, municipal, regional, school or other statutory authority during the Term for whatever purposes.

“**Renewal Term(s)**” has the meaning ascribed thereto in Section 2.03 hereof.

"**Rent**" means Basic Rent, Additional Rent, and all other amounts payable by the Tenant to the Landlord under this Lease;

“**Required Conditions**” means the Tenant:

- (a) has paid all rent as and when due and punctually observed and performed the terms, covenants and conditions contained in the Lease throughout the Term or Renewal Term, as applicable to the applicable date;
- (b) has been in continuous possession and physical occupancy of the whole of the Leased Premises throughout the Term or Renewal Term, as applicable, to the applicable date;
- (c) is not currently, and has not been, in habitual default under the terms of the Lease to the applicable date; and
- (d) has not assigned the Lease or sublet the Leased Premises; and

"**Term**" means the Initial Term and any Renewal Terms if one or more of the Renewal Terms are entered into.

ARTICLE 2– DEMISE AND TERM

2.01 Demise. The Landlord in consideration of the rents, covenants, agreements and conditions herein to be paid, observed and performed by the Tenant, hereby leases to the Tenant the Leased Premises.

2.02 Term. The Tenant shall have and hold the Leased Premises from the Commencement Date to the date that is five (5) years from the Commencement Date, namely _____, _____ (the "**Initial Term**"), unless otherwise extended or terminated in accordance with the terms and conditions contained herein.

2.03 Renewal. Provided the Required Conditions have been met, the Tenant shall have the option to extend the Term for two (2) additional terms of five (5) years (each a “**Renewal Term**”) upon giving the Landlord not more than 12 months’ and not less than 6 months’ notice prior to the expiration of the Term. The extension will be on the same terms and conditions as are contained in this Lease, provided that:

- (a) Basic Rent payable during each Renewal Term shall be the then current Market Rent and not lower than the Basic Rent payable during the last year of the Term or the prior Renewal Term, as applicable;

- (b) there shall be no free rent, incentive allowance, work required to be performed by the Landlord, leasehold improvement allowance, fixturing period or early occupancy; and
- (c) if the Landlord and Tenant cannot agree on Market Rent for the Renewal Term before the date that is ninety (90) days before the end of the Term or the prior Renewal Term, as applicable, then the Market Rent will be determined by arbitration as follows:
 - (i) Not later than ten (10) Business Days after the arbitrator(s) is (are) appointed in accordance with Section 16.02, each of the Landlord and the Tenant shall submit its proposal for the Market Rent to the arbitrator(s) which in no event shall be less than the Basic Rent payable during the last year of the Term or the prior Renewal Term, as applicable;
 - (ii) If either party fails to provide its proposal for the Market Rent to the arbitrator(s) within ten (10) Business Days after the arbitrator(s) is (are) appointed in accordance with Section 16.02, then the proposal for the Market Rent provided by the other party to the arbitrator(s) shall be the Market Rent;
 - (iii) If both the Landlord and the Tenant provide proposals for the Market Rent to the arbitrator(s) within ten (10) Business Days after the arbitrator(s) is (are) appointed in accordance with Section 16.02, then the arbitrator(s) will commence an arbitration to determine the Market Rent and may consider whatever information such arbitrator(s) consider relevant in his/her/their sole and absolute discretion, including, without limitation, the age, size, level of improvements, quality and location of the Leased Premises and will hear evidence presented by the parties or their counsel including any appraisal reports and including, without limitation, descriptions of comparable space in the City of Winnipeg, provided that the Market Rent shall not be less than the Basic Rent during the last year of the Term or the prior Renewal Term, as applicable;
 - (iv) The Market Rent as determined by the arbitrator(s) shall be the Basic Rent for the applicable Renewal Term, shall be final and binding on the Landlord and the Tenant and shall be payable in equal consecutive monthly installments plus GST each in advance on the first day of each month.
 - (v) In the event that the Basic Rent to be paid during a particular Renewal Term is determined after the last day of the Term or prior Renewal Term, the Tenant shall continue to occupy the Leased Premises and shall pay the monthly equivalent of the Basic Rent to the Landlord each month at a rate equal to the monthly installment of the Basic Rent plus GST payable for the last full month of the last day of the Term or prior Renewal Term, until the Basic Rent for the applicable Renewal Term is determined, and once such Basic Rent is determined, the Landlord and the Tenant shall adjust the Basic Rent effective as of the first day of the applicable Renewal Term.

2.04 Parking. The Tenant shall be permitted to park as outlined in Schedule “B” as “Building E Parking” and use the yard space outlined in Schedule “B” as “Building E Yard Space” at no charge.

ARTICLE 3 - RENT, DEPOSIT, INDEMNITY AGREEMENT AND TAXES

3.01 Rent. The Tenant shall pay to the Landlord as Rent for the Leased Premises the aggregate of the following amounts:

- (a) a base rent ("**Basic Rent**") of

commencing on the Commencement Date for years 1 and 2 of the Term;
- (b) Basic Rent of

for years 3-5 of the Term;
- (c) operating costs ("**Operating Costs**") payable in monthly instalments, estimates

payable at the times and in the manner otherwise provided in Section 3.01(a) for Basic Rent. The Operating Costs include, without limitation, insurance, water, repair, maintenance and management servicing the Leased Premises and realty taxes described as follows:
 - (i) property insurance estimated at _____ ;
 - (ii) property taxes estimated at _____ ;
 - (iii) water estimated at _____ ;
 - (iv) heat expenses estimated at _____ ;
 - (v) repair, maintenance, and management costs estimated at _____
including without limitation, annual fire extinguishers, emergency lights and fire sprinkler testing, monthly alarm monitoring for Building E including fire and heat warnings, electrical and mechanical upkeep of Building E, repair and maintenance of machinery and equipment used for landscaping and snow removal including fuel, on call hours and regular labour hours of maintenance department.(the Operating Costs and such additional costs are collectively, the "**Additional Rent**";
- (d) the cost of snow clearing and yard care will be shared proportionately with the neighbouring property owned by the Landlord to the east and located at 770 Pandora Avenue East and the Tenant shall pay the proportionate share of such costs (not to

exceed 25%) that the Leased Premises comprise of the area being cleared, which shall be in addition to the Operating Costs and included as Additional Rent; and

- (e) all amounts (other than payments under Subsections 3.01(a) and (b)) payable by the Tenant to the Landlord under this Lease, at the times and in the manner provided in this Lease or, if not so provided, as reasonably required by the Landlord.
- (f) Landlord will provide to Tenant an annual statement of Operating Costs that will be reconciled to the estimated costs stated in 3.01(c) and Landlord or Tenant will be paid an adjustment to balance with the actual costs determined within thirty (30) days of such determination. If requested by Tenant, Landlord shall provide Tenant with such information or data as may be reasonably requested to verify the amount of the Operating Costs, or, if requested by Tenant, Landlord shall permit a duly qualified chartered professional accountant selected by the Tenant to audit Landlord's books and records maintained by Landlord (or to which Landlord may provide access) in connection with the Operating Costs. Landlord shall maintain reasonably detailed books and records as would be kept by a prudent Landlord. Tenant shall give Landlord reasonable notice of its intention to conduct such an audit which shall be conducted at Landlord's offices. The cost of such audit shall be borne by Tenant; provided, however, that in the event the audit reveals that the actual Operating Costs are more than five (5%) less than that charged to the Tenant which are the subject of the audit, Tenant's reasonable cost of conducting the audit shall be borne by Landlord. The parties shall promptly re-adjust for any overpayment or underpayment by the Tenant as determined by such audit.

For certainty, Operating Costs shall exclude all electricity and gas (if any) incurred in respect of the Leased Premises during the Term. The Tenant shall be responsible for and will pay for such charges directly as set out in Section 3.06(b).

3.02 Net Lease. The Basic Rent payable to the Landlord is intended to be an absolutely net return to the Landlord. The Landlord is not responsible for any expenses or outlays of any nature arising from or relating to the Leased Premises, or the use or occupancy thereof, or the contents thereof or the business carried on therein. The Tenant shall pay all charges, impositions or outlays of every nature and kind relating to the Leased Premises except as expressly set out to the contrary in this Lease.

3.03 Deposit. The Tenant will deliver to the Landlord a cheque in the sum of (the "**Deposit**") made payable to the Landlord upon the day that is ten (10) days prior to the Commencement Date of the Lease. From the Deposit, is to be applied by the Landlord towards the first month's Basic Rent accruing under the Lease, and the balance in the amount of shall be held by the Landlord as security for performance by the Tenant of its obligations and covenants under the Lease.

3.04 Goods and Services Tax. The Tenant shall pay to the Landlord an amount equal to any and all goods and services taxes, sales tax, value added taxes, or any other taxes imposed on the Tenant but to be collected by the Landlord, or imposed, levied or assessed upon the Landlord with respect to or upon the entering into of this Lease, or upon or with respect to or on account of this Lease, or on the use or occupancy of the Leased Premises or any portion thereof (excluding real property taxes and corporate income taxes), whether characterized as a goods and services tax, sales tax, value added tax or otherwise (herein called the "GST"), it being the intention of the parties that the Tenant shall bear full responsibility for payment of all GST and that the Landlord shall be reimbursed by the Tenant for any amounts paid by the Landlord with respect to any and all GST imposed upon or payable by either the Tenant or the Landlord. The amount of such GST shall be calculated by the Landlord in accordance with applicable legislation and shall be paid by the Tenant to the Landlord upon demand or at such time or times as the Landlord may from time to time determine. The Landlord shall have all of the same remedies for and rights of recovery of GST as it has for recovery of Rent under this Lease.

3.05 Interest on Amounts in Arrears. Whenever any part of Rent (including interest thereon, if any) payable hereunder by the Tenant to the Landlord is in arrears, the same shall bear interest at the rate of three percent (3%) per month calculated from the due date of such Rent.

3.06 Taxes and Utilities. The Tenant will pay, as and when due to the authority to which same are owing all taxes, licenses, rates, duties and assessments imposed, assessed or levied by any lawful authority during the Term relating to the business carried on in and the use and occupancy of the Leased Premises by the Tenant (and any permitted subtenant and licensee) and relating to personal property and all business and trade fixtures and other improvements owned or installed by or on behalf of the Tenant in, on or affixed to the Leased Premises, whether any such taxes, licenses, rates, duties and assessments are payable by law by the Tenant or by the Landlord and whether or not the same are allocated separately in respect of the Leased Premises unless same is a component of the real property taxes for the Lands in which case it will be included in the Rent.

- (a) The Tenant shall be responsible for the cost of all utilities directly billed to the Tenant, including but not limited to electricity and gas, if applicable, supplied to the Leased Premises. The Tenant shall not, without the prior written approval of the Landlord, which may be arbitrarily withheld, install or cause to be installed in the Leased Premises any equipment that will require additional utility usage or any telecommunications lines and/or conduits. If, with the Landlord's approval, such additional equipment is installed, the Tenant shall be solely responsible for such excess utility usage.
- (b) The Tenant shall pay all rates, charges, costs and expenses as may be assessed or levied by any supplier of utilities to the Tenant other than those supplied by the Landlord, including, without limitation, telephone, facsimile, Wi-Fi and internet of whatsoever nature and kind used in or supplied to the Leased Premises.

Upon request by the Landlord, the Tenant will deliver promptly to the Landlord receipts for payment of all charges payable by the Tenant pursuant to this Section 3.06 which were due and payable up to one (1) month prior to such request.

3.07 Irregular Periods. If, for any reason, it becomes necessary to calculate Rent for irregular periods, an appropriate pro rata adjustment will be made on a daily basis in order to compute such Rent for such irregular period as at the date of termination of the Term.

3.08 Indemnity Agreement. As additional security for the Lease, the Indemnifier agrees to enter into the Indemnity Agreement in the form attached as Schedule “D”.

ARTICLE 4- USE OF THE LEASED PREMISES

4.01 Use of Premises. The Leased Premises shall be used only for the cultivation, production and distribution of cannabis and cannabis related products and for office and administrative uses related thereto (the “**Permitted Use**”) and for no other purpose whatsoever. The Tenant shall actively operate and utilize the whole of the Leased Premises throughout the whole of the Term for such purpose in a reputable and diligent manner in accordance with the guidelines, rules and regulations designed or established by any license issued by Health Canada for the Leased Premises.

4.02 Specific Prohibited Uses. The Tenant will not, at any time during the Term, carry on or permit to be carried on, on the Leased Premises anything which is noxious or offensive and will not do or permit to be done anything whatsoever at any time upon the Leased Premises which would annoy or disturb or cause a nuisance or damage to the occupiers or owners of lands and premises adjoining or in the vicinity of the Premises. The Tenant will not permit any overloading of the floor of the Leased Premises. Except for fertilizer, pesticides and/or isopropyl alcohol-based cleaning or sanitization solutions required in connection with the Permitted Use, the Tenant shall be prohibited from using, storing or shipping any chemicals or hazardous material, on, from or to, the Leased Premises. The Tenant will not cause any waste or damage to the Leased Premises. Without the prior written consent of the Landlord, the Tenant shall not conduct on the Leased Premises, any distress sale, bankruptcy sale, going out of business sale or any other sale designed to convey to the public that business operations are to be discontinued. For clarity, the Tenant is permitted to have on site a pressure vessel containing CO2 used for cultivation purposes and fuel or propane gas that is used for mobile materials handling equipment and service vehicles including forklifts, trucks, manlifts, skid steer and other similar materials handling equipment.

4.03 Signs. The Tenant shall be permitted to affix exterior signage above the entrance to the Leased Premises for the Term, at no additional charge. The cost of any approvals from the City of Winnipeg, the design, manufacturing, installation, operation, maintenance and removal of any signage will be the Tenant’s sole responsibility. The final size, design and location of the signage shall be mutually agreed upon by both the Landlord and the Tenant, both acting reasonably. The Tenant shall not erect or display any other signage, on Building E or any place on the Lands without the Landlord’s prior written consent in each instance, such consent not to be unreasonably withheld.

4.04 Building Perimeter Security. The Tenant, at its sole cost, shall arrange and provide all security reasonably required by the Tenant to secure and monitor the perimeter of Building E, and may restrict access to the Leased Premises to ensure compliance with Tenant’s requirements under the Health Canada license.

4.05 Not to Affect Landlord's Insurance. The Tenant shall not do or permit to be done, or omit to do, on the Leased Premises anything which will directly or indirectly cause the rate of insurance upon the Lands or any part thereof or any insurance arranged by the Landlord in its sole discretion, to be increased. If any insurance rate is increased as a result of anything which the Tenant does or omits to do, directly or indirectly, the Tenant will pay to the Landlord the amount by which any insurance premiums paid by the Landlord are increased. The Tenant will not store or permit to be stored (other than as stated under Subsections 4.02) upon the Premises anything of a dangerous, inflammable or explosive nature which would lead to the cancellation of insurance.

4.06 Preventing Cancellation. Except in the case of an emergency, upon no less than twenty-four (24) hours' notice to the Tenant, and subject to all applicable laws and regulations in respect of the Leased Premises, the Tenant shall permit the Landlord, its employees or agents to enter the Leased Premises to remove any article or remedy any condition which, in the opinion of the Landlord reasonably arrived at, would be likely to lead to cancellation of any policy of insurance. Such entry by the Landlord will not be deemed to be a re-entry not a trespass. Alternatively, at its option and at the expense of the Tenant, the Landlord may rectify the situation causing such cancellation, whereupon this Lease shall remain in full force and effect. If any insurance policy is cancelled by any insurer by reason of the use and occupation of the Premises by the Tenant or by any assignee of the Tenant or anyone permitted by the Tenant to be on the Leased Premises, then unless the Tenant secures replacement coverage within ten (10) days after receipt of notice from the Landlord of anticipated cancellation of insurance, the Landlord may, at its option, terminate this Lease upon fifteen (15) further days written notice, and, thereupon all sums of money for which the Tenant is liable under this Lease will be paid by the Tenant in full to the date of expiration of such notice, and the Tenant will immediately deliver vacant possession of the Leased Premises to the Landlord and the Landlord may re-enter and take possession of same.

4.07 Compliance with City of Winnipeg Laws and Permits. The Tenant covenants that it shall comply with all City of Winnipeg By-laws and permits as such may be related to building occupancy in relation to the occupancy of the Leased Premises. The Tenant shall be responsible for obtaining an occupancy permit. All burning of any type on the Leased Premises shall only be done with a City of Winnipeg permit.

4.08 Managing Humidity and Heating of the Leased Premises. The Tenant covenants and agrees to manage the heat and humidity in the Leased Premises in a manner so as not to cause excess moisture, humidity, or mold, and shall keep the Leased Premises heated to a minimum of 14° C to prevent frost damage to Building E. The Landlord shall provide and install heating units if advised by the Tenant that heating units are necessary. If such heaters are gas, the Tenant is responsible for gas consumption and this cost will be added to the Additional Rent.

ARTICLE 5 - ASSIGNING, SUB-LETTING AND ENCUMBERING

5.01 Landlord's Consent. The Tenant shall not assign or sublet all or any part of the Leased Premises without the prior written consent of the Landlord, such consent not to be unreasonably withheld. Provided, however, that any leave to assign or sublet given by the Landlord shall not relieve the Tenant from its obligations to pay rent and any other monies provided for in this Lease or for the observance and performance of all of the covenants, terms and conditions herein. If the

Tenant is a corporation, any change in ownership or control of such corporation shall be deemed to be a proposed assignment or subletting of the Leased Premises and shall require the Landlord's consent thereto, such consent not to be unreasonably withheld.

5.02 Landlord's Rights of Termination. If the Tenant requests the Landlord's consent to any assignment or subletting of the whole or any part of the Leased Premises, such request shall be accompanied by the name and address of the proposed assignee or Tenant together with such information as to the nature of the business and financial responsibility and standing of such proposed assignee or Tenant as the Landlord may reasonably require in order to make a reasoned determination as to the acceptability of the assignee or Tenant. In addition, the Tenant shall provide the Landlord with a copy of the proposed assignment or Lease.. The Landlord shall either consent in writing to the proposed assignment or subletting not later than the expiration of the said fifteen (15) day period or, in the event that the Landlord does not consent in writing, it shall be deemed to have refused such consent.

5.03 Disposition of Lands and Premises. Any sublease, assignment, transfer or other disposition of the Premises made or given by the Landlord shall, to the extent that a lessee or transferee assumes the obligations of the Landlord hereunder, without any further written agreement, relieve the Landlord from further continuing liability under this Lease, provided that the Landlord shall continue to be responsible for liabilities incurred prior to such disposition to the extent that same are not assumed by such lessee or transferee.

ARTICLE 6 - COMPLIANCE WITH LAWS, BUILDERS' LIENS

6.01 Compliance with Laws. The Tenant during the Term, at its own expense, will promptly comply, and will cause its employees, agents, licensees, invitees and other persons on or about the Leased Premises to comply with the requirements of every published law (including without limitation, all licensing laws pertaining to the Permitted Use, and all Environmental Laws as set out in Section 6.02), rule, by-law, regulation, order, direction, ordinance and standard of every competent federal, provincial, municipal, regional and other statutory authority in force during the Term and concerning or affecting the condition, maintenance, use and occupation of the Leased Premises and all improvements, appurtenances, equipment, machinery and other facilities from time to time therein, thereon or used in connection therewith and the making of any repairs, replacements and alterations to the Leased Premises and with every applicable regulation, order and requirement of the Canadian Fire Underwriters Association or any successor body having similar functions and of any liability or fire insurance company by which the Landlord and Tenant or either of them may be insured at any time during the Term, and, in so doing, the Tenant, subject to Article 7 hereof, will make any necessary alterations, repairs, additions or deletions in, on or to the Leased Premises, improvements or appurtenances or any part or parts thereof, and any equipment, machinery or other facilities in, on, upon, used in connection with or appurtenant to the Premises or any part thereof. For greater certainty, the Tenant shall obtain any Occupancy Permits required for use of the Leased Premises.

6.02 Compliance with Environmental Laws. The Tenant warrants and represents that at all times during the Term the Tenant will be in compliance with all Environmental Laws. The Tenant hereby assumes any and all duties, obligations or liabilities under any Environmental Laws in respect of the Leased Premises, including but not limited to any costs, expenses or liabilities for

any remedial action to the common areas of Building E which results from Tenant's or any of the Tenant's employee's, agent's, representative's or invitee's acts or omissions thereon.

6.03 Builders' Liens. The Tenant will not suffer or permit any lien under The Builders' Liens Act or like statute to be registered against the title to the Lands, or the interest of the Landlord therein, by reason of work, services or materials supplied or claimed to have been supplied to the Tenant or anyone holding any interest through or under the Tenant. If any such lien is registered, the Tenant will do all things necessary to obtain and register a discharge forthwith after the lien has come to the notice of the Tenant. If the Tenant desires to contest in good faith the amount or validity of any lien and has so notified the Landlord, and if the Landlord has paid into the court of competent jurisdiction to the credit of any lien action the amount of the lien claimed and costs, then the Tenant may contest the claim with due diligence, provided always that neither the Leased Premises nor the Tenant's leasehold interest therein shall thereby become liable to forfeiture or sale.

ARTICLE 7 - REPAIRS, MAINTENANCE AND ALTERATIONS

7.01 Repair and Maintenance by Landlord. The Landlord shall, at all times throughout the Term, maintain, repair, replace or cause to be maintained, repaired, or replaced as would a prudent Landlord of a reasonably similar building, the Lands and Building E (including the Leased Premises), including snow removal, landscaping, green spaces, sidewalks, driveways and parking areas, the cost of which is included in the Rent. Notwithstanding the foregoing, if the Landlord is required to perform such maintenance or make such repairs as a result of or by reason of:

- (a) any damage to Building E or Lands caused by the Tenant's operations therein, including, without limitation, any damage caused by excess moisture, humidity, heat or mold; or
- (b) any upgrades to Building E required by the Tenant's operations therein, including without limitation related to the any above average use of heating systems, cooling systems, electricity or water; or
- (c) any other act, omission, neglect or default of the Tenant, or those for whom the Tenant is responsible in law;

the Tenant shall be liable and responsible for the total cost of any such maintenance and repairs, provided such damage or upgrades are attributable to Tenants activities and not due to pre-existing conditions, structural deficiencies, or factors outside of Tenant's reasonable control, which shall together immediately be due and payable to the Landlord upon receipt of an invoice to that effect provided that the Landlord demonstrates the act omission, neglect or default. Tenant is not responsible for upgrades necessitated by pre-existing conditions, deficiencies in the building's infrastructure, or factors beyond Tenant's control.

7.02 Repair and Maintenance by Tenant. The Tenant shall at all times at its sole cost repair, maintain and keep the Leased Premises in good order and first-class condition and repair, as determined by the Landlord acting reasonably. The Tenant shall in like manner repair, maintain and keep any plumbing fixtures and other mechanical installations serving only the Leased Premises

unless the Landlord elects, on notice to the Tenant, to repair and maintain on behalf and for the account of the Tenant, any of such systems, fixtures or installations. Notwithstanding the foregoing, the Landlord reserves the right to contract seasonal or other periodic service and preventative maintenance on any plumbing fixtures and other mechanical installations serving only the Leased Premises and recover costs either directly or as forming part of Additional Rent.

7.03 Inspection and Emergencies. Subject to clause 4.04, the Landlord's representatives may enter upon the Leased Premises at all times upon twenty-four (24) hours' notice to Tenant. Notwithstanding the foregoing, the Tenant may at enter the Leased Premises at any time during any emergency without notice to inspect the state of repair and maintenance. The Landlord will endeavour to contact the Tenant's emergency contact first and where possible, wait for the Tenant's representative to attend to the inspection or emergency with the Landlord.

7.04 Alterations. Notwithstanding anything contrary in this Lease, the Tenant will not make to or erect in the Leased Premises any installations, alterations, additions or partitions without having received the prior written approval of the Landlord to the plans and specifications and any variation or amendment thereof, which approval is not a substitute for the approval of any relevant statutory authority. The Landlord will be entitled to recover, as Rent from the Tenant, the Landlord's reasonable costs of having its architects and engineers examine such plans and specifications but such costs must be approved by Tenant prior to being incurred by Landlord. The Landlord reserves the right to demand the Tenant remove any such alterations and restore the Leased Premises to its original condition upon expiration or earlier termination of the Lease. All costs, permits, insurance and work will be the responsibility of the Tenant. The Tenant will ensure that all work is done in a good workmanlike manner, in accordance with the Lease.

7.05 Landlord's Repairs and Alterations. Subject to Section 7.01 and the Landlord's right to elect not to rebuild in the event of damage or destruction, the Landlord, throughout the Term, will make all necessary repairs to the Leased Premises provided that such repairs are not the responsibility of the Tenant. All such repairs which the Landlord is obliged to make pursuant to this Article shall be at the cost of the Landlord and be made in a good and workmanlike manner and the Landlord shall use commercially reasonable efforts to ensure all such repairs are done on a timely basis. The Landlord shall have the right to make additions to and (or) improvements or installations in and (or) repairs to the Leased Premises and in this regard shall make all reasonable efforts not to interfere with Tenant's business operations. The Landlord and any persons authorized by the Landlord shall have the right to use, install, maintain and (or) repair pipes, wires, ducts or other installations and services in, under or through the Leased Premises for or in connection with the supply of any services to any of the Leased Premises, to make such repairs, alterations, improvements or additions to such installations and services as it may deem advisable and the Landlord or any person authorized by the Landlord shall be allowed to take all material into and upon the Leased Premises that may be required therefore but shall at all times seek to minimize any consequential interruption to Tenant's business operations. Subject to Section 4.04, at all times when entering or conducting work on the Leased Premises the Landlord and any persons authorized by the Landlord will be subject to strict adherence to the compliance requirements imposed by Health Canada on the Tenant related to the Tenant's Health Canada License. Any work, if carried out will be conducted in accordance with the Health Canada guidelines to preserve

security requirements within the Leased Premises and to mitigate risks of contamination in the Leased Premises.

7.06 Landlord's Work. NIL. The Tenant acknowledges the Leases Premises will be accepted by the Tenant "as is".

7.07 Tenant's Work. NIL, provided that the Tenant acknowledges that the items listed on Schedule "C" currently located on the Lands shall not be included as part of the Leased Premises as they are not owned by the Landlord and accordingly, if the Tenant requires any of the items listed on Schedule "C" to conduct its business in the Leased Premises, the Tenant shall be required, at its cost, to make arrangements therefor.

ARTICLE 8 - SURRENDER OF PREMISES AND REMOVAL OF FIXTURES

8.01 Surrender. Subject to Section 8.03 hereof, upon the expiration or earlier termination of this Lease or the Term and any period of overholding, the Tenant will surrender to the Landlord possession of the Leased Premises, broom swept, in good order, condition and repair (reasonable wear and tear excluded), free and clear of all encumbrances and claims by or through the Tenant or any creditor of the Tenant, and all the rights of the Tenant under this Lease will terminate (but the Tenant, notwithstanding such termination, will remain and be liable to the Landlord for any loss, damage, expenses or costs suffered or incurred by the Landlord by reason of any default by the Tenant).

8.02 Document of Surrender. If this Lease and the Term are terminated for any reason, the Tenant will execute and deliver to the Landlord any and all documents reasonably required to surrender this Lease.

8.03 Removal of Fixtures. Provided that the Tenant is not in default hereunder, the Tenant may, at the expiration of the Term, remove from the Leased Premises any of its trade fixtures. If the Tenant damages the Leased Premises during such removal the Tenant will immediately make good such damage. In no event will the Tenant remove from the Leased Premises any building or any plumbing, heating, air-conditioning, ventilation or automatic door systems, electrical or ventilating plant or equipment, or other building services; provided that the Landlord will be entitled upon the expiration or earlier termination of this Lease to require the Tenant to, and the Tenant shall, remove its installations, alterations, additions, partitions and fixtures and anything in the nature of improvements made or installed by the Tenant or by the Landlord on behalf of the Tenant to or in the Leased Premises, or any of them, and to make good any damage caused to the Leased Premises by such removal.

ARTICLE 9 - LIABILITY AND INDEMNIFICATION

9.01 Non-Liability of Landlord. Except for the negligence of the Landlord, the Tenant agrees that the Landlord will not be liable or responsible in any way for any personal injury that may be sustained by the Tenant or any employee or customer of the Tenant, or of any other person who may be upon the Leased Premises, or on the sidewalks, parking areas, highways or loading areas adjacent thereto, or for any loss of or damage or injury to, property belonging to or in the possession of the Tenant or any employee, invitee, agent or customer of the Tenant or any other

person, and without limiting the generality of the foregoing, the Landlord will not be responsible in any way for any injury, loss or damage to person or property caused by smoke, steam, water, ice, rain, snow or fumes which may leak, issue or flow into, through, or from the Leased Premises or from the water sprinkler, drainage or smoke pipes or plumbing equipment therein or from any other place or quarter or caused by or attributable to the condition or arrangement of any electrical or other wiring or the air-conditioning equipment, or, for any matter or thing of whatsoever nature or kind arising from the Tenant's use and occupation of the Leased Premises or otherwise.

