

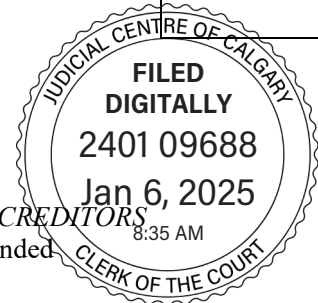
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COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTER 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  
BIO-TECH INC., DELTA 9 LIFESTYLE CANNABIS CLINIC  
INC., DELTA 9 CANNABIS STORE INC., AND DELTA 9  
LOGISTICS INC.

DOCUMENT **SIXTH REPORT OF THE MONITOR  
ALVAREZ & MARSAL CANADA INC.**

**January 3, 2025**

ADDRESS FOR  
SERVICE AND  
CONTACT  
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## INTRODUCTION

1. On July 15, 2024 (the "**Filing Date**"), Delta 9 Cannabis Inc. ("**Delta Parent**"), Delta 9 Bio-Tech Inc. ("**Bio-Tech**"), Delta 9 Lifestyle Cannabis Clinic Inc. ("**Lifestyle**"), Delta 9 Cannabis Store Inc. ("**Store**") and Delta 9 Logistics Inc. ("**Logistics**") and collectively, the "**Delta 9 Group**", the "**Company**" or the "**Applicants**" were granted an initial Order (the "**Initial Order**") by the Court of King's Bench of Alberta (the "**Court**"), in relation to proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**"). Pursuant to the Initial Order, Alvarez & Marsal Canada Inc., ("**A&M**") was appointed as monitor (the "**Monitor**") in the CCAA Proceedings.
2. The Initial Order provided for limited relief to the Applicants including, but not limited to, the imposition of a stay of proceedings in favour of the Applicants and their assets (the "**Stay Period**") initially only through to July 25, 2024 (the "**Initial Stay Period**"), an administrative charge to a maximum amount of \$350,000 (the "**Initial Administration Charge**") and a directors and officers charge to a maximum amount of \$300,000 (the "**Initial Directors' Charge**").

### *July 24 Application*

3. On July 24, 2024, the Applicants sought and obtained the following relief from this Honourable Court:
  - a) an amended and restated Initial Order (the "**ARIO**");
  - b) an Order (the "**Bio-Tech SISP Order**") approving a sales and investment solicitation process with respect to Bio-Tech (the "**SISP**"); and
  - c) an Order (the "**Claims Procedure Order**") approving a claims procedure to determine the claims of creditors and establish a claims bar date to prove such claims (the "**Claims Procedure**").

4. The ARIO, among other things:
- a) extended the Initial Stay Period to September 15, 2024;
  - b) approved the interim financing facility (the "**Interim Financing Facility**") and related charge (the "**Interim Financing Charge**") in the amount of \$16 million, plus interest, costs and expenses;
  - c) approved a key employee retention plan (the "**KERP**") and related charge (the "**KERP Charge**") in the amount of \$655,000;
  - d) increased the Initial Administration Charge from \$350,000 to \$750,000 (the "**Amended Administration Charge**");
  - e) increased the Initial Directors' Charge from \$300,000 to \$900,000, and extended the same in favour of legal counsel of the directors and officers of the Applicants, Norton Rose Fulbright LLP (the "**Amended Directors' Charge**");
  - f) granted a break fee charge in favour of the Plan Sponsor (the "**Break Fee Charge**") of \$1.5 million; and
  - g) authorized the appointment of a chief restructuring officer (the "**CRO**").
5. Since the granting of the ARIO, the Applicants sought and obtained various orders from this Honourable Court approving a number of extensions to the stay of proceedings, an amended interim lender financing term sheet, the sale and vesting of certain assets of Bio-Tech to 10213358 Manitoba Ltd. ("**102 MB Ltd.**"), and an Affected Creditors meeting (the "**Creditors Meeting**") order to vote on the Applicant's proposed (amended) plan of arrangement (the "**Plan**").

***January 10 Application***

6. The Applicants have filed applications with this Honourable Court, returnable January 10, 2025. The relief sought by the Applicants includes Orders:

- a) extending the Stay Period to February 28, 2025 (the "**Stay Extension**");
- b) sanctioning the Plan, which was approved by the Requisite Majority (defined herein) of Affected Creditors at the Creditors' Meeting, (collectively, the "**Sanction Order**");
- c) approving the Asset Purchase Agreement between Bio-Tech and 6599362 Canada Ltd. ("**659**") (the "**659 APA**") and the transaction contemplated therein, and a corresponding sale approval and vesting order ("**SAVO**");
- d) approving the Share Purchase Agreement between Delta Parent, Bio-Tech and Simply Solvent Concentrates Ltd. ("**Simply**") (the "**Simply SPA**") and the transaction contemplated therein, and a corresponding approval and reverse vesting order ("**ARVO**");
- e) a Restricted Court Access Order (the "**Restricted Court Access Order**") temporarily sealing Confidential Appendices "**1**", "**2**", "**3**" and "**4**" to this Report (the "**Confidential Appendices**") on the Court Record;
- f) approving the actions, activities and conduct of the Monitor, along with the fees and disbursements of the Monitor and its counsel, as set out in this Report; and
- g) such further and other relief as may be sought by the Applicants and this Honourable Court may deem appropriate in the CCAA Proceedings.

7. Capitalized terms not defined in this Monitor's Sixth Report (this "**Report**" or the "**Sixth Report**") are as defined in the ARIO, the Prior Monitor Reports,<sup>1</sup> the

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<sup>1</sup> The Pre-Filing Report of the Monitor dated July 12, 2024 (the "**Pre-Filing Report**"), the First Report of the Monitor dated July 22, 2024, (the "**First Report**"), the Second Report of the Monitor dated September 10, 2024, (the "**Second Report**"), the Third Report of the Monitor dated October 29, 2024 (the "**Third Report**"), the Fourth Report of the Monitor dated November 13, 2024 (the "**Fourth Report**") and the Fifth

Affidavits of John Arbuthnot and any supplements thereto sworn in these CCAA Proceedings (the "**Arbuthnot Affidavits**"), the materials filed by the Applicants, the Plan Sponsor, or any other party in connection with the CCAA Proceedings.

8. This Report should be read in conjunction with the Sixth and Seventh Affidavits of John Arbuthnot sworn December 30, 2024, which are available, along with all other materials pertaining to these CCAA Proceedings, on the Monitor's website at: [www.alvarezandmarsal.com/delta9](http://www.alvarezandmarsal.com/delta9) (the "**Monitor's Website**").

## **PURPOSE**

9. The purpose of this Report is to provide information to this Honourable Court in respect of the following:
  - a) an update on the activities of the Monitor since the Fifth Report;
  - b) an update on the Claims Procedure;
  - c) the results of the vote on the Plan at the Creditors' Meeting;
  - d) the Monitor's recommendation with respect to the Applicants' application for a Sanction Order;
  - e) an update on the SISP and the Monitor's recommendation with respect to the Applicants' application for a SAVO, approving the 659 APA, whereby 659 will acquire the Bio-Tech Facility (defined below);
  - f) the Monitor's recommendation with respect to the Applicants' application for an ARVO, among other things:

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Report of the Monitor dated November 26, 2024 (the "**Fifth Report**") are collectively referred to as the "**Prior Monitor Reports**".

- i. approving the Simply SPA, whereby Simply will obtain one hundred percent of all issued and outstanding shares of Bio-Tech (the "**Bio-Tech Shares**");
- ii. vesting absolutely and exclusively in ResidualCo all Excluded Assets, Excluded Contracts and Excluded Liabilities (defined herein and as outlined in the Simply SPA);
- iii. adding ResidualCo as an Applicant to these CCAA Proceedings;
- iv. vesting in Simply all of Delta 9 Group's right, title and interest in and to the Bio-Tech Shares, free and clear of any Encumbrances;
- v. granting certain releases; and
- vi. removing Bio-Tech as an Applicant in the CCAA Proceedings;
- g) the Monitor's recommendation with respect to the proposed releases contemplated in the Plan;
- h) the Applicant's application for a Restricted Court Access Order for the Confidential Appendices concerning the 659 APA and the Simply SPA;
- i) the actual cash flow results of Delta 9 Group compared to the cash flow forecast appended to the Third Report for the period of October 26, 2024 to December 27, 2024;
- j) the Applicants' updated cash flow forecast through to February 28, 2025 (the "**Updated Cash Flow Forecast**");
- k) the request for approval of the Monitor's activities and the professional fees and costs of the Monitor's Counsel (defined herein);
- l) the request for the Stay Extension to February 28, 2025; and
- m) the Monitor's overall recommendation in respect of the foregoing.

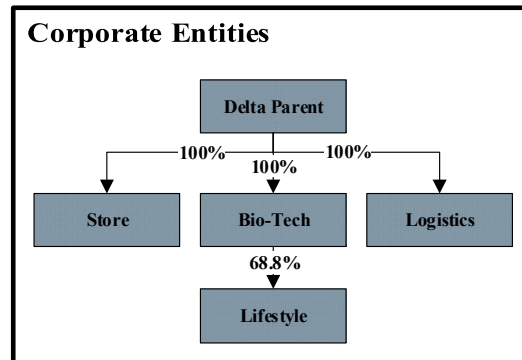


## TERMS OF REFERENCE AND DISCLAIMER

10. In preparing this Report, A&M, in its capacity as the Monitor, has been provided with and has relied upon unaudited financial information and the books and records prepared by the Applicants and has held discussions with the Applicants' management ("**Management**") and their respective counsel and directors (collectively, the "**Information**"). Except as otherwise described in this Report, in respect of the Applicants' cash flow forecast:
  - a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the Chartered Professional Accountants Canada Handbook (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and
  - b) some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.
11. Future-oriented financial information referred to in this Report was prepared based on the Applicants' estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
12. Unless otherwise stated, all monetary amounts contained in this Report are expressed in Canadian dollars.

## BACKGROUND

13. The Delta 9 Group is engaged in cannabis cultivation, processing, extraction, wholesale distribution, retail, and business-to-business sales. The Delta 9 Group's organizational chart is summarized below:



14. Further information regarding the Delta 9 Group's ownership structure and operations, the cause of the Applicants' insolvency and these CCAA Proceedings, including the Initial Order, the ARIO, other Orders of this Honourable Court, the Arbuthnot Affidavits, other affidavits and the Prior Monitor's Reports are available on the Monitor's Website.
15. Bio-Tech is a privately held corporation existing under the laws of the province of Alberta. Bio-Tech is a 100% wholly-owned subsidiary of Delta Parent. Bio-Tech is the licensed producer in the Applicants' corporate structure, holding a licence issued by Health Canada pursuant to the *Cannabis Act*, SC 2018, c 16, which permits Bio-Tech to produce and sell cannabis, cannabis oils, extracts, and derivative products. Bio-Tech operates a 95,000-square-foot cannabis cultivation and processing facility located at 760 Pandora Avenue East in Winnipeg, Manitoba (the "**Bio-Tech Facility**"). Bio-Tech owns 68.8% of the issued and outstanding shares of Lifestyle.