9.02 Indemnification. The Tenant shall indemnify, defend and hold the Landlord harmless, and the Landlord's officers, directors, partners, members, shareholders, employees and agents from and against any and all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses imposed upon or incurred by or asserted against them by reason of:

- (a) any use and/or occupancy of the Leased Premises by the Tenant;
- (b) the conduct of any business by the Tenant on the Leased Premises;
- (c) any activity, work or things done or permitted or suffered on behalf of the Tenant on the Leased Premises, including without limitation, any generation, use, handling, storage, transportation, or disposal of hazardous materials, or violation of any Environmental Laws by the Tenant or its invitees on the Lands or in the Leased Premises;
- (d) any injury to any person, including death resulting at any time therefrom, occurring in or about the Leased Premises;
- (e) the breach, default, violation or non-performance by the Tenant of any covenant, condition or agreement set forth in this Lease;
- (f) the negligence and/or willful misconduct of the Tenant or any of its agents, contractors, or employees; and/or
- (g) any matters referred to in Section 10.01 hereof,

except in respect of any of the foregoing that arise as a result of the negligence, wilful misconduct or fraud of the Landlord.

9.03 Survival of Indemnification. The indemnifications set forth in Section 9.01 shall survive any termination of this Lease, notwithstanding anything herein to the contrary.

ARTICLE 10 – INSURANCE

10.01 Tenant's Insurance. The Tenant will purchase and keep in force throughout the Term:

- (a) all risk property insurance in amounts sufficient to fully cover, on a replacement cost basis without deduction for depreciation, all leasehold improvements and all

Tenant's property including without limitation, inventory, furniture, movable equipment and similar trade fixtures in the Leased Premises;

- (b) if applicable, boiler and machinery insurance on a replacement cost basis to cover leasehold improvements and all Tenant's property in the Leased Premises;
- (c) commercial general liability insurance on an occurrence basis, against claims for bodily injury, personal injury and property damage in or about the Leased Premises, contractual liability, tenant's legal liability, non-owned automobile liability, and owner's and contractors protective liability, in amounts which are from time to time acceptable to and determined by a prudent landlord of industrial developments comparable to Building E, but not less than \$5,000,000 in respect of each occurrence;
- (d) business interruption insurance including loss of profits;
- (e) insurance for the obligation of the Tenant to make repairs to the Leased Premises in the event of:
 - (i) negligence of the Tenant, its employees, agents, licensees or invitees; or
 - (ii) any forced entry or attempted forced entry; and
- (f) any other form of insurance, in such amounts and against such risks, as Landlord may in its discretion require, acting reasonably.

10.02 Landlord as Insured. Policies for such insurance shall (i) be in a form, on terms and with an insurer approved by Landlord, (ii) require at least thirty (30) days' written notice to Landlord of any cancellation or material alteration of such policy and upon expiration of such policy where the policy is not renewed during the Term, (iii) waive any right of subrogation against Landlord and those for whom Landlord is at law responsible, (iv) contain a standard mortgage clause as required by any mortgagee, (v) contain a provision that Tenant's insurance is primary, (vi) not call into contribution any other insurance available to Landlord, (vii) contain a severability of interests clause and a cross-liability clause, where applicable and shall not contain a co- insurance clause, and (viii) add Landlord and its mortgagees as additional insureds.

10.03 Policies. The Tenant will furnish to the Landlord copies of insurance certificates in lieu thereof and will provide written notice of the continuation of such policies not less than 10 days prior to their respective expiry dates. The Tenant will pay the premium for each policy. If the Tenant fails to purchase or keep in force such insurance the Landlord may, but shall not be obligated to, effect such insurance, the cost thereof recoverable from the Tenant forthwith on demand as Rent hereunder.

10.04 Insurance Waiver. Each of the Landlord and the Tenant hereby waives its right to claim compensation from the other to the extent of the amount of compensation received by the Landlord or Tenant, as the case may be, under any policy of insurance that such party has taken out, in respect of damages caused by the act, omission or negligence of the other of them, or caused by those for whom same is in law responsible.

10.05 Landlord's Insurance. The Landlord shall obtain and maintain in full force and effect during the Term with respect to Building E insurance against such occurrences an in such amounts as would be carried by reasonably prudent owners of properties similar to Building E and which coverage shall include the following, if commercially available:

- (a) all risk property insurance on Building E, excluding leasehold improvements and excluding the Leased Premises, but including equipment contained therein owned by the Landlord, for not less than the full replacement cost thereof;
- (b) boiler and machinery insurance including repair and/or replacement;
- (c) rental income insurance;
- (d) commercial general liability insurance; and
- (e) such other insurance in such amounts and on such terms as the Landlord, in its discretion, may determine.

The Tenant shall reimburse the Landlord for all such costs of the Landlord relating to insurance as part of the Operating Costs.

ARTICLE 11 - DAMAGE OR DESTRUCTION

11.01 Damage to or Destruction of Leased Premises. If the Leased Premises shall be damaged by fire or other casualty for which the Tenant has insurance, the Landlord shall be entitled to all of the proceeds of such insurance, excluding insurance proceeds applicable to damage to Tenant's fixtures, improvements and personal property. If the Leased Premises shall be damaged by fire or other casualty for which the Landlord has insurance, the Landlord shall be entitled to all of the proceeds of such insurance. If the Leased Premises are damaged by fire or other casualty but the Leased Premises are not thereby rendered untenable in whole or in part, the Landlord shall cause the damage to the Leased Premises, to be repaired and the Rent shall not abate. If by reason of such occurrence the Leased Premises shall be rendered untenable only in part, the Landlord shall cause the damage, excluding damage to Tenant's fixtures and improvements, to be repaired and the Rent meanwhile shall abate proportionately until such time that the Tenant can resume its normal operations. If the Leased Premises shall be rendered wholly untenable by reason of such occurrence the Landlord shall cause such damage, excluding damage to Tenant's fixtures and improvements, to be repaired, and the Rent shall abate until the Leased Premises have been restored and rendered Tenantable; or if the Leased Premises cannot reasonably be repaired and made useable within a period of sixty (60) days the Landlord or the Tenant may, at their respective sole election, terminate this Lease and the tenancy hereby created by giving to the other party within thirty (30) days following the date of said occurrence, written notice of their election so to do and in the event of such termination Rent shall be adjusted as of the date of said occurrence.

It is understood and agreed that nothing contained in this Section shall obligate the Landlord to rebuild the Leased Premises or any part thereof, according to original plans and

specifications, but in the event that such rebuilding takes place, the rebuilt Premises will be of a general size and quality comparable to or better than that which existed prior to such damage.

ARTICLE 12 - LANDLORD'S COVENANTS

12.01 Quiet Enjoyment. If the Tenant punctually pays the sums due under this Lease and complies with its obligations under this Lease, the Tenant shall peaceably possess and enjoy the Leased Premises during the Term without any interruption or disturbance from the Landlord or any person or persons claiming by, through or under the Landlord except as otherwise may be provided pursuant to this Lease.

ARTICLE 13 -DEFAULT AND BANKRUPTCY

13.01 Landlord may Perform Covenants. If the Tenant makes default in any of its covenants and agreements herein, then the Landlord, without limiting any other remedy which it may have, will have the right to remedy any such default and for such purpose, except in the case of an emergency when no notice is required, upon no less than twenty-four (24) hours' notice to the Tenant, and subject to all applicable laws and regulations in respect of the Leased Premises, the Tenant shall permit the Landlord to enter upon the Leased Premises. No entry for such purpose will be deemed to cause a forfeiture or termination of this Lease. In order to cure such default and such things as may be incidental thereto, including, without limitation, the right to make repairs and to expend monies. The Tenant will reimburse the Landlord forthwith upon demand as Rent hereunder the aggregate of all costs, charges and expenses incurred by the Landlord in remedying any such default plus ten (10%) percent of same. The Landlord will be under no obligation to remedy any default of the Tenant, and will not incur any liability to the Tenant for any action or omission in the course of its remedying or attempting to remedy any such default unless such act amounts to intentional misconduct or gross negligence on the part of the Landlord.

13.02 Rights of Termination. This Lease may be terminated by the Landlord if and whenever:

- (a) the Tenant shall fail to pay Rent when it is due and such breach shall continue for a period of ten (10) days after notice to the Tenant of such failure; or
- (b) the Tenant shall fail to observe, perform and keep any one or more of the covenants, provisions or stipulations (other than such as relate to payment of any part of the Rent) to be observed, performed or kept by the Tenant hereunder and if such failure shall continue for a period of thirty (30) days after notice to the Tenant of such failure or such longer period as required given the circumstances; or
- (c) the Tenant or any Indemnifier makes an assignment for the benefit of creditors or becoming bankrupt or insolvent takes the benefit of, or becomes subject to any statutes that may be in force relating to bankrupt or insolvent debtors; or
- (d) any certificate or order is made or granted for the winding-up or dissolution of the Tenant, voluntarily or otherwise; or

- (e) if the Leased Premises at any time during the Term become vacant in consequence of abandonment by the Tenant or the removal of the Tenant by legal process for non-payment of Rent, breach of covenant or any other cause; or
- (f) any insurance policy insuring the Leased Premises of the Landlord is cancelled or revoked or is refused by reason of the use and occupation of the Leased Premises or any part thereof and same is not replaced by the Tenant within ten (10) days of receipt of notice by the Tenant of such cancellation;

then in any of the above said cases (collectively, “**Events of Termination**”, and each individually, an “**Event of Termination**”), at the option of the Landlord, the Term shall become forfeited and void and subject to all applicable laws and regulations in respect of the Leased Premises, the Tenant shall permit the Landlord, to re-enter the Leased Premises or any part thereof in the name of the whole and repossess and enjoy the same as of its former estate. Such forfeiture shall be wholly without prejudice to the right of the Landlord to recover arrears of Rent or damages for any antecedent breach of the Tenant's covenants, obligations or agreements under this Lease, and provided that notwithstanding any such forfeiture the Landlord may subsequently recover from the Tenant damages for loss of Rent suffered by reason of this Lease having been forfeited and void as aforesaid. No such re-entry or taking possession of the Leased Premises by the Landlord shall be construed as an election on the part of the Landlord to terminate this Lease unless at the time of or subsequent to such re-entry or taking up possession written notice of such intention has been given to the Tenant or such termination is decreed by a court of competent jurisdiction.

13.03 Waiver with Respect to Re-entry. If the Landlord does not exercise its option under the preceding Section 13.02 to terminate this Lease it may in addition to any remedies available to the Landlord herein, or at law or in equity, from time to time, except in the case of an emergency upon no less than twenty-four (24) hours’ notice to the Tenant, and subject to all applicable laws and regulations in respect of the Leased Premises, re-enter the Leased Premises without terminating this Lease, make such alterations and repairs as may be necessary in order to relet the Leased Premises as agent of the Tenant for such period or periods (which may extend beyond the Term) and at such rentals and upon such terms and conditions as the Landlord in its sole discretion may deem advisable. All reasonable expenses as the Landlord may incur in reletting the Leased Premises, including legal fees and disbursements and real estate fees and commissions and expenses of preparing the Leased Premises for reletting shall be paid by the Tenant to the Landlord forthwith on demand. Upon such reletting rent received by the Landlord shall be applied first to the payment of said reasonable expenses, second to the payment of any indebtedness (other than Rent) due from the Tenant to the Landlord, and third, to the payment of Rent. The residue, if any, shall be held by the Landlord and applied in payment of future rent as the same may become due and payable. If rentals received from such reletting during any month are less than that to be paid during that month by the Tenant hereunder, the Tenant shall forthwith pay any such deficiencies to the Landlord. No re-entry or taking possession of the Leased Premises by the Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of such intention has been given to the tenant or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such reletting without termination, the Landlord may at any time thereafter elect to terminate this Lease by reason of such previous event. Should the Landlord at any time terminate this Lease by reason of any such event, in addition to any other remedies it may

have, it may recover from the Tenant all damages it may incur with respect thereto including the cost of recovering the Leased Premises and the worth at the time of such termination of the excess, if any, of the amount of Rent, for the remainder of the Term, all of which Rent shall be immediately due and payable from the Tenant to the Landlord.

13.04 Right to Distrain. Upon the happening of an Event of Termination, the Landlord may, in addition to any other rights or remedies it may have under other provisions of this Lease or at law, at its option, subject to the provisions of *The Landlord and Tenant Act* (Manitoba) as amended from time to time, *The Distress Act* (Manitoba) as amended from time to time, and all applicable laws and regulations in respect of the Leased Premises enter the Leased Premises and distrain upon the goods and chattels of the Tenant, or may remove and sell the goods, chattels and equipment of the Tenant.

13.05 Remedies of Landlord are Cumulative. The remedies of the Landlord under this Lease are cumulative and are in addition to any remedies of the Landlord at law or in equity. No remedy will be deemed to be exclusive and the Landlord may from time to time have recourse to one or more of all of the available remedies specified herein or at law or in equity.

13.06 Bankruptcy. In the event of default pursuant to Subsection 13.02(c) then the current and next ensuing three (3) months' Rent shall become due and payable.

ARTICLE 14 - IMPOSSIBILITY OF PERFORMANCE

14.01 Non-performance by Landlord. Whenever the Landlord or the Tenant are unable to fulfill any obligation hereunder in respect of the provision of any service, utility, work or repairs by reason of being unable to obtain the materials, goods, equipment, service, utility or labor required to enable it to fulfill such obligation or by reason of any law or regulation or by reason of any other cause beyond its reasonable control, the Landlord or the Tenant, as the case may be, will be entitled to extend the time for fulfillment of such obligation by a time equal to the duration of the delay or restriction. The Tenant will not be entitled to any compensation for any inconvenience, nuisance or discomfort thereby occasioned, or to cancel this Lease.

ARTICLE 15 – OVERHOLDING

15.01 Overholding. If the Tenant remains in possession of the Leased Premises after the expiration of this Lease and without the execution and delivery of a new lease and subject to all applicable laws and regulations in respect of the Leased Premises, the Tenant shall permit the Landlord to re-enter upon the Leased Premises and take possession of the Leased Premises and remove the Tenant therefrom through applicable legal proceedings; PROVIDED THAT while the Tenant remains in possession after the expiration of this Lease, and the Landlord accepts Rent, the tenancy, in the absence of written agreement, will be from month to month only at a rental per month equal to two (2) times the Rent payable in respect of the month immediately preceding expiration of this Lease payable in advance on the 1st day of each month and shall be subject to all terms of this Lease, except that the tenancy will be from month to month and a tenancy from year to year will not be created by implication of law.

ARTICLE 16 – ARBITRATION

16.01 Arbitration. In the event that the Landlord and the Tenant are unable to reach agreement as to any matter which by the provisions of this Lease is to be determined by arbitration, or the interpretation of this Lease generally, or any other matter pertaining thereto, then such matter may be referred by either the Landlord or the Tenant to arbitration by a single arbitrator (or three (3) such arbitrators failing agreement) in the manner set out in this Article 16.

16.02 Appointment of Arbitrator. Upon notice being given by a party hereto, the dispute shall be determined by the award of a single arbitrator chosen by agreement of the parties within ten (10) Business Days of the giving of such notice, or if the parties are unable to agree upon a single arbitrator within such time:

- (a) by the award of three (3) arbitrators or by a majority of them, one named by the Landlord and one named by the Tenant within fourteen (14) days of the giving of such notice and the third (3rd) arbitrator to be selected by those two (2) arbitrators within ten (10) Business Days after both have been nominated (and provided that if the two (2) arbitrators cannot agree on a third (3rd) arbitrator, then either party may apply to the Manitoba Court of King's Bench and a Judge will appoint the third (3rd) arbitrator in accordance with *The Arbitration Act* (Manitoba)); and
- (b) if either the Landlord or Tenant neglects or refuses to name its arbitrator in the time specified, the arbitrator named by the other party shall proceed with the arbitration.

The arbitrator(s) shall have all of the powers given by *The Arbitration Act* (Manitoba) and may at any time proceed in such manner as the arbitrator(s) may see fit (but subject always to compliance with the terms of this Lease) on such notice as the arbitrator(s) may deem reasonable in the absence of the other party if that party fails to attend. Each party shall pay its own costs and shall share equally the costs of the arbitration except as the arbitrator(s) may otherwise determine.

The award and determination of the arbitrator(s) shall be final and binding upon the parties and each party agrees not to appeal any such award or determination.

For greater certainty, if there are three (3) arbitrators, unless they decide unanimously, the decision of the majority of the three (3) arbitrators constitutes the decision of the arbitrators.

References in this Lease to the "arbitrator(s)" shall mean the single arbitrator or three (3) arbitrators, as the case may be, appointed pursuant to this Section 16.02.

ARTICLE 17 - MISCELLANEOUS

17.01 Waiver. No waiver of any default will be binding unless acknowledged in writing by the Landlord. No waiver shall apply to any subsequent default unless acknowledged in writing by the Landlord.

17.02 Condoning. Any condoning, excusing or overlooking by the Landlord of any default will not operate as a waiver of the Landlord's rights hereunder in respect of any subsequent default.

17.03 Force Majeure. If any party is prevented from, or delayed in, performing its obligations hereunder and such prevention or delay shall be caused or materially contributed to by force majeure (and for the purposes of this Agreement “**force majeure**” shall mean any act of God, strike, lockout or other industrial disturbances, act of the King’s enemies, sabotage, war, blockades, insurrections, riots, epidemics, pandemics, government health orders, lightning, earthquakes, floods, storms, inclement weather, fires, washouts, nuclear and radiation activity or fallout, arrests and distrains of rules and people, civil disturbances, explosion, breakage or accident to machinery or stoppage thereof for necessary maintenance or repairs, inability to obtain labour, materials or equipment satisfactory to such party acting reasonably, any legislative, governmental, administrative or judicial action or inaction which has been resisted in good faith by all commercially reasonable means, any act, omission or event whether of the kind herein enumerated or otherwise not within the control of such party, and which by the exercise of due diligence such party could not have prevented, but lack of funds on the part of such party or parties shall be deemed not to be a force majeure) the party affected by such prevention or delay shall be deemed not to be in breach of the obligations of such party for so long as such delay or prevention by force majeure continues but such party shall use all reasonable commercial efforts to put itself in a position to carry out its obligations hereunder. For greater certainty, if there is such prevention or delay the period for performance or compliance shall be extended for a period equal to the period of force majeure, PROVIDED that force majeure shall not operate to extend the Initial Term or any Renewal Term.

17.04 Subordination. Provided that the Landlord delivers to the Tenant an undertaking by the mortgagee not to disturb the occupancy of the Leased Premises by the Tenant pursuant to this Lease for as long as the Tenant is in good standing hereunder and pays the Rent to such mortgagee after receipt of written notice from such mortgagee, this Lease will be subject, subordinate and postponed to all mortgages (including any deed of trust and mortgage securing bonds and all indentures supplemental thereto) which may hereafter charge or affect the Lands and to all renewals, modifications, consolidations, replacements and extensions of such mortgages. Subject to receiving a non-disturbance agreement addressed to the Tenant, the Tenant agrees to execute promptly any document in confirmation of such subordination and postponement which the Landlord or the owner of the Lands may request, including a postponement of any filing or registration at the Winnipeg Land Titles Office.

17.05 Acknowledgement by the Tenant. The Tenant will execute within fifteen (15) business days of receipt thereof, a certificate (which may be referred to as an Estoppel Certificate) in favour of any prospective mortgagee or purchaser of the Landlord certifying the status of this Lease, any modifications or breaches of this Lease, and the status of the rent account, all with the intent that any such acknowledgement or certificate may be relied upon by any party to whom it is directed.

17.06 Registration. The Tenant shall be entitled to register notice of this Lease against title to the Leased Premises, provided no financial details are disclosed in such notice and the Landlord has reviewed and approved such registration prior to it being registered at the Winnipeg Land Titles Office. Any such registration shall be discharged by the Tenant upon expiration or earlier termination of the Lease.

17.07 Confidentiality. The Tenant and the Indemnifier shall not disclose the terms of this Lease, except to any of their professional advisors, insurance consultants, lenders and accountants or auditors, which such disclosure is reasonably required and such advisor, consultant, lender, accountant or auditor has agreed to honour such confidentiality and except as required by law.

17.08 Severability. If any provision of this Lease is illegal or invalid or unenforceable at law it will be deemed to be severed from this Lease and the remaining provisions will nevertheless continue to be in full force and effect.

17.09 Headings. All headings in this Lease are inserted for convenience of reference only and will not affect the construction and interpretation of this Lease.

17.10 Representations and Entire Agreement. The Tenant acknowledges and agrees that the Landlord has made no representations, covenants, warranties, guarantees, promises or agreements (verbal or otherwise) with the Tenant other than those contained in this Lease; that no agreement collateral hereto will be binding upon the Landlord unless made in writing and signed by the Landlord; and, that this Lease constitutes the entire agreement between the Landlord and Tenant. The parties agree that the preambles to this Lease are considered essential parts of this Lease and are considered incorporated into this Lease. The Tenant acknowledges that it is relying upon its own inspection and knowledge of the Leased Premises and that there are no other representations, conditions, warranties, or collateral agreements of any kind in regard to the matters addressed by this Lease other than as expressed in this Lease.

17.11 Notices. Any notice, or request or demand herein provided or permitted to be given hereunder, shall be sufficiently given if personally served, or mailed by registered mail as follows:

- (a) to the Landlord: 6599362 CANADA LTD.
Attn: Andrew DeFehr
125 Furniture Park
Winnipeg, MB R26 1B9
- (b) to the Tenant:
- (c) to the Indemnifier:

Any notice mailed as aforesaid shall for the purposes of this Lease be presumed to have been given one (1) business day following the date on which such notice is delivered or three (3) business days following the day on which such notice is mailed as aforesaid. Provided that, in the event of any actual or imminent postal disruption, notices shall be delivered to the appropriate party and not sent by mail. Any party may at any time give notice in writing to the others of any change of address, and after the giving of such notice the address therein specified will be deemed to be the address of such party for the purpose of giving notices hereunder.

17.12 Time of Essence. Time will be of the essence of this Lease.

17.13 Relationship. Nothing herein contained will at any time create or be construed as creating a joint venture, partnership or relationship between the parties other than that of Landlord and Tenant.

17.14 Governing Law. This Lease will be construed and governed by the laws of the Province of Manitoba.

17.15 Plurality and Gender. Words in the singular will include the plural and words in the masculine gender will include feminine and neuter genders where the context so requires.

17.16 Counterparts. This Lease may be executed and delivered in several counterparts and by means of electronic transmission, and all such executed counterparts, when taken together, shall constitute the same agreement, effective as of the date first above written. The parties undertake to promptly deliver to one another original copies of all such counterparts which are executed and delivered by means of electronic transmission.

[Signature Page Follows]

IN WITNESS WHEREOF the parties have executed this Lease as of the date first above written.

6599362 CANADA LTD.

**SIMPLY SOLVENTLESS
CONCENTRATES INC.**

Per: _____
Name:
Title:

Per: _____
Name:
Title:

Per: _____
Name:
Title:

Per: _____
Name:
Title:

2759054 ONTARIO INC.
o/a FIKA HERBAL GOODS

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE "A"

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

SCHEDULE "B"



SCHEDULE “C”

ITEMS NOT INCLUDED IN LEASED PREMISES

- (a) Grow pod containers with all components inside and outside of units;
- (b) Electrical on grow pods and electrical lines leading to transformers;
- (c) Stand alone transformers;
- (d) Sub panels attached to containers;
- (e) All grow lighting inside containers;
- (f) All water systems inside containers;
- (g) Water lines specifically used to distribute water to grow pod containers;
- (h) Domestic water tank and filtering room to condition water for containers;
- (i) All fans, A/C units and sensors on containers;
- (j) Catwalks;
- (k) Production equipment related to bottling and rolling of cannabis products;
- (l) Computer equipment and software related to containers;
- (m) Heating units, if any, on grow containers;
- (n) CO2 tank outside of Building E but located within the Lands;
- (o) Chillers located outside of Building E; and
- (p) External washroom

SCHEDULE “D”

INDEMNITY AGREEMENT

This Agreement is made the _____ day of _____, 2025,

Between:

2759054 ONTARIO INC. o/a FIKA HERBAL GOODS

(the “**Indemnifier**”)

- and -

6599362 CANADA LTD.

(the “**Landlord**”).

WHEREAS:

The Landlord is the owner of the lands and building known municipally as Building E located on 760 Pandora Ave. East, Winnipeg, Manitoba (the “**Property**”); and

The Indemnifier and _____ (the “**Tenant**”) have requested the Landlord to enter into a lease (the “**Lease**”) dated _____, 2025 between the Landlord, as landlord, and the Tenant, as tenant, relating to premises in the Property and the Landlord has agreed to do so only if the Indemnifier executes and delivers this Agreement in favour of the Landlord;

NOW THEREFORE for good and valuable consideration (the receipt and sufficiency of which are acknowledged by the Indemnifier), the Indemnifier agrees with the Landlord as follows:

1. The Indemnifier covenants with the Landlord that, for the first three (3) years of the Term (the “**Indemnification Period**”), the Tenant will pay all Basic Rent, Operating Costs and other Additional Rent payable under the Lease on the days and at the times and in the manner provided in the Lease, and will observe each and every covenant, proviso, condition, agreement and obligation contained in the Lease on the part of the Tenant to be performed and observed, and that if any default is made by the Tenant, whether in payment of monies or performance of obligations, the Indemnifier shall forthwith on demand (subject to the Cure Period, as defined herein) pay to the Landlord such monies and perform such obligations and pay any and all damages resulting from any non-payment or non-performance; provided that such indemnification shall be subject to the limitation described in Section 3 of this Agreement.

2. The Indemnifier shall be jointly and severally liable with the Tenant for all of the Tenant’s obligations under the Lease during the Indemnification Period, as if it were separately named as a tenant under the Lease.

3. The Landlord and Indemnifier acknowledge, confirm and agree that notwithstanding anything in this Agreement to the contrary, the total liability of the Indemnifier under this

Agreement is limited to an aggregate amount of \$3,626,000, which amount shall decrease by the amount of Basic Rent, Operating Costs and other Additional Rent payable under the Lease that is paid monthly during the Indemnification Period.

4. This Indemnity is absolute and unconditional subject to the terms of this Agreement and the obligations of the Indemnifier and the rights of the Landlord hereunder shall not be affected or in any way prejudiced or impaired by: (a) any neglect or forbearance by the Landlord in obtaining payment of Basic Rent, Additional Rent or other amounts or of enforcing the provisions of the Lease or the obligations of the Tenant or any waiver or failure to enforce any provision of this Agreement by the Landlord; (b) any extensions of time or other indulgences given by the Landlord to the Tenant; (c) any amendment of the Lease or other dealing between the Landlord and the Tenant with or without notice to the Indemnifier; (d) any transfer by the Tenant, provided that any such transfer shall require the consent of the Indemnifier, not to be unreasonably withheld (with or without the Landlord's consent); or (e) any other act or failure to act by the Landlord which would release, discharge or affect the obligations of the Indemnifier if it were a mere surety, with the intent that the obligations of the Indemnifier shall continue and shall not be released, discharged or reduced or in any way impaired until such time as all of the obligations of the Tenant under the Lease, now existing or to arise at any time in the future, have been fully performed and satisfied.

5. Notwithstanding any other provision in this Agreement, the Indemnifier's liability to make a payment or perform an obligation under this Agreement shall be subject to a cure period of thirty (30) days following written notice of default delivered from the Landlord to the Tenant and the Indemnifier (the "**Cure Period**"). The Indemnifier shall be entitled to cure any such default within the Cure Period. In the event that the default is not cured within the Cure Period, the Indemnifier's liability to make a payment or perform an obligation shall arise immediately upon the expiration of the Cure Period. Notice of any default shall be given in accordance with the notice provision in Section 6 of this Agreement.

6. The Indemnifier expressly waives notice of the acceptance of this Agreement. Any notice which the Landlord desires to give to the Indemnifier shall be sufficiently given if personally delivered, delivered by courier or mailed by registered prepaid post, to the Indemnifier at its registered address, and every such notice is deemed to have been given upon the day it was delivered, or if mailed, on the fifth day following the date of such mailing. The Indemnifier may designate by notice in writing to the Landlord a substitute address for that set forth above. If two or more persons are named as Indemnifier, such notice given hereunder or under the Lease shall be sufficiently given if delivered or mailed in the foregoing manner to any one of such persons.

7. The obligations of the Indemnifier under this Agreement shall not be released, discharged or affected by the bankruptcy or insolvency of the Tenant or any proposal made by it to its creditors or any repudiation of the Lease pursuant to the *Bankruptcy and Insolvency Act* (Canada), or any successor or similar legislation, or any disclaimer by any trustee in bankruptcy of the Tenant or by the Tenant ceasing to exist (whether by winding-up, forfeiture, dissolution, or any other circumstance) or by any event terminating the Lease including a re-entry or termination. If the Lease is terminated prior to the end of the Indemnification Period, except by surrender duly accepted by the Landlord, the Indemnifier's obligations shall not be affected by any repossession of the Leased Premises by the Landlord, except that if the Landlord re-lets the Leased Premises then the payments received by the Landlord (after deducting costs and expenses of repossessing

and re-letting the Leased Premises) will be credited by the Landlord against the Indemnifier's obligations under this Agreement.

8. The Landlord shall not be obliged to exercise its remedies against the Tenant or any other person or against the Leased Premises or to exhaust any security given by the Tenant before demanding payment of monies or performance of covenants by the Indemnifier.

9. The Indemnifier's obligations under this Agreement bind the Indemnifier and its successors and assigns (as the case may be) and this Agreement may be assigned by the Landlord, and will benefit and be enforceable by the successors and assigns of the Landlord, and all parties who for the time being have the status of Landlord under the Lease, whether or not such parties receive a specific assignment of the Lease or of the Indemnifier's obligations, and whether or not notice of any assignment or change in ownership of the Leased Premises or any property of which the Leased Premises forms a part is given to the Indemnifier.

10. The grammatical changes required to make the provisions of this Agreement apply in the plural sense where the Indemnifier comprises more than one person and to corporations, firms, partnerships or individuals, will be assumed as though in each case fully expressed, and if the Indemnifier consists of more than one person, the obligations of the Indemnifier shall be deemed to be joint and several obligations of each such person.

11. This Agreement shall be construed in accordance with the laws of the Province of Manitoba.

12. The Indemnifier acknowledges receipt of a copy of the Lease and covenants, represents and warrants that it has full power, capacity and authority to enter into this Agreement and to perform its obligations hereunder.

13. No modification of this Agreement shall be effective unless it is in writing and is executed by both the Indemnifier and the Landlord.

14. Whenever any reference is made in this Agreement to the Lease or the obligations of the Tenant under the Lease, such reference shall be deemed to include any and all agreements and instruments executed by the Tenant in connection with the Lease or pursuant to the Lease and which relate to the Leased Premises. Any capitalized word or phrase used in and not defined in this Agreement shall have the meaning given to it in the Lease.

15. This Agreement may be executed and delivered in several counterparts and by means of electronic transmission, and all such executed counterparts, when taken together, shall constitute the same agreement, effective as of the date first above written. The parties undertake to promptly deliver to one another original copies of all such counterparts which are executed and delivered by means of electronic transmission.

IN WITNESS WHEREOF the Indemnifier has executed this Agreement.

**2759054 ONTARIO INC. o/a FIKA
HERBAL GOODS (Indemnifier)**


Per: _____
Name: _____
Title: _____
I have authority to bind the Corporation.

IN WITNESS WHEREOF the Landlord has executed this Agreement.

6599362 CANADA LTD.

Per: _____
Name: _____
Title: _____
I have authority to bind the Corporation.

This is Exhibit "B"
referred to in the Affidavit of John Arbuthnot IV
sworn before me, at Winnipeg, Manitoba,
this 30th day of December, 2024


A Notary Public in and for the Province of Manitoba

SHARE PURCHASE AGREEMENT

This Agreement is made as of the 28th day of December, 2024 (the “**Effective Date**”)

AMONG:

DELTA 9 CANNABIS INC., a corporation incorporated pursuant to the laws of the Province of British Columbia (the “**Vendor**”)

– and –

DELTA 9 BIO-TECH INC., a corporation existing under the federal laws of Canada (“**Bio-Tech**”)

– and –

SIMPLY SOLVENTLESS CONCENTRATES LTD., a corporation incorporated pursuant to the laws of the Province of Alberta (“**Purchaser**”)

WHEREAS:

A. Pursuant to the order of the Honourable Justice Mah of the Court of King’s Bench of Alberta (Commercial List) (the “**Court**”) issued July 15, 2024 (as amended and restated on July 24, 2024, and as may be further amended from time to time, the “**Initial Order**”), the Vendor, Bio-Tech, Delta 9 Lifestyle Cannabis Clinic Inc. (“**Delta Lifestyle**”), Delta 9 Cannabis Store Inc. (“**Delta Store**”), and Delta 9 Logistics Inc. (“**Delta Logistics**” and together with the Vendor, Bio-Tech, Delta Lifestyle and Delta Store, collectively, the “**Delta 9 Group**”), among others, were granted, among other things, creditor protection under the *Companies’ Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the “**CCAA**”) and Alvarez & Marsal Canada Inc. was appointed as Monitor of the Delta 9 Group (in such capacity, the “**Monitor**”).

B. In connection with the proceedings initiated by the Initial Order (the “**CCAA Proceedings**”), on July 24, 2024, the Court issued an order (the “**SISP Order**”) approving, and authorizing the Monitor to conduct, a sale and investment solicitation process (“**SISP**”) to solicit offers for all or a portion of the business and/or assets of Bio-Tech.

C. In accordance with the terms of the SISP, Bio-Tech entered into a purchase agreement dated December 28, 2024 (the “**Real Property Purchase Agreement**”) with 6599362 Canada Ltd. (the “**Real Property Purchaser**”) pursuant to which the Real Property Purchaser agreed to purchase, and Bio-Tech agreed to sell, all of Bio-Tech’s rights, title and interest in and to the Real Property (as defined herein) (the “**Real Property Transaction**”).

D. The Purchaser wishes to acquire the Bio-Tech Shares (as defined herein) and to continue to operate the business of Bio-Tech from the Real Property pursuant to the terms of the Real Property Lease (as defined herein).

E. The Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, all of the Vendor’s right, title and interest in and to the Bio-Tech Shares (as defined herein) subject to and in accordance with the terms and conditions set out herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the Parties hereby acknowledge and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Unless something in the subject matter or context is inconsistent therewith, the following terms shall have the following meanings:

“**Affiliate**” has the meaning given to the term “affiliate” in the *Business Corporations Act* (Alberta).

“**Agreement**” means this share purchase agreement, as may be further amended and restated from time to time in accordance with the terms hereof, with the consent of the Monitor, and “**Article**” and “**Section**” mean and refer to the specified article, section and subsection of this Agreement.

“**Applicable Law**” means, in respect of any Person, property, transaction or event, any: (a) domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order; (b) judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings, instruments or awards of any Governmental Authority; and (c) policies, practices, standards, guidelines and protocols having the force of law, that applies in whole or in part to such Person, property, transaction or event.

“**Approval and Vesting Order**” means an order by the Court, in form and substance satisfactory to the Purchaser, acting reasonably, among other things, approving and authorizing the Transaction and vesting in the Purchaser (or as it may direct) all the right, title and interest in and to the Bio-Tech Shares, free and clear from any Encumbrances.

“**Authorization**” means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person’s property or business and affairs (including any zoning approval or building permit) or from any Person in connection with any easements, contractual rights or other matters.

“**Bio-Tech**” means Delta 9 Bio-Tech Inc.

“**Bio-Tech Shares**” means all of the issued and outstanding shares in the capital of Bio-Tech.

“**Books and Records**” means: (i) all of Bio-Tech’s files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including financial, Tax and accounting books and records; and (ii) all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including financial, Tax and accounting books and records used by, or in the possession of Bio-Tech, including information, documents and records relating to the Retained Contracts, the Employees, customer lists, customer information and account records, sales records, computer files, data processing records, sales literature, advertising and marketing data and records, cost and pricing information, production reports and records, equipment logs, operating guides and manuals, credit records, records relating to present and former suppliers and contractors, plans and projections and all other records, data and information stored electronically, digitally or on computer-related media.

“**Branding Intellectual Property**” means all intellectual property rights relating to the “Delta 9 Cannabis” brand including, without limitation, all trademarks (whether registered or unregistered),

trade names and applications therefor, brand names, logos and symbols, all renewals, modifications or extensions thereof.

“**Business**” means the business conducted by Bio-Tech, being a licensed producer and distributor of cannabis, engaged in the cultivation, processing and sale of cannabis and cannabis products.

“**Business Day**” means a day on which banks are open for business in Calgary, Alberta, but does not include a Saturday, Sunday or statutory holiday in the Province of Alberta.

“**CCAA**” has the meaning set out in the recitals hereto.

“**CCAA Proceedings**” has the meaning set out in the recitals hereto.

“**Claims**” means any civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, suit, investigation or proceeding and any claim of any nature or kind (including any cross-claim or counterclaim), demand, investigation, audit, chose in action or cause of action, suit, default, assessment, litigation, prosecution, third party action, arbitral proceeding or proceeding, complaint or allegation, by or before any Person.

“**Closing**” means the closing and consummation of the Transaction.

“**Closing Date**” means the date that is ten (10) days after the date upon which the conditions set forth in ARTICLE 8 have been satisfied or waived, other than any conditions set forth in ARTICLE 8 that by their terms are to be satisfied or waived at the Closing (or such other earlier or later date as may be agreed by the Parties in writing).

“**Closing Time**” means 12:01 a.m. (Calgary time) on the Closing Date or such other time on the Closing Date as the Parties agree in writing.

“**Contracts**” means all pending and executory contracts, agreements, leases, understandings and arrangements (whether oral or written) to which Bio-Tech is a party or by which Bio-Tech bound or in which Bio-Tech, or will at Closing have, any rights or by which any of its property or assets are or may be affected, including any Contracts in respect of Employees.

“**Court**” has the meaning set out in the recitals hereto.

“**Deposit**” has the meaning set out in Section 3.2(b).

“**Delta 9 Group**” has the meaning set out in the recitals hereto.

“**Delta Lifestyle**” means Delta 9 Lifestyle Cannabis Clinic Inc.

“**Delta Lifestyle Shares**” means all of the issued and outstanding shares of Delta Lifestyle.

“**Discharge**” means, in relation to any Encumbrance against any Person or upon any asset, undertaking or property, the full, final, irrevocable, complete and permanent waiver, release, discharge, cancellation, termination and extinguishment of such Encumbrance against such Person or upon such asset, undertaking or property and all proceeds thereof.

“**Effective Date**” has the meaning set out in the preamble hereto.

“**Employee**” means any individual who is employed by Bio-Tech as of the Closing Date, whether on a full-time or a part-time basis and includes an employee on short term or long term disability

leave, but for certainty excludes any employee whose employment will be terminated pursuant to Section 8.2(e).

“Employee Termination Costs” has the meaning set out in Section 6.7(b).

“Encumbrance” means any security interest, lien, Claim, charge, right of retention, deemed trust, judgement, writ of seizure, writ of execution, notice of seizure, notice of execution, notice of sale, hypothec, reservation of ownership, pledge, encumbrance, mortgage, adverse claim or right of a third party (including any contractual rights such as purchase options, rights of first refusal, rights of first offer or any other pre-emptive contractual right) or encumbrance of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing, (including any conditional sale or title retention agreement, or any capital or financing lease).

“Excise Act” means the *Excise Act, 2001*, S.C. 2002, c.22.

“Excise Tax Act” means the *Excise Tax Act*, R.S.C. 1985, c. E-15.

“Excluded Assets” means: (i) the Real Property; (ii) the Branding Intellectual Property; (iii) the Delta Lifestyle Shares; (iv) the Excluded Securities; (v) the purchase price payable by the Real Property Purchaser to Bio-Tech in connection with the Real Property Transaction, together with all other amounts payable to Bio-Tech in connection with the Real Property Transaction; (vi) the excise deposit held by Canada Revenue Agency; and (vii) the properties, rights, assets and undertakings of Bio-Tech listed as “Excluded Assets” on Schedule “A”, as the same may be modified by the Purchaser no later than five (5) Business Days before the Closing Date in accordance with the terms hereof.

“Excluded Contracts” means those contracts and other agreements of Bio-Tech that are not Retained Contracts and for greater certainty, includes those contracts and agreements which are listed on Schedule “B”, as the same may be modified by the Purchaser no later than two (2) Business Days before the Closing Date in accordance with the terms hereof.

“Excluded Securities” means all of the issued and outstanding shares of Oceanic Releaf Inc. and Pure Blue Cannabis Inc. that are held by Bio-Tech.

“Excluded Liabilities” has the meaning set out in Section 2.2.

“Filing Date” means July 15, 2024.

“Governmental Authority” means any domestic or foreign government, whether federal, provincial, state, territorial, municipal or supra-national; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

“GST/HST” means all goods and services tax and harmonized sales tax imposed under the Sales Tax Legislation.

“Implementation Steps” means the transactions, acts and events described in Exhibit “A”, as the same may be modified in accordance with Section 7.2 and the Approval and Vesting Order, which are to occur in the sequence described therein.

“Income Tax Act” means the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.).

“Initial Order” has the meaning set out in the recitals hereto.

“Interim Period” means the period from the Effective Date to the Closing Time.

“Inventory” means all finished products held for sale, lease or consumption in the ordinary course of business in each case wherever located, and whether held by Bio-Tech or in transit, or in the possession of a third party for the benefit or account of Bio-Tech, including, but not limited to, all items in storage, on order, or in transit.

“Inventory Value” has the meaning set out in Section 3.3.

“Liability” means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“Monitor” has the meaning set out in the recitals hereto.

“Monitor’s Certificate” means an executed certificate of the Monitor substantially in the form attached to the Approval and Vesting Order.

“Organizational Documents” means any trust document, charter, certificate or articles of incorporation or amalgamation, articles of amendment, articles of association, articles of organization, articles of continuance, bylaws, as amended, partnership agreement or similar formation or governing documents of a Person (excluding individuals).

“Outside Date” means 11:59 pm (Calgary time) on February 28, 2025, or such later date and time as the Parties may agree to in writing.

“Parties” means a party to this Agreement and any reference to a Party includes its successors and permitted assigns and **“Parties”** means more than one of them.

“Permits and Licenses” means the permits, licenses, authorizations, approvals or other evidence of authority related to the Business and issued to, granted to, conferred upon, or otherwise created for any of Bio-Tech including, without limitation: (a) Cannabis Licence No. LIC-DUUNT3BJW1-2022 issued to Bio-Tech by Health Canada pursuant to the *Cannabis Act* and the *Cannabis Regulations*; and (b) Excise Licence No. 85116 3048 RD0001 issued to Bio-Tech by the Canada Revenue Agency pursuant to the *Excise Act*.

“Permitted Encumbrances” means those Encumbrances related to the Retained Assets as set forth in Schedule “D”, as the same may be modified by the Purchaser prior to the service of materials for the sale approval hearing.

“Person” means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.

“Plan Sponsor” means 2759054 Ontario Inc. o/a Fika Herbal Goods.

“Purchase Price” has the meaning set out in Section 3.1.

“Purchaser” means Simply Solventless Concentrates Ltd.

“Real Property” means the building and fixtures located at Lot A, B, C, D, E, and F of Plan 51110 as set out in the Manitoba Land Titles Registry Title Number 2977656/1.

“Real Property Lease Agreement” means the lease agreement to be entered into among Bio-Tech and the Real Property Purchaser on the Closing Date.

“Real Property Purchaser” means 6599362 Canada Ltd.

“Real Property Transaction” has the meaning set out in the recitals hereto.

“ResidualCo” means a corporation incorporated or to be incorporated under the laws of Canada or a province thereof in advance of the Closing Date, to which the Excluded Assets and Excluded Liabilities will be transferred pursuant to the Approval and Vesting Order and in accordance with the Implementation Steps, and which shall have no issued and outstanding shares.

“Retained Assets” has the meaning set out in Section 4.1.

“Retained Contracts” means the Contracts listed in Schedule “F”, as the same may be modified by the Purchaser no later than two (2) days before the Closing Date in accordance with the terms hereof (and including as such Retained Contracts may be amended, restated, supplemented or otherwise modified from time to time).

“Retained Liabilities” means: (a) Liabilities specifically and expressly designated by the Purchaser as Retained Liabilities in Schedule “E”, as the same may be modified by the Purchaser no later than two (2) Business Days before the Closing Date, provided that consent of the Vendor and the Monitor is required for the removal of any Retained Liabilities in accordance with the terms hereof; and (b) all Liabilities which relate to the Permits and Licenses and the Business under any Retained Contracts, solely in respect of the period from and after the Closing Time and not relating to any default existing prior to or as a consequence of Closing.

“Sales Tax Legislation” means Part IX of the *Excise Tax Act*.

“Taxes” means, with respect to any Person, all supranational, national, federal, provincial, state local or other taxes, including but not limited to income taxes, capital gains taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, documentary taxes, sales taxes, use taxes, license taxes, excise taxes, environmental taxes, registration charges, land transfer taxes, conveyance fees, security interest filing or recording fees and any other similar or like taxes or charges, transfer taxes and fees, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, workers’ compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, or any other Tax arising from, or relating to, or in respect of the consummation of the Transaction, including in connection with the sale, transfer or registration of the transfer of the Real Property, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties and any Liability for the payment of any amounts of the type described in this paragraph as a result any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person.

“Terminated Employees” has the meaning set out in Section 6.7(b).

“**Transaction**” means all of the transactions contemplated by this Agreement, including the transaction whereby the Purchaser will acquire the Bio-Tech Shares.

“**Vendor**” means Delta 9 Cannabis Inc.

“**WIP**” means all raw materials, packaging, work-in-process and other goods and materials acquired by Bio-Tech for the purposes of producing saleable products, in each case wherever located, and whether held by Bio-Tech or in transit, or in the possession of a third party for the benefit or account of Bio-Tech, including, but not limited to, all items in storage, on order, or in transit.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 General Construction

The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement and not to any particular section hereof. The expression “Section” or reference to another subdivision followed by a number mean and refer to the specified Section or other subdivision of this Agreement. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 Extended Meanings

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term “including” means “including, without limitation,” and such terms as “includes” have similar meanings and the term “third party” means any other Person other than the Vendor or the Purchaser, or any Affiliates thereof.

1.5 Currency

All references in this Agreement to dollars, monetary amounts, or to \$, are expressed in Canadian currency unless otherwise specifically indicated.

1.6 Interpretation if Closing Does Not Occur

In the event that Closing does not occur, each provision of this Agreement which presumes that the Purchaser has acquired the Bio-Tech Shares hereunder shall be construed as having been contingent upon Closing having occurred.

1.7 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

1.8 Schedules & Amendments to Schedules

The following exhibits and schedules are attached hereto and incorporated in and form part of this Agreement:

EXHIBITS

Exhibit A - Implementation Steps

SCHEDULES

Schedule A - Excluded Assets

Schedule B - Excluded Contracts

Schedule C - Excluded Liabilities

Schedule D - Permitted Encumbrances

Schedule E - Retained Liabilities

Schedule F - Retained Contracts

Schedule G - Approval and Vesting Order

The Parties acknowledge that as of the Effective Date, the Schedules are not complete. The Schedules shall be completed by the Purchaser on or before the date set out in each Schedule. Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Exhibits and Schedules and the interpretation provisions set out in this Agreement will apply to the Exhibits and Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Exhibits and Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

ARTICLE 2 PURCHASE OF SHARES AND ASSUMPTION OF LIABILITIES

2.1 Purchase and Sale of the Bio-Tech Shares

Subject to the terms and conditions of this Agreement, at the Closing Time, the Vendor shall sell, assign and transfer the Bio-Tech Shares to the Purchaser, and the Purchaser shall purchase the Bio-Tech Shares from the Vendor, free and clear of all Encumbrances (other than Permitted Encumbrances), with the result that the Purchaser shall become the sole shareholder of Bio-Tech at the Closing Time.

2.2 Excluded Liabilities

- (a) Pursuant to the Approval and Vesting Order, save and except for the Retained Liabilities, all debts, obligations, Liabilities, Encumbrances, indebtedness, Excluded Contracts, leases, agreements, undertakings, Claims, rights and entitlements of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity and whether based in statute or otherwise) of or against Bio-Tech, the Bio-Tech Shares, or against, relating to or affecting any of the Retained Assets, or any Excluded Assets or Excluded Contracts, including, *inter alia*, the non-exhaustive list of Liabilities set forth in Schedule “C” (collectively, the “**Excluded Liabilities**”) shall be excluded and will no longer be binding on Bio-Tech, the Bio-Tech Shares (or the holders thereof),

Retained Assets, Employees, Permits and Licenses or Books and Records following the Closing Time.

- (b) Subject to the Implementation Steps and pursuant to the Approval and Vesting Order, the Excluded Liabilities shall be transferred to, vested in and assumed in full by ResidualCo in accordance with and as further described in Article 3 and the Approval and Vesting Order, and Bio-Tech, the Bio-Tech Shares, the Retained Assets and Bio-Tech's undertakings, Business and properties shall be Discharged of such Excluded Liabilities. All Claims attaching to the Excluded Liabilities, if any, shall continue to exist against ResidualCo only and the Purchase Price and the Excluded Assets, if any, shall be available to satisfy such Claims.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

The purchase price payable by the Purchaser for the Bio-Tech Shares shall be (the “**Purchase Price**”). The Purchase Price shall be paid to the Monitor as consideration for the Bio-Tech Shares.

3.2 Satisfaction of Purchase Price

The Purchaser shall pay the Purchase Price to the Monitor, for the benefit of the stakeholders of Bio-Tech, in accordance with the following:

- (a) concurrent with the execution of this Agreement, the Purchaser shall pay a deposit in the amount of (the “**Initial Deposit**”), to be credited against the Purchase Price at Closing;
- (b) on or before January 2, 2025, the Purchaser shall pay a second deposit in the amount of (the “**Second Deposit**” and together with the Initial Deposit, collectively, the “**Deposits**”), to be credited against the Purchase Price at Closing; and
- (c) at Closing, the Purchaser shall pay to the Monitor the balance of the Purchase Price, subject to adjustment in accordance with Section 3.3 (the “**Cash Purchase Price**”), by wire transfer of immediately available funds.

3.3 Inventory Adjustment

Not less than five (5) Business Days prior to the Closing Date, the Vendor shall provide the Purchaser with a statement setting out the Vendor's calculation of the anticipated value of Bio-Tech's Inventory as at Closing (the “**Inventory Value**”) together with reasonable supporting documentation of the calculation. The Purchaser shall have full access to the books and records of Bio-Tech, and shall be entitled to attend the Real Property, for the purpose of verifying the Inventory Value. The Parties shall work in good faith to settle the Inventory Value as soon as practicable, and in any event, prior to Closing. The Purchase Price shall be adjusted downwards, on a dollar for dollar basis, to the extent that the Inventory Value is

For certainty, all of Bio-Tech's Inventory and WIP at Closing shall constitute Retained Assets, but Inventory and WIP sold in the ordinary course of Business during the Interim Period shall constitute Excluded Assets.

3.4 Monitor to hold Purchase Price

The Purchase Price shall be held by the Monitor for the benefit of the stakeholders of Bio-Tech, and any Claim against Bio-Tech, the Bio-Tech Shares or the Retained Assets shall continue to exist solely as against

ResidualCo from and after Closing in accordance with the Implementation Steps and the Approval and Vesting Order.

ARTICLE 4

TRANSFER OF EXCLUDED ASSETS AND EXCLUDED LIABILITIES

4.1 Transfer of Excluded Assets and Excluded Contracts to ResidualCo

At Closing, Bio-Tech shall retain all of the assets owned by it on the Effective Date and any assets acquired by it up to and including Closing, including, without limitation, equipment, Retained Contracts, Permits and Licenses, Books and Records, Business, undertakings, Inventory and WIP (except as sold in the ordinary course of Business during the Interim Period), accounts receivables, and cash in the bank account at Closing (collectively, the “**Retained Assets**”). The Retained Assets shall not include: (i) the Excluded Assets (including the Real Property, the Branding Intellectual Property and the Delta Lifestyle Shares); or (ii) the Excluded Contracts; which Bio-Tech shall transfer to ResidualCo in accordance with the Implementation Steps, and same shall be vested in ResidualCo pursuant to the Approval and Vesting Order. Notwithstanding the foregoing or anything to the contrary herein:

- (a) the Real Property shall constitute an Excluded Asset, but shall have been transferred to the Real Property Purchaser prior to Closing in accordance with the Real Property Purchase Agreement and, for certainty, in no event shall the Real Property be transferred to ResidualCo;
- (b) the Branding Intellectual Property and the Excluded Securities shall constitute Excluded Assets, but shall be transferred to, or at the direction of, the Plan Sponsor, in accordance with the Implementation Steps and, for certainty, in no event shall the Branding Intellectual Property or the Excluded Securities be transferred to ResidualCo; and
- (c) the Delta Lifestyle Shares, together with the business, assets and property of Delta Lifestyle, shall constitute an Excluded Asset, but shall be transferred to, or at the direction of, the Plan Sponsor, in accordance with the Plan of Compromise and Arrangement filed by the Plan Sponsor in the CCAA Proceedings and the Implementation Steps and, for certainty, in no event shall the Delta Lifestyle Shares be transferred to ResidualCo.

4.2 Transfer of Excluded Liabilities to ResidualCo

In accordance with the Implementation Steps and the Approval and Vesting Order, the Excluded Liabilities shall be transferred to, vested in and assumed by ResidualCo. Notwithstanding any other provision of this Agreement, the Purchaser and Bio-Tech shall not assume and shall have no Liability for any of the Excluded Liabilities and all Excluded Liabilities shall be Discharged from Bio-Tech, the Bio-Tech Shares and the Retained Assets as of and from and after the Closing Time.

4.3 Tax Matters

Pursuant to the Implementation Steps and the Approval and Vesting Order, at the Closing Time, all Taxes owed or owing or accrued due by Bio-Tech in respect of the period prior to the Filing Date shall be transferred to, vested in and assumed by ResidualCo, including any Taxes related to debt forgiveness arising from or in connection with the consummation of the Transaction and the transfer of the Excluded Assets and Excluded Liabilities to ResidualCo; provided, however, that the foregoing shall not: (a) relieve the Purchaser from Liability for Taxes arising during and in respect of the period from and after the Filing Date and relating to Retained Liabilities, or arising from audits or reassessments that relate to Retained Liabilities; or (b) relieve the Purchaser from any obligation to pay Taxes exigible by a purchaser in respect of a transaction like the Transaction in the same or similar circumstances. Any and all obligations and Liabilities arising from any audits or reassessments with respect to any Taxes that relate to a time period

occurring, or facts arising, prior to the Closing Date, regardless of when such audit was commenced or completed, shall be transferred to and vest in ResidualCo.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Vendor and Bio-Tech

The Vendor hereby represents and warrants as of the date hereof and as of the Closing Time as follows, and acknowledges that the Purchaser are relying on such representations and warranties in connection with entering into this Agreement and performing their obligations hereunder:

- (a) Incorporation and Status. The Vendor and Bio-Tech are corporations incorporated and existing under the *Business Corporations Act* (British Columbia) and, in the case of Bio-Tech, continued under the *Business Corporations Act* (Alberta), respectively, and, subject to the granting of the Approval and Vesting Order, have the power and authority to enter into, deliver and perform their obligations under this Agreement.
- (b) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Vendor and Bio-Tech and constitutes a legal, valid and binding obligation of the Vendor and Bio-Tech, enforceable against them in accordance with its terms, subject only to obtaining the Approval and Vesting Order.
- (c) Residency. Neither the Vendor nor Bio-Tech are a non-resident of Canada for purposes of the *Income Tax Act* or the *Excise Tax Act*, as applicable.
- (d) No Other Agreements to Purchase. Except for the Purchaser's rights under this Agreement, no Person has any contractual right, option or privilege for the purchase or acquisition from the Vendor of any of the Bio-Tech Shares or the Retained Assets that would not be an Excluded Contract.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to and in favour of the Vendor as of the date hereof and as of the Closing Time as follows, and acknowledges that the Vendor is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) Incorporation and Status. The Purchaser is a corporation incorporated and existing under the laws of the Province of Alberta, is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (b) Corporate Authorization. The execution, delivery and performance by such Purchaser of this Agreement has been authorized by all necessary corporate action on the part of such Purchaser.
- (c) No Conflict. The execution, delivery and performance by such Purchaser of this Agreement does not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of such Purchaser or, to the knowledge of such Purchaser, any Applicable Law.
- (d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by such Purchaser and constitutes a legal, valid and binding obligation of such Purchaser,

enforceable against it in accordance with its terms subject only to the Approval and Vesting Order.

- (e) Proceedings. There are no proceedings pending, or to the knowledge of the Purchaser, threatened, against the Purchaser before any Governmental Authority, which prohibit or seek to enjoin delay, restrict or prohibit the Closing of the Transaction, as contemplated by this Agreement, or which would reasonably be expected to delay, restrict or prevent the Purchaser from fulfilling any of its obligations set forth in this Agreement.
- (f) GST/HST Registrant. The Purchaser is, or will be on the Closing Date, an GST/HST registrant.

5.3 As is, Where is

The representations and warranties of the Vendor and Bio-Tech shall survive the Closing Time on the Closing Date provided, however, that the Purchaser's recourse for any breach or inaccuracy of such representations and warranties shall be against ResidualCo. The Purchaser acknowledges, agrees and confirms that, at the Closing Time, the Bio-Tech Shares (for clarity, together with the Retained Assets) shall be sold and delivered to the Purchaser on an "*as is, where is*" basis, subject only to the representations and warranties contained herein. Other than those representations and warranties contained herein, no representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever. For greater certainty, the Retained Assets shall be retained by Bio-Tech on an "*as is, where is*" basis.

ARTICLE 6 COVENANTS

6.1 Closing Date

The Parties shall cooperate with each other and shall use their commercially reasonable efforts to effect the Closing on or before the Outside Date.

6.2 Motion for Approval and Vesting Order

As soon as practicable following the Effective Date, the Vendor shall serve and file with the Court a motion for the issuance of the Approval and Vesting Order, seeking relief that will, *inter alia*, approve this Agreement and the Transaction and release the officers and directors of Bio-Tech, along with Bio-Tech's counsel, the Monitor and the Monitor's counsel. The Vendor shall use its commercially reasonable efforts to seek the issuance and entry of the Approval and Vesting Order and the Purchaser shall cooperate with the Vendor in its efforts to obtain the issuance and entry of the Approval and Vesting Order.

6.3 Interim Period

During the Interim Period, except as otherwise expressly contemplated or permitted by this Agreement (including the Approval and Vesting Order and the Implementation Steps) or any order granted by the Court in the CCAA Proceedings, Bio-Tech shall maintain the Retained Assets in substantially the same condition as on the Effective Date and in material compliance with all Applicable Laws, Permits and Licenses; provided, however, that Bio-Tech shall be permitted to build WIP and sell Inventory in the ordinary course of Business and consistent with past practices.