## ACTIVITIES OF THE MONITOR

16. The Monitor's activities since the filing of the Fifth Report have included, among other things, the following:

- a) engaging with its independent legal counsel, Burnet, Duckworth & Palmer LLP and Taylor McCaffrey LLP (the "**Monitor's Counsel**") regarding various matters pertaining to these CCAA Proceedings;
- b) conducting numerous and ongoing discussions, communications and meetings with Management, Delta 9 Group's legal counsel, the Plan Sponsor and the Plan Sponsor's legal counsel regarding the Delta 9 Group's business and financial affairs, the SISP, the Plan and the Creditors' Meeting;
- c) conducting ongoing communications and meetings with the Monitor's Counsel, Management, the CRO, the Delta 9 Group's legal counsel, the Plan Sponsor and the Plan Sponsor's legal counsel regarding the 659 APA and the Simply SPA;
- d) engaging in various communications with the purchasers and their respective counsel regarding the 659 APA and Simply SPA, along with the CRO, Management, the CRO and various stakeholder counsel;
- e) reviewing and discussing weekly payables with Management;
- f) reviewing the Delta 9 Group's bank details and assisting the Delta 9 Group with the compilation of their budget to actual reporting for purposes of providing the same to this Honourable Court;
- g) providing a weekly update on cash flows to SNDL;
- h) continued administration of the Claims Procedure, with the assistance of Management and the CRO, including ongoing discussions and communications with Claimants to resolve outstanding disputes;
- i) administering the Creditors' Meeting and related Order, including discussions and communications with Affected Creditors pertaining to the Plan and the procedures at the Creditors' Meeting; and

- j) ongoing monitoring of the Delta 9 Group's financial affairs.

***SNDL Debenture Dispute***

17. As discussed in the Third Report, on or around September 12, 2024, the Plan Sponsor paid the undisputed amount of the SNDL Debenture to SNDL, totaling approximately \$11.6 million (the "**Undisputed Amount**"). As at January 3, 2025, there remains approximately \$3.5 million under dispute between the parties (the "**Disputed Amount**"). The Disputed Amount is comprised of approximately \$2.9 million of interest and approximately \$615,000 relating to protective disbursements and other costs.
18. SNDL and the Plan Sponsor have scheduled an application before this Honourable Court on January 10, 2025, to argue their respective positions regarding payment of the Disputed Amount. The Monitor does not intend to file materials or complete a legal review of this application, as SNDL and the Plan Sponsor will advance their respective arguments to advocate their competing positions.
19. As set out in the Plan, if a Final Order<sup>2</sup> determining the quantum of the Disputed Amount is issued on or prior to the Implementation Date, then, on or before the Implementation Date, the SNDL 2L Claim<sup>3</sup> will be indefeasibly repaid in full to SNDL in cash and all obligations thereunder will be performed in full. If a Final Order has not been issued on or prior to the Implementation Date, then the Applicants or the Plan Sponsor may elect to pay the Disputed Amount to the Monitor to be held in escrow by the Monitor, in a segregated account, on the condition that, immediately upon a Final Order being issued, the Monitor will

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<sup>2</sup> Any order, ruling or judgment of the Court, or any other court of competent jurisdiction: (a) that is in full force and effect; (b) that has not been reversed, modified or vacated and is not subject to any stay; and (c) in respect of which all applicable appeal periods have expired and any appeals therefrom have been finally disposed of, leaving such order, ruling or judgment wholly operable

<sup>3</sup> All obligations owed by the Applicants, individually or collectively, to SNDL Inc. under the loan and security documents specified in the demand letters and notices of intention to enforce security dated May 21, 2024

distribute the Disputed Amount to the Applicants and SNDL. in accordance with the terms of such Final Order.

## UPDATE ON THE CLAIMS PROCEDURE

20. On July 24, 2024, this Honourable Court granted the Claims Procedure Order, and on November 1, 2024, granted an Amended and Restated Claims Procedure Order, which empowered the Monitor and the Company to accept and consider Late Claims filed after August 17, 2024 (the "**Claims Bar Date**").
21. Following the Claims Bar Date, and in consultation with the Company and the Claimants, the Monitor has continued, and will continue, to: (i) review and accept Proofs of Claims and (ii) issue Notices of Dispute as required. A summary of the status of the Claims as of the date of this Report is below.

Delta 9 Group Summary of Claims <i>\$CAD, thousands</i>					
Claim per Entity	Claims Accepted	Claims Under Review	Late Claims Received	Issued Responses	
	Total	Proofs of Claim Under Review	Total	Notices of Disallowance	Notices of Revision
<b>Unsecured</b>					
Delta 9 Cannabis Inc.	3,603	-	3	1,036	-
Delta 9 Stores	14,687	-	3	-	22
Delta 9 Lifestyle	5,868	-	16	-	35
Delta 9 Bio-Tech	4,279	3,184	487	37	63
Delta 9 Logistics	54	-	29	-	-
	<b>28,491</b>	<b>3,184</b>	<b>538</b>	<b>1,073</b>	<b>120</b>
<b>Secured</b>					
Delta 9 Cannabis Inc.	251	-	-	-	-
Delta 9 Stores	251	-	-	-	-
Delta 9 Lifestyle	251	-	-	-	-
Delta 9 Bio-Tech	7,847	-	-	-	-
Delta 9 Logistics	251	-	-	-	-
	<b>8,851</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>D&amp;O<sup>1</sup></b>					
Delta 9 Stores	127	-	-	-	-
Delta 9 Lifestyle	1,294	-	-	-	-
Delta 9 Bio-Tech	14,464	-	-	-	-
	<b>15,885</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Value</b>	<b>\$ 53,227</b>	<b>\$ 3,184</b>	<b>\$ 538</b>	<b>\$ 1,074</b>	<b>\$ 121</b>
<b>Total Number</b>	<b>188</b>	<b>2</b>	<b>9</b>	<b>7</b>	<b>16</b>

22. There are two Proofs of Claim, pertaining to Bio-Tech totalling approximately \$3.2 million which remain under review as of the date of this Report. Of these

Claims, approximately \$1.4 million relates to a claim advanced by 659, which will be withdrawn and released by 659 upon the closing date of the 659 APA, assuming the 659 APA and the corresponding SAVO are approved by this Honourable Court. The 659 APA is discussed further in greater detail in this Report.

## **CREDITORS' MEETING RESULTS**

23. On December 4, 2024, the Monitor served copies of the meeting materials (the "**Meeting Materials**") to the Service List and posted them on the Monitor's Website. The Meeting Materials consisted of: (i) the Notice to Affected Creditors; (ii) the Meeting Order; (iii) a blank form of Affected Creditor Proxy; and (iv) the Convenience Election Notice.
24. On December 5, 2024, the Monitor emailed the Meeting Materials to Affected Creditors using the email addresses provided in their Proofs of Claim. For Affected Creditors who did not submit a Proof of Claim, the Monitor used the email addresses listed in the Company's records and, where no email address was available, the Monitor delivered the Meeting Materials by fax or courier.
25. On December 11, 2024, the Monitor prepared its report to Affected Creditors regarding the Plan, in accordance with section 23(1)(d.1) of the CCAA, a copy of which was served on the Service List and posted on the Monitor's website.
26. Prior to the Creditors' Meeting, the Monitor received the following:
  - a) 2 Notices of Transfer of Claim, assigning the entirety of the Allowed Affected Claims of Mr. Bill Arbuthnot and Mr. John Arbuthnot to Uncle Sam's Cannabis Ltd.;
  - b) 6 proxies from Affected Creditors representing \$17,166,711 of Allowed Affected Claims voting in favour of the Plan;
  - c) 2 proxies from Affected Creditors representing \$663,329 of Allowed Affected Claims voting against the Plan; and

- d) 3 Convenience Election Notices from Affected Creditors representing \$40,217 of Allowed Affected Claims, deemed to vote in favour of the Plan by electing to be treated as Convenience Creditors.

27. The Monitor held the Creditors' Meeting for the purposes of voting on the Plan on December 20, 2024, at 10:00 a.m. MST by teleconference.
28. Approval of the Plan required the affirmative vote of a majority in number of Affected Creditors representing at least two thirds in value of the Allowed Affected Claims of Affected Creditors who were entitled to vote at the Creditors' Meeting in accordance with the Meeting Order and who were present and voting in person or by proxy at the Creditors' Meeting (the "**Required Majority**").
29. The results of the voting conducted at the Creditors' Meeting are summarized in the table below:

Delta 9 - Plan Entities Summary of Creditors' Meeting Vote \$CAD			
Number of Voting Claims	For	Against	Total
Convenience Class Creditors	51	-	51
Eligible Voting Creditors	8	2	10
<b>Total</b>	<b>59</b>	<b>2</b>	<b>61</b>
<i>Percentage of Voting Claims in Number</i>	<i>97%</i>	<i>3%</i>	<i>100%</i>
Number of Voting Claims	For	Against	Total
Convenience Class Creditors	\$ 92,670	\$ -	\$ 92,670
Eligible Voting Creditors	23,052,804	663,329	23,716,133
<b>Total</b>	<b>\$ 23,145,474</b>	<b>\$ 663,329</b>	<b>\$ 23,808,803</b>
<i>Percentage of Voting Claims in Value</i>	<i>97%</i>	<i>3%</i>	<i>100%</i>

30. Based on the above voting result, the Plan was approved by the Required Majority. Attached as Appendix "A" to this Report is the scrutineer's report outlining the detailed voting results, and attached as Appendix "B" are the minutes of the Creditors' Meeting.