6.4 Access During Interim Period

During the Interim Period, Bio-Tech shall give, or cause to be given, to the Purchaser, and its representatives, reasonable access during normal business hours to the Retained Assets, including the Books

and Records, to conduct such investigations, inspections, surveys or tests thereof and of the financial and legal condition of the Business and the Retained Assets as the Purchaser reasonably deems necessary or desirable to further familiarize itself with the Business and the Retained Assets. Without limiting the generality of the foregoing: (a) the Purchaser and its representatives shall be permitted reasonable access during normal business hours to all documents relating to information scheduled or required to be disclosed under this Agreement and to the Employees; and (b) the Purchaser and its Representatives shall be permitted to contact and discuss the Transactions contemplated herein with Governmental Authorities and Bio-Tech's customers and contractual counterparties. Such investigations, inspections, surveys and tests shall be carried out at the Purchaser's sole and exclusive risk and cost, during normal business hours, and without undue interference with Bio-Tech's operations and Bio-Tech shall co-operate reasonably in facilitating such investigations, inspections, surveys and tests and shall furnish copies of all such documents and materials relating to such matters as may be reasonably requested by or on behalf of the Purchaser.

6.5 Insurance Matters

During the Interim Period, Bio-Tech shall keep in full force and effect all insurance policies existing on the Effective Date and give any notice or present any claim under any such insurance policies consistent with past practice in the ordinary course of Business.

6.6 Regulatory Approvals and Consents

- (a) Each of the Parties shall use its commercially reasonable efforts to: (i) take, or cause to be taken, all appropriate action, and do, or cause to be done, all things necessary, proper or advisable under any Applicable Law or otherwise to consummate and make effective the Transaction; (ii) obtain any consents, approvals or orders required to be obtained or made in connection with the authorization, execution and delivery of this Agreement and the consummation of the Transaction; and (iii) make all filings and give any notice, and thereafter make any other submissions either required or reasonably deemed appropriate by each of the Parties, with respect to this Agreement and the Transaction required under any Applicable Law. Without limiting the generality of the foregoing, the Purchaser shall, within the period of time prescribed by Applicable Law, notify the relevant Governmental Authority of the change in any individual requiring security clearance as mandated by the *Cannabis Act*, S.C. 2018, c. 16 and the regulations thereto.
- (b) The Parties shall use reasonable efforts to cooperate and consult with each other in connection with the making of any such filings and notices, including providing copies of all such documents to the non-filing Party and its advisors within a reasonable period of time prior to filing or the giving of notice. Each Party shall pay for its own filing fees and other charges arising out of the actions taken under this Section 6.6.

6.7 Employee Matters

- (a) Subject to Section 6.7(b), the Purchaser agrees that: (i) Bio-Tech will continue to employ those Employees not terminated pursuant to Section 6.7(b) from and after Closing on the same terms and conditions as they currently enjoy.
- (b) On the date that is two (2) days prior to the Closing Date, the Purchaser shall identify all Employees of Bio-Tech that the Purchaser does not wish to continue to employ after the completion of the Transaction (the "**Terminated Employees**"). Bio-Tech shall terminate the employment of the Terminated Employees, as requested by the Purchaser in its sole discretion, and all Liabilities owing to any such Terminated Employees in respect of such terminations, including all amounts owing on account of statutory notice, termination payments, severance, vacation pay, benefits, bonuses or other compensation or

entitlements (collectively, the “**Employee Termination Costs**”) shall be Excluded Liabilities and shall be transferred to and vested in ResidualCo.

ARTICLE 7 CLOSING ARRANGEMENTS

7.1 Closing

Closing shall take place on the Closing Date, effective as of the Closing Time, electronically (or as otherwise determined by mutual agreement of the Parties in writing), by the exchange of deliverables (in counterparts or otherwise) by electronic transmission in PDF format, in accordance with the Implementation Steps.

7.2 Implementation Steps

On the Closing Date, subject to the terms of the Approval and Vesting Order, Closing shall take place in accordance with the Implementation Steps. The Purchaser may, with the prior consent of the Vendor and the Monitor, acting reasonably, amend the Implementation Steps provided that such amendment does not materially alter or impact the Transaction or the consideration which the Vendor and/or its applicable stakeholders will benefit from as part of the Transaction.

7.3 Closing Deliveries of the Vendor and Bio-Tech

At or before the Closing Time, the Vendor shall deliver or cause to be delivered to the Purchaser the following:

- (a) a certified copy of the Approval and Vesting Order, as issued and entered by the Court;
- (b) a share certificate representing the Bio-Tech Shares duly endorsed in blank for transfer, or accompanied by irrevocable stock transfer powers duly executed in blank, in either case, by the Vendor;
- (c) a certificate of an officer of the Vendor, dated as of the Closing Date, confirming that all of the representations and warranties contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Vendor has performed in all material respects the covenants to be performed by it prior to the Closing Time;
- (d) the Organizational Documents of Bio-Tech, and the corporate Books and Records; and
- (e) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

7.4 Closing Deliveries of the Purchaser

At or before the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor (or to the Monitor, as applicable), the following:

- (a) the Cash Purchase Price in accordance with Section 3.2(c);
- (b) certificates of an officer of the Purchaser dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Purchaser have performed in all material respects the covenants to be performed by them prior to the Closing Time; and

- (c) such other agreements, documents and instruments as may be reasonably required by the Vendor to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

ARTICLE 8

CONDITIONS OF CLOSING

8.1 Conditions Precedent in favour of the Parties

The obligation of the Parties to complete the Transaction is subject to the following conditions being satisfied on or prior to the Closing Date:

- (a) Approval and Vesting Order. The Court shall have issued and entered the Approval and Vesting Order, which Approval and Vesting Order shall not have been stayed, set aside, or vacated and no application, motion or other proceeding shall have been commenced seeking the same, in each case which has not been fully dismissed, withdrawn or otherwise resolved in a manner satisfactory to the Parties, each acting reasonably.
- (b) Approvals. All necessary consents, approvals, exemptions and authorizations of governmental bodies, lessors and other third parties shall have been obtained, provided that the Closing shall not be conditional on the approval of Heath Canada or any provincial regulator.
- (c) No Order. No Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority or otherwise be in effect that restrains or prohibits the completion of the Transaction.
- (d) No Restraint. No motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction.
- (e) Real Property Transaction. The Real Property Transaction shall have been completed.

The foregoing conditions are for the mutual benefit of the Parties and may be waived by the Purchaser and the Vendor, in whole or in part, without prejudice to any of their rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser or the Vendor only if made in writing; provided that if the Purchaser or the Vendor do not waive a condition(s) and completes the Closing, such condition(s) shall be deemed to have been waived by the Purchaser or Vendor, as the case may be. If any condition set out in Section 8.1 is not satisfied, performed or mutually waived on or prior to the Outside Date, any Party may elect on written notice to the other Parties to terminate this Agreement.

8.2 Conditions Precedent in favour of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being satisfied, on or prior to the Closing Date:

- (a) Implementation Steps. The Implementation Steps shall have been completed in the order and in the timeframes contemplated hereunder.
- (b) Deliverables of the Vendor and Bio-Tech. The Vendor and Bio-Tech, as applicable, shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 7.3.
- (c) No Breach of Representations and Warranties. Except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement (including the Approval and Vesting Order), each of the

representations and warranties contained in Section 5.1 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.

- (d) No Breach of Covenants. The Vendor shall have performed, in all material respects, all covenants, obligations and agreements contained in this Agreement required to be performed by it on or before the Closing Date.
- (e) Employees. Bio-Tech shall have terminated the employment of the Terminated Employees.
- (f) Partial Termination of CCAA Proceeding. Upon Closing, the CCAA Proceedings shall have been terminated in respect of Bio-Tech and its Business and the Retained Assets, as set out in the Approval and Vesting Order, but, for greater certainty, shall continue in respect of ResidualCo.
- (g) Real Property Lease Agreement. Bio-Tech shall have entered into the Real Property Lease Agreement.
- (h) Disclaimer of Excluded Contracts. Bio-Tech shall have sent notices of disclaimer for all known Excluded Contracts and other agreements, and such known Excluded Contracts shall form part of the Excluded Assets.
- (i) IP Licence. The Purchaser will have entered into a non-transferable licence agreement for the Branding Intellectual Property with the owner of the Branding Intellectual Property at no cost to the Purchaser, in a form satisfactory to the Purchaser.
- (j) No Material Adverse Change. There shall have been no material adverse change in the business, activities, assets, liabilities, operations, properties, results of operation, prospects or condition (financial or otherwise) of Bio-Tech and there exists no actual, alleged or anticipated event, occurrence, condition or act which may (or would with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in such a material adverse change.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 8.2 may be waived by the Purchaser in whole or in part, without prejudice to any of their rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. If any condition set out in Section 8.2 is not satisfied or performed on or prior to the Outside Date, the Purchaser may elect on written notice to the Vendor and the Monitor to terminate this Agreement.

8.3 Conditions Precedent in favour of the Vendor

The obligation of the Vendor to complete the Transaction is subject to the following conditions being satisfied on or prior to the Closing Date:

- (a) Deliverables of the Purchaser. The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Vendor at the Closing all the documents and payments contemplated in Section 7.4.
- (b) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 5.2 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.

- (c) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing.
- (d) Purchase Price. The Purchaser shall have delivered or caused to be delivered to the Monitor the Cash Purchase Price in accordance with Section 3.2(b).

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition in this Section 8.3 may be waived by the Vendor in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing. If any condition set forth in this Section 8.3 is not satisfied or performed on or prior to the Outside Date, the Vendor may elect on written notice to the Purchaser to terminate this Agreement.

8.4 Simultaneous Transactions

All actions taken and transactions consummated at the Closing shall be deemed to have occurred in the manner and sequence set forth in the Implementation Steps and the Approval and Vesting Order (subject to the terms of any escrow agreement or arrangement among the Parties relating to the Closing), and no such transaction shall be considered consummated unless all are consummated.

ARTICLE 9 TERMINATION

9.1 Grounds for Termination

This Agreement may be terminated on or prior to the Closing Date:

- (a) by the mutual written agreement of the Vendor (with the consent of the Monitor) and the Purchaser; or
- (b) by the Vendor (with the consent of the Monitor) or the Purchaser, if there has been a material violation or breach by the other Party of any agreement, covenant, representation or warranty of such Party in this Agreement which would prevent the satisfaction of, or compliance with, any condition set forth in ARTICLE 8 by the Outside Date, and such violation or breach has not been waived by the non-breaching Party or cured within five (5) Business Days after written notice thereof from the non-breaching Party to the breaching Party; or
- (c) by the Vendor (with the consent of the Monitor) or the Purchaser upon written notice to the other Parties if the Closing has not occurred on or prior to the Outside Date; provided that the failure to close by such deadline is not caused by a breach of this Agreement by the Party proposing to terminate the Agreement.

9.2 Effect of Termination.

If this Agreement is terminated pursuant to Section 9.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder; provided, however, that the Deposit shall be forfeited to the Vendor in the event this Agreement is terminated in accordance with Section 9.1(b) or 9.1(c) as a result of the Purchaser's sole failure to satisfy any of the conditions to Closing set out in this Agreement. In the event this Agreement is terminated for any other reason other than as described in the foregoing sentence, the Deposit shall be returned to the Purchaser. Any such forfeiture of the Deposit to the Vendor shall not to be a penalty but shall be deemed to be liquidated damages and will be the sole remedy for the Vendor for the termination of this Agreement.

ARTICLE 10 GENERAL

10.1 Access to Books and Records

For a period of two years from the Closing Date or for such longer period as may be required to comply with Applicable Law, the Purchaser will retain all original Books and Records that are transferred to the Purchaser under this Agreement, but the Purchaser are not responsible or liable for any accidental loss or destruction of, or damage to, any such Books and Records. So long as any such Books and Records are retained by the Purchaser pursuant to this Agreement, the Purchaser shall make such Books and Records, as well as electronic copies of such books and records (to the extent such electronic copies exist), available to the Monitor and the Vendor (and any representative, agent, former director or officer or trustee in bankruptcy of the estate of the Vendor) at any time upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Purchaser.

10.2 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered by read-receipted email, addressed:

- (a) in the case of the Purchaser, as follows:

Simply Solventless Concentrates Ltd.

4200, 888 - 3rd Street SW

Calgary, Alberta T2P5C5

Attention: William Macdonald

Email: bill@simplysolventless.ca

with a copy to:

Stikeman Elliot LLP

4200, 888 – 3rd Street S.W.

Calgary, Alberta T2P 5C5

Attention: Gordon Cameron

Email: grcameron@stikeman.com

- (b) in the case of the Vendor, as follows:

Delta 9 Cannabis Inc.

PO Box 68096 Osborne Village

Winnipeg, MB R3L 2V9

Attention: John Arbuthnot

Email: john.arbuthnot@delta9.ca

with a copy to:

MLT Akins LLP
2100 Livingston Place
222 3 Ave SW
Calgary, AB T2P 0B4

Attention: Ryan Zahara / Chris Nyberg
Email: rzahara@mltaikins.com / cnyberg@mltaikins.com

in each case, with a further copy to the Monitor as follows:

Alvarez & Marsal Canada Inc.
202 6 Ave SW
Calgary, AB T2P 2R9

Attention: Orest Konowalchuk
Email: okonowalchuk@alvarezandmarsal.com

with a copy to:

Burnet, Duckworth & Palmer LLP
525 8 Ave SW #2400
Calgary, AB T2P 1G1

Attention: David LeGeyt / Ryan Algar
Email: dlegeyt@bdplaw.com / ralgar@bdplaw.com

Any such notice or other communication, if transmitted by email before 5:00 p.m. (Calgary time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Calgary time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission. In the case of a communication by email or other electronic means, if an autoreply is received indicating that the email is no longer monitored or in use, delivery must be followed by the dispatch of a copy of such communication pursuant to one of the other methods described above; provided however that any communication originally delivered by electronic means shall be deemed to have been given on the date stipulated above for electronic delivery.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party. A Person may change its address for service by notice given in accordance with the foregoing and any subsequent communication must be sent to such Person at its changed address.

10.3 Public Announcements

The Vendor shall be entitled to disclose this Agreement to the Court and parties in interest in the CCAA Proceedings, other than any information which the Purchaser advise the Vendor in writing as being confidential, and this Agreement may be posted on the Monitor's website maintained in connection with the CCAA Proceedings. Furthermore, the Vendor acknowledges that as a reporting issuer, the Purchaser will be required to file on SEDAR+ a news release, a material change report in respect of the transactions contemplated by this Agreement and a redacted copy of this Agreement, and may disclose the material terms of the transactions contemplated by this Agreement in its next quarterly results and other continuous

disclosure documents required to be filed by the Purchaser under applicable securities laws and stock exchange rules.

Other than as provided in the preceding sentences or statements made in Court (or in pleadings filed therein) or where required to meet timely disclosure obligations of the Vendor, the Purchaser or any their respective Affiliates and assignees under Applicable Laws or stock exchange rules, the Vendor shall not issue (prior to or after the Closing) any press release or make any public statement or public communication with respect to this Agreement or the Transactions contemplated hereby without the prior consent of the other Parties, which shall not be unreasonably withheld or delayed.

10.4 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Parties.

10.5 Survival

The representations and warranties of the Parties contained in this Agreement shall not merge on Closing and the representations, warranties and covenants of the Parties contained herein to be performed after the Closing shall survive Closing and remain in full force and effect.

10.6 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns, including for greater certainty, ResidualCo, provided that no consent, waiver or agreement of ResidualCo shall be required for any amendment of this Agreement.

10.7 Entire Agreement

This Agreement and the attached Schedules hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements. This Agreement may not be amended or modified in any respect except by written instrument executed by the Vendor and the Purchaser.

10.8 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with the Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

10.9 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the exclusive jurisdiction of the Court, and any appellate courts of the Province of Alberta therefrom.

10.10 Assignment

- (a) The Purchaser may assign its rights under this Agreement prior to Closing, in whole or in part, without the prior written consent of the Vendor, ResidualCo or the Monitor, provided that: (i) the Purchaser provides prior notice of such assignment to the Vendor and the Monitor; and (ii) such assignee agrees to be bound by the terms of this Agreement to the extent of the assignment; provided, however, that any such assignment shall not relieve the Purchaser of its obligations hereunder.
- (b) Except as specifically contemplated herein as it relates to ResidualCo, this Agreement may not be assigned by the Vendor without the consent of the Purchaser.

10.11 Further Assurances

Each of the Parties shall, at the request and expense of the requesting Party, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances, transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement.

10.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by e-mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

10.13 Severability

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

10.14 Monitor's Certificate

When the conditions to Closing set out in Section 8.1, 8.2 and Section 8.3 have been satisfied and/or waived by the Vendor or the Purchaser, as applicable, the Vendor, the Purchaser or their respective counsel will each deliver to the Monitor confirmation that such conditions of Closing, as applicable, have been satisfied and/or waived (the “**Conditions Certificates**”). Upon receipt of the Conditions Certificates, the Monitor shall: (i) issue forthwith its Monitor's Certificate concurrently to the Vendor and the Purchaser, at which time the Implementation Steps will be deemed to have commenced and be completed in the order set out in the Implementation Steps and Closing will be deemed to have occurred; and (ii) file as soon as practicable a copy of the Monitor's Certificate with the Court (and shall provide a true copy of such filed certificate to the Vendor and the Purchaser). In the case of: (i) and (ii) above, the Monitor will be relying exclusively on the basis of the Conditions Certificates without any obligation whatsoever to verify the satisfaction or waiver of the applicable conditions.

10.15 Amendment and Waiver

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement (including the Schedules hereto) shall be binding unless executed in writing by all Parties hereto, and provided that such amendment is consented to by the Monitor. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

10.16 Monitor's Capacity

In addition to all of the protections granted to the Monitor under the CCAA or any order of the Court in this CCAA Proceedings, the Vendor and the Purchaser acknowledge and agree that the Monitor, acting in its capacity as Monitor of the Delta 9 Group and not in its personal capacity, will have no Liability, in its personal capacity or otherwise, in connection with this Agreement or the Transaction contemplated herein whatsoever as Monitor.

[Signature Page Follows]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

For the Purchaser:

**SIMPLY SOLVENTLESS
CONCENTRATES LTD.**

By: *william macdonald*

Name: William Macdonald

Title: Authorized Signatory

I have authority to bind the Corporation.

For the Vendor and Bio-Tech:

DELTA 9 CANNABIS INC.

By: _____

Name: John Arbuthnot

Title: Authorized Signatory

I have authority to bind the Corporation.

DELTA 9 BIO-TECH INC.

By: _____

Name: John Arbuthnot

Title: Authorized Signatory

I have authority to bind the Corporation.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

For the Purchaser:

**SIMPLY SOLVENTLESS
CONCENTRATES LTD.**

By: _____

Name: William Macdonald

Title: Authorized Signatory

I have authority to bind the Corporation.

For the Vendor and Bio-Tech:

DELTA 9 CANNABIS INC.

By: _____

Name: John Arbuthnot

Title: Authorized Signatory

I have authority to bind the Corporation.

DELTA 9 BIO-TECH INC.

By: _____

Name: John Arbuthnot

Title: Authorized Signatory

I have authority to bind the Corporation.

EXHIBIT “A”
IMPLEMENTATION STEPS

1. Prior to the service of court materials for the approval hearing, ResidualCo shall be incorporated by the Vendor, with no issued and outstanding shares.
2. Prior to the Closing Time, the Purchaser shall have paid to the Monitor the Cash Purchase Price, to be held in trust and released in accordance with these Implementation Steps;
3. Prior to the Closing Time, Bio-Tech shall have transferred the Real Property to the Real Property Purchaser in accordance with the terms of the Real Property Purchase Agreement, and shall have entered into the Real Property Lease.
4. Effective as of the Closing Time, the following steps shall take place sequentially pursuant to the Approval and Vesting Order:
 - (a) ResidualCo shall be added to the CCAA Proceedings as an Applicant;
 - (b) all Employees designated by the Purchaser as Terminated Employees will be terminated by Bio-Tech;
 - (c) the Excluded Assets and Excluded Liabilities shall be transferred to, and vest in, ResidualCo;
 - (d) Bio-Tech shall transfer the Delta Lifestyle Shares, the Branding Intellectual Property and the Excluded Securities to, or at the direction of, the Plan Sponsor;
 - (e) the Vendor shall transfer the Bio-Tech Shares to the Purchaser, and the Bio-Tech Shares shall vest in the Purchaser pursuant to the Approval and Vesting Order;
 - (f) the Cash Purchase Price shall be released to the Monitor and the Purchase Price shall be satisfied in accordance with the terms of this Agreement;
 - (g) Closing shall be deemed to have occurred;
 - (h) any and all Liabilities arising from or relating to: (i) the transactions noted above; and (ii) the transfer of the Excluded Contracts and Excluded Liabilities to ResidualCo; including, for certainty and without limitation, Liabilities and Taxes resulting from any debt forgiveness, shall be transferred to ResidualCo and Bio-Tech shall have no obligations in connection with such Liabilities or Taxes; and
 - (i) Bio-Tech shall cease to be an applicant in the CCAA Proceedings.

SCHEDULE "A"
EXCLUDED ASSETS

1. The Excluded Contracts.
2. All of the issued and outstanding shares of Blue Horseshoe Manufacturing Inc. held by Bio-Tech.
3. Inventory sold in the ordinary course of Business in the Interim Period.
4. The Real Property; provided that the Real Property shall have been transferred to the Real Property Purchaser prior to Closing in accordance with Section 4.1 of this Agreement and the Real Property Purchase Agreement and, for certainty, in no event shall the Real Property be transferred to ResidualCo.
5. The Branding Intellectual Property and the Excluded Securities; provided that the Branding Intellectual Property and the Excluded Securities shall be transferred to, or at the direction of, the Plan Sponsor, in accordance with Section 4.1 of this Agreement and the Implementation Steps and, for certainty, in no event shall the Branding Intellectual Property or the Excluded Securities be transferred to ResidualCo.
6. The Delta Lifestyle Shares, together with the business, assets and property of Delta Lifestyle; provided that the Delta Lifestyle Shares shall be transferred to, or at the direction of, the Plan Sponsor, in accordance with Section 4.1 of this Agreement, the Plan of Compromise and Arrangement filed in the CCAA Proceedings and the Implementation Steps and, for certainty, in no event shall the Delta Lifestyle Shares be transferred to ResidualCo.

**SCHEDULE “B”
EXCLUDED CONTRACTS**

[To be completed]

**SCHEDULE “C”
EXCLUDED LIABILITIES**

The following is a non-exhaustive list of Excluded Liabilities:

1. Any and all Liabilities relating to any change of control provision that may arise in connection with the change of control contemplated by the Transaction and to which Bio-Tech may be bound as at the Closing Time.
2. Any and all Liabilities pertaining to the administration of the CCAA Proceedings including, without limitation, under any Court ordered charge granted therein.
3. All Liabilities relating to or under the Excluded Contracts and Excluded Assets.
4. Any and all Employee Termination Costs in connection with Terminated Employees.
5. Any Liabilities for commissions, fees or other compensation payable to any finder, broker or similar intermediary in connection with the negotiation, execution or delivery of this Agreement or the consummation of the Transaction.
6. Any Liabilities for Taxes.
7. Any and all Liabilities that are not Retained Liabilities.

SCHEDULE "D"
PERMITTED ENCUMBRANCES

[To be completed]

SCHEDULE "E"
RETAINED LIABILITIES

[To be completed]

This is Exhibit "C"
referred to in the Affidavit of John Arbuthnot IV
sworn before me, at Winnipeg, Manitoba,
this 30th day of December, 2024



A Notary Public in and for the Province of Manitoba

PLAN SPONSOR TERM SHEET

July 12, 2024

RECITALS:

A. Delta 9 Cannabis Inc. (“**Delta Parent**”) is a publicly traded, vertically integrated cannabis company, operating as a licensed producer of cannabis (the “**Production Business**”) through its wholly owned subsidiary, Delta 9 Bio-Tech Inc. (“**Delta LP**”), as a retail cannabis business (the “**Retail Business**”) with shops throughout Manitoba, Saskatchewan and Alberta through its subsidiaries Delta 9 Cannabis Store Inc. (“**Delta Retail**”), and Delta 9 Lifestyle Cannabis Clinic Inc. (“**Delta Lifestyle**”) and as a distributor through its subsidiary, Delta 9 Logistics Inc. (“**Delta Logistics**”, and together with Delta Parent, Delta LP, Delta Retail and Delta Lifestyle, the “**Delta 9 Group**”).

B. The Delta 9 Group is indebted to: (i) SNDL Inc. (f/k/a Sundial Growers Inc.) (“**SNDL**”) pursuant to certain secured credit facilities made available to the Delta 9 Group (the “**SNDL Debt**”); and (ii) Delta LP is indebted to the Canada Revenue Agency (“**CRA**”) for certain unpaid excise tax arrears (collectively, the “**Secured Debt**”).

C. On May 21, 2024, SNDL issued a notice of intention to enforce security under section 244 of the *Bankruptcy and Insolvency Act* (Canada) as a result of defaults under the applicable secured loan facilities made available to the Delta 9 Group by SNDL.

D. In addition to the Secured Debt, the Delta 9 Group is indebted to various unsecured creditors, including amounts owing under certain shareholder loans, CRA in respect of the unsecured portion of Delta LP’s excise tax arrears, employee claims, and other unsecured claims (collectively, the “**Unsecured Claims**”).

E. The Delta 9 Group has engaged in negotiations with 2759054 Ontario Inc. o/a Fika Herbal Goods (“**Fika**” or the “**Plan Sponsor**”, and together with the Delta 9 Group, the “**Parties**”) regarding a transaction whereby Fika would acquire the Retail Business and, potentially, the assets of the Production Business. As a result of the Delta 9 Group’s desire to return value to shareholders, the Parties have agreed to an acquisition structure whereby Fika will acquire the Delta 9 Group and all of its assets in exchange for consideration that includes an equity swap and the assumption of certain debt, as further described herein (the “**Acquisition Transaction**”).

F. In order to effect the Acquisition Transaction, the Delta 9 Group intends to make an application for an initial order (the “**Initial Order**”), among other things, commencing proceedings (the “**CCAA Proceedings**”) under the *Companies Creditors’ Arrangement Act* (the “**CCAA**”), and appointing Alvarez & Marsal Canada Inc. (“**A&M**”) as monitor to supervise the affairs of the Delta 9 Group for the CCAA Proceedings (the “**Monitor**”).

G. Fika intends to participate as Plan Sponsor in the CCAA Proceedings, and to present one or more plans of compromise or arrangement (collectively, the “**Plan**”) to the Delta 9 Group’s creditors to effect the Acquisition Transaction and acquire up to 100% of the Delta 9 Group, its assets and the proceeds from any divestiture completed through the CCAA Proceedings (the “**Restructuring**”).

H. In addition to the consideration proposed to complete the Acquisition Transaction (as described herein), the Plan Sponsor has agreed to provide debtor in possession funding to the Delta 9 Group to fund the CCAA Proceedings, including the Restructuring and the implementation of the Plan, all subject to, and in accordance with, the terms and conditions set out in this binding plan sponsor term sheet (this “**Term Sheet**”).

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties acknowledge and agree that the terms and conditions set out below are intended to form the basis of the Plan.

<p>1. PLAN CONSIDERATION</p>	<p>The Plan Sponsor will contribute the following consideration to complete the Acquisition Transaction and fund the CCAA Proceedings:</p> <p>(a) Subject to (d) below, the Plan Sponsor shall establish a debtor-in-possession loan facility in favour of the Delta 9 Group in the maximum aggregate principal amount of \$16,000,000 (the “DIP Loan”) in accordance with the terms of a debtor-in-possession term sheet (the “DIP Term Sheet”), comprised of the following:</p> <p>(i) up to \$3,000,000, available upon the issuance of the ARIO (as defined herein), to be advanced on a weekly basis in accordance with the Cash Flow Forecast (as defined herein) to fund the CCAA Proceedings (“Tranche 1”); and</p> <p>(ii) up to \$13,000,000, to repay any and all secured obligations owing to SNDL under the Note Purchase Agreement dated March 30, 2022 and the Senior Secured Second-Lien Convertible Debenture dated March 30, 2022 (the “SNDL Mezzanine Debt”) promptly following issuance of the ARIO, provided that the amount of such obligations shall be confirmed by the Monitor (“Tranche 2”).</p> <p>The DIP Loan shall bear interest at a rate equal to the Toronto Dominion Bank “prime rate” plus 3%. The DIP Loan shall be secured by a Court-ordered charge over all of the assets of the Delta 9 Group, to be granted in the ARIO (the “DIP Loan Charge”). The DIP Loan Charge shall be a priority charge subject only to: (i) a Court-ordered administration charge not to exceed \$750,000; (ii) a Court-ordered Directors and Officers Charge not to exceed \$900,000 (the “D&O Charge”); (iii) a Court-ordered KERP charge not to exceed \$655,000; and (iv) secured obligations owing to SNDL.</p> <p>The Delta 9 Group shall use Tranche 1 to, among other things, pay all debt servicing payments that would otherwise be due and payable to SNDL but for these CCAA Proceedings. For greater certainty, the ARIO shall explicitly authorize the payment of such amounts.</p> <p>(b) The Plan Sponsor shall issue voting common shares in the capital of Fika to the shareholders of Delta Parent, with an aggregate value of \$2,000,000 at a valuation agreed between the Parties. Such Fika shares shall be issued through a structure satisfactory to the Parties, acting reasonably, and shall be deposited in a voting trust, with a trustee agreed upon by the Delta 9 Group and the Plan Sponsor.</p>
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	<p>(c) The Plan Sponsor shall make available voting common shares in the capital of Fika to the Equity Conversion Electing Creditors, defined below, with an aggregate value of \$4,000,000 at a valuation agreed between the Parties (such Fika shares being the “Fika Conversion Shares”). The Fika Conversion Shares shall be issued through a structure satisfactory to the Parties, acting reasonably, and shall be deposited in a voting trust, with a trustee agreed upon by the Delta 9 Group and the Plan Sponsor.</p> <p>“Equity Conversion Electing Creditors” means the creditors of Delta Retail and Delta Lifestyle holding Unsecured Claims who elect, prior to the implementation of the Plan, to convert all of their Unsecured Claims in Delta Retail or Delta Lifestyle, as applicable, into Fika Conversion Shares, at a ratio of Unsecured Claims to Fika Conversion Shares to be determined by the Plan Sponsor, at its sole discretion.</p> <p>(d) The Plan Sponsor shall pay out the outstanding balance of the SNDL Debt on Plan implementation.</p> <p>(e) The Plan Sponsor will fund any increase to the DIP Loan, if necessary, to cover the costs of the CCAA Proceedings, including, but not limited to, reasonable professional fees, costs and expenses of the CRO (as defined herein), general working capital, and the KERP. For certainty, the cash position of the Delta 9 Group shall be the responsibility of the Plan Sponsor from and after the commencement of the CCAA Proceedings.</p> <p>(f) The Plan Sponsor shall fund the Plan, including any distributions to creditors of the Delta 9 Group holding Unsecured Claims which, for certainty, shall exceed the amount that such creditors would receive in a bankruptcy provided that, for certainty, the minimum aggregate amount for all creditors holding Unsecured Claims in respect of the Delta 9 Group shall be no less than \$750,000.</p> <p>The consideration noted in this Section 1 is hereinafter referred to as the “Plan Consideration”.</p>
<p>2. CONVENIENCE CLASS</p>	<p>Creditors, when voting on the Plan, may select the convenience option (each a “Convenience Creditor” and collectively, the “Convenience Creditors”). Any creditor with a claim that has a value of less than an amount to be determined by the Plan Sponsor, in its sole discretion (the “Convenience Creditor Amount”) shall be deemed a Convenience Creditor. Convenience Creditors shall be deemed to vote in favour of the Plan. Convenience Creditors shall receive the lesser of the Convenience Creditor Amount or the quantum of their proven claim in full and final satisfaction of their claim.</p> <p>For greater certainty, there shall be a separate Convenience Creditor Amount for each of the Delta 9 Group entities, to be determined by the Plan Sponsor, in its sole discretion.</p>

3. DELTA LP SISP	<p>The Production Business and/or assets of Delta LP shall be monetized through a Court-approved sales process (the “Delta LP SISP”). The Parties shall make best efforts to seek the Court’s approval of the Delta LP SISP concurrent with the issuance of the ARIO. The Delta LP SISP shall be designed and agreed upon by the Delta 9 Group, the Plan Sponsor, and the Monitor. The Delta 9 Group shall not accept any offer made within the Delta LP SISP unless the Plan Sponsor consents to accepting such offer. The Parties acknowledge and agree that the proceeds of sale resulting from the Delta LP SISP shall be distributed in accordance with the Plan and with the approval of creditors with an economic interest in the financial outcome.</p>
4. PLAN SPONSOR COVENANTS	<p>In addition to paying the Plan Consideration, the Plan Sponsor hereby covenants and agrees as follows:</p> <ul style="list-style-type: none"> (a) The Plan Sponsor intends to offer continued employment to each of the Delta 9 Group’s employees who are necessary to operate the Retail Business. (b) The Plan Sponsor shall support any request of the Delta 9 Group for the Court to approve third-party releases in favour of the board of directors and officers of the Delta 9 Group as part of any sanction order issued in connection with the Plan. (c) The Plan Sponsor shall support any request of the Delta 9 Group for the Court to approve third party releases in favour of the board of directors of Delta LP as part of any approval and reverse vesting order sought in the CCAA Proceedings. (d) The Plan Sponsor shall support the Delta 9 Group’s request for the Court to approve a Key Employee Retention Plan (the “KERP”), in form and substance acceptable to the Plan Sponsor, acting reasonably, but with aggregate consideration of no less than \$655,000.00, and it shall be a term of the KERP that the officers receive a release under any Plan or in any approval and reverse vesting transaction consummated for Delta LP. The Delta 9 Group shall provide the Plan Sponsor with a proposed draft of the KERP as soon as reasonably practicable following the execution of this Term Sheet.
5. DELTA 9 GROUP COVENANTS	<p>The Delta 9 Group hereby covenants and agrees as follows:</p> <ul style="list-style-type: none"> (a) The Delta 9 Group will make best efforts to effect the Acquisition Transaction in accordance with the terms of this Term Sheet and the Plan. (b) The Delta 9 Group shall consult with the Plan Sponsor regarding any and all material decisions affecting the Restructuring that diverge from the terms and conditions of this Term Sheet and, for certainty, such decisions shall require the prior approval of the Plan Sponsor, not to be unreasonably withheld, conditioned or delayed. For certainty, if the Plan Sponsor does not accept or

	<p>reject (with reasons) any such approval request within 48 hours, it will be deemed to approve such course of action.</p>
	<p>(c) The Delta 9 Group shall engage Mark Townsend as Chief Restructuring Officer (“CRO”) to facilitate the Restructuring. The CRO shall report to the CEO of Delta Parent and shall have no agency or ability to bind the Delta 9 Group without the express consent of the CEO or the board of directors of Delta Parent. The costs and expense of the CRO shall be funded by the DIP Loan. The CRO shall be given full access to all of the Delta 9 Group’s books and records and facilities. The CRO shall have the right to attend at all meetings of the board of directors of any of the Delta 9 Group entities. The CRO shall be consulted prior to any Delta 9 Group entity making any material decision related to the Restructuring and the CRO shall have the authority to make decisions and bind the Plan Sponsor for the purposes of this Binding Term Sheet.</p>
	<p>(d) The Delta 9 Group shall, as soon as reasonably practicable following the execution of this Term Sheet, provide the Plan Sponsor with a 13-week cash flow forecast (the “Cash Flow Forecast”). The Plan Sponsor shall have the right to comment on the Cash Flow Forecast. The Delta 9 Group shall obtain the Plan Sponsor’s approval of any Cash Flow Forecast prior to providing the same to the Court, provided such approval shall not be unreasonably withheld, conditioned or delayed.</p>
	<p>(e) The Delta 9 Group shall not file any documents with the Court unless the Plan Sponsor has approved the form and content of such documents, provided such approval shall not be unreasonably withheld, conditioned or delayed.</p>
	<p>(f) The Delta 9 Group shall oppose, and shall support Fika in opposing, any attempt by any person to seek the Court’s approval of any order that is not consistent with or would lead to an outcome that is not consistent with the terms of this Term Sheet.</p>
	<p>(g) In the circumstance whereby the Parties determine that the effecting of a successful Plan isn’t achievable, at the Plan Sponsor’s sole discretion, the Delta 9 Group shall: (i) initiate a process for the sale of the Delta 9 Group; and (ii) execute a stalking horse purchase agreement whereby the Plan Sponsor will act as stalking horse purchaser, with consideration substantially similar to that provided for herein.</p>
	<p>(h) The Delta 9 Group shall obtain the Court’s authorization to continue its existing cash management process in the ordinary course during the CCAA Proceedings.</p>
	<p>(i) The Delta 9 Group shall pay a break fee of \$1,500,000 to the Plan Sponsor in the event that: (i) the Court approves any plan of compromise or arrangement or any other transaction that</p>

	<p>would have the effect of precluding the consummation of the Acquisition Transaction; or (ii) the Delta 9 Group otherwise enters into any agreement that would have the effect of precluding the consummation of the Acquisition Transaction.</p> <p>(j) The Delta 9 Group shall pay the Plan Sponsor a commitment fee of \$50,000 upon the execution of this Term Sheet (the “Commitment Fee”). The Commitment Fee shall be fully earned and payable upon the execution of this Term Sheet.</p> <p>(k) Delta Parent shall, on the execution of this Term Sheet, assign, transfer, and convey \$2,000,000 of debt owing by Delta Lifestyle to Delta Parent (the “Intercompany Debt”) such that the Plan Sponsor shall become the owner of the Intercompany Debt and all legal rights thereto, including but not limited to the right to further assign the Intercompany Debt.</p> <p>(l) At any meeting of the creditors of the Delta 9 Group held pursuant to the Meeting Order for the purpose of voting on the Plan, the Delta 9 Group entities shall not cast any votes in respect of the Plan on the basis of any intercompany debt that, at the time of such meeting of creditors, is owing to any Delta 9 Group entity from any other Delta 9 Group entity.</p>
<p>6. CONDITIONS PRECEDENT</p>	<p>The Parties agree that the obligation of the Plan Sponsor to perform its obligations under this Term Sheet will be subject to the following conditions precedent (which, for certainty, shall be staggered to reflect the relative timing of each event)):</p> <p>(a) The respective boards of directors of each of the Parties shall approve and ratify the execution of this Term Sheet;</p> <p>(b) the Court shall issue the initial order (the “Initial Order”) in the CCAA Proceedings, in substantially the form of the Alberta Template CCAA Initial Order, as may be amended by the Parties to reflect the terms and conditions set out herein, in form and substance satisfactory to the Plan Sponsor, acting reasonably;</p> <p>(c) the Court shall issue an amended and restated Initial Order (“ARIO”), in substantially the form of the Alberta Template CCAA Initial Order, as may be amended by the Parties to reflect the terms and conditions set out herein, in form and substance satisfactory to the Plan Sponsor, acting reasonably. For certainty, the ARIO will approve this Term Sheet, the DIP Loan, the DIP Loan Charge, the D&O Charge, the DIP Term Sheet, the KERP the appointment of the CRO and payment of Tranche 2 to SNDL promptly following the issuance of the ARIO in full satisfaction of the SNDL Mezzanine Debt;</p> <p>(d) the Court shall issue an order, in form and substance satisfactory to the Plan Sponsor, acting reasonably, approving the Delta LP SISP (the “Delta LP SISP Order”);</p>

	<p>(e) the Court shall issue an order, in form and substance satisfactory to the Plan Sponsor, acting reasonably, approving a creditor meeting order (the “Meeting Order”);</p> <p>(f) the Court shall issue an order, in form and substance satisfactory to the Plan Sponsor, acting reasonably, approving a claims procedure (the “Claims Process Order”);</p> <p>(g) a majority in number representing two thirds in value of each class of creditors shall vote in favour of the Plan (provided that if the Plan is not approved, the offer of Fika contemplated herein will be deemed to convert to a stalking horse bid within a Court-supervised sale and investment solicitation process (“SISP”); and</p> <p>(h) if not converted to a SISP, the Court shall issue an order, in form and substance satisfactory to the Plan Sponsor, acting reasonably, approving the Plan (the “Plan Approval Order”).</p>
7. CREDITOR DISTRIBUTION	<p>Creditors shall be paid in accordance with the Plan or in accordance with relative priorities from the outcome of the Delta LP SISP (subject to any other agreement amongst the creditors of Delta Parent), as follows:</p> <p>(a) The Convenience Creditors shall be paid their applicable Convenience Creditor Amount upon the implementation of the Plan.</p> <p>(b) The Equity Conversion Electing Creditors shall receive the Fika Conversion Shares upon the implementation of the Plan, in satisfaction of their Unsecured Claims.</p> <p>(c) All creditors of the Delta 9 Group who hold Unsecured Claims and are not Convenience Creditors or Equity Conversion Electing Creditors shall receive a payment, to be determined by the Plan Sponsor, in consultation with the Monitor, which shall exceed the amount that such creditors would receive in a bankruptcy, in satisfaction of their Unsecured Claims but in aggregate shall be equal to or exceed the amounts contemplated herein.</p>
8. EQUITY	<p>Upon implementation of the Plan:</p> <p>(a) Delta Parent shall issue new common shares to the Plan Sponsor (the “New Shares”), in a manner satisfactory to the Plan Sponsor and, following the cancellation described in Section 8(b), such New Shares shall represent 100% of the issued and outstanding equity of Delta Parent;</p> <p>(b) all issued and outstanding common shares of Delta Parent shall be cancelled, terminated and extinguished without compensation or consideration, save and except for the New Shares; and</p>

	<p>(c) any other equity interests of any nature or kind of Delta Parent, excluding the New Shares, shall be cancelled, terminated and extinguished without compensation or consideration.</p>
9. CLAIMS PROCESS	<p>The procedure for determining the validity of creditor's claims will be governed by the Claims Process Order. The Claims Process Order shall consider, among other things, the following:</p> <ul style="list-style-type: none"> (a) classification of creditors; (b) claims bar date; and (c) review, assessment and determination of claims. <p>The Claims Process Order shall be on usual and customary terms and shall be in form and substance acceptable to the Plan Sponsor acting reasonably.</p>
10. MEETING ORDER	<p>The procedure for conducting the creditors' meetings (the "Creditors Meetings") for each member of the Delta 9 Group filing a Plan shall be set out in the Meeting Order. The Meeting Order shall be in form and substance acceptable to the Plan Sponsor, acting reasonably. The Meeting Order shall consider, among other things, the following:</p> <ul style="list-style-type: none"> (a) the date(s) that the Creditors' Meetings shall be held; (b) Plan voting procedures; (c) adjournment and postponement procedures; and (d) Plan related disclosure and associated timeline and schedule.
11. RESTRUCTURING STEPS	<p>The Restructuring shall be completed in accordance with the steps set out below. The Parties agree that they shall make best efforts to complete each step within the timelines set out below, provided a failure to meet such deadlines despite acting in good faith shall not be a breach of this Term Sheet or a condition precedent:</p> <ul style="list-style-type: none"> (a) the Delta 9 Group engages A&M as Monitor; (b) the Court approves the Initial Order on the "Filing Date"; (c) the Court approves the ARIO, the Delta LP SISP Order, and the Claims Process Order no more than 10 days after the Filing Date; (d) the Parties settle the terms of the Plan as soon as reasonably possible but no later than 21 days after the Filing Date; (e) the Court approves the Meeting Order no later than 28 days after the Filing Date; (f) the Delta LP SISP, including any auction held therewith, concludes no later than 40 days after the Filing Date;

	<p>(g) the claims process is completed no later than 45 days after the Filing Date;</p> <p>(h) the creditors meet to vote on the Plan no later than 75 days after the Filing Date, subject to any adjournments as contemplated by the terms of the Meeting Order;</p> <p>(i) the Court approves the Plan no later than 90 days after the Filing Date;</p> <p>(j) the Plan is implemented, including but not limited to payment of creditors in accordance with the Plan by no later than 90 days after the Filing Date;</p> <p>(k) all payments to creditors are completed by the Monitor no later than 90 days after the Filing Date; and</p> <p>(l) Delta Parent issues new common shares to the Plan Sponsor in accordance with Section Error! Reference source not found. hereof, and completes all necessary amendments to Delta Parent's articles of incorporation, amalgamation or continuance, as applicable, no later than 120 days after the Filing Date.</p>
12. JURISDICTION	The Parties agree to submit to the non-exclusive jurisdiction of the courts of the Province of Alberta and agree to be bound to any suit, action or proceeding commenced in such courts and by any order or judgment resulting from such suit, action or proceeding. For certainty, the Delta 9 Group shall use best efforts to have the CCAA Proceedings commenced in the courts in the Province of Alberta (the " Court ").
13. TERMINATION	This Term Sheet and the obligations of the Parties contained herein shall automatically cease and terminate if the Restructuring is not implemented on or before October 14, 2024.
14. AMENDMENT	This Term Sheet may not be amended without the mutual agreement of the parties.
15. CURRENCY	All references to currency noted in this Term Sheet shall be a reference to Canadian dollars.
16. EXCLUSIVITY	Other than within the context of a SISP contemplated under this Term Sheet, the Delta 9 Group agrees to negotiate exclusively with the Plan Sponsor in respect of the Restructuring contemplated herein for a period beginning on the date of this Term Sheet and ending 93 days after the date hereof (the " Exclusivity Period ") in an effort to negotiate and complete the Restructuring, the Delta 9 Group shall not, and shall not cause or permit any of its officers, directors, employees, representatives or agents to, directly or indirectly: (a) encourage, solicit, initiate or participate in any way in discussions or negotiations with; (b) provide any information to; or (c) enter into any agreement, arrangement or understanding with any person or group of persons, in each case concerning any transactions, whether by merger, business combination, sale of all or a material portion of the assets of the Delta 9 Group or the

	equity securities of the Delta 9 Group or any other disposition of Delta 9 Group that would be competitive with or have an adverse impact on the Restructuring or Acquisition Transaction (or would otherwise not be in the ordinary course for the Delta 9 Group).
17. ASSIGNMENT	Fika may assign its rights or obligations under this Term Sheet to any affiliate with prior written notice to the Delta 9 Group, but without prior written consent; provided that Fika shall remain primarily liable to the Delta 9 Group for the performance of all of its obligations contemplated herein. Other than the foregoing, neither Party may assign its rights or obligations hereunder without the prior written consent of the other Party. For certainty, and notwithstanding any assignment by Fika, all Delta Parent Shares and Fika Conversion Shares shall be issued in the capital of Fika.
18. COSTS	Upon approval of the DIP Loan, and subject to section 1(d), all reasonable accrued and continuing costs and expenses of the Parties incurred in connection with the Restructuring (“ Costs and Expenses ”) shall be borne by the Delta 9 Group and shall be paid in accordance with the Cash Flow Forecast. In addition to the foregoing, any of the Plan Sponsor’s Costs and Expenses not paid in accordance with the Cash Flow Forecast shall become due and payable to the Plan Sponsor, on behalf of the Delta 9 Group, two (2) business days after the earlier of: (i) the implementation of the Plan; (ii) the Court approving any plan of compromise and arrangement or any other transaction that would have the effect of precluding the consummation of the Acquisition Transaction; or (iii) the Delta 9 Group otherwise entering into any agreement that would have the effect of precluding the consummation of the Acquisition Transaction.
19. COUNTERPARTS	This Term Sheet may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by e-mail of an executed counterpart of this Term Sheet shall be deemed to constitute due and sufficient delivery of such counterpart.
20. BINDING AGREEMENT	This Term Sheet shall constitute a binding agreement between the Parties. Each Party agrees to execute and deliver such further documents and do such further acts and things as may be necessary to carry out the intent and purpose of this Term Sheet.

IN WITNESS WHEREOF the Parties hereto have executed this Term Sheet as of the day and year first above written.

**2759054 ONTARIO INC. O/A FIKA
HERBAL GOODS**

Signed by:

Per: _____
Name: Mark Vasey
Title: CEO

DELTA 9 CANNABIS INC.

Per: _____
Name: John Arbuthnot
Title: _____

DELTA 9 LOGISTICS INC.

Per: _____
Name: John Arbuthnot
Title: _____

DELTA 9 CANNABIS STORE INC.

Per: _____
Name: John Arbuthnot
Title: _____

DELTA 9 BIO-TECH INC.

Per: _____
Name: John Arbuthnot
Title: _____

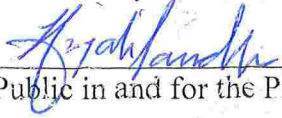
**DELTA 9 LIFESTYLE CANNABIS CLINIC
INC.**

Per: _____
Name: John Arbuthnot
Title: _____

**SCHEDULE “F”
RETAINED CONTRACTS**

[To be completed]

This is Exhibit "D"
referred to in the Affidavit of John Arbuthnot IV
sworn before me, at Winnipeg, Manitoba,
this 30th day of December, 2024



A Notary Public in and for the Province of Manitoba



HDI Global Specialty SE - Canadian Branch

130 Adelaide Street West Suite 3400, Toronto, ON M5H 3P5

Telephone: (+1) 416-814-8200

Primary Directors and Officers Liability Insurance Policy

for

Delta 9 Cannabis Inc.

Policy Number: CC0063524000

Producer:

**CannGen Insurance Canada
150 King Street West, Suite 1710A
Toronto, ON M5H 1J9**





HDI Global Specialty SE Canada Branch

130 Adelaide Street West Suite 3400, Toronto, ON M5H 3P5

Telephone: (+1) 416-814-8200

PRIMARY DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY DECLARATIONS

For purposes of the *Insurance Companies Act* (Canada), this document was issued in the course of HDI Global Specialty SE's insurance business in Canada.

Policy Number: CC0063524000

- ITEM 1. **Named Organization:** Delta 9 Cannabis Inc.
- Address: PO Box 68096 Osborne Village
Winnipeg, Manitoba R3L 2V9
- ITEM 2. **Policy Period:** From: May 20, 2024
To: May 20, 2025
(Both dates at 12:01 a.m. standard time at the address stated in ITEM 1.)
- ITEM 3. **Limit of Liability:**
CAD 2,500,000 Aggregate **Limit of Liability** (subject to Sub-limits in ITEM 4. below)
- ITEM 4. Sub-Limits, which form part of and are not in addition to the **Limit of Liability**:
- | | |
|-------------|--|
| CAD 50,000 | SECTION 2.A.: Inquiry Defence Costs |
| CAD 100,000 | SECTION 2.B.: Derivative Investigative Costs |
| CAD 250,000 | SECTION 2.C.: Employment Practice Liability |
| CAD 50,000 | SECTION 2.D.: Extradition Proceeding Defence Costs |
- ITEM 5. **Retentions:**
- | | |
|-------------|--------------------------------------|
| NIL | each Claim under SECTION 1.A. |
| CAD 250,000 | each Claim under SECTION 1.B. |
| CAD 250,000 | each Claim under SECTION 1.C. |
| NIL | for coverage under SECTION 2.A. |
| NIL | for coverage under SECTION 2.B. |
| CAD 250,000 | each Claim under SECTION 2.C. |
| NIL | for coverage under SECTION 2.D. |
- ITEM 6. **Coverage:** Primary Directors & Officers Liability
- ITEM 7. **Prior and Pending Date:** March 2, 2020



ITEM 8. **Extended Reporting Period:** 12 Months for: 200% of Annual Premium

ITEM 9. **Endorsement(s) attached at Policy inception:**

1. US SEC Exclusion with Notice of Public Filing Provision - DO-3-4
2. Allocation Endorsement – DO-34-6
3. Absolute BI/PD Exclusion – DO-35
4. 10% Exclusion – DO-49
5. Side C coverage removed (Policy is Side A + B Only) Endorsement – DO-MANU
6. Premium Fully Earned Endorsement – within 30 Days of Policy Inception – DO-MANU
7. Cyber Endorsement – DO-099 – CAD 50,000 Sublimit / CAD 10,000 Retention
8. Reliance on Application – DO-11

ITEM 10. **Insurer:** HDI Global Specialty SE - Canadian Branch
 130 Adelaide Street West, Suite 3400
 Toronto, ON Canada
 M5H 3P5

ITEM 11. **Address for Notification of Claim(s):**
 Claims Department
 HDI Global Specialty SE - Canadian Branch
 130 Adelaide Street West, Suite 3400
 Toronto, ON Canada
 M5H 3P5

 E-mail: HGS_Canada_Claims@hdi-specialty.com

ITEM 12. **Premium:** CAD 110,000

These Declarations, the attached Policy terms, the Endorsement(s) listed in ITEM 9., and the applicable **Application** constitute the entire **Policy**.

SIGNED by authorized signatory for and on behalf of HDI Global Specialty SE – Canadian Branch



Digitally signed
by Marco Zonni
Date: 2024.05.28
11:12:58 -04'00'

Authorized Signatory

Authorized Signatory

Marco Zonni
Underwriting Manager, Financial Lines

Derek Spafford
Managing Director & Chief Agent



THIS IS A CLAIMS MADE AND REPORTED POLICY

Various provisions in this **Policy** restrict coverage. Read the entire **Policy** carefully to determine rights, duties and what is and is not covered. Words and phrases that appear in bold have special meaning as set out in SECTION 3. of this **Policy**.

In consideration of the payment of premium, and in reliance upon the **Application**, and subject to the Declarations and the terms and conditions and limitations of this **Policy**, the **Named Organization** and the **Insurer** agree as follows:

SECTION 1. INSURING AGREEMENTS

A. Directors and Officers Coverage

The **Insurer** shall pay on behalf of any **Insured Persons** all **Loss** for which the **Insured Persons** are not indemnified by the **Named Organization** and which the **Insured Persons** become legally obligated to pay on account of any **Claim**, first made against the **Insured Persons** during the **Policy Period**, or, if exercised, during the **Extended Reporting Period**, for a **Wrongful Act**, and reported to the **Insurer** in accordance with SECTION 7. of this **Policy**.

B. Named Organization Indemnification Coverage

The **Insurer** shall pay on behalf of the **Named Organization** all **Loss** for which the **Named Organization** provides indemnification to **Insured Persons**, as permitted or required by law, and which the **Insured Persons** have become legally obligated to pay on account of any **Claim**, first made against the **Insured Persons** during the **Policy Period** or, if exercised, during the **Extended Reporting Period**, for a **Wrongful Act**, and reported to the **Insurer** in accordance with SECTION 7. of this **Policy**.

C. Named Organization Liability Coverage for Securities Claims

The **Insurer** shall pay on behalf of the **Named Organization** all **Loss** which the **Named Organization** becomes legally obligated to pay on account of any **Securities Claim**, first made against the **Named Organization** during the **Policy Period** or, if exercised, during the **Extended Reporting Period**, for a **Wrongful Act**, and reported to the **Insurer** in accordance with SECTION 7. of this **Policy**.

SECTION 2. COVERAGE EXTENSIONS

The following extensions of coverage shall not increase the **Limit of Liability** under this **Policy** and are subject to all conditions of this **Policy**. The following extensions of coverage are subject to the sub-limits of liability as set out in ITEM 4. of the Declarations.

A. Inquiry Defence Costs Coverage

The **Insurer** shall pay on behalf of the **Named Organization** all **Inquiry Defence Costs** arising from an **Inquiry** ordered by an authority having jurisdiction, or by reason of a lawful demand first made during the **Policy Period** or, if exercised, during the **Extended Reporting Period**, for a **Wrongful Act** or a potential **Wrongful Act**, and reported to the **Insurer** in accordance with SECTION 7. of this **Policy**

B. Derivative Investigative Costs Coverage

The **Insurer** shall pay on behalf of the **Named Organization** all **Investigative Costs** arising from an **Investigation** in response to a **Derivative Demand** first made during the **Policy Period** or, if exercised, during the **Extended Reporting Period**, for a **Wrongful Act** by any **Director and Officer**, and reported to the **Insurer** in accordance with SECTION 7. of this **Policy**.

C. Employment Practice Liability Coverage

The **Insurer** shall pay on behalf of the **Insured** all **Loss** for which the **Insured** becomes legally obligated to pay on account of any **Claim** first made against any **Insured** during the **Policy Period** or, if exercised, during the **Extended Reporting Period**, for an **Employment Practice Wrongful Act**, and reported to the **Insurer** in accordance with SECTION 7. of this **Policy**, provided always, however, that no coverage is provided to a **Named Organization** under this Coverage Extension unless such **Claim** is commenced and continuously maintained against an **Insured Person**.

D. Extradition Proceeding Defence Costs Coverage

The **Insurer** shall pay on behalf of any **Insured Persons** all **Extradition Defence Costs** arising from an **Extradition Proceeding**, first made against the **Insured Persons** during the **Policy Period** or, if exercised, during the **Extended Reporting Period**, for a **Wrongful Act** or a potential **Wrongful Act**, and reported to the **Insurer** in accordance with SECTION 7. of this **Policy**.

SECTION 3. DEFINITIONS

3.1 “**Application**” shall mean all applications, any attachments to such applications, other materials submitted therewith or incorporated therein, and any other documents submitted to the **Insurer** in connection with the underwriting of this **Policy** or any policy of which this **Policy** is a renewal or replacement. **Application** also includes any public documents filed by the **Named Organization** within 12 months prior to the inception date of this **Policy** with any federal, state, provincial, territorial, municipal, or foreign regulatory agency (including but not limited to any federal, state, provincial or territorial securities commission). **Applications** are deemed attached to and incorporated into this **Policy**.

3.2 “**Claim**” shall mean:

- a) any written demand made against any **Insured** for monetary damages or non-monetary or injunctive relief, including, but not limited to, any demand for mediation, arbitration or other alternative dispute resolution process;
- b) A civil proceeding made against any **Insured** for monetary damages or non-monetary or injunctive relief commenced by issuance or filing of a Writ of Summons, Statement of Claim, Notice of Civil Claim, Motion to Institute Proceedings, Complaint, or similar pleading;
- c) An arbitration proceeding made against any **Insured** for monetary damages or non-monetary or injunctive relief;
- d) an administrative or regulatory proceeding made against any **Insured** commenced by the filing of a notice of charges or similar document, or a criminal or penal proceeding made against any **Insured** commenced by the laying of an information, the return of an indictment, the service of a statement of offence, or receipt by the **Insured** of any other similar document instituting such proceedings;

It is understood that all **Claims** against the **Insured** that arise out of or are attributable to the same **Wrongful Acts** or **Interrelated Wrongful Acts**, shall constitute a single **Claim**.