## **SANCTION ORDER**

31. The Applicants are seeking the Sanction Order, which will enable the Delta 9 Group to take all necessary steps to implement the Plan, as outlined in the Plan and the Monitor's Fifth Report.
32. The Monitor considered the following with respect to the Company's application for the proposed Sanction Order:
- a) to the Monitor's knowledge, the Delta 9 Group has complied with the CCAA, and all the Orders made within the CCAA Proceedings;
  - b) the Plan was approved by the Required Majority at the Creditors' Meeting;
  - c) as noted in the Monitor's Fifth Report, the Monitor supports the approval of the Plan;
  - d) the Monitor has concluded that the Plan is fair and reasonable as between the Plan Applicants and the Affected Creditors; and
  - e) the Plan provides a better recovery than either a bankruptcy or liquidation scenario and is the best outcome available to the Delta 9 Group, the Affected Creditors and the stakeholders generally.
33. Based on the foregoing as well, and the Plan being approved by the Required Majority, the Monitor recommends that the Court grant the proposed Sanction Order.

## **UPDATE ON THE SALES AND INVESTMENT SOLICITATION PROCESS**

34. As discussed in the Monitor's Fourth Report, the outcome of the SISP was as follows:
- a) the SISP commenced on July 31, 2024, with the placement of the SISP Notice announcing the commencement of the SISP in the *Insolvency*



*Insider, National Post, New Cannabis Ventures, StratCann and Newswire*, as well as posting of the Teaser and other SISP materials to the Monitor's Website;

- b) the Monitor disseminated the Teaser to a selection 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 interested 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; and
- d) the bid deadline was October 28, 2024 (the "**SISP Bid Deadline**") and multiple offers were received by the SISP Bid Deadline, which are summarized in Confidential Appendices to the Fourth Report.

35. On December 2, 2024, Bio-Tech concluded the sale of certain assets to 102 MB Ltd., representing a small portion of the assets marketed for sale in the SISP. A sale approval and vesting order (the "**102 MB SAVO**") was previously granted by this Honourable Court on November 15, 2024 for certain non-material redundant assets.

36. Bio-Tech, with assistance from the CRO and the Monitor, continued to negotiate with Qualified and Prospective Bidders for the sale of Bio-Tech's remaining assets. On December 28, 2024, following certain extensive negotiations, the Applicants entered into two sales agreements for the remaining Bio-Tech assets, the particulars of which are as follows:

- a) Bio-Tech entered into the 659 APA with 659 for the purchase of the Bio-Tech Facility; and
- b) Delta Parent and Bio-Tech entered into the Simply SPA with Simply for the purchase of the Bio-Tech Shares.

## 659 ASSET PURCHASE AGREEMENT<sup>4</sup>

### *Overview*

37. A copy of the 659 APA with the Purchase Price and Deposit redacted is attached as Appendix "C". The Monitor's summary of the 659 APA and an unredacted copy of the 659 APA can be found in Confidential Appendix "1" and Confidential Appendix "2", respectively.
38. The key terms of the 659 APA include the following:
- a) Bio-Tech will sell its right, title and interest in the Bio-Tech Facility to 659;
  - b) the Monitor holds a sizeable (8.5% of total purchase price) non-refundable Deposit, the amount of which is disclosed in Confidential Appendices "1" and "2", which will be credited against the Purchase Price on Closing;
  - c) on Closing, 659 will pay Bio-Tech an amount equal to the Purchase Price, the amount of which is disclosed in Confidential Appendices "1" and "2", less the Deposit plus any Transaction Taxes and adjustments for revenues, expenses and other real estate costs normally adjusted for in a transaction of this nature;
  - d) on Closing, 659 shall: (i) withdraw its Proof of Claim for approximately \$1.4 million submitted in the Claims Procedure; (ii) consent to the release of the deposit of \$350,000 (plus all accrued interest) held in the accounts of MLT Aikins LLP to Bio-Tech; and (iii) consent to the release of the \$174,208.34 held in the Monitor's bank account pertaining to the disputed Overholding Rent to Bio-Tech;

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<sup>4</sup> Capitalized terms used in this section and not otherwise defined shall have the meanings ascribed to them in the 659 APA and the SAVO.

- e) Bio-Tech will use best efforts to obtain discharges of all registrations of Bio-Tech and its lenders relating to Bio-Tech's lease of 770 Pandora Avenue East, Winnipeg, MB post-closing of the transaction; and
- f) the transaction contemplated in the 659 APA is scheduled to close the latter of: (i) 45 days after the date the SAVO is granted by the Court; (ii) the date that is 45 days following the final resolution, dismissal or withdrawal of an appeal properly brought by a party with a standing to appeal the SAVO; or (iii) such other date agreed to by the parties.

39. The 659 APA is subject to the following material conditions:

- a) Approval and Vesting Order. Approval of the SAVO by this Honourable Court; and
- b) Lease Agreement. The execution of a lease with 659, as landlord, Simply, as tenant, and the Plan Sponsor, as indemnifier in the form attached to the 659 APA.

***Monitor's Recommendation concerning the 659 APA and SAVO***

40. The Monitor is of the view that the 659 APA is commercially reasonable in the circumstances for the following reasons:

- a) the Monitor was authorized by this Court to market and sell the Bio-Tech Facility pursuant to the Bio-Tech SISP Order;
- b) the 659 APA arose from an extensive marketing process conducted by the Monitor and Capital Commercial Real Estate Services Inc. (the "**Sales Agent**") in accordance with the Court-approved SISP and in consultation with the Company and the CRO, in which the Monitor solicited offers from a large number of Prospective Bidders in a reasonable timeframe;

- c) the Monitor received interest from several parties; however, the only offer for the Bio-Tech Facility was from 659;
- d) the Monitor has determined that the 659 APA is the highest and best offer received for the Bio-Tech Facility in the SISP;
- e) the 659 APA is supported by the Company and the Plan Sponsor who is considered the fulcrum creditor in the CCAA Proceedings;
- f) the 659 APA was negotiated between the parties at arm's length, in good faith; and
- g) the 659 APA is supported by SNDL.

41. For the reasons above, the Monitor recommends that the Court approve the 659 APA and grant the corresponding SAVO.

## **SIMPLY SHARE PURCHASE AGREEMENT<sup>5</sup>**

### ***Overview***

42. A copy of the Simply SPA with the Purchase Price and Deposit redacted is attached as Appendix "D". The Monitor's summary of the Simply SPA and an unredacted copy of the Simply SPA can be found in Confidential Appendices "3" and "4", respectively.

43. The key terms of the Simply SPA are as follows:

- a) Delta Parent will sell, assign and transfer the Bio-Tech Shares to Simply, and Simply will purchase the Bio-Tech Shares free and clear of all Encumbrances (other than Permitted Encumbrances), with the result

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<sup>5</sup> Capitalized terms used in this section and not otherwise defined shall have the meanings ascribed to them in the Simply SPA and the ARVO.

that Simply will become the sole shareholder of Bio-Tech on the Closing Date;

- b) pursuant to the ARVO, all securities in the capital of Bio-Tech, other than the Bio-Tech Shares, will be cancelled without consideration;
- c) the Monitor is in possession of a sizeable non-refundable Deposit (25% of the Purchase Price), the amount of which is disclosed in Confidential Appendices "3" and "4" and shall be credited against the Purchase Price on the Closing Date;
- d) at Closing, Simply will pay the Monitor the balance of the Purchase Price, the amount of which is disclosed in Confidential Appendices "3" and "4", less any adjustment pertaining to Inventory Value;
- e) the Monitor will hold the Purchase Price for the benefit of the stakeholders of Bio-Tech until further order of the Court;
- f) on the date that is 2 days prior to the Closing Date, Simply will identify all Employees of Bio-Tech that it does not wish to continue to employ after the completion of the Transaction (the "**Terminated Employees**"). Bio-Tech will terminate the employment of the Terminated Employees as requested by Simply and all Liabilities owing to the Terminated Employees will be Excluded Liabilities that will be transferred and vested in ResidualCo; and
- g) the transaction contemplated in the Simply SPA is scheduled to close on the date that is 10 days after which the conditions of Closing have been satisfied or waived, other than any conditions that by their terms are to be satisfied or waived at the Closing.

44. The Simply SPA is subject to the following material conditions:

- a) Approval and Vesting Order. Approval of the ARVO by this Honourable Court;

- b) Real Property Transaction. The completion of the transaction contemplated in the 659 APA, including the execution of a lease among 659 as landlord Simply, as tenant, and the Plan Sponsor as indemnifier, in the form attached to the 659 APA;
- c) Implementation Steps. The completion of the Implementation Steps, as set out in Exhibit "A" to the Simply SPA.
- d) Employees. The termination of the employment of the Terminated Employees by Bio-Tech;
- e) 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;
- f) IP Licence. Simply 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 Simply, in a form satisfactory to Simply; and
- g) Partial Termination of the CCAA Proceedings. The partial termination of the CCAA Proceedings in respect of Bio-Tech and its Business and the Retained Assets, as set out in the ARVO;

***Monitor's Recommendation on the Simply SPA***

45. The Monitor is of the view that the Simply SPA is commercially reasonable in the circumstances for the following reasons:

- a) the Monitor was authorized by this Court to market and sell the Bio-Tech Shares pursuant to the Bio-Tech SISP Order;
- b) the Simply SPA arose from efforts that were initiated prior to the SISP by Bio-Tech, followed by an extensive marketing process conducted by the Monitor, the Company and the CRO in accordance with the Court-

approved SISP and in consultation with the Company and the CRO, in which the Monitor solicited offers from a large number of Prospective Bidders in a reasonable timeframe;

- c) the Monitor received interest from several parties; however, the only acceptable offer for the Bio-Tech Shares was from Simply;
- d) the Monitor has determined that the Simply SPA is the highest and best offer received, in the circumstances, for the Bio-Tech Shares;
- e) the Simply SPA is supported by the Company and the Plan Sponsor who is considered the fulcrum creditor in the CCAA Proceedings;
- f) the Simply SPA is supported by SNDL; and
- g) the Simply SPA was negotiated between the parties at arm's length, in good faith.

46. For the reasons above, the Monitor recommends that the Court approve the Simply SPA.

## **APPROVAL AND REVERSE VESTING ORDER<sup>6</sup>**

### ***Reverse Vesting Structure***

47. In practical terms, the proposed ARVO contemplates the following:

- a) the creation of a residual company ("**ResidualCo**") where the Excluded Assets, Excluded Contracts and Excluded Liabilities will be transferred to, assumed by, and vested in absolutely and exclusively;

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<sup>6</sup> Capitalized terms used in this section and not otherwise defined shall have the meanings ascribed to them in the Simply SPA and the ARVO.