3.3 “**Common Law Partners**” shall mean two persons who:

- a) cohabited continuously in a conjugal relationship outside of marriage for a period of at least one year; or
- b) cohabited continuously in a conjugal relationship of some permanence outside of marriage if they are the natural or adoptive parents of a child thereof.

3.4 “**Complainant**” shall have the meaning as defined in Section 238 of the Canada Business Corporations Act or similar provision of any Canadian provincial or territorial business corporation’s statute.

3.5 “**Defence Costs**” shall mean all reasonable and necessary costs, charges, fees (including but not limited to legal fees and experts’ fees) and expenses (other than regular or overtime wages, salaries or fees of any **Insured Person**) incurred solely in defending any **Claim** for which coverage is afforded under this **Policy**, including the costs of an appeal bond, attachment bond or similar bonds arising out of covered judgments. **Defence Costs** are part of and not in addition to the

Limits of Liability in ITEM 3. of the Declarations.

- 3.6 “**Derivative Action**” shall mean a lawsuit brought derivatively on behalf of the **Named Organization** by a **Complainant** against any **Director and Officer** for any actual or alleged wrongdoing on the part of such **Director and Officer**.
- 3.7 “**Derivative Demand**” shall mean any written demand by any **Complainant** upon the board of directors (or equivalent management body) of the **Named Organization** to commence a civil action on behalf of the **Named Organization** against any **Director and Officer** for any actual or alleged wrongdoing on the part of such **Director and Officer**, or the commencement of any such civil action by the **Complainant** for and on behalf of the **Named Organization** in the event no prior written demand was made.
- 3.8 “**Director and Officer**” shall mean any past, current or future:
- a) duly elected or appointed director, officer, trustee, or governor of the **Named Organization**, if the **Named Organization** is a corporation;
 - b) trustees of the **Named Organization**, and the duly elected or appointed directors of the **Named Organization’s** operating company, if the **Named Organization** is an income trust;
 - c) member of the management board of the **Named Organization**, if the **Named Organization** is a limited liability company (or the equivalent in any other jurisdiction);
 - d) management partners of the **Named Organization**, if the **Named Organization** is a partnership;
 - e) general partners of the **Named Organization**, if the **Named Organization** is a limited partnership; or
 - f) de facto director, officer, general counsel, risk manager, trustee, governor, management committee member, or a member of the management board of the **Named Organization**.
- 3.9 “**Employee**” shall mean any past, present, or future employee of the **Named Organization**, (other than a **Director and Officer**), whether such **Employee** is in a supervisory, co-worker or subordinate position or otherwise, including any full-time or part-time employee of the **Named Organization**.
- 3.10 “**Employment Practices Wrongful Act**” shall mean any of the following actual or alleged conduct by an **Insured** solely in relation to any **Employee**, or to applicants for employment with the **Named Organization**:
- a) wrongful dismissal, termination or discharge of employment, either actual or constructive;
 - b) workplace or sexual harassment;
 - c) workplace or employment related discrimination;
 - d) retaliation in response to any **Whistleblower Conduct**, exercise of legal rights, or compliance with any court order by any **Employee** or applicant for employment with the **Named Organization**;
 - e) wrongful discipline;
 - f) employment related misrepresentation;
 - g) employment related libel, slander, humiliation, defamation or invasion of privacy;
 - h) wrongful failure to employ, promote, or grant tenure;
 - i) wrongful deprivation of career opportunity, wrongful demotion, or negligent **Employee** evaluation, including the provision of negative or defamatory statements in connection with an **Employee** reference; or
 - j) wrongful failure to provide or enforce adequate or consistent corporate policies and procedures relating to any of the above.
- 3.11 “**Extended Reporting Period**” shall mean the period referred to in SECTION 9.6. of this **Policy**.
- 3.12 “**Extradition Proceeding**” shall mean any formal process by which an **Insured Person** located in any country is sought to be surrendered to any other country for trial or otherwise to answer any criminal accusation.
- 3.13 “**Extradition Defence Costs**” shall mean reasonable and necessary costs, charges, fees (including but not limited to legal fees and experts’ fees) and expenses incurred by an **Insured** solely in connection with the defence or appeal of an **Extradition Proceeding**, and the premium for a bail bond, if bail is available for an **Extradition Proceeding** in the country at issue, but the **Insurer** shall be under no obligation to provide such bail bond.
- 3.14 “**Financial Insolvency**” shall mean bankruptcy or insolvency as defined by the provisions of the Bankruptcy and Insolvency Act R.S.C. 1985, c.B-3 as amended, Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36 as amended, Winding up and Restructuring Act, R.S.C. 1985, c W-11 as amended, or Chapters 7 or 11 of the United States Bankruptcy

Code, and includes liquidation pursuant to the Canada Business Corporations Act R.S.C. 1985, c.C-44 as amended or any similar provincial or territorial legislation, and the appointment of a receiver, receiver manager, or monitor.

3.15 “**Inquiry**” shall mean any formal inquiry, administrative or regulatory investigation, or hearing commenced against any **Insured** pursuant to a court order or order of a regulatory authority, or by reason of a subpoena issued to any **Insured**:

- a) conducted or appointed pursuant to legislation governing securities;
- b) conducted or appointed pursuant to legislation governing occupational health and safety; or
- c) conducted or appointed pursuant to Section 217.1 of the Canadian Criminal Code R.S.C. 1985, c.C-46,

which is not a **Claim** and which may reasonably be expected to result in findings relevant to an **Insured’s** potential **Wrongful Act**. However, **Inquiry** shall not mean any professional disciplinary proceeding, or any inquiry, investigation, commission, or hearing involving, relating to, or in connection with labour relations or collective bargaining.

3.16 “**Inquiry Defence Costs**” shall mean reasonable and necessary costs, charges, fees (including but not limited to legal fees and experts’ fees) and expenses incurred by an **Insured** solely in connection with an **Inquiry**. **Inquiry Defence Costs** shall not include regular or overtime wages, salaries, fees, or costs of travel or accommodation of any **Insured Person**.

3.17 “**Insured**” shall mean:

- a) any **Insured Person**; or
- b) the **Named Organization**

3.18 “**Insured Person**” shall mean any person who was, is or who becomes during the Policy Period:

- a) a **Director and Officer**;
- b) any family member of a **Director and Officer**, including but not limited to the lawful spouse (including **Common Law Partners** if recognized by law in the **Named Organization’s** country of domicile) of a **Director and Officer**, but only where recovery against such family member is sought solely because property is held jointly with, or owned by the family member on behalf of such **Director and Officer**, and solely in relation to **Wrongful Acts** by such **Director and Officer**;
- c) the legal representatives, heirs, assigns or estates of any deceased **Director and Officer**, but solely in relation to **Wrongful Acts** by such **Director and Officer**;
- d) the legal representatives or assigns of any **Director and Officer** in the event of the **Director and Officer’s** incompetency, insolvency or bankruptcy, but solely in relation to **Wrongful Acts** by such **Director and Officer**;
- e) an **Employee**;

There is no coverage hereunder for any **Claim** that alleges a **Wrongful Act** or **Employment Practices Wrongful Act** by a family member, legal representative, heir, assign or estate of any **Director and Officer**.

Insured Persons shall not include external auditors or independent contractors working for the **Named Organization**, unless specifically endorsed to the **Policy**.

3.19 “**Insurer**” shall mean the Insurance Company stated in ITEM 10. of the Declarations.

3.20 “**Interrelated Wrongful Acts**” shall mean two or more **Wrongful Acts**, or **Employment Practices Wrongful Acts**, which have as a common nexus any fact, circumstance, situation, event or transaction, or any series of facts, circumstances, situations, events or transactions.

3.21 “**Investigation**” shall mean an investigation by an incorporated **Named Organization** or on behalf of an incorporated **Named Organization** by its board of directors (or any special committee thereof), in response to a **Derivative Demand**.

3.22 “**Investigative Costs**” shall mean reasonable and necessary costs, charges, fees (including but not limited to legal fees and experts’ fees) and expenses (other than regular or overtime wages, salaries or fees of any **Insured Person**) incurred by the

Named Organization or on behalf of its board of directors (or equivalent thereof), or any special committee thereof, solely in connection with an **Investigation**.

- 3.23 “**Limit of Liability**” shall mean the amount specified in ITEM 3. of the Declarations.
- 3.24 “**Loss**” shall mean damages, settlements, judgments (including pre-judgment interest and post-judgment interest on a **Claim** falling within coverage under this **Policy**), and **Defence Costs**. **Loss** shall also include:
- a) punitive, exemplary damages or multiplied damages where insurable under the applicable law most favourable to the insurability of such damages and where insurable.
 - b) taxes and related penalties and interest assessed against any **Insured Person** based upon, arising out of or attributable to the failure to deduct, withhold or remit tax from a payment of salary or wages of an employee pursuant to the Income Tax Act R.S.C. 1985, the Unemployment Insurance Act R.S.C. 1985, c. U-1 and the Canada Pension Plan R.S.C., c. 8, the regulations promulgated thereunder and amendments thereto or any similar provisions of any provincial law;
 - c) any amount constituting wages pursuant to the Canada Business Corporations Act R.S.C. 1985, c. C-44 and the Business Corporations Act, R.S.C. 1990 c.B.16, the regulations promulgated thereunder and amendments thereto or any similar provisions of any provincial law.

However, **Loss** does not include:

- d) fines or penalties or other matters uninsurable under the law pursuant to which this **Policy** is construed;
 - e) cleanup costs relating to **Pollutants** that result in the release of **Pollutants**;
 - f) any portion of damages, settlements or judgments in respect of any **Claim** alleging that an **Insured** paid or proposed to pay for the acquisition or completion of all or substantially all of the ownership interest in, or assets of, an entity was inadequate. However, this paragraph shall not apply to **Defence Costs** or **Loss** as is otherwise covered under SECTION 1.A. of this **Policy**.
- 3.25 “**Named Organization**” shall mean the organization named in ITEM 1. of the Declarations and any **Subsidiary** thereof, including any foundation, charitable trust, or other not-for-profit organization controlled or exclusively sponsored by the **Named Organization** or any **Subsidiary**.
- 3.26 “**Notification**” shall mean written notice of any **Claim, Investigation, Inquiry, or Extradition Proceeding** which is received from an **Insured** by the **Insurer** as soon as practicable and in any event within the **Policy Period** (or within the **Extended Reporting Period**). It shall also mean written notice of any **Claim, Investigation, Inquiry or Extradition Proceeding** first made during the **Policy Period** and which is received by the **Insurer** within ninety (90) days following the **Policy Period**, but only when and to the extent that a replacement policy has not been issued by the **Insurer**, the **Policy** has not been cancelled for non-payment of premium, or the **Extended Reporting Period** has not been purchased.
- 3.27 “**Outside Entity**” shall mean any organization other than the **Named Organization** in which the **Named Organization** maintains a financial interest as a sponsor or equity investor, including any non-profit organization or corporation. **Outside Entity** shall not include the following:
- a) any financial services company including any bank, credit union, finance company, insurance company, stock exchange, brokerage, investment fund or trust;
 - b) any information technology services company active in design, development, manufacture, installation, maintenance, servicing or repairing of computer software, hardware or firmware, including those companies which provide related systems analysis, systems programming, data processing, systems integration, internet related services, or sales, licensing, distribution of computer software, hardware or firmware;
 - c) any pharmaceutical research or biotechnology company, those organizations which are active in the fields of life sciences, biological sciences, the medical products industry, the healthcare industry;
 - d) any company where more than ten percent (10%) of its assets are located outside of Canada, or the United States of America
 - e) any organization which is currently, or has at any time in the past five years, been subject to regulation by the U.S. Securities and Exchange Commission.
- 3.28 “**Outside Entity Insured Person**” shall mean any duly elected or appointed **Director and Officer**, acting in a similar capacity for an **Outside Entity** at the specific request of the **Named Organization**.

- 3.29 “**Policy**” shall mean the Declarations attached to this **Policy**, this policy form, any endorsements attached to the **Policy**, and the **Application**.
- 3.30 “**Policy Period**” shall mean the period of time specified in ITEM 2. of the Declarations, or any other period as may be mutually agreed in writing by the **Named Organization** and **Insurer**.
- 3.31 “**Pollutants**” shall mean any substance located anywhere in the world exhibiting any hazardous characteristics as defined by, or identified on a list of hazardous substances issued pursuant to the Canadian Environmental Protection Act. Such substances shall include, without limitation, solid, liquid, gaseous or thermal irritants or contaminants including, smoke, vapours, soot, fumes, acids, alkalis, chemicals and waste materials. Waste materials include but are not limited to recycled, reconditioned or reclaimed materials.
- 3.32 “**Retention**” shall mean the amount stated in ITEM 5. of the Declarations.
- 3.33 “**Securities Claim**” shall mean any **Claim** made against an **Insured**, which alleges a violation of any common law, federal, provincial, territorial or foreign statute, rule or regulation governing the issuance or sale, or trading of securities, including the oppression or unfairly prejudicial provisions of the Canadian Business Corporations Act, R.S.C. 1985, c. C-44 or similar provisions of any Canadian provincial or territorial statute, and which is:
- a) brought by any person or entity alleging, arising out of, based upon or attributable to the purchase or sale or offer or solicitation of an offer to purchase or sell any securities of the **Named Organization**; or
 - b) brought by a security holder of the **Named Organization** with respect to such security holder’s interest in securities of the **Named Organization**; or
 - c) which is a **Derivative Action**

Notwithstanding the foregoing, the term “**Securities Claim**” shall:

- d) not include any **Claim** brought by any **Insured Person** of the **Named Organization** alleging, arising out of, based upon or attributable to the loss, or failure to receive or obtain, the benefit of stock, stock warrants, stock options or other securities of the **Named Organization**
- 3.34 “**Subsidiary**” shall mean any corporate entity of which the **Named Organization** owns or owned, either directly or indirectly, more than fifty percent (50%) of the outstanding securities through one or more of its other **Subsidiaries** representing the right to vote for the election of such entity’s directors or having the right, pursuant to written contract, certificate of incorporation, charter, by-laws, articles of association, limited liability company agreement, partnership agreement or other organizational or similar documents of an entity to elect, appoint, or designate a majority of such entity’s directors, officers, general partners, managing members, members of the Board of Managers or their equivalent (hereinafter deemed as management control). A **Subsidiary** also means any not-for-profit entity exclusively sponsored by the **Named Organization**,
- a) on or before the effective date of this **Policy**;
 - b) subsequent to the effective date of this **Policy**, by reason of it being acquired or created and so long as such acquired or created entity’s total assets do not exceed fifty percent (50%) of the total consolidated assets of the **Named Organization** as at the effective date of this **Policy**;
 - c) subsequent to the effective date of this **Policy**, by reason of it being acquired or created by the **Named Organization** other than as described in b) above, if the **Named Organization**, within ninety (90) days, provides the **Insurer** with written notice thereof and the **Named Organization** agrees to any coverage or premium modifications that may be required by the **Insurer**.

A **Subsidiary**, as defined herein is no longer a **Subsidiary** when the **Named Organization** ceases to have management control of such entity, or when the **Named Organization** is no longer the sole sponsor of a not-for-profit entity.

- 3.35 “**Whistleblower Conduct**” shall mean actions of an **Employee** or **Director and Officer** assisting, cooperating or testifying in any proceeding or investigation into whether an **Insured** violated any federal, state, provincial, local or foreign common or statutory law, or any rule or regulation promulgated thereunder.
- 3.36 “**Wrongful Act**” shall mean any:

- a) actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of duty or act allegedly committed or attempted by an **Insured Person** acting in his or her capacity as such;
- b) matter claimed against any **Insured Person** solely by reason of his or her status as an **Insured Person**; or
- c) actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of duty or act allegedly committed or attempted by the **Named Organization**.

SECTION 4. EXCLUSIONS

The **Insurer** shall not be liable for **Loss** on account of any **Claim, Investigation, Inquiry, or Extradition Proceeding** made against any **Insured**:

- 4.1 alleging, based upon, arising from, directly or indirectly resulting from, in consequence of, or in any way involving or attributable, in whole or in part, to:
 - a) deliberate criminal or fraudulent act or omission by such **Insured** if established by a final, non-appealable adjudication in an action or proceeding other than an action or proceeding initiated by the **Insurer** to determine coverage under the **Policy**; or
 - b) the gaining of any profit, remuneration or advantage to which an **Insured** was not legally entitled, if established by a final, non-appealable adjudication in an action or proceeding other than an action or proceeding initiated by the **Insurer** to determine coverage under the **Policy**;
- 4.2 alleging, based upon, arising from, directly or indirectly resulting from, in consequence of, or in any way involving or attributable, in whole or in part, to any **Claim** or circumstances notified to any insurer under a policy which incepted prior to the inception of this **Policy** or which arises from matters substantially the same as such **Claim** or circumstances;
- 4.3 alleging, based upon, arising from, directly or indirectly resulting from, in consequence of, or in any way involving or attributable, in whole or in part, to any proceedings commenced prior to or which were pending as of or prior to the applicable date stated in ITEM 7. of the Declarations or which arises from matters substantially the same as alleged in or forming the subject matter of such proceedings;
- 4.4 alleging, based upon, arising from, directly or indirectly resulting from, in consequence of, or in any way attributable, in whole or in part, to any actual or alleged violation of the responsibilities, obligations or duties imposed by any retirement or pension legislation anywhere in the world, including but not limited to the Pension Benefits Standards Act, 1985, R.S.C. c. 32 (2nd Supp.) Pension Benefits Act, R.S.O. 1990, c. P.8, the UK Pensions Act 1995 and the Employee Retirement Income Security Act of 1974 (USA) and any amendments thereto;
- 4.5 for bodily injury, sickness, mental anguish or emotional distress or disturbance, disease or death of any person howsoever caused or damage to or destruction of any tangible property, including loss of use thereof. Provided, however, that this exclusion shall not apply to:
 - a) allegations of mental anguish or emotional distress or disturbance advanced in a **Claim** for an **Employment Practices Wrongful Act**;
 - b) **Defence Costs** on account of any **Claim** which is a criminal proceeding pursuant to United Kingdom Corporate Manslaughter and Corporate Homicide Act of 2007, section 217.1 of the Canadian Criminal Code R.S.C. 1985, c.C-45, as amended or of any similar provision of any criminal code in any jurisdiction, against an **Insured Person** and which is commenced by either the return of a summons to witness or of an indictment or the laying of an information;
- 4.6 which is insured in whole or in part by any other valid and collectible policy or policies (except with respect to any excess beyond the amount or amounts of coverage under such other policy or policies), whether such other policy or policies are stated to be primary, contributory, excess, contingent, or otherwise. This **Policy** is specifically excess of, and shall not contribute with, any insurance policy for pollution liability or environmental liability, including any general liability policy;
- 4.7 alleging, based upon, arising from, directly or indirectly resulting from, in consequence of, or in any way attributable, in whole or in part, to bodily injury, sickness, disease or death or damage to or destruction of any tangible property, including

loss of use arising therefrom resulting from the hazardous properties of radioactive or nuclear material or of any radioactive or nuclear facility;

- 4.8 for any **Wrongful Act** of any **Insured Persons** serving as a director, officer, trustee, regent, governor, member of the Board of Managers, or equivalent position of an entity other than the **Named Organization** or **Outside Entity**, even if directed or requested to serve such other entity; provided, however, this exclusion shall not apply to an **Employment Practices Claim**;
- 4.9 for any **Wrongful Act** of any **Subsidiary** or the **Insured Persons** of such **Subsidiary** or any entity that merges with the **Named Organization** or the **Insured Persons** of such entity that merges with the **Named Organization** occurring:
- a) prior to the date such entity became a **Subsidiary** or was merged with the **Named Organization**;
 - b) subsequent to the date such entity became a **Subsidiary** or was merged with the **Named Organization** which, together with a **Wrongful Act** occurring prior to the date such entity became a **Subsidiary** or was merged with the **Named Organization**, would constitute Interrelated **Related Wrongful Acts**; or
 - c) subsequent to the date such entity ceased to meet the definition of **Subsidiary**;
- 4.10 for, other than **Defence Costs**, any amounts demanded for salary, wages, bonus, severance pay, or any other employee benefits by reason of any federal or provincial law including damages by reason of express term of an employment contract or damages by reason of the **Insureds** failure to afford reasonable notice to an or **Insured Person**, except this exclusion shall not apply to that portion of **Loss** that is increased by reason of any **Insured Person** engaging in an **Employment Practices Wrongful Act**;
- 4.11 for any **Wrongful Act** prior to the date upon which such **Outside Entity Insured Person** is elected or appointed to the board of such **Outside Entity**, if the **Outside Entity Insured Person**, as of such date, knew or reasonably could have known that such **Wrongful Act** could lead to a **Claim**, **Investigation**, **Inquiry**, or **Extradition Proceeding** under this **Policy**;
- 4.12 which is brought by or on behalf of the **Named Organization**, or any **Directors and Officers**, provided, however, that this exclusion shall not apply if such **Claim**:
- a) involves **Defence Costs** arising from a **Claim** made against an **Insured Person** to the extent it is covered under SECTION 1.A. of this **Policy**;
 - b) arises from an **Employment Practices Wrongful Act**;
 - c) is in the form of a counterclaim or third party **Claim** for contribution or indemnity which is part of and results directly from a **Claim** which is not otherwise excluded by the terms of this **Policy**;
 - d) is brought on behalf of the **Named Organization** in bankruptcy by the examiner, trustee, receiver, liquidator or rehabilitator; or
 - e) involves any derivative **Claim** commenced by a **Complainant**, or the equivalency in any other jurisdiction, provided the **Claim** is brought or continued without the material assistance, active participation, intervention or willing co-operation of any **Insured Person**, any **Outside Entity Insured Person**, the **Named Organization** or any **Outside Entity**;

For the purposes of exception e) above, **Whistleblower Conduct** by an **Insured Person** shall not be considered solicitation, assistance, active participation, intervention or willing co-operation of an **Insured Person**.

For purposes of determining the application of the above exclusions, facts pertaining to or knowledge possessed by any **Insured Person** shall not be imputed to any other **Insured Person**; however, facts pertaining to and knowledge possessed by any past, present or future Chief Executive Officer, or Chief Financial Officer (or equivalents thereof) of the **Named Organization** shall be imputed to the **Named Organization**.

SECTION 5. LIMIT OF LIABILITY AND PRIORITY OF PAYMENTS

- 5.1 The **Insurer** shall be liable to pay the maximum aggregate **Limit of Liability** in excess of the applicable **Retention** amount stated in ITEM 5. of the Declarations, regardless of the time of payment or number of **Claims**, **Investigations**, **Inquiries**, or **Extradition Proceedings**.

- 5.2 **Defence Costs** shall be part of, and not in addition to, the **Limit of Liability** and such **Defence Costs** shall serve to reduce the **Limit of Liability**.
- 5.3 Notwithstanding the sub-limits of liability stated in ITEM 4. of the Declarations or endorsed to the **Policy**, if any, the amount stated in ITEM 3. of the Declarations shall be the maximum aggregate **Limit of Liability** of the **Insurer** for all **Loss** under this **Policy**, regardless of the number of **Claims, Investigations, Inquiries, or Extradition Proceedings** made against the **Insured**, the number of **Insured**, the number of Insuring Agreements or Coverage Extensions applicable to any **Claims, Investigations, Inquiries, or Extradition Proceedings**, or, the time when **Loss** payments are made.
- 5.4 The **Insurer** shall pay **Loss** in the order in which **Loss** is presented to the **Insurer** for payment and accepted by the **Insurer** as constituting **Loss**. If **Loss** is payable concurrently under SECTION 1.A. and other Insuring Agreements or Coverage Extensions, the **Insurer** will first pay **Loss** payable under SECTION 1.A. of this **Policy**; and thereafter, with respect to the available remaining amount of the **Limit of Liability**, pay **Loss** for which coverage is provided under SECTION 1.B., 1.C., 2.A., 2.B., 2.C., or 2.D. of this **Policy**.

SECTION 6. RETENTION

- 6.1 The **Insurer** will only be liable for the amount of **Loss** arising from a **Claim** that is in excess of the **Retention** amount stated in ITEM 5. of the Declarations.
- 6.2 No **Retention** will apply:
- a) where coverage is provided under SECTION 1.A., 2.A., 2.B., or 2.D. of this **Policy**;
 - b) in the event of **Financial Insolvency** of the **Named Organization** during the **Policy Period** or **Extended Reporting Period**, if applicable;
 - c) where a final judgment of no liability is obtained prior to trial in favour of all **Insureds**, by reason of a motion to dismiss or a motion for summary judgment, after the exhaustion of all appeals; or
 - d) a final judgment of no liability is obtained after trial in favour of all **Insureds**, after exhaustion of all appeals and no **Loss** other than in respect of **Defence Costs** has been incurred.
- The **Insurer** agrees in the case of c) or d) above to reimburse all reasonably incurred **Defence Costs** paid by an **Insured** subject to the aggregate **Limit of Liability** or sub-limit of liability. In the event of such determination or dismissal, reimbursement shall occur within sixty (60) days thereafter, provided always that such reimbursement shall be repayable to the **Insurer** in the event that a new **Claim, Investigation, Inquiry, or Extradition Proceeding** is brought against any **Insured** in respect of the same **Wrongful Act, Employment Practices Wrongful Act, or any Interrelated Wrongful Acts**.
- 6.3 For purposes of determining the applicable **Retention**, the **Named Organization** shall be deemed to have indemnified an **Insured Person** to the fullest extent permitted or required by law, unless the **Named Organization** is unable to indemnify due to **Financial Insolvency**.
- 6.4 In the event that any **Claim** or more than one **Claim** arising from **Interrelated Wrongful Acts**, shall be covered, in whole or in part, under two or more Insuring Agreements or Coverage Extensions, the total applicable **Retention** shall be the single largest applicable **Retention**. Such largest applicable **Retention** shall apply only once to such **Claim**.

SECTION 7. REPORTING – CONDITION PRECEDENT

- 7.1 The **Insureds** shall, as a condition precedent to the **Insurer's** liability under this **Policy**, provide **Notification** first made against any **Insured** during the **Policy Period**.
- 7.2 The **Insureds** may also provide notice in writing to the **Insurer** during the **Policy Period**, or **Extended Reporting Period**, of any fact or circumstance which could reasonably be expected to give rise to a **Claim** being made against an **Insured** for a **Wrongful Act**, or an **Employment Practices Wrongful Act**.
- 7.3 It is understood and agreed that **Notification** in accordance with SECTION 7.1 of this **Policy** and notice in writing in accordance with SECTION 7.2 of this **Policy** must include full particulars as to dates, events, persons and entities involved

and the manner in which the **Insureds** became aware of the **Claim**, fact or circumstance. Any **Claim** subsequently made and arising out of a fact or circumstance reported pursuant to SECTION 7.2 of this **Policy** shall be deemed to have been first made at the time such notice in writing was provided to the **Insurer**.

SECTION 8. DEFENCE, INVESTIGATION, AND SETTLEMENT

- 8.1 It shall be the duty of the **Insured** to defend **Claims, Investigations, Inquiries, or Extradition Proceedings** covered under this **Policy**.
- 8.2 In respect of any **Claim, Investigation, Inquiry, or Extradition Proceeding** covered under this **Policy** the **Insurer** will pay **Defence Costs, Investigative Costs, Inquiry Defence Costs, or Extradition Defence Costs** on behalf of the **Insured** on an as incurred basis, but no later than sixty (60) days upon receipt of the invoice, subject to reasonableness. If at any time a **Claim, Investigation, Inquiry, or Extradition Proceeding** is determined not to be covered under this **Policy**, then all such **Defence Costs, Investigative Costs, Inquiry Defence Costs, or Extradition Defence Costs** must be repaid to the **Insurer** on demand, by the **Insureds**, severally and according to their respective interests.
- 8.3 In the event the **Named Organization** is unable to indemnify the **Insured Persons** solely by:
- a) reasons of its **Financial Insolvency**; or
 - b) the **Named Organization** fails or refuses in writing to indemnify an **Insured Person** for **Defence Costs**, to the fullest extent permitted or required by law, and presents a statutory, common law or contractual basis for such refusal, and the **Insured Person** contests, in writing, such refusal;

the **Insurer** shall advance **Defence Costs** incurred by the **Insured Persons** without first requiring payment of the **Retention** applicable to **Claims** covered by SECTION 1.B. of this **Policy** and in accordance with and subject to the terms and conditions of this **Policy**.

The certificate of incorporation, charter or other organizational documents of the **Named Organization**, including the Bylaws, shall be deemed to require indemnification and advancement of **Loss** to the **Insured Persons** to the fullest extent permitted by law and any coverage to such **Insured Person** shall be subject to the **Insured Person** complying with SECTION 9.10 of this **Policy**.

- 8.4 The **Insured** shall have the right to tender the defence of a **Claim, Investigation, Inquiry, or Extradition Proceeding** to the **Insurer**, which right shall be exercised in writing by the **Named Organization** on behalf of all **Insureds** to the **Insurer** in accordance to SECTION 7. of this **Policy** and within thirty (30) days of the date the **Claim, Investigation, Inquiry, or Extradition Proceeding** is first made against an **Insured**.
- 8.5 In the event that the **Insured** shall exercise the right to tender in accordance with SECTION 8.4 of this **Policy**, and provided that the **Insured** has complied with SECTION 7. of this **Policy** and further provided that the **Insured** shall have taken no action whatsoever in the administration or defence of the **Claim, Investigation, Inquiry, or Extradition Proceeding** that prejudices the right of the **Insured** or the **Insurer** with respect to such **Claim, Investigation, Inquiry, or Extradition Proceeding** the **Insurer** shall be obligated to assume the defence of the **Claim, Investigation, Inquiry, or Extradition Proceeding**, even if such **Claim, Investigation, Inquiry, or Extradition Proceeding** is groundless, false or without merit. The assumption of the defence of the **Claim** shall be effective upon written confirmation sent thereof by the **Insurer** to the **Named Organization**.
- 8.6 The right to tender shall terminate within thirty (30) days of the date the **Claim, Investigation, Inquiry, or Extradition Proceeding** was first made, however, the **Insurer** may at its sole discretion elect to assume the defence of the **Claim, Investigation, Inquiry, or Extradition Proceeding** should the **Insured** seek to tender the defence after the thirty (30) days of the date the **Claim, Investigation, Inquiry, or Extradition Proceeding** was first made.
- 8.7 In all cases, the **Insured** shall obtain the **Insurer's** written consent to retain any lawyers or other advisors from whom advice is being sought, prior to their appointment. Such consent shall not be unreasonably withheld.
- 8.8 The **Insured** shall not admit liability for, or settle, any **Claim, Investigation, Inquiry, or Extradition Proceeding** without the written consent of the **Insurer**, such consent not to be unreasonably withheld. Furthermore, the **Insurer** shall not settle or compromise any **Claim, Investigation, Inquiry, or Extradition Proceeding** without the written consent of the **Insured**.

- 8.9 The **Insured** shall assert all appropriate defences and cross claims for contribution, indemnity or damages and shall co-operate fully with the **Insurer** and/or its legal representative in the conduct of the defence.
- 8.10 The **Insured** shall at its own cost and in a timely fashion provide all information and assistance reasonably required to allow any **Claim, Investigation, Inquiry, or Extradition Proceeding** to be effectively investigated, defended and/or resolved, and to allow the **Insurer** to investigate and determine coverage under the **Policy**.
- 8.11 The failure of any **Insured Person** to give the **Insurer** cooperation and information shall not impair the rights of any other **Insured Person** under this **Policy**.

SECTION 9. GENERAL CONDITIONS

9.1 Acquisition

In the event the **Named Organization** creates or acquires a **Subsidiary**, as defined in SECTION 3.34 of this **Policy**, and the acquired assets of such other entity exceed fifty percent (50%) of the assets of the **Named Organization** as of the inception date of the **Policy**, coverage under this **Policy** shall extend to the **Insured(s)** of such **Subsidiary** for ninety (90) days after the effective date of such event, but only with respect to **Wrongful Acts** committed or alleged to have been committed after said date of acquisition or creation. This extension of coverage shall terminate on the expiration of the ninety (90) day period unless:

- a) written notice of such event is given to the **Insurer** by the **Named Organization**;
- b) the **Named Organization** provides the **Insurer** with such information in connection therewith as the **Insurer** may require;
- c) the **Named Organization** accepts any special terms, conditions, exclusions or additional premium charge as may be required by the **Insurer**; and
- d) the **Insurer**, at its sole discretion, agrees to provide such coverage and confirms such agreement in writing;

9.2 Change of Control

It is agreed that if the **Named Organization** is merged, consolidated with or acquired by another entity, or entities acting in concert, such that the acquiring party has the right to elect at least fifty percent (50%) of the directors of the **Named Organization** (hereinafter deemed a Change of Control), and/or if all or substantially all of the **Named Organization's** assets are acquired by another entity, then this **Policy** shall only apply to **Wrongful Acts** committed prior to the effective date of any such event described herein.

The full annual premium for the **Policy Period** shall be deemed fully earned immediately upon the occurrence of any such event described herein and this **Policy** may not be cancelled thereafter but shall continue until the expiration date shown in ITEM 2. of the Declarations to this **Policy**.

9.3 Cancellation / Termination

- a) The **Named Organization** may cancel this **Policy** by giving notice in writing to the **Insurer** at any time, except in the event of a Change of Control as stated in SECTION 9.2 above.
- b) The **Insurer** may cancel this **Policy** by giving fifteen (15) days written notice to the **Named Organization** due to non-payment of premium.
- c) This **Policy** shall terminate at the expiration of the **Policy Period** as stated in ITEM 2. of the Declarations.

If the **Named Organization** cancels this **Policy**, the **Insurer** shall retain the proportion of the earned premium calculated on a pro-rata basis as at the date of cancellation.

9.4 Other Insurance

Except in the event of a personal liability insurance policy maintained by an **Insured Person**, this **Policy** shall apply only in excess of any other valid and collectible insurance, other than insurance written as specific excess insurance over the **Limit of Liability** provided in this **Policy**.

9.5 Allocation

In the event that a **Claim** involves **Loss** that is partly covered by this **Policy**, either because a **Claim** against an **Insured** includes both covered and uncovered matters or because a **Claim** is made against covered and uncovered parties, the **Insurer** shall allocate as follows:

- a) with respect to **Defence Costs**, the **Insurer** shall pay eighty percent (80%) and advanced by the **Insurer** on a current basis. This allocation of **Defence Costs** shall be final and binding and shall not apply to or create any presumption with respect to the allocation of any other **Loss**.
- b) with respect to **Loss** other than **Defence Costs**, the **Insurer** and the **Insured** shall use their best efforts to determine a fair and proper allocation of **Loss**, taking into account the relative legal exposures and benefits of the **Insureds** for covered **Claims** and of others not insured under this **Policy**.

If the amount of covered **Loss** cannot be agreed, the **Insurer**, at the request of the **Insured**, shall submit the disagreement to binding alternative dispute resolution pursuant to SECTION 9.16 of this **Policy**.

9.6 Extended Reporting Period

- a) Except as indicated in 9.6 b) below, if this **Policy** is terminated or not renewed for any reason other than for non-payment of premium, then the **Insured** shall have the right to purchase an **Extended Reporting Period**. This **Extended Reporting Period**, once purchased, provides an additional period, which commences upon the expiry or termination of the **Policy Period** and continues for the term selected from the options indicated in ITEM 8. of the Declarations, during which the Insured may provide **Notification**, but only in respect of **Claims, Investigations, Inquiries, or Extradition Proceedings** first made during the **Extended Reporting Period** for **Wrongful Acts, or Employment Practices Wrongful Acts**, committed or alleged to have been committed prior to the end of the **Policy Period**. The additional premium associated with the purchase of the **Extended Reporting Period** is calculated at the percentage shown in ITEM 8. of the Declarations to this **Policy** multiplied by the total Annual Premium.
- b) It is specifically agreed that the purchase of the **Extended Reporting Period** shall be dependent upon:
 - i. there having not been a Change of Control as described in SECTION 9.2 of this **Policy**;
 - ii. written notice requesting the **Extended Reporting Period** being received by the **Insurer** within thirty (30) days following the expiry date of the **Policy Period**; and
 - iii. the applicable additional premium being received by the **Insurer** within thirty (30) days following the expiry date of the **Policy Period**;
- c) Purchase of the **Extended Reporting Period** shall not in any way increase the **Limit of Liability**.
- d) The **Extended Reporting Period** once purchased is not cancellable and the additional premium charged is fully earned at inception. The **Insurer** has no obligation under this **Policy** to offer any additional or sequential **Extended Reporting Period**.

9.7 Action Against the Insurer

No action shall be taken against the **Insurer** unless, as a condition precedent thereto, there shall have been full compliance with all the terms of conditions of this **Policy**, including the dispute resolution procedures as provided in SECTION 9.16 of this **Policy**.

No suit or action by the **Insured**, or by any other person or entity claiming through the **Insured**, or on its behalf, shall lie against the **Insurer** unless such suit or action is brought in a Court of competent jurisdiction within Canada.

No person or entity shall have the right under this **Policy** to join the **Insurer** as a party to any action against the **Insured** to determine liability of the **Insured**, nor shall the **Insureds** or their legal representative implead the **Insurer**. **Financial Insolvency** of any **Insured**, or their estates, shall not relieve the **Insurer** of any of its obligations hereunder.

9.8 Assignment of Policy

This **Policy** and any rights hereunder cannot be assigned without the written consent of the **Insurer**.

9.9 Acceptance and Severability of Application

The **Application** for this **Policy** shall be construed as a separate **Application** by each **Insured**. With respect to the declarations and statements contained in the **Application**, no statement in the **Application** or knowledge possessed by any **Insured** shall be imputed to any other **Insured**, provided, however, that statements made in the **Application** and/or knowledge possessed by the Chief Executive Officer, or Chief Financial Officer (or the equivalents thereof) shall be imputed to the **Named Organization** for purposes of determining the coverage available to it under this **Policy**.

To the best respective knowledge of each **Insured**, the particulars and statements contained in the **Application** are true in all material respects and this **Policy** is issued in reliance upon the truth of such representations.

Notwithstanding the foregoing, this **Policy** shall be non-rescindable by the **Insurer**, provided that in the event of any material representation to the **Insurer** made with the actual intent to deceive, this **Policy** shall only be considered void with respect to:

- a) any **Insured Person** who knew of the material misrepresentation (including any material omission) at the time of inception of this **Policy** (including any renewal);
- b) the **Named Organization** to the extent that it provides indemnification to an **Insured Person** who knew of the material misrepresentation at the time of inception of this **Policy** (including any renewal);

9.10 Subrogation and Assignment of Rights

In the event of payment under this **Policy**, the **Insurer** shall be subrogated to all of the **Insured's** rights of recovery in respect of such payment. In addition, the **Insured** shall execute all documentation that may be necessary to enable the **Insurer** to bring an action or suit in the name of the **Insured**. Any recovery received shall first be applied against any payment made by the **Insurer**, with any balance remaining thereafter being remitted to the **Insured**.

It is agreed that the **Insurer** may subrogate against the **Insured** only in the event of a deliberate criminal or deliberately fraudulent act by the **Insured** if established by a final, non-appealable adjudication in an action or proceeding other than an action or proceeding initiated by the **Insurer** to determine coverage under the **Policy**;

In the event the **Insurer** recovers amounts it paid under this **Policy**, whether from the **Named Organization**, underlying insurer or any third party, the **Insurer** will reinstate the **Limit of Liability** of this **Policy** to the extent of such recovery.

9.11 Authorization of the Named Organization

The **Named Organization** shall act as agent on behalf of the **Insured** in respect of all matters of any nature relating to or affecting this **Policy**. The **Insurer** shall be entitled to treat the **Named Organization** as having such authority for all purposes connected with this **Policy**.

9.12 Singular and Plural / Masculine and Feminine

Any reference to the singular shall include the plural and vice versa.

Any reference to the masculine shall include the feminine and vice versa.

9.13 Territory and Valuation

Coverage under this **Policy** shall extend anywhere in the world, unless specified otherwise.

All premiums, **Limits of Liability**, sub-limits, **Retentions**, **Loss** and other amounts under this **Policy** are expressed and payable in the currency of Canada, unless specified otherwise. If judgment is rendered, settlement is denominated or another element of **Loss** under this **Policy** is stated in a currency other than Canadian, payment under this **Policy** shall be made in Canadian dollars at the rate of exchange published by the Bank of Canada on the date the final judgment is reached, the amount of the settlement is agreed upon or other element of **Loss** is due, respectively.

9.14 Provincial Inconsistency Section

It is agreed that in the event that there is an inconsistency between any provincial or territorial legislation regarding insurance and any term or condition of this **Policy**, then it is understood and agreed that, where permitted by law, the **Insurer** shall apply those terms and conditions of either the provincial or territorial insurance legislation or the **Policy** which are more favourable to the **Insured**.

9.15 Waiver in Stay of Bankruptcy

It is understood and agreed that the coverage provided under the **Policy** is intended to protect and benefit the **Insured Persons**. In the event of **Financial Insolvency** of the **Named Organization**, then, in regard to a covered **Claim** under the **Policy**, the **Insureds** hereby agree not to oppose or object to any efforts by the **Insurer** or any **Insured** to obtain relief from any stay or injunction applicable to the proceeds of the **Policy** as a result of the **Financial Insolvency**.

9.16 Alternative Dispute Resolution

All disputes or differences which may arise under or in connection with this **Policy**, whether arising before or after termination of this **Policy**, including any determination of the amount of **Loss**, shall be submitted to an alternative dispute resolution (ADR) process as provided in this clause.

a) Mediation.

If any dispute arises between any **Insured** and the **Insurer** involving this **Policy** and/or a **Claim, Investigation, Inquiry, or Extradition Proceeding** hereunder, it is hereby mutually agreed by the **Insured** and the **Insurer** that such dispute shall be referred to a qualified mediator in a good faith effort to negotiate a resolution of the dispute, prior to the initiation of any arbitration or other proceedings. The party electing to mediate shall provide written notice to the other party setting forth its request to mediate and a brief statement regarding the issue to be mediated. The **Named Organization** is authorized and directed to accept the Notice of Mediation on behalf of any **Insured**.

b) Arbitration.

As a condition precedent to any right of action hereunder, in the event that a good faith effort to mediate pursuant to SECTION 9.16 a) above cannot resolve a dispute between any **Insured** and the **Insurer** involving this **Policy** or a **Claim, Investigation, Inquiry, or Extradition Proceeding** hereunder, it is hereby mutually agreed that such dispute shall be determined by final and binding arbitration before a single arbitrator under the provisions of the provincial *Arbitration Act* currently in force in the jurisdiction of the **Named Organization's** principal address indicated in ITEM 1. of the Declarations. If the parties cannot mutually select the arbitrator, the parties will refer the selection of the arbitrator to the chapter of the ADR Institute of Canada Inc. operating in the jurisdiction of the applicable *Arbitration Act*.

ADR Rules: In considering the construction or interpretation of the provisions of this **Policy**, the mediator or arbitrator(s) must give due consideration of the general principles of the law of the jurisdiction of the **Named Organization's** principal address. Each party shall share equally the expenses of the ADR. At the election of the **Named Organization**, the ADR process shall be commenced in the province or territory reflected in the address of the **Named Organization**, or in accordance with the applicable *Arbitration Act*. In all other respects, the **Insurer** and the **Named Organization** shall mutually agree to the procedural rules for the mediation or arbitration. In the absence of such an agreement, after reasonable diligence, the arbitrator(s) or mediator shall specify commercially reasonable rules.

9.17 Economic or Trade Sanctions Section

The **Insurer** shall not be deemed to provide cover and shall not be liable to pay any **Claim** or provide any benefit hereunder to the extent that the provision of such cover, payment or such **Claim** or provision of such benefit would expose the **Insurer** to any sanction, prohibition or restriction under United Nations resolutions or trade or economic sanctions, laws or regulations of the European Union, one of its member states, Canada, or the United States of America.

In witness whereof, the **Insurer** has caused this policy to be signed by its Chief Agent a duly authorized representative of the **Insurer**.



Derek Spafford
Managing Director & Chief Agent
HDI Global Specialty SE – Canadian Branch

Endorsement 1

Policy No: CC0063524000
Named Organization: Delta 9 Cannabis Inc.

USA SECURITIES VIOLATION EXCLUSION

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

- 1) It is understood and agreed that that the **Insurer** shall not be liable for **Loss** on account of any **Claim** made against any **Insured** where all or part of such **Claim** is alleging, based upon, arising from, directly or indirectly resulting from, in consequence of, or in any way involving any actual or alleged violation of any federal, state or local statute of the United States of America or any part, territory or possession thereof, governing the purchase or sale of, or offer to purchase or sell, any securities representing debt of or equity in the **Named Corporation** including, but not limited to, any actual or alleged violation of the *Securities Act of 1933*, the *Securities Act of 1934*, or Title IX of the *Organized Crime Control Act of 1970* of the United States of America and any amendments thereto.

However, if the **Named Corporation** is not a registrant with the U.S. Securities and Exchange Commission, this Exclusion shall not apply to the **Named Corporation's** securities listed on the OTC Pink marketplace, OTCQB marketplace or the OTCQX International marketplace, all such marketplaces being an electronic inter-dealer quotations system operated by OTC Markets Group, Inc.

- 2) It is understood and agreed that SECTION 9. of this **Policy** is amended by the addition of the following:

9.18 Notice of Public Filing

If, during the **Policy Period**, the **Named Organization**:

- a) files any Registration Statement with the Securities and Exchange Commission and such filing becomes effective; or
- b) files with the Securities and Exchange Commission to qualify any of its securities for trading;

the **Named Organization** shall provide written notice thereof to the **Insurer** within thirty (30) days of such filing, along with any additional information that the **Insurer** may request. The **Insurer**, at its option, may require a premium adjustment or other coverage revisions.

All other terms and conditions of this **Policy** remain unchanged.

Endorsement 2

Policy No: CC0063524000

Named Organization: Delta 9 Cannabis Inc.

AMENDMENT ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

It is understood and agreed that:

1) SECTION 4.12 of this **Policy** is deleted and replaced by the following:

4.12 which is brought by or on behalf of the **Named Organization**, unless as a **Derivative Action**, or any **Insured Person**;

2) SECTION 9.5 Allocation of this **Policy** is deleted and replaced by the following:

9.5 Allocation

In the event that a **Claim** involves **Loss** that is partly covered by this **Policy**, either because a **Claim** against an **Insured** includes both covered and uncovered matters or because a **Claim** is made against covered and uncovered parties, and the **Claim** is not excluded by:

- a) any **Endorsements** to this **Policy**;
- b) any exclusions in **SECTION 4. EXCLUSIONS** of this **Policy**; and
- c) **SECTION 9.1** or **9.2** of this **Policy**;

then the **Insurer** shall allocate as follows:

- d) with respect to **Defence Costs**, the **Insurer** and the **Insured** shall determine an allocation of **Loss**, taking into account the relative legal exposures of the **Insureds** for covered **Claims** and of others not insured under this **Policy**.
- e) with respect to **Loss** other than **Defence Costs**, the **Insurer** and the **Insured** shall determine an allocation of **Loss**, taking into account the relative legal exposures and benefits of the **Insureds** for covered **Claims** and of others not insured under this **Policy**.

All other terms and conditions of this **Policy** remain unchanged.

Endorsement 3

Policy No: CC0063524000
Named Organization: Delta 9 Cannabis Inc.

ABSOLUTE BI/PD EXCLUSION

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

It is understood and agreed that SECTION 4.5 of this **Policy** is deleted and replaced with the following:

- 4.5 alleging, based upon, arising from, directly or indirectly resulting from, in consequence of, or in any way involving or attributable, in whole or in part, to bodily injury, sickness, mental anguish or emotional distress or disturbance, disease or death of any person howsoever caused or damage to or destruction of any tangible property, including loss of use thereof. Provided, however, that this exclusion shall not apply to:
- a) allegations of mental anguish or emotional distress or disturbance advanced in a **Claim** for an **Employment Practices Wrongful Act**;
 - b) **Defence Costs** on account of any **Claim** which is a criminal proceeding pursuant to United Kingdom Corporate Manslaughter and Corporate Homicide Act of 2007, section 217.1 of the Canadian Criminal Code R.S.C. 1985, c.C-46, as amended or of any similar provision of any criminal code in any jurisdiction, against an **Insured Person** and which is commenced by either the return of a summons to witness or of an indictment or the laying of an information;

All other terms and conditions of this **Policy** remain unchanged.

Endorsement 4

Policy No: CC0063524000

Named Organization: Delta 9 Cannabis Inc.

10% EXCLUSION

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

It is understood and agreed that the **Insurer** shall not be liable for **Loss** on account of any **Claim** made against any **Insured** where all or part of such **Claim** is brought or maintained by or on behalf of any individuals or entities directly or beneficially owning ten percent (10%) or more:

- a) interest;
- b) securities; or
- c) voting rights

of the **Named Organization**.

All other terms and conditions of this **Policy** remain unchanged.

Endorsement 5

Policy No: CC0063524000
Named Organization: Delta 9 Cannabis Inc.

SIDE A + B COVERAGE ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

It is understood and agreed that this **Policy** is amended as follows:

- 1) SECTION 1.C. of this **Policy** is deleted
- 2) SECTION 3.17 of this **Policy** is deleted and replaced by the following:

3.17 “**Insured**” shall mean:

- a) any **Insured Person**;

All other terms and conditions of this **Policy** remain unchanged.

Endorsement 6

Policy No: CC0063524000
Named Organization: Delta 9 Cannabis Inc.

AMENDMENT ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

It is understood and agreed that SECTION 9.3 of this **Policy** is deleted and replaced with the following:

9.3 Cancellation / Termination

This **Policy** is not cancellable, except for non-payment by the Insured, and 50% of the premium charged is fully earned at inception with payment due 30 days after binding

All other terms and conditions of this **Policy** remain unchanged.

Endorsement 7

Policy No: CC0063524000
Named Organization: Delta 9 Cannabis Inc.

CYBER COVERAGE ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

It is understood and agreed that this **Policy** is amended as follows:

1) SECTION 2. of this **Policy** is amended by the addition of the following:

E. a) First Party Coverage

The **Insurer** shall pay **Cyber Loss** on behalf of any **Insured** for **Data Security Wrongful Act** or **Privacy Wrongful Act**, first made against the **Insured** during the **Policy Period** or, if exercised, during the **Extended Reporting Period**, and reported to the **Insurer** in accordance with SECTION 7. of this **Policy**.

b) Privacy Event Expenses Provision

The **Insurer** shall pay all **Privacy Event Expenses** in excess of the applicable Retention stated in in Item 4. of the Declarations that the **Insured** incurs at the direction of the **Incident Response Expert** as direct result of a **Data Breach** provided;

- i. Such **Data Breach** is first discovered during the **Policy Period**;
- ii. prior to the inception date of the first policy issued by the **Insurer** to the **Insured** and continuously renewed, no **Insured** had a basis to believe that any such **Data Breach** might reasonably be expected;
- iii. The **Insured** reports such **Data Breach** in accordance with the Reporting Obligations for a **Data Breach** section below; and
- iv. The **Insured** obtains the **Insurer's** advance written consent to incur such **Privacy Event Expenses**.

AMENDMENT TO DEFINITIONS

2) SECTION 3. DEFINITIONS is amended by the addition of the following:

"Computer Systems" shall mean any computer, network of computers, mobile devices, or internet-enabled or network telephone, printer, copier, or other device, if owned, leased or operated by or on behalf of the **Insured**, including if operated by a cloud computer provider on behalf of the **Insured**.

"Cyber Claim" shall mean:

- a) a **Claim**, arising from a **Data Security Wrongful Act** or **Privacy Wrongful Act**; or
- b) **Regulatory Action**

"Cyber Loss" shall mean **Defence Costs** and **Loss**, which the **Insured** is legally obligated to pay as a result of a **Cyber Claim**.

Cyber Loss does not include:

- a) civil or criminal fines; sanctions; liquidated damages; payroll or other taxes; or damages, penalties or types of relief deemed uninsurable under applicable law;

- b) amounts that constitute the cost of complying with any order for, grant of, or agreement to provide injunctive or non-monetary relief; or
- c) any amount allocated to non-covered **Cyber Loss** pursuant to SECTION 4. EXCLUSIONS.

“**Data asset**” shall mean software and electronic data, including but not limited to databases, audio files, video files or other image files, maintained by or on behalf of the **Insured**.

“**Data Breach**” shall mean the unauthorized access to, loss of control over or disclosure of **Protected Information** maintained by the **Insured** or by those acting on behalf of the **Insured**.

“**Data Security Wrongful Act**” shall mean an actual or alleged negligent act, error or omission by or on behalf of the **Insured** in the performance of the **Insured’s** business that causes or fails to prevent:

- a) the theft of, or unauthorized access to, or disclosure or use of, the **Data Assets** of a client or customer of the **Insured** stored on the **Computer systems**;
- b) unauthorized access to or use of the **Computer Systems** that result in the alteration, corruption, destruction, deletion or damage to **Data Assets** of a client or customer of the **Insured** stored on the **Computer Systems**;
- c) the transmission of any virus, worm, trojan horse, backdoor or similar malicious software program or code from the **Computer Systems** to a third party’s computer systems;
- d) unauthorized access to or use of the **Computer Systems** that result in damage or disruption to computer systems of any third party or any **Data Assets** on such third party computer systems, including through a denial-of-service attack or similar action by an unauthorized person; or
- e) a denial-of-service attack or similar action by any unauthorized person that makes **Computer Systems** unavailable to authorized clients or customers of the **Insured**.

“**Incident Response Expert**” shall mean the firm retained by the **Insurer** in connection with a **Data Breach**.

“**Privacy Event Expenses**” shall mean the reasonable and necessary:

- a) Legal and forensic fees and costs to investigate the cause of the **Data Breach**, identify persons affected or potentially affected and determine the extent that any law, regulation, statute or contract requires notification of the **Data Breach**;
- b) Costs of notification of the **Data Breach**, if required by law, regulation, statute or contract or if voluntarily incurred with the **Insurer’s** prior written consent;
- c) Costs to monitor, freeze or thaw credit or provide credit restoration services for persons affected by the **Data Breach**; or
- d) Image consulting costs to minimize damage to reputation of the **Insured**.

“**Privacy Wrongful Act**” shall mean an actual or alleged negligent act, error or omission by or on behalf of the **Insured** in the performance of the **Insured’s** business that causes or fails to prevent:

- a) The loss or theft of, or unauthorized access to, disclosure, copying, use or modification of **Protected Information** held or maintained by or on behalf of the **Insured**, including by a cloud service provider or other vendor for the **Insured**, if such theft, access, disclosure or use:
 - i. Results in identity theft or other misuse of such **Protected Information**; or
 - ii. Violates any federal, province, local or foreign law or regulation, or the **Insured’s** published policies, regarding the maintenance, protection, use or disclosure of **Protected Information**;
- b) Violation of any federal, provincial, local or foreign law or regulation, or any **Insured’s** published policy, relating to **Protected Information** that:
 - i. Prohibits or restricts the **Insured’s** collection, sharing or selling of **Protected Information**; or
 - ii. Requires the **Insured** to provide access to **Protected Information** or correct upon request incomplete or inaccurate **Protected Information**; or
- c) Any fraudulent website or electronic communication, including a phishing email, from impersonating the **Insured** and causing financial loss to any customer or client of the **Insured**.

“**Privacy Regulatory Fines and Penalties**” shall mean the sums the **Insured** is required to pay as part of the settlement or judgement of a covered **Regulatory Action**.

“**Protected Information**” shall mean any non-public personally identifiable information, including financial, medical or health care information, held or maintained by or on behalf of the **Insured** in connection with the **Named Organization** or any **Subsidiary’s** business operations, whether in electronic form or otherwise, which

is protected from unauthorized access or disclosure by any federal, provincial, local or foreign law regulation, including, but not limited to, The Personal Information Protection and Electronic Documents Act (PIPEDA) and its provincial equivalents, any provincial Privacy Act, Personal Health Information Act or similar statutes, Canada's Anti-Spam Legislation (CASL), Health Insurance Portability and Accountability Act (HIPAA), the Health Information Technology for Economic and Clinical Health (HITECH) Act, the Federal Trade Commission (FTC) Red Flags Rule, the Gramm-Leach-Bliley Act, and the General Data Protection Regulation, or by any publicly stated policy of the **Insured**.

"Regulatory Action" shall mean a written request for information, civil investigation or administrative proceeding or civil proceeding brought by any provincial or territorial privacy commissioner in Canada and/or any local, state, federal or regulatory agency in the United States of America for any **Data Security Wrongful Act** or **Privacy Wrongful Act** in connection with a **Data Breach**. However, **Regulatory Action** shall not include any written request, investigation, or proceeding of any kind brought by or on behalf of any securities exchange, any provincial or territorial securities commission in Canada and/or the functional equivalent in any foreign jurisdiction, including but not limited to the Securities Exchange Commission in the United States of America.

"Regulatory Institution Fund" shall mean any sums deposited into a fund and used to provide compensation to individuals affected by a **Privacy Wrongful Act** as part of the settlement or judgement of a **Regulatory Action**.