- b) all securities in the capital of Bio-Tech, other than the Bio-Tech Shares, would be cancelled without consideration;
- c) ResidualCo would be included as an applicant in these CCAA Proceedings, and the Monitor would be appointed as the CCAA Monitor to ResidualCo;
- d) all Taxes owed or owing or accrued due by Bio-Tech in respect of the period prior to the Filing Date will be transferred to, amounts owing on account of statutory notice, termination payments, severance, vacation pay, benefits, bonuses or other compensation or entitlements will be vested in and assumed by ResidualCo;
- e) all Liabilities owing to the Terminated Employees will be Excluded Liabilities that will be transferred to and vested in ResidualCo;
- f) except for the Excluded Assets, Bio-Tech will 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"**); and
- g) Bio-Tech will cease to be an Applicant in these CCAA Proceedings, and will be deemed to be released from the purview of the Orders of the Court granted in respect of these CCAA Proceedings, save and except for the ARVO, the provisions of which (as they relate to Bio-Tech) shall continue to apply in all respects; and
- h) Simply will be the sole legal and beneficial shareholder of Bio-Tech.



***Monitor's Views on the Appropriateness of the ARVO***

48. The Monitor considered the following four guidelines in concluding that the ARVO is appropriate in the circumstances:
- a) Is the ARVO necessary?
  - b) Does the ARVO structure produce an economic result at least as favourable as any other viable alternative?
  - c) Is any stakeholder worse off under the ARVO structure than they would have been under another viable structure?
  - d) Does the consideration being paid for the debtor's business reflect the importance and value of the intangible assets being preserved under the ARVO structure?
49. A reverse vesting structure is necessary to maximize value in this case. The need for a reverse vesting structure arises from the highly regulated nature of the cannabis business, the value of which is dependant on maintaining the following cannabis licenses: (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* (collectively, the "**Licenses**")
50. The Licenses cannot be transferred. As a result, if the contemplated reverse vesting structure that preserves the Licenses is not obtained, the purchaser would be unable to store or sell the inventory or otherwise engage in cannabis operations. This would result in an immediate disruption in operations until new Licenses were obtained, further increasing uncertainty and ultimately very likely resulting in a decreased purchase price. Alternatively, if the transaction were not to close and the ARVO was not granted, this would likely result in an immediate shut-down and liquidation of Bio-Tech. The Monitor notes that it was a requirement of the bid of Simply in

the SISP for the transaction contemplated to be completed by a reverse vesting structure.

51. The Simply SPA was the best and highest offer received in the SISP. The Monitor is not aware of any stakeholder in the CCAA Proceedings that would be worse off under the contemplated reverse vesting structure, nor is there any other viable alternative that would produce a more favourable result in the proceedings.
52. The Monitor is of the view that the reverse vesting structure set out in the proposed ARVO represents the only viable and practical option to implement the Simply SPA for the benefit of Bio-Tech's stakeholders and, accordingly, the Monitor supports the relief requested.

#### ***Canada Revenue Agency***

53. The proposed ARVO preserves the Canada Revenue Agency's ("CRA") right of set off to the extent that: (i) any amounts that are, or become, due to Bio-Tech or ResidualCo with respect to obligations arising prior to the CCAA filing date of July 15, 2024; or (ii) any amounts that are, or become, due to Bio-Tech or ResidualCo with respect to obligations arising after the CCAA filing date of July 15, 2024 are applied against any amounts that are, or become due, from Bio-Tech or ResidualCo with respect to obligations arising after the CCAA filing date of July 15, 2024.
54. The Proposed Transactions do not provide proceeds to satisfy the claims of CRA against Bio-Tech in relation to the unremitted source deductions, unremitted goods and services tax and unpaid excise taxes. This result is a function of the value of Bio-Tech's business, as fully tested under the SISP, and the priority of the CRA claims relative to the claims of the priority creditors.

#### ***Monitor's Enhanced Powers***

55. The proposed ARVO authorizes and empowers the Monitor to:

- a) assign ResidualCo, or cause ResidualCo to be assigned, into bankruptcy, and the Monitor shall be entitled, but not obligated, to act as trustee in bankruptcy thereof; and
- b) apply to this Court for advice and directions or any orders necessary or advisable to carry out its powers and obligations under this Order or any other Order granted by this Court including for advice and directions with respect to any matter.

### ***WEPPA***

- 56. The proposed ARVO states that, pursuant to section 5(5) of the *Wage Earner Protection Program Act* (Canada), SC 2005, c 47 ("**WEPPA**"), Bio-Tech and each of its former employees meet the criteria prescribed by section 3.2 of the Wage Earner Protection Program Regulations, SOR/2008-222 (the "**WEPPA Regulations**") and are individuals to whom the WEPPA applies as of the date the ARVO (the "**Former Employees**").
- 57. The Monitor, with the assistance of the Company, will administer WEPPA in accordance with the WEPPA Regulations as it pertains to the Former Employees.

### ***Releases***

- 58. The proposed ARVO includes releases (the "**Releases**") in favour of the Released Parties, which is defined to include:
  - a) the current director and officers of Bio-Tech;
  - b) Bio-Tech's legal counsel and advisors;
  - c) the Monitor and its legal counsel;
  - d) Simply and its legal counsel and their respective current directors, officers, partners, employees, consultants, advisors, and assignees;
  - e) Bio-Tech; and

f) any directors or officers of ResidualCo.

59. The full scope of the release provisions is set out in the proposed ARVO and should be read in conjunction with this Sixth Report. The Releases explicitly do not release or discharge any claim that is not permitted to be release, pursuant to section 5.1(2) of the CCAA.
60. In addition, the ARVO provides for Releases of the current director and officers of Bio-Tech and ResidualCo (collectively, the "**Released D&Os**" and each a "**Released D&O**"). 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 excise taxes, unpaid source deductions, and unpaid goods and services tax, that any Person may have or be entitled to assert against the Released D&Os arising from events taking place prior to commencement of these CCAA Proceedings in respect of Bio-Tech (collectively, the "**D&O Released Claims**").
61. The ARVO provides that any Person is permitted to pursue any action, application or other proceeding in respect of any claim or liability which is an insured claim (the "**Insured Claims**") under any insurance policy maintained by Bio-Tech (collectively, the "**Insurance Policies**") to the point of determination of liability, if any. 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, without any additional rights of enforcement, recovery or recourse as against Bio-Tech or the Released D&Os, and the Person has no right to make any claim or seek any recoveries from Bio-Tech or any of the Released D&Os, other than enforcing the Person's rights to be paid by the applicable insurer(s) from the proceeds of the applicable Insurance Policies.
62. The Releasees provided significant and material contributions to the restructuring and these proceedings are set out in greater detail in the eight Affidavits (and Supplements) of John Arbuthnot and the Prior Monitor Reports. Having considered the particular facts of this situation, the Monitor is of the view that each of the Released Parties have made significant contributions in assisting with the

development and negotiations of the Simply SPA and, more generally, the CCAA Proceedings and the successful restructuring of Bio-Tech and its business. The Monitor notes these individuals will not receive payment under the KERP reflecting those contributions, as the conditions for payments under the KERP associated with Bio-Tech have not been met.

63. The ARVO, which contains the Releases, is a condition precedent to the Simply SPA which allows Bio-Tech to continue its operations as a going concern. As such, the Releases are an important element to ensure the orderly transaction and transition of the business of Bio-Tech and is supported by the Monitor.
64. The intention and expectation that a broad release of the Released D&Os would be sought in conjunction with a Bio-Tech transaction has long been understood and anticipated by the Releasees and stakeholders in these proceedings. The Monitor notes that the Plan Sponsor's support for a D&O release was contained in Article 10.1 (c) of the Plan of Compromise and Arrangement originally filed in October 2024. The Releasees continued to assist Bio-Tech and the Monitor beyond that date, and up to the date of this Report, and they are expected to continue to assist through closing of the Proposed Transactions.
65. Finally, the Monitor notes that the Plan that was approved by a near unanimous creditor vote contained a similar provision that all “D&O Claims shall be fully, finally and irrevocably compromised, released, discharged, cancelled and barred”, which indicates broad stakeholder support for the releases being sought.

## **PROPOSED RELEASES IN THE PLAN<sup>7</sup>**

### ***Overview of Proposed Releases***

66. The Plan contains proposed releases in favour of:

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<sup>7</sup> Capitalized terms used in this section and not otherwise defined shall have the meanings ascribed to them in the Plan.

- a) the Plan Entities;
  - b) the past and current employees, legal and financial advisors, and other representatives of the Plan Entities;
  - c) the Directors & Officers;
  - d) the Monitor and its legal advisors;
  - e) the Plan Sponsor; and
  - f) any other Person who is the beneficiary of a release under the Plan (collectively, the “**Released Parties**”).
67. The releases are tied to claims that are to be compromised pursuant to the Plan and cover matters in whole or in part based on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date relating to, arising out of, or in connection with any Claim, including any Claim arising out of: (i) the restructuring, disclaimer, resiliation, breach or termination of any contract, lease, agreement or other arrangement, whether written or oral, by the Applicants; (ii) the business of the Plan Entities; (iii) the Plan, including any transaction reference in and relating to the Plan; and (iv) the CCAA Proceedings (collectively, the “**Released Claims**”).

***Monitor's Views on the Appropriateness of the Proposed Releases***

68. The Monitor considered the following five guidelines in concluding that the proposed Plan releases are appropriate in the circumstances:
- a) whether the Released Claims are rationally connected to the purpose of the Plan;
  - b) the Plan can succeed without the releases;
  - c) whether the parties being released contributed to the Plan;

- d) whether the releases benefit the debtors as well as the creditors generally;
  - e) whether the creditors voting on the Plan have knowledge of the nature and the effect of the releases; and
  - f) whether the releases are fair, reasonable, and not overly-broad.
69. The Monitor is of the view proposed releases should be approved by this Honourable Court on the basis that:
- a) They are rationally connected to the purpose of the Plan;
  - b) approval of the Plan by the Affected Creditors and this Honorable Court, which includes the releases, is a condition precedent to the implementation of the Plan;
  - c) each of the Released Parties have made important critical contributions to the development and implementation of the Plan Entities' restructuring and the Plan, and the services, expertise and financial contribution of the Released Parties were and are necessary for the ultimate success of the Plan;
  - d) the restructuring of the Plan Entities and the Plan which will advance, preserve and protect the business and retail operations of the Plan Entities and provide a recovery to stakeholders that would not otherwise be available to them;
  - e) the Releases ensure that all stakeholders in these CCAA Proceedings have certainty and finality about their liabilities at the conclusion of the Plan Entities successful restructuring; and
  - f) the release provisions have been fully disclosed to the Affected Creditors in the Plan and as of the date of this Sixth Report no party has raised any concern regarding the proposed releases.

## **RESTRICTED COURT ACCESS ORDER**

70. The Applicants are seeking a Restricted Court Access Order temporarily sealing the Confidential Appendices on the Court Record. The Confidential Appendices include sensitive information, including the purchase price and deposit contemplated in the 659 APA and the Simply SPA.
71. The sealing of this type of sensitive information is common practice in insolvency proceedings and the Applicants are concerned that if the information is disclosed to third parties prior to the closing of the transaction, the disclosure could materially jeopardize the sales to 659 and Simply or, if the sales to 659 and Simply do not close, could materially jeopardize subsequent efforts to market the Bio-Tech Facility and the Bio-Tech Shares. As such, the Company, with support of the Monitor, is respectfully of the view that it is appropriate for this Honourable Court to seal the Confidential Appendices to the Monitor's Sixth Report in accordance with the proposed form of the Restricted Court Access Order accompanying the Applicant's application.

## **CASH FLOW RESULTS COMPARED TO FORECAST**

72. The Delta 9 Group's actual cash receipts and disbursements as compared to the Updated Cash Flow Forecast presented in the Third Report during the period of October 26, 2024 to December 27, 2024 (the "**Reporting Period**") is summarized below.



**Delta 9 Group**  
**Cash Flow Variance Analysis**  
**For the period from October 26, 2024 to December 27, 2024**  
*\$CAD, thousands, unaudited*

	October 26, 2024 to December 27, 2024			
	Actual <sup>1</sup>	Forecast	Actual	Variance
<b>Receipts</b>				
Accounts Receivable - Government	2,473	1,035	782	(253)
Accounts Receivable - Other	3,736	1,620	1,510	(110)
Cannabis Sales	26,721	10,750	10,212	(538)
<b>Total Receipts</b>	<b>32,930</b>	<b>13,405</b>	<b>12,504</b>	<b>(901)</b>
<b>Operating Disbursements</b>				
Cannabis Product Purchases	19,811	7,375	7,004	371
Payroll and Source Deductions	6,871	2,082	2,164	(82)
Consultant Fees	147	79	63	16
Rent, Utilities and Insurance	2,700	783	974	(191)
Overholding Rent	174	39	39	-
Logistics, Product Treatment and Lab Testing	539	225	182	43
Production Supplies and Materials	1,062	433	327	106
SG&A Expenses	1,341	545	542	3
Contingency	-	135	-	135
Excise Tax Remittance	293	180	100	80
GST Remittance	176	160	71	89
<b>Total Operating Disbursements</b>	<b>33,114</b>	<b>12,035</b>	<b>11,466</b>	<b>569</b>
<b>Net Cash Flow from Operations</b>	<b>(184)</b>	<b>1,370</b>	<b>1,038</b>	<b>(332)</b>
<b>Non-Operating Disbursements</b>				
Critical Supplier Payments	90	-	14	(14)
Key Employee Retention Plan	105	-	-	-
Professional Fees	3,195	1,126	732	394
Debt Service	1,394	561	556	5
<b>Total Non-Operating Disbursements</b>	<b>4,784</b>	<b>1,687</b>	<b>1,302</b>	<b>385</b>
<b>Net Cash Flow</b>	<b>(4,968)</b>	<b>(317)</b>	<b>(264)</b>	<b>53</b>
<b>Opening Cash</b>	<b>528</b>	<b>323</b>	<b>323</b>	<b>-</b>
Net Cash Flow	(4,968)	(317)	(264)	53
Interim Financing Advance/(Repayment)	5,500	1,000	1,000	-
<b>Ending Cash</b>	<b>1,060</b>	<b>1,006</b>	<b>1,059</b>	<b>53</b>
<b>Opening Interim Financing Balance</b>	<b>-</b>	<b>4,500</b>	<b>4,500</b>	<b>-</b>
Advances	5,500	1,000	1,000	-
Repayments	-	-	-	-
<b>Closing Interim Financing Balance</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>-</b>
<b>Opening Overholding Rent Funds Balance</b>	<b>-</b>	<b>135</b>	<b>135</b>	<b>-</b>
Funds Held by Monitor	135	39	39	-
<b>Closing Overholding Rent Funds Balance</b>	<b>135</b>	<b>174</b>	<b>174</b>	<b>-</b>

73. Over the Reporting Period, the Delta 9 Group experienced a positive cash flow variance of approximately \$53,000, primarily as a result of various temporary and permanent timing differences, which are described below.
- a) a negative permanent receipts variance related to accounts receivable collections and cannabis sales being lower than originally forecasted;
  - b) a positive permanent disbursements variance related primarily to:
    - i. cannabis product purchases being lower than forecasted as inventory diversity was achieved earlier than projected;
    - ii. consulting fees related to the delayed payment of one invoice owing to the CRO;
    - iii. contingency as a result of it not being required in the Reporting Period;
    - iv. excise tax remittances related to lower actual excise tax remittance payments being made during the period than originally forecasted; and
    - v. GST remittances related to lower actual GST remittance payments being made during the period than originally forecasted;
  - c) a negative permanent disbursements variance related primarily to:
    - i. payroll and related source deductions primarily due to the payout of accrued vacation pay of certain terminated employees;
    - ii. rent, utilities, and insurance, related to certain utilities and insurance being higher than originally forecasted; and
    - iii. higher critical supplier costs being paid compared to what was originally forecasted;

- d) a positive timing disbursements variance related to:
- i. logistics, product treatment and lab testing related to lower actual expenditures than originally forecasted;
  - ii. production supplies and materials, primarily related to lower than forecasted payments of certain production materials and storage products;
  - iii. sales, general, and administrative expenses related to lower actual expenditures than originally forecasted; and
  - iv. professional fees primarily related to the delayed payment of certain fees, which will be paid outside of the Reporting Period.

74. As at December 27, 2024, available ending cash was approximately \$1.1 million compared to forecast available cash of approximately \$1.0 million.

#### **UPDATED CASH FLOW FORECAST**

75. Management has prepared a weekly Updated Cash Flow Forecast for the nine-week period from December 28, 2024 to February 28, 2025 (the "**Forecast Period**"), using the probable and hypothetical assumptions set out in the notes to the Updated Cash Flow Forecast. A copy of the Updated Cash Flow Forecast, together with a summary of the assumptions is attached hereto as Appendix "**E**". The Updated Cash Flow Forecast is summarized below.

<b>Delta 9 Group</b> <b>Management Prepared 9 Week Cash Flow Forecast</b> <b>For the period from December 28, 2024 to February 28, 2025</b> <i>in CAD \$000's</i>	
	<b>9 Week Total</b>
<b>Receipts</b>	
Accounts Receivable - Government	765
Accounts Receivable - Other	1,530
Cannabis Sales	10,275
<b>Total Receipts</b>	<b>12,570</b>
<b>Operating Disbursements</b>	
Cannabis Product Purchases	6,975
Payroll and Source Deductions	2,569
Consultant Fees	95
Rent, Utilities and Insurance	764
Logistics, Product Treatment and Lab Testing	225
Production Supplies and Materials	457
SG&A Expenses	540
Contingency	45
Excise Tax Remittance	180
GST Remittance	160
<b>Total Operating Disbursements</b>	<b>12,010</b>
<b>Net Cash Flow from Operations</b>	<b>560</b>
<b>Non-Operating Disbursements</b>	
Professional Fees	952
Debt Service	562
<b>Total Non-Operating Disbursements</b>	<b>1,514</b>
<b>Net Cash Flow</b>	<b>(954)</b>
<b>Opening Cash</b>	<b>1,059</b>
Net Cash Flow	(954)
Interim Financing Advance/(Repayment)	-
<b>Ending Cash</b>	<b>105</b>
<b>Opening Interim Financing Balance</b>	<b>5,500</b>
Advances	-
Repayments	-
<b>Closing Interim Financing Balance</b>	<b>5,500</b>
<b>Opening Overholding Rent Funds Balance</b>	<b>174</b>
Funds Held by Monitor	-
<b>Closing Overholding Rent Funds Balance</b>	<b>174</b>

76. A summary of the Updated Cash Flow Forecast and select assumptions underlying the same are as follows:

- a) total projected cash receipts of approximately \$12.6 million; and

- b) total projected operating cash disbursements of approximately \$12.0 million and non-operating cash disbursements of approximately \$1.5 million, resulting in a net decrease in cash of approximately \$954,000 during the Forecast Period.

77. Pursuant to section 23(1)(b) of the CCAA, and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standards of Professional Practice No. 9, the Monitor hereby reports as follows:

- a) the Updated Cash Flow Forecast has been prepared by Management for the purpose described in the notes to the Updated Cash Flow Forecast, using probable and hypothetical assumptions as set out in the notes;
- b) the Monitor's review of the Updated Cash Flow Forecast consisted of inquiries, analytical procedures, and discussion related to information supplied to it by Management. Since hypothetical assumptions need not be supported, the procedures with respect to them were limited to evaluating whether they were consistent with the purposes of the Updated Cash Flow Forecast. The Monitor also reviewed the support provided by Management for the probable assumptions and the preparation and presentation of the Updated Cash Flow Forecast;
- c) based on the Monitor's preliminary review of the Updated Cash Flow Forecast, nothing has come to the Monitor's attention to cause the Monitor to believe that, in all material respects:
  - i. the hypothetical assumptions are inconsistent with the purpose of the Updated Cash Flow Forecast;
  - ii. as at the date of this Report, the probable assumptions developed by Management are not suitably supported and consistent with the Delta 9 Group's plans or do not provide a reasonable basis for the Updated Cash Flow Forecast, given the hypothetical assumptions;or

iii. the Updated Cash Flow Forecast does not reflect the probable and hypothetical assumptions; and

d) since the Updated Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor does not express any assurance as to whether the Updated Cash Flow Forecast will be accurate. The Monitor does not express any opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report or relied upon by the Monitor in preparing this Report.

78. The Updated Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

#### **APPROVAL OF PROFESSIONAL FEES AND EXPENSES**

79. The Monitor and the Monitor's Counsel have now rendered their invoices for their respective fees and disbursements for services in connection with the CCAA Proceedings through January 3, 2025 (the "**Invoices**") and the Monitor is now seeking approval of the Invoices from this Honourable Court. The Court has previously approved the fees and costs of the Monitor, those of BD&P, and Taylor McCaffrey LLP from the Filing Date up to on or about October 20, 2024.

80. The Applicants now seek approval from this Honourable Court of the professional fees and disbursements of the Monitor for the period to December 29, 2024 (the "**Monitor Taxation Period**"), BD&P for the period to December 28, 2024 (the "**BD&P Taxation Period**"), and Taylor McCaffrey LLP for the period to January 3, 2025 (the "**Taylor McCaffrey Taxation Period**").

81. The total fees and expenses of the Monitor during the Monitor Taxation Period are \$278,736 (exclusive of GST), a summary of which is included below:

Delta 9 Group Summary of the Monitor's Statements of Account For the period October 21, 2024 to December 29, 2024							
Invoice	Period	Fees	Disbursements	Subtotal	GST	PST	Total
<b>Alvarez &amp; Marsal Canada</b>							
8	21-Oct-24 to 3-Nov-24	68,184	(1,092)	67,092	3,355	-	<b>70,447</b>
9	4-Nov-24 to 17-Nov-24	53,300	-	53,300	2,665	-	<b>55,964</b>
10	18-Nov-24 to 1-Dec-24	54,839	-	54,839	2,742	-	<b>57,581</b>
11	2-Dec-24 to 29-Dec-24	102,413	529	102,942	5,147	-	<b>108,089</b>
<b>Total</b>		<b>278,736</b>	<b>-</b>	<b>278,172</b>	<b>13,909</b>	<b>-</b>	<b>292,081</b>

82. The total fees and expenses of the Monitor's Counsel during the BD&P Taxation Period total \$228,299 (exclusive of GST), a summary of which is included below:

Delta 9 Group Summary of the Monitor's Counsel's Statements of Account For the period October 20, 2024 to December 28, 2024							
Invoice	Period	Fees	Disbursements	Subtotal	GST	PST	Total
<b>BD&amp;P LLP</b>							
203491222	20-Oct-24 to 2-Nov-24	59,986	-	59,986	2,996	-	<b>62,982</b>
203491580	3-Nov-24 to 16-Nov-24	45,588	276	45,863	2,292	-	<b>48,156</b>
203491750	17-Nov-24 to 30-Nov-24	46,592	285	46,877	2,338	-	<b>49,216</b>
203492115	1-Dec-24 to 14-Dec-24	42,449	246	42,695	2,134	-	<b>44,829</b>
203492400	15-Dec-24 to 28-Dec-24	33,684	135	33,819	1,691	-	<b>35,510</b>
<b>Total</b>		<b>228,299</b>	<b>942</b>	<b>229,241</b>	<b>11,451</b>	<b>-</b>	<b>240,692</b>

83. The total fees and expenses of the Monitor's Counsel during the Taylor McCaffrey Taxation Period total \$162 (exclusive of GST), a summary of which is included below:

Delta 9 Group Summary of the Monitor's Counsel's Statements of Account For the period October 20, 2024 to January 3, 2025							
Invoice	Period	Fees	Disbursements	Subtotal	GST	PST	Total
<b>Taylor McCaffrey LLP</b>							
717403	8-Oct-24 to 3-Jan-25	-	162	162	8	-	<b>170</b>
<b>Total</b>		<b>-</b>	<b>162</b>	<b>162</b>	<b>8</b>	<b>-</b>	<b>170</b>

84. The Invoices outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work. If necessary, copies of the Invoices will be made available to the Court upon request, if necessary.

85. The Monitor respectfully submits that its professional fees and disbursements and those of the Monitor's Counsel are fair and reasonable in the circumstances, given the substantive tasks required to be performed by the Monitor and the Monitor's Counsel in connection with the CCAA Proceedings.

#### **EXTENSION TO THE STAY OF PROCEEDINGS**

86. Pursuant to the Second Stay Extension and Approval Order, the Stay Period will expire on January 31, 2025. The Applicants are now seeking the Stay Extension to extend the Stay Period until February 28, 2025.

87. The Monitor supports the Stay Extension for, among others, the following reasons:

- a) it will afford the Applicants and the Monitor (as applicable) sufficient time to:
  - i. implement the Plan;
  - ii. satisfy the conditions of the 659 APA and close the transaction contemplated in the 659 APA;
  - iii. satisfy the conditions of the Simply SPA and close the transaction contemplated in the Simply SPA; and
  - iv. attend to various post-closing and post-implementation matters;
- b) the Monitor does not believe any creditor of the Applicants will be materially prejudiced by the proposed Stay Extension; and
- c) in the Monitor's opinion, the Applicants have acted in good faith and with due diligence in these CCAA Proceedings since the date of the Initial Order.



## CONCLUSIONS AND RECOMMENDATIONS

88. Based on the current information that has been made available to the Monitor, the Monitor is of the opinion that the relief sought by the Applicants is appropriate and respectfully recommends that this Honourable Court approve:

- a) the Sanction Order;
- b) the 659 APA and corresponding SAVO;
- c) the Simply SPA and corresponding ARVO;
- d) the Applicants' request for the Restricted Court Access Order;
- e) the activities, fees and disbursements of the Monitor and the Monitor's Counsel, as set out in this Report; and
- f) the Stay Extension to February 28, 2025.

All of which is respectfully submitted this 3<sup>rd</sup> day of January, 2025.

**ALVAREZ & MARSAL CANADA INC.,  
in its capacity as Monitor of Delta 9 Cannabis Inc.,  
Delta 9 Bio-Tech Inc., Delta 9 Lifestyle Cannabis Clinic Inc.,  
Delta 9 Cannabis Store Inc., and Delta 9 Logistics Inc., and  
not in its personal or corporate capacity**



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Orest Konowalchuk, CPA, CA, CIRP, LIT  
Senior Vice-President



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David Williams, CPA, CIRP, LIT  
Manager

## **APPENDIX "A"**

### **REPORT OF SCRUTINEER ON VOTING AT THE CREDITORS' MEETING**

## CREDITORS' MEETING

of

### DELTA 9 CANNABIS INC., DELTA 9 CANNABIS STORE INC., DELTA 9 LIFESTYLE CANNABIS CLINIC INC. (the "Plan Entities")

December 20, 2024

#### REPORT OF SCRUTINEER ON VOTING

All terms used but not defined herein shall have the meanings ascribed to them in the Plan of Compromise or Arrangement dated November 25, 2024 (the "**Plan**"), and if not defined in the Plan, the Meeting Order of the Court of King's Bench of Alberta dated December 2, 2024 (the "**Meeting Order**").

The undersigned scrutineer hereby reports on the results of voting by the Affected Creditors of the Plan Entities, who were present and voting, either in person, as deemed votes in favour by virtue of convenience votes, or by proxy, at the meeting (the "**Creditors' Meeting**") of Affected Creditors of the Plan Entities to consider and vote on the Plan.

#### Claimants:

1. The number of Affected Creditors that voted **FOR** the Plan pursuant to the *Companies Creditors' Arrangement Act* (the "**CCAA**") is set out below:

Affected Creditors	Voting by Proxy	Number of Votes	Value of Claims (\$)	Votes in Favour
Deemed Convenience Class Creditors <sup>1</sup>	No - Deemed "FOR"	48	52,454	48
Elected Convenience Class Creditors <sup>2</sup>	No - Deemed "FOR"	3	40,217	3
Baker Tilly MHA LLP	No	1	864,300	1
Len Hirsch	No	1	5,021,793	1
Hugh Aird	Yes	1	106,371	1
Nitin Kaushal	Yes	1	107,692	1
MLT Aikins LLP	Yes	1	251,013	1
Jim Lawson	Yes	1	500,000	1
Robert Josephson	Yes	1	1,732,910	1
Uncle Sam's Cannabis Ltd. <sup>3</sup>	Yes	1	14,468,724	1
<b>Total</b>		<b>59</b>	<b>23,145,474</b>	<b>59</b>

- (1) Deemed Convenience Class Creditors are Affected Creditors with claims of \$4,000 or less. As set out in the Plan, these creditors are deemed to vote "FOR" the Plan.
- (2) Elected Convenience Class Creditors are Affected Creditors with claims greater than \$4,000 who have elected to be Convenience Class Creditors. As set out in the Plan, these creditors are deemed to vote "FOR" the Plan.
- (3) This claim includes the original claim for Uncle Sam's Cannabis Ltd. as well as claims assigned to Uncle Sam's Cannabis Ltd. by John Arbuthnot IV and John Arbuthnot III of \$5,000,000 each.

2. The number of Affected Creditors that voted **AGAINST** the Plan pursuant to the CCAA is set out below:

Affected Creditors	Voting by Proxy	Number of Votes	Value of Claims (\$)	Votes Against
Canada Revenue Agency	Yes	1	558,329	1
Ian Chadsey	Yes	1	105,000	1
<b>Total</b>		<b>2</b>	<b>663,329</b>	<b>2</b>

3. The following table sets out the cumulative results of the votes for all Affected Creditors who voted at the Creditors' Meeting, either as a deemed vote FOR the Plan, by proxy or in person:

Affected Creditors	Votes For	Votes Against	Total
Deemed Convenience Class Creditors <sup>1</sup>	48	-	48
Elected Convenience Class Creditors <sup>2</sup>	3	-	3
Baker Tilly MHA LLP	1	-	1
Len Hirsch	1	-	1
Hugh Aird	1	-	1
Nitin Kaushal	1	-	1
MLT Aikins LLP	1	-	1
Jim Lawson	1	-	1
Robert Josephson	1	-	1
Uncle Sam's Cannabis Ltd. <sup>3</sup>	1	-	1
Canada Revenue Agency	-	1	1
Ian Chadsey	-	1	1
<b>Total</b>	<b>59</b>	<b>2</b>	<b>61</b>
<b>Percentage of Voting Claims in Number</b>	<b>97%</b>	<b>3%</b>	<b>100%</b>

Affected Creditors	Votes For (\$)	Votes Against (\$)	Total (\$)
Deemed Convenience Class Creditors <sup>1</sup>	52,454	-	52,454
Elected Convenience Class Creditors <sup>2</sup>	40,217	-	40,217
Baker Tilly MHA LLP	864,300	-	864,300
Len Hirsch	5,021,793	-	5,021,793
Hugh Aird	106,371	-	106,371
Nitin Kaushal	107,692	-	107,692
MLT Aikins LLP	251,013	-	251,013
Jim Lawson	500,000	-	500,000
Robert Josephson	1,732,910	-	1,732,910
Uncle Sam's Cannabis Ltd. <sup>3</sup>	14,468,724	-	14,468,724
Canada Revenue Agency	-	558,329	558,329
Ian Chadsey	-	105,000	105,000
<b>Total</b>	<b>23,145,474</b>	<b>663,329</b>	<b>23,808,803</b>
<b>Percentage of Voting Claims in Value</b>	<b>97%</b>	<b>3%</b>	<b>100%</b>

- (1) Deemed Convenience Class Creditors are Affected Creditors with claims of \$4,000 or less. As set out in the Plan, these creditors are deemed to vote "FOR" the Plan.
- (2) Elected Convenience Class Creditors are Affected Creditors with claims greater than \$4,000 who have elected to be Convenience Class Creditors. As set out in the Plan, these creditors are deemed to vote "FOR" the Plan.
- (3) This claim includes the original claim for Uncle Sam's Cannabis Ltd. as well as claims assigned to Uncle Sam's Cannabis Ltd. by John Arbuthnot IV and John Arbuthnot III of \$5,000,000 each.

4. On the basis of the foregoing, the votes of the Affected Creditors present and voting at the Creditors' Meeting in favour of the resolution approving the Plan, which includes the deemed votes of the Convenience Creditors, the Affected Creditors voting in person, or through their duly appointed proxies, represent 97% of the value of Affected Creditors and 97% in number.

**DATED this 20<sup>th</sup> day of December 2024.**

A handwritten signature in black ink, appearing to be 'BW', written in a cursive style.

---

**Brinton Wolever,  
Scrutineer**

**APPENDIX "B"**

**MINUTES OF THE CREDITORS' MEETING**

**MINUTES OF THE MEETING OF CREDITORS TO CONSIDER THE PLAN OF  
COMPROMISE OR ARRANGEMENT OF DELTA 9 CANNABIS INC., DELTA 9  
LIFESTYLE CANNABIS CLINIC INC. and DELTA 9 CANNABIS STORE INC. ("Plan  
Entities")**

**MONITOR: Alvarez & Marsal Canada Inc.**

**Held via Teleconference on Microsoft Teams**

**CHAIR OF MEETING: Orest Konowalchuk, LIT**

**DATE OF MEETING: December 20, 2024**

**TIME OF MEETING: 10:00 AM MST**

**-Minutes prepared by the Monitor-**

**1. INTRODUCTIONS**

Mr. Konowalchuk introduced himself as the Chair of the meeting of creditors and then introduced Mr. Brinton Wolever of Alvarez & Marsal Canada Inc. ("A&M"), who would act as secretary to the meeting and take minutes and scrutineer for the purposes of calculating the vote.

**2. PRESENT**

☒ See attached Attendance List.

**3. QUORUM**

The Chair examined the Attendance List and the Proxies, and the meeting was duly convened.

☒ There was a legally constituted quorum.

**4. MEETING CALLED TO ORDER**

The Chair called the meeting to order at 10:00 MST pursuant to the Creditors' Meeting Order.

Mr. Konowalchuk stated that there were representatives of two creditors in attendance at the meeting virtually or by proxy who had not as of yet indicated votes. In addition, other creditors had provided voting instructions in order for the vote to proceed and were attending – see Attendance List.

Mr. Konowalchuk stated that the purpose of the meeting was to vote on the Plan that was put forward by Delta 9 and the Plan Sponsor to Creditors.

**5. SUMMARY OF THE PLAN**

Mr. Konowalchuk introduced Mr. David Williams, a representative of the Monitor who provided a summary explanation of the Plan from the point of view of the Monitor.

Following the conclusion of Mr. Williams' remarks, Mr. Konowalchuk opened up the meeting to any questions that pertain to the Monitor's report on the Plan or the Plan itself.

Mr. Ian Chadsey, a creditor, inquired as to the timing of the settlement under the Plan and as to the method of valuing the shares noted in the Plan settlement. Mr. Mark Townsend, Chief Restructuring Officer of Delta 9, noted that as FIKA was a private entity, only the currently disclosed information could be provided. Mr. Larry Ellis of Miller Thomson responded regarding timing, noting that February as early as practicable was the desired timing for any distribution.

There were no further questions.

Following this, Mr. Konowalchuk finalized the delivery of the Monitor's report.

6. CREDITOR VOTE ON THE PLAN

Mr. Konowalchuk explained that there was one class of creditors voting on the Plan, the 'Affected Creditors', and that they had provided to the Monitor to date by correspondence 6 votes totaling \$17,166,711 in favor of the Plan, representing 75% in number and 96% in value of the proxies submitted, and 2 votes totaling \$663,329 against the Plan representing 25% in number and 4% in value of the proxies submitted. Additionally, there were 51 convenience creditors totaling \$92,670 in value who were deemed to vote in favor of the Plan.

Mr. Konowalchuk explained that the Meeting Order indicates that the Plan requires 50% in number and 2/3 in value for the Plan to be approved by the creditors.

Mr. Konowalchuk then called on Mr. Len Hirsch (representing himself) and Mr. Brent Morrish of Baker Tilly LLP to vote and both parties rendered their vote.

Mr. Konowalchuk reviewed the Report of the Scrutineer on Voting and explained that based on the proxies and voting letters received in advance of the meeting and the votes cast at the meeting, the Affected Creditors voted in favour of the Plan by 97% in number and by 97% in value, meaning that the Plan had been overwhelming accepted by the affirmative vote of a majority in number of Affected Creditors representing at least two thirds in value of the Allowed Affected Claims of Affected Creditors who were entitled to vote at the Creditors' Meeting in accordance with the Meeting Order and who were present and voting in person or by proxy at the Creditors' Meeting,

Mr. Konowalchuk called for a motion to approve the Plan and adjourn the meeting.

**Motion:** to accept the approval of the Plan

- a. Motion: A&M (Exercising the proxy granted by MLT Aikins LLP)
- b. Second: Len Hirsch (representing himself)

Vote: Unanimously approved; motion carried.

On motion duly made and unanimously approved, it was resolved to approve the terms of the Plan and adjourn the Meeting.

**THE MEETING WAS ADJOURNED AT 10:22 AM Mountain Standard Time.**



Orest Konowalchuk, LIT  
Senior Vice President  
Alvarez & Marsal Canada Inc.  
Chair of the Meeting



Brinton Wolever, CPA  
Secretary



**Attendance List**  
**December 20<sup>th</sup> at 10:00 AM MST.**

NAME	PROXY	REPRESENTING
<b>Orest Konowalchuk</b> (A&M – Chairperson)	N/A	The Monitor
<b>Brinton Wolever</b> (A&M – Secretary / Scrutineer)	N/A	The Monitor
<b>David Wiliams</b> (A&M)	N/A	The Monitor
<b>Quinn Park</b> (A&M)	N/A	The Monitor
<b>David LeGeyt</b> (BD&P LLP)	N/A	Monitor's legal counsel
<b>Ryan Algar</b> (BD&P LLP)	N/A	Monitor's legal counsel
<b>Larry Ellis</b> (Miller Thomson LLP)	N/A	Plan Sponsor's legal counsel
<b>Mark Townsend</b> (Chief Restructuring Officer)	N/A	N/A
<b>Chris Nyberg</b> (MLT Aikins LLP)	N/A	Delta 9's legal counsel
<b>Ryan Zahara</b> (MLT Aikins LLP)	N/A	Delta 9's legal counsel
<b>Ian Chadsey</b> (Affected Creditor)	Y	Ian Chadsey (personal capacity)
<b>David Brownsey-Joyce</b> (Affected Creditor)	Y	BAKER TILLY HMA LLP
<b>Iain Godsman</b> (Affected Creditor)	Y	Iain Godsman (personal capacity)
<b>Alvarez and Marsal Canada Inc.</b> (as proxyholder to certain Affected Creditors)	Y	SRS SIGNS & SERVICES INC. Hugh Aird Nitin Kaushal MLT AIKINS LLP Canada Revenue Agency Wissam Elannan (Uncle Sam's)
<b>John Arbuthnot</b> (as proxyholder on behalf of the Plan Entities)	Y	Jim Lawson Robert Josephson
<b>Len Hirsch</b> (Affected Creditor)	Y	Len Hirsch (personal capacity)

**APPENDIX "C"**

**659 ASSET PURCHASE AGREEMENT (REDACTED)**

## **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 [REDACTED] 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 [REDACTED] (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 [REDACTED] 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](mailto:john.arbuthnot@delta9.ca)

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

**MLT Aikins LLP**  
2100, 222 3<sup>rd</sup> Ave SW  
Calgary, AB T2P 0B4  
Attention: Ryan Zahara / Chris Nyberg  
Email: [rzahara@mltaikins.com](mailto:rzahara@mltaikins.com) / [cnyberg@mltaikins.com](mailto:cnyberg@mltaikins.com)

**To the Monitor:**

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

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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:

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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 [REDACTED] per annum, calculated at the rate of [REDACTED] payable in monthly installments of [REDACTED] per month, commencing on the Commencement Date for years 1 and 2 of the Term;
- (b) Basic Rent of [REDACTED] per annum, calculated at the rate of [REDACTED] payable in monthly installments of [REDACTED] per month for years 3-5 of the Term;
- (c) operating costs ("**Operating Costs**") payable in monthly instalments, estimates at [REDACTED] calculated as [REDACTED] per annum or [REDACTED] per month, 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 [REDACTED] per square foot;
  - (ii) property taxes estimated at [REDACTED] per square foot;
  - (iii) water estimated at [REDACTED] per square foot;
  - (iv) heat expenses estimated at [REDACTED] per square foot;
  - (v) repair, maintenance, and management costs estimated at [REDACTED] per square foot, 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 [REDACTED] (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, [REDACTED] 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 [REDACTED] 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 nor 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 [REDACTED] 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



[illegible]

Nov 18-20



## **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 [REDACTED], 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.

**APPENDIX "D"**

**SIMPLY SHARE PURCHASE AGREEMENT (REDACTED)**

## **SHARE PURCHASE AGREEMENT**

This Agreement is made as of the 28<sup>th</sup> 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 [REDACTED] (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 [REDACTED] (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 [REDACTED] (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, being [REDACTED] 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 less than [REDACTED]. 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](mailto:bill@simplysolventless.ca)

with a copy to:

**Stikeman Elliot LLP**

4200, 888 – 3<sup>rd</sup> Street S.W.

Calgary, Alberta T2P 5C5

Attention: Gordon Cameron

Email: [grcameron@stikeman.com](mailto: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](mailto: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](mailto:rzahara@mltaikins.com) / [cnyberg@mltaikins.com](mailto: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](mailto: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](mailto:dlegeyt@bdplaw.com) / [ralgar@bdplaw.com](mailto: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]

**SCHEDULE “F”  
RETAINED CONTRACTS**

[To be completed]

**SCHEDULE “G”**  
**APPROVAL AND REVERSE VESTING ORDER**

COURT FILE NUMBER

2401-09688

COURT

COURT OF KING'S BENCH OF  
ALBERTA

JUDICIAL CENTRE

CALGARY

Clerk's Stamp

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

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

APPLICANTS

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

DOCUMENT

**APPROVAL AND REVERSE VESTING  
ORDER**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF PARTY  
FILING THIS DOCUMENT

**MLT AIKINS LLP**

Barristers and Solicitors  
#2100 – 222 3<sup>rd</sup> Ave SW  
Calgary, AB T2P 0B4

Attention:

Telephone:

Email:

File No.

Ryan Zahara / Molly McIntosh  
(403) 693-5420 / (780) 969-3501  
rzahara@mltaikins.com /  
mmcintosh@mltaikins.com  
0136555.00034

**DATE ON WHICH ORDER WAS PRONOUNCED:**

**January 10, 2025**

**LOCATION WHERE ORDER WAS PRONOUNCED:**

**CALGARY, ALBERTA**

**NAME OF JUSTICE WHO MADE THIS ORDER:**

**Justice M.A. MARION**

**UPON THE APPLICATION** by Delta 9 Cannabis Inc. (the "**Vendor**") for an order: (i) approving the share purchase agreement made as of December 27, 2024 (the "**SPA**"), between the Vendor, Delta 9 Bio-Tech Inc. ("**Bio-Tech**") and Simply Solventless Concentrates Ltd. (the "**Purchaser**"), for the purchase and sale of the Bio-Tech Shares (as defined in the SPA); (ii)

transferring and vesting all of Bio-Tech's right, title and interest in and to the Excluded Liabilities, Excluded Assets, and Excluded Contracts to and in a corporation to be incorporated ("**ResidualCo**"); (iii) vesting all of the Vendor's right, title and interest in and to the Bio-Tech Shares in the Purchaser (collectively, the "**Transaction**"); and (iv) approving the release of certain of Bio-Tech's directors and officers;

**AND UPON HAVING READ** the seventh affidavit of John Arbuthnot sworn December 30, 2024 (the "**Seventh Affidavit**") and the Sixth Report (the "**Sixth Report**") of Alvarez & Marsal Canada Inc. ("**A&M**") in its capacity as court-appointed monitor (the "**Monitor**") dated [INSERT DATE];

**AND UPON HEARING** the submissions of counsel for the Vendor, the Purchaser, and the Monitor and its counsel, no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service of \_\_\_\_\_;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**DEFINED TERMS**

1. Capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the SPA and the Seventh Affidavit.

**SERVICE**

2. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.

**APPROVAL AND VESTING**

3. The SPA and the Transaction be and are hereby approved and the execution of the SPA by the Vendor and Bio-Tech is hereby authorized and approved, with such minor amendments as the parties may deem necessary, with the approval of the Monitor. The Vendor and Bio-Tech are hereby authorized and directed to perform their respective obligations, and the Monitor is hereby authorized and directed to perform the obligations of ResidualCo, under the SPA and to take such additional steps and execute such additional documents as may be necessary or desirable to effect the Transaction.

4. This Order shall constitute the only authorization required by the Monitor, the Vendor, Bio-Tech, and ResidualCo to proceed with the Transaction and no shareholder, director or other approval or notice shall be required in connection therewith, including, without limitation, as necessary to approve or file any articles of amendment in respect of Bio-Tech.

5. Upon the delivery of a copy of the Monitor's certificate (the "**Monitor's Certificate**") to the Vendor and Purchaser in accordance with the SPA (the time of such delivery being referred to herein as the "**Closing Time**"), substantially in the form attached as **Schedule "A"** hereto, the following shall occur and shall be deemed to have occurred at the Closing Time in the following sequence:

- (a) first, ResidualCo shall be added to these CCAA Proceedings as an Applicant;
- (b) second, except as explicitly set out in the SPA and the Implementation Steps, all of the right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in ResidualCo, and all Claims and Encumbrances (each as defined in the SPA) shall continue to attach to the Excluded Assets in accordance with paragraph 6 of this Order, in either case with the same nature and priority as they had immediately prior to the transfer;
- (c) third, all Excluded Liabilities shall be transferred to, assumed by and vest absolutely and exclusively in ResidualCo such that the Excluded Liabilities shall become obligations of ResidualCo and shall no longer be obligations of Bio-Tech, and all of Bio-Tech's assets, licenses, undertakings and properties of every nature and kind whatsoever and wherever situate ("**Bio-Tech Property**") shall be and are hereby forever released and discharged from such Excluded Liabilities and all Claims and Encumbrances affecting or relating to the Bio-Tech Property are to be expunged and discharged as against the Bio-Tech Property;
- (d) fourth, the Vendor shall sell, assign and transfer the Bio-Tech Shares to the Purchaser free and clear of all Encumbrances, except Permitted Encumbrances, in exchange for the payment of the Purchase Price. For certainty, all of the right, title and interest in and to the Bio-Tech Shares shall vest absolutely in the Purchaser, free and clear of and from any and all debts, liabilities, obligations, indebtedness, contracts, leases, agreements, and undertakings 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 equity and



whether based in statue or otherwise, including any and all encumbrances, security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”), including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the ARIO or any other Order of the court in the CCAA Proceedings; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry systems in any other jurisdictions; and (iii) any charges, security interests or claims evidenced by registrations pursuant to the *Land Titles Act* (Alberta) or any other real property or real property related registry or recording system in any other jurisdiction (all of which collectively referred to as “**Encumbrances**”, which term shall not include Permitted Encumbrances)

- (e) fifth, all securities in the capital of Bio-Tech, other than the Bio-Tech Shares, shall be cancelled without consideration.
- (f) sixth, the Purchase Price shall be released to the Monitor and the Purchase Price shall be satisfied in accordance with the terms of the SPA and shall be held by the Monitor for the benefit of the stakeholders of Bio-Tech until further Order of this Court;
- (g) seventh, Bio-Tech shall cease to be an Applicant in these CCAA Proceedings, and shall be deemed to be released from the purview of the Order of the Court granted in respect of these CCAA Proceedings, save and except for this Order, the provisions of which (as they relate to Bio-Tech) shall continue to apply in all respects; and
- (h) finally, following the completion of the steps above, the Purchaser shall be the sole legal and beneficial shareholder of Bio-Tech.

6. For purposes of determining the nature and priority of claims against ResidualCo, the Purchase Price shall stand in the place and stead of the Bio-Tech Shares and the Retained Assets, and from and after the Closing Time, all Liabilities and Encumbrances, including for greater certainty any amounts necessary to satisfy the amounts outstanding under the Administration Charge, with the exception of the Retained Liabilities and Permitted Encumbrances which shall, following the granting of this Order, continue to attach to Bio-Tech or the Retained Assets, as applicable, shall attach to the Purchase Price and the Excluded Assets

with the same priority as they had with respect to the Bio-Tech Shares and Retained Assets immediately prior to the Closing.

7. The Monitor shall file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof in connection with the Transaction, but, for greater certainty, any delay in the filing of the Monitor's Certificate shall not delay the Closing.

8. The Monitor may rely on written notice from the Vendor and the Purchaser regarding the fulfilment of conditions to closing under the SPA and shall have no liability with respect to delivery of the Monitor's Certificate.

9. Pursuant to section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada), and section 20(e) of the *Personal Information Protection Act* (Alberta), the Vendor, Bio-Tech, or the Monitor, as the case may be, is authorized, permitted and directed to, prior to the Closing Time, disclose to the Purchaser all human resources and payroll information in the records of Bio-Tech pertaining to past and current employees of Bio-Tech. The Purchaser shall maintain and protect the privacy of such information in accordance with applicable law and shall be entitled to use the personal information provided to it in a manner that is in all material respects identical to the prior use of such information by Bio-Tech.

10. At the Closing Time and without limiting the provisions of paragraph 5 hereof, the Purchaser, Bio-Tech, and the Monitor shall be deemed released from any and all Excluded Liabilities (including all Claims other than Retained Liabilities) and all claims, liabilities, (direct, indirect, absolute or contingent) or obligations with respect to any Taxes (including penalties and interest thereon) of, or that relate to Bio-Tech, provided, as it relates to the Purchaser and Bio-Tech, such release shall not apply to (a) Taxes in respect of the business and operations conducted by Bio-Tech after the Closing Date; or (b) Taxes expressly assumed as Retained Liabilities pursuant to the SPA, including without limiting the generality of the foregoing, all Taxes that could be assessed against the Purchaser and Bio-Tech (including their affiliates and any predecessor corporations) pursuant to sections 160 and 160.01 of the Income Tax Act, R.S.C. 1985 c.1 (5<sup>th</sup> Supp.), or any provincial or foreign tax equivalent in connection with Bio-Tech. For greater certainty, nothing in this paragraph shall release or discharge any Claims against ResidualCo with respect to Taxes that are transferred to ResidualCo.

11. Except to the extent expressly contemplated by the SPA, all Retained Contracts, will be and remain in full force and effect upon and following delivery of the Monitor's Certificate and no individual, firm, corporation, governmental body or agency, or any other entity (all of the foregoing,

collectively being “**Persons**” and each being a “**Person**”) who is a party to any such arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:

- (a) any event that occurred at or prior to the Closing Time and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of any Applicant);
- (b) the insolvency of the Vendor or Bio-Tech or the fact that the Vendor and Bio-Tech commenced proceedings pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c C-36 (as amended, the “**CCAA**”);
- (c) any compromises, releases, discharges, cancellations, transactions, arrangements, reorganizations or other steps taken or effected pursuant to the SPA, the Transaction or the provisions of this Order, or any other Order of the Court in these CCAA Proceedings; or
- (d) any transfer or assignment, or any change of control of Bio-Tech arising from the implementation of the SPA, the Transaction or the provisions of this Order.

12. From and after the Closing Time, all Persons shall be deemed to have waived any and all defaults of Bio-Tech then existing or previously committed by Bio-Tech, or caused by Bio-Tech, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition or obligation, expressed or implied, in any Contract existing between such Person and Bio-Tech arising directly or indirectly from the commencing by Bio-Tech of these CCAA Proceedings and the implementation of the Transaction, including without limitation any of the matters or events listed in paragraph 11 hereof and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under a contract shall be deemed to have been rescinded and of no further force or effect, provided that nothing herein shall be deemed to excuse Bio-Tech from performing its obligations under the SPA or be a waiver of defaults by Bio-Tech under the SPA or related documents.

13. For greater certainty, that (a) nothing in paragraph 12 hereof shall waive, compromise or discharge any obligations of Bio-Tech or the Purchaser in respect of any Retained Liabilities, (b)

the designation of any Claim as a Retained Liability is without prejudice to any of Bio-Tech's or the Purchaser's right to dispute the existence, validity or quantum of any such Retained