AMENDMENT TO EXCLUSIONS

3) SECTION 4.5 is deleted and replaced with the following:

4.5 for bodily injury, sickness, mental anguish or emotional distress or disturbance, disease or death of any person howsoever caused or damage to or destruction of any tangible property, including loss of use thereof. Provided, however, that this exclusion shall not apply to:

- a) Allegations of mental anguish or emotional distress or disturbance advanced in a Claim for an **Employment Practices Wrongful Act**;
- b) **Defence Costs** on account of any **Claim** which is a criminal proceeding pursuant to United Kingdom Corporate Manslaughter and Corporate Homicide Act of 2007, section 217.1 of the Canadian Criminal Code, or of any similar provision of any criminal code in any jurisdiction, against an **Insured Person** and which is commenced by either the return of a summons to witness or of an indictment or the laying of an information;
- c) any **Claim** made against any **Insured** for: a **Data Security Wrongful Act** or a **Privacy Wrongful Act**;

4) SECTION 4. EXCLUSIONS is amended by the addition of the following:

4.13 The **Insurer** shall not be liable for **Cyber Loss** on account of any **Cyber Claim** made against any **Insured** for any **Data Breach** that is based upon, arising out of, relation to, directly or indirectly resulting from or in consequence of, or in any way involving actual or alleged:

- a) mechanical or electrical failure or outage; routine wear and tear; or a disruption or failure of any infrastructure service or utility supplied by a third-party, including but not limited to power, water, gas, communications or connectivity; provided, however, this exclusion shall not apply to a **Claim** for a **Privacy Wrongful Act**;
- b) fire, smoke, explosion, lightning, wind, flood, earthquake, volcanic eruption, tidal wave, landslide, hail or act of God, however caused;
- c) price-fixing, restraint of trade or monopolization;
- d) violation of any federal, provincial, territorial, local or foreign statute or regulation prohibiting or restricting unsolicited communications, regardless of whether such communication was transmitted via facsimile, email, text, telephone or otherwise, including but not limited to the Controlling the Assault of Non-Solicited Pornography and Marketing (CAN-SPAM) Act of 2003, Canada's Anti-Spam Legislation (CASL) and the Telephone Consumer Protection Act (TCPA);
- e) misappropriation, infringement, or theft, or inducement of misappropriation, infringement or theft of trade secrets;

- f) undeclared act of war or civil war, or seizure, confiscation, expropriation, nationalization, or destruction of a **Computer System** by order of any governmental authority;
- g) breach of any express or implied contract, agreement, warranty or guarantee, including, but not limited to, any express or implied contract or agreement to pay royalties or to account for same; provided, however, this exclusion shall not apply to:
 - a) any liability that an **Insured** would have incurred in the absence of such contract, agreement, warranty or guarantee; or
 - b) a **Privacy Wrongful Act** when the actual alleged breach of contract or agreement is to secure or maintain **Protected Information**; or
- h) act, error, omission or circumstance, which was known by the President, Executive Director, Chairman of the Board, Chief Information Officer, Chief Technology Officer, Chief Security Officer, Risk Manager, General Counsel (or the functional equivalent of any of the foregoing) prior to the inception date of the first policy issued by the **Insurer** to the **Insured** and continuously renewed and which could have been reasonably foreseen to be the basis for a **Claim** or **Data Breach**, including, but not limited to, knowledge of security weaknesses, or vulnerabilities in software, hardware or firmware;

4.14 The **Insurer** shall not be liable for any **Privacy Event Expenses** in connection with a **Data Breach** to:

- a) restore, replace or re-collect a **Data Asset** or to update or improve a **Data Asset** to a level beyond that which existed prior to any **Data Security Wrongful Act**; or
- b) correct or remediate software program errors, vulnerabilities, deficiencies or problems with any **Computer System**;

Under no circumstances shall the **Insurer** be liable for any amounts incurred by any **Insured** prior to the date a **Cyber Claim** is reported to the **Insurer** pursuant to Section VII. Or a **Data Breach** is reported pursuant to the Reporting Obligations set out below; any overhead expenses of the **Insured**, including but not limited to compensation or benefits; or the economic or market value of any **Data Asset**.

AMENDMENTS TO LIMITS OF LIABILITY AND RETENTIONS

5) ITEM 4. of the DECLARATIONS is amended by the addition of the following:

CAD 50,000 SECTION 2.E.: First Party Coverage & Privacy Event Expenses Provision

6) ITEM 5. of the DECLARATIONS is amended by the addition of the following:

CAD 10,000 each Claim under SECTION 2.E.

AMENDMENT TO REPORTING – CONDITION PRECEDENT

7) SECTION 7. REPORTING is amended by the addition of the following:

7.4 After a **Data Breach** is first discovered by an **Insured**, the **Insured** shall, as a condition precedent to Coverage pursuant to this endorsement:

- a) notify the **Insurer** of the **Data Breach** as soon as practicable but in no event later than seventy-two (72) hours after the **Data Breach** is first discovered;
- b) take reasonable measures to stop or mitigate the damage cause by such **Data Breach**;
- c) give the **Insurer**, upon request, a detailed proof of the damage cause by such **Data Breach**;
- d) submit, upon request of the **Insurer**, to examination under oath and give the **Insurer** a signed statement of the **Insured's** answers; and

- e) Cooperate with the **Insurer** in the investigation and settlement of any payments as a result of the **Data Breach**.

For the purposes of coverage extended by this endorsement, a **Data Breach** is “first discovered” when any **Insured** first becomes aware of facts that would cause a reasonable person to assume a **Privacy Wrongful Act** has occurred even though the exact amount or details of loss may not then be known.

AMENDMENT TO GENERAL CONDITIONS

- 8) SECTION 9.4 is deleted and replaced with the following:

9.4 Other Insurance

Except in the event of a personal liability insurance policy maintained by an **Insured Person**, this **Policy** shall apply only in excess of any other valid and collectible insurance, other than insurance written as specific excess insurance over the **Limit of Liability** provided in this **Policy**.

Coverage for all **Data Breaches** and **Claims** for **Personal Injury Wrongful Acts**, **Data Security Wrongful Acts** and/or **Privacy Wrongful Acts** shall be specifically excess of any similar coverage provided pursuant to terms and conditions of any general liability policy, business owner policy or cyber liability policy issued to the **Insured**.

All other terms and conditions of this **Policy** remain unchanged.

Endorsement 8

Policy No: CC0063524000
Named Organization: Delta 9 Cannabis Inc.

RELIANCE ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

It is understood and agreed that the **Insurer** has relied upon the statements and representations made on the following **Application**, as received by HDI Global Specialty SE - Canadian Branch, in connection with the placing of the coverage provided by this **Policy**:

Victor Application signed and dated February 16, 2024

The **Insureds** represent that all such statements and representations are true and correct and that reasonable efforts have been made to obtain sufficient information from each and every **Director and Officer** proposed for this insurance to facilitate the proper and accurate completion of the referenced **Application**.

All other terms and conditions of this **Policy** remain unchanged.

Sanctions clause

HDI Global Specialty SE

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanctions, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, Canada or United States of America.

Privacy Notice

HDI Global Specialty SE

HDI Global Specialty SE (“HDI Global Specialty”) is an insurance company whose registered home office address is HDI-Platz 1, 30659 Hannover, Germany. It is a Data Controller and Data Processor as defined under the EU General Data Protection Regulation (“GDPR”). HDI Global Specialty operates a Canadian branch located at 130 Adelaide Street West, Suite 3400, Toronto, Ontario M5H 3P5 Canada (“HSCB”). In addition to complying with the GDPR, HSCB also complies with the *Personal Information Protection and Electronic Documents Act* (“PIPEDA”) and, where applicable, with the “PIPA Alberta”, “PIPA BC”, and “Quebec Privacy Act” (collectively, “Canadian Privacy Laws”).

HSCB collects personal information, and in some cases, may collect sensitive information. “Personal information” means information about an identifiable individual. Personal information does not include business contact information such as an employee’s name, title, business address, telephone number or email addresses that is collected, used or disclosed solely for the purpose of communicating with that person in relation to their employment or profession. “Sensitive information” is personal information and includes information about an individual’s health, genetics, race, political opinion or membership, religion, philosophical beliefs, union membership, sexual orientation and criminal record. HSCB will assess whether the personal information is sensitive information prior to collection.

Collecting your personal information

We limit the collection and use of personal information to what we require in order to serve you as a customer and to administer our business, including to:

- Assess applications for insurance;
- Administer insurance policies;
- Investigate, adjust or settle claims;
- Defending or prosecuting legal claims or regulatory proceedings;
- Detect, investigate, prevent and suppress fraud, authorized, or illegal activities;
- Comply with applicable laws and requirements of regulators, including self-regulatory organizations.

We typically collect personal information from your agent, insurance broker and/or other insurance intermediary; however, we may also collect personal information directly from you.

Consent

HSCB will obtain your consent to collect, use, disclose and/or share your personal information, subject to specified exceptions contained in Canadian Privacy Laws. Your consent may be obtained in different ways depending on the situation: implied consent or express consent. Your implied consent is obtained when you approach us to obtain information about an insurance product, inquire about or apply for insurance products or services from us, and through your use of our insurance product(s). Your express consent – which may be obtained verbally, in writing or online – is required to collect sensitive information, which could occur during a claims process.

If you provide us with personal information about another person, we expect you to ask for their permission to do this and consent to our privacy policy on their behalf.

You may withdraw your consent to the collection, use and disclosure of your personal information, subject to certain limitations. However, if you do so, we may not be able to continue to provide you with

our insurance products and services. If you wish to withdraw your consent, please contact our Privacy Officer.

Automated Processing

HSCB may, in limited circumstances, automatically process your personal information to render a decision with respect to an insurance product. You have the right to request the personal information used to render such a decision; the reasons and the principal factors and parameters that led to the decision; and the right to correct any mistakes in the personal information used to render such a decision. Further, you have the right to submit observations to an employee of HSCB who is in a position to review the decision that was based on automatic processing of your personal information.

Using and disclosing your personal information

We may disclose your personal information to:

- Our related corporate entities for the purpose of performing our functions or corporate reporting. These related entities may be located overseas in any of the countries in which HDI Global Specialty SE operates including, but not limited to, Germany, the United Kingdom, the Netherlands, Denmark, Italy, Sweden, and Australia.
- Service providers and third parties to carry out activities on our behalf such as underwriting services, claims handling services or providing IT services to us for the purposes described above.
- Other entities within our group, reinsurers (who may be located overseas), insurance intermediaries, credit reference agencies, our advisors, our agents, our administrators and those involved in the claims handling process (including assessors, investigators and others), for the purpose of assisting us and them in providing relevant services and products, or for the purpose of recovery or litigation.
- People listed as co-insured on your policy and to family members or agents authorized by you.

When disclosing your personal information to any third parties, HSCB requires the third parties, as part of their contracts with HSCB, to maintain your confidentiality and may not use your information for any unauthorized purpose. HSCB requires them to protect and handle your personal information in a manner consistent with our privacy practices and all applicable privacy laws.

Rights of access / challenges

You have a right to access the personal information that we hold about you, and where the collection, use and/or disclosure requires your consent, the right to withdraw that consent so we stop the processing in question, though both of these rights are subject to any legal restrictions or rights of refusal. You also have the right to challenge the accuracy and completeness of the information, and have that information amended as appropriate.

If you have any questions, comments, or challenges with respect to our privacy policy, or wish to access your personal information, you may contact our Privacy Officer at the following:

Privacy Officer
HDI Global Specialty SE – Canadian Branch
130 Adelaide Street West, Suite 3400
Toronto, ON M5H 3P5

E-mail address: PrivacyCanadaBranch@hdi-specialty.com

The complete Privacy Policy of the Canadian branch of HDI Global Specialty SE can be found at the following link:

https://www.hdi.global/globalassets/local/international/downloads/group_hgs-privacy/hgs_privacypolicy_ca_en.pdf

Further privacy information for HDI Global Specialty SE can be found at the following link:

<https://www.hdi.global/en-ca/legal/privacy/#1>

Making a Complaint

HDI Global Specialty SE

At HDI Global Specialty SE each of our customers is important to us, and we believe you have the right to a fair, swift and courteous service at all times. If you are dissatisfied with the service you have received and wish to make a complaint, please contact us by email: complaints-canadianBranch@hdi-specialty.com

We will acknowledge your complaint in writing and provide you with our initial response within ten (10) business days of receipt.

If your complaint has not been resolved earlier, we will provide you with a final response within fifty-six (56) days of receipt of your complaint. If we are unable to provide you with a final response within this time frame, we will write to you explaining the delay and advise you when you can expect a final response.

If you are a customer of our Canadian branch (outside Quebec), and if more than 56 days from the date of your complaint have elapsed and you have not received a final response, or you are dissatisfied with the final response you have received from us, you may choose to refer your complaint to the:

General Insurance OmbudService (GIO):

4711 Yonge street
10th Floor
Toronto, ON M2N 6K8
1-877-225-0446
416-299-4261 (fax)

Website:
<https://giocanada.org/>

Online Complaint Form:
<https://giocanada.org/submit-a-complaint/>

PROVINCIAL STATUTORY CONDITIONS

The following Provincial Statutory Conditions do not include provincial statutory conditions applicable to property coverage.

A. Statutory Conditions applicable to **British Columbia** only

To the extent that any terms and conditions within the policy documentation conflict with the applicable Statutory Conditions below, the Statutory Conditions shall prevail.

1. Change of Interest

The insurer is liable for loss or damage occurring after an authorized assignment under the *Bankruptcy and Insolvency Act* (Canada) or a change of title by succession, by operation of law or by death.

2. Material Change in Risk

(1) The insured must promptly give notice in writing to the insurer or its agent of a change that is

- (a) material to the risk, and
- (b) within the control and knowledge of the insured.

(2) If an insurer or its agent is not promptly notified of a change under subparagraph (1) of this condition, the contract is void as to the part affected by the change.

(3) If an insurer or its agent is notified of a change under subparagraph (1) of this condition, the insurer may

- (a) terminate the contract in accordance with Statutory Condition 5, or
- (b) notify the insured in writing that, if the insured desires the contract to continue in force, the insured must, within fifteen (15) days after receipt of the notice, pay to the insurer an additional premium specified in the notice.

(4) If the insured fails to pay an additional premium when required to do so under subparagraph (3) (b) of this condition, the contract is terminated at that time and Statutory Condition 5 (2) (a) applies in respect of the unearned portion of the premium.

3. Termination of Insurance

(1) The contract may be terminated

- (a) by the insurer giving to the insured fifteen (15) days' notice of termination by registered mail or five (5) days' written notice of termination personally delivered, or
- (b) by the insured at any time on request.

(2) If the contract is terminated by the insurer,

(a) the insurer must refund the excess of premium actually paid by the insured over the prorated premium for the expired time, but in no event may the prorated premium for the expired time be less than any minimum retained premium specified in the contract, and

(b) the refund must accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund must be made as soon as practicable.

(3) If the contract is terminated by the insured, the insurer must refund as soon as practicable the excess of premium actually paid by the insured over the short rate premium for the expired time specified in the contract, but in no event may the short rate premium for the expired time be less than any minimum retained premium specified in the contract.

(4) The fifteen (15) day period referred to in subparagraph (1) (a) of this condition starts to run on the day the registered letter or notification of it is delivered to the insured's postal address.

4. Fraud

Any fraud or willfully false statement in a statutory declaration in relation to the particulars required under Statutory Condition 6 invalidates the claim of the person who made the declaration.

5. Who May Give Notice and Proof

Notice of loss under Statutory Condition 6 (1) (a) may be given and the proof of loss under Statutory Condition 6 (1) (b) may be made

(a) by the agent of the insured, if

(i) the insured is absent or unable to give the notice or make the proof, and

(ii) the absence or inability is satisfactorily accounted for, or

(b) by a person to whom any part of the insurance money is payable, if the insured refuses to do so or in the circumstances described in clause (a) of this condition.

6. Notice

(1) Written notice to the insurer may be delivered at, or sent by registered mail to, the chief agency or head office of the insurer in the province.

(2) Written notice to the insured may be personally delivered at, or sent by registered mail addressed to, the insured's last known address as provided to the insurer by the insured.

B. Statutory Conditions applicable to **Manitoba only**

To the extent that any terms and conditions within the policy documentation conflict with the applicable Statutory Conditions below, the Statutory Conditions shall prevail.

1. Change of Interest

The insurer is liable for loss or damage occurring after an authorized assignment under the *Bankruptcy and Insolvency Act* (Canada) or a change of title by succession, by operation of law or by death.

2. Material Change in Risk

- (1) The insured must promptly give notice in writing to the insurer or its agent of a change that is
 - (a) material to the risk, and
 - (b) within the control and knowledge of the insured.
- (2) If an insurer or its agent is not promptly notified of a change under subparagraph (1) of this condition, the contract is void as to the part affected by the change.
- (3) If an insurer or its agent is notified of a change under subparagraph (1) of this condition, the insurer may
 - (a) terminate the contract in accordance with Statutory Condition 5, or
 - (b) notify the insured in writing that, if the insured desires the contract to continue in force, the insured must, within fifteen (15) days after receipt of the notice, pay to the insurer an additional premium specified in the notice.
- (4) If the insured fails to pay an additional premium when required to do so under subparagraph (3) (b) of this condition, the contract is terminated at that time and Statutory Condition 5 (2) (a) applies in respect of the unearned portion of the premium.

3. Termination of Contract

- (1) The contract may be terminated
 - (a) by the insurer giving to the insured fifteen (15) days' notice of termination by registered mail or five (5) days' written notice of termination personally delivered, or
 - (b) by the insured at any time on request.
- (2) If the contract is terminated by the insurer,
 - (a) the insurer must refund the excess of premium actually paid by the insured over the prorated premium for the expired time, but in no event may the prorated premium for the expired time be less than any minimum retained premium specified in the contract, and
 - (b) the refund must accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund must be made as soon as practicable.

(3) If the contract is terminated by the insured, the insurer must refund as soon as practicable the excess of premium actually paid by the insured over the short rate premium for the expired time specified in the contract, but in no event may the short rate premium for the expired time be less than any minimum retained premium specified in the contract.

(4) The fifteen (15) day period referred to in subparagraph (1) (a) of this condition starts to run on the day the registered letter or notification of it is delivered to the insured's postal address.

4. Fraud

Any fraud or willfully false statement in a statutory declaration in relation to the particulars required under Statutory Condition 6 invalidates the claim of the person who made the declaration.

5. Notice

(1) Written notice to the insurer may be delivered at, or sent by registered mail to, the chief agency or head office of the insurer in the province.

(2) Written notice to the insured may be personally delivered at, or sent by registered mail addressed to, the insured's last known address as provided to the insurer by the insured.

C. Statutory Conditions applicable to **Alberta** only

To the extent that any terms and conditions within the policy documentation conflict with the applicable Statutory Conditions below, the Statutory Conditions shall prevail.

1. Change of Interest

The insurer is liable for loss or damage occurring after an authorized assignment under the Bankruptcy and Insolvency Act (Canada) or a change of title by succession, by operation of law or by death.

2. Material Change in Risk

(1) The insured must promptly give notice in writing to the insurer or its agent of a change that is

- (a) material to the risk, and
- (b) within the control and knowledge of the insured.

(2) If an insurer or its agent is not promptly notified of a change under subparagraph (1) of this condition, the contract is void as to the part affected by the change.

(3) If an insurer or its agent is notified of a change under subparagraph (1) of this condition, the insurer may

- (a) terminate the contract in accordance with Statutory Condition 5, or
- (b) notify the insured in writing that, if the insured desires the contract to continue in force, the insured must, within 15 days after receipt of the notice, pay to the insurer an additional premium specified in the notice.

(4) If the insured fails to pay an additional premium when required to do so under subparagraph (3)(b) of this condition, the contract is terminated at that time and Statutory Condition 5(2)(a) applies in respect of the unearned portion of the premium.

3. Termination of Insurance

(1) The contract may be terminated

- (a) by the insurer giving to the insured 15 days' notice of termination by recorded mail or 5 days' written notice of termination personally delivered, or
- (b) by the insured at any time on request.

(2) If the contract is terminated by the insurer,

- (a) the insurer must refund the excess of premium actually paid by the insured over the prorated premium for the expired time, but in no event may the prorated premium for the expired time be less than any minimum retained premium specified in the contract, and
- (b) the refund must accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund must be made as soon as practicable.

(3) If the contract is terminated by the insured, the insurer must refund as soon as practicable the excess of premium actually paid by the insured over the short rate premium for the expired time specified in the contract, but in no event may the short rate premium for the expired time be less than any minimum retained premium specified in the contract.

(4) The 15-day period referred to in subparagraph (1)(a) of this condition starts to run on the day the recorded mail or notification of it is delivered to the insured's postal address.

4. Fraud

Any fraud or wilfully false statement in a statutory declaration in relation to the particulars required under Statutory Condition 6 invalidates the claim of the person who made the declaration.

5. Notice

(1) Written notice to the insurer may be delivered at, or sent by recorded mail to, the chief agency or head office of the insurer in the province.

(2) Written notice to the insured may be personally delivered at, or sent by recorded mail addressed to, the insured's last known address as provided to the insurer by the insured.

D. Statutory Conditions Applicable to Saskatchewan Only

To the extent that any terms and conditions within the policy documentation conflict with the applicable Statutory Conditions below, the Statutory Conditions shall prevail.

1. Change of Interest

The insurer is liable for loss or damage occurring after an authorized assignment under the Bankruptcy and Insolvency Act (Canada) or a change of title by succession, by operation of law or by death.

2. Material Change in Risk

(1) The insured must promptly give notice in writing to the insurer or its agent of a change that is:

- (a) material to the risk; and
- (b) within the control and knowledge of the insured.

(2) If an insurer or its agent is not promptly notified of a change under subsection (1) of this condition, the contract is void as to the part affected by the change.

(3) If an insurer or its agent is notified of a change under subsection (1) of this condition, the insurer may:

- (a) terminate the contract in accordance with Statutory Condition 5; or
- (b) notify the insured in writing that, if the insured desires the contract to continue in force, the insured must, within 15 days after receipt of the notice, pay to the insurer an additional premium specified in the notice.

(4) If the insured fails to pay an additional premium when required to do so under clause (3)(b) of this condition, the contract is terminated at that time and Statutory Condition 5(2)(a) applies in respect of the unearned portion of the premium.

3. Termination of Insurance

(1) The contract may be terminated:

- (a) by the insurer giving to the insured 15 days' notice of termination by registered mail or 5 days written notice of termination personally delivered; or
- (b) by the insured at any time on request.

(2) If the contract is terminated by the insurer:

- (a) the insurer must refund the excess of premium actually paid by the insured over the prorated premium for the expired time, but in no event may the prorated premium for the expired time be less than any minimum retained premium specified in the contract; and
- (b) the refund must accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund must be made as soon as is practicable.

(3) If the contract is terminated by the insured, the insurer must refund as soon as is practicable the excess of premium actually paid by the insured over the short rate premium for the expired time specified in the contract, but in no event may the short rate premium for the expired time be less than any minimum retained premium specified in the contract.

(4) The 15-day period referred to in clause (1)(a) of this condition starts to run on the day following the day on which the registered letter or notification of it is delivered to the insured's postal address.

4. Fraud

Any fraud or wilfully false statement in a statutory declaration in relation to the particulars required under Statutory Condition 6 invalidates the claim of the person who made the declaration.

5. Notice

(1) Written notice to the insurer may be delivered at, or sent by registered mail to, the chief office or head office of the insurer in the province.

(2) Written notice to the insured may be personally delivered at, or sent by registered mail addressed to, the insured's last known address as provided to the insurer by the insured.

E. General Conditions Applicable in the Province of Quebec

This policy is subject to the Civil Code of the Province of Québec. Reference to Civil Code articles in some instances is for easier reading only and should not be construed as exact quotations.

To the extent that any terms and conditions within the policy documentation conflict with the applicable conditions below, the conditions below shall prevail.

1. Statements

(1) Representation of risk (Article 2408)

The client, and the Insured if the Insurer requires it, is bound to represent all the facts known to him which are likely to materially influence an insurer in the setting of the premium, the appraisal of the risk or the decision to cover it, but he is not bound to represent facts known to the Insurer or which from their notoriety he is presumed to know, except in answer to inquiries.

The client means the person submitting an insurance application.

(2) Material change in risk (Articles 2466 and 2467)

The Insured shall promptly notify the Insurer of any change that increases the risks stipulated in the policy and that results from events within his control if it is likely to materially influence an insurer in setting the rate of the premium, appraising the risk or deciding to continue to insure it.

On being notified of any material change in the risk, the Insurer may cancel the contract or propose, in writing, a new rate of premium. Unless the new premium is accepted and paid by the Insured within thirty days of the proposal, the policy ceases to be in force.

(3) Misrepresentations or concealment (Articles 2410, 2411 and 2466)

Any misrepresentation or concealment of relevant facts mentioned in section 1.1 and in the first paragraph of section 1.2 by the client or the Insured nullifies the contract at the instance of the Insurer, even in respect of losses not connected with the risk so misrepresented or concealed.

Unless the bad faith of the client or of the Insured is established or unless it is established that the Insurer would not have covered the risk if he had known the true facts, the Insurer remains liable towards the Insured for such proportion of the indemnity as the premium he collected bears to the premium he should have collected.

(4) Warranties (Article 2412)

Any increase in risk resulting from a breach of warranty suspends the coverage until accepted by the Insurer or until such breach has been remedied by the Insured.

2. General Provisions

(1) Changes (Article 2405)

The terms of this policy shall not be waived or changed except by endorsement.

(2) Assignment (Articles 2475 and 2476)

This policy may be assigned only with the consent of the Insurer and in favour of a person who has an insurable interest in the insured property.

Upon the death or bankruptcy of the Insured or the assignment of his interest in the insurance to a co-Insured, the insurance continues in favour of the heir, trustee in bankruptcy or remaining Insured, subject to his performing the obligations that were incumbent upon the Insured.

3. Losses

(1) Notice of loss (Article 2470)

The Insured shall notify the Insurer of any loss which may give rise to an indemnity, as soon as he becomes aware of it. Any interested person may give such notice.

In the event that the requirement set out in the preceding paragraph is not fully complied with, all rights to compensation shall be forfeited by the Insured where such non-compliance has caused prejudice to the Insurer.

(2) Information to be provided (Article 2471)

The Insured shall inform the Insurer as soon as possible of all the circumstances surrounding the loss, including its probable cause, the nature and extent of the damage, the location of the insured property, the rights of third parties, and any concurrent insurance; he shall also furnish him with vouchers and swear or warrant to the truth of the information.

Where, for a serious reason, the Insured is unable to fulfil such obligation, he is entitled to a reasonable time in which to do so. If the Insured fails to fulfil his obligation, any interested person may do so on his behalf.

In addition, the Insured shall forthwith send to the Insurer a copy of any notice, letter, subpoena or writ or document received in connection with a claim.

(3) False representation (Article 2472)

Any deceitful representation entails the loss of the right of the person making it to any indemnity in respect of the risk to which the representation relates.

However, if the occurrence of the event insured against entails the loss of both movable and immovable property or of both property for occupational use and personal property, forfeiture is incurred only with respect to the class of property to which the representation relates.

(4) Intentional Fault (Article 2464)

The Insurer is never liable to compensate for injury resulting from the Insured's intentional fault.

Where there is more than one Insured, the obligation of coverage remains in respect of those Insureds who have not committed an intentional fault.

Where the Insurer is liable for injury caused by a person for whose acts the Insured is liable, the obligation of coverage subsists regardless of the nature or gravity of that person's fault.

4. Compensation and Settlement

(6) Time of payment (Articles 1591, 2469 and 2473)

The Insurer shall pay the indemnity within sixty (60) days after receiving the notice of loss or, at his request, all relevant information and vouchers, provided the Insured shall have complied with all the terms of the contract.

Any outstanding premium may be deducted from the indemnity payable.

(7) Waiver

Neither the Insurer nor the Insured shall be deemed to have waived any term or condition of the policy by any act relating to arbitration or to the completion or delivery of proof of loss, or to the investigation or adjustment of the claim.

(8) Limitation of actions (Article 2925)

Every action or proceeding against the Insurer under this policy shall be commenced within three (3) years from the date the right of action has arisen.

(9) Subrogation (Article 2474)

Unless otherwise provided, the Insurer shall be subrogated to the extent of the amount paid or the liability assumed therefore under this policy to the rights of the Insured against persons responsible for the loss except when they are members of the Insured's household. The Insurer may be fully or partly released from his obligation towards the Insured where, owing to any act of the Insured, he cannot be so subrogated.

5. Other Insurance

(1) Liability insurance

The liability insurance provided under this policy is primary insurance except when stated to apply in excess of, or contingent upon the absence of, other insurance. When this insurance is primary and the Insured has other insurance which is stated to be applicable to the loss on an excess or contingent basis, the amount of the Insurer's liability under this policy shall not be reduced by the existence of such other insurance. When both this insurance and other insurance apply to the loss on the same basis whether primary, excess or contingent, the Insurer shall not be liable under this policy for a greater proportion of the loss than that stated in the applicable contribution provision below:

- Contribution by equal share:

If all of such other collectible insurance provides for contribution by equal shares, this Insurer shall not be liable for a greater proportion of such loss than would be payable if each insurer contributed an equal share until the share of each insurer equals the lowest applicable limit of liability under any one policy or the full amount of the loss is paid, and

with respect to any amount of loss not so paid the remaining insurers then continue to contribute equal shares of the remaining amount of the loss until each such insurer has paid its limit in full or the full amount of the loss is paid.

- Contribution by limits:

If any such other insurance does not provide for contribution by equal shares, this Insurer shall not be liable for a greater proportion of such loss than the applicable limit of liability under this policy for such loss bears to the total applicable limit of liability of all valid and collectible insurance against such loss.

6. Cancellation (Articles 2477 and 2479)

This policy may be cancelled at any time:

(a) By mere written notice from each of the Named Insureds. Termination takes effect upon receipt of the notice and the Insured shall therefore be entitled to a refund of the excess of the premium actually paid over the short-term rate for the expired time.

(b) By the Insurer giving written notice to each Named Insureds. Termination takes effect fifteen (15) days following receipt of such notice by the Insured at his last known address and the Insurer shall refund the excess of premium actually paid over the pro rata premium for the expired time. If the premium is subject to adjustment or determination as to amount, the refund shall be made as soon as practicable.

Where one or more of the Names Insureds have been mandated to receive or send the notices provided for under paragraph a) or b) above, notices sent or received by them shall be deemed to have been sent or received by all Named Insureds.

In this Condition, the words "premium actually paid" means the premium actually paid by the Insured to the Insurer or its representative but do not include any premium or part thereof paid to the Insurer by a representative unless actually paid to the representative by the Insured.

7. Notice

Any notice to the Insurer may be sent by any recognized means of communication to the Insurer or its authorized representative. Notice may be given to the named Insured by letter personally delivered to him or by mail addressed to him at his last known address.

It is incumbent upon the sender to prove that such notice was received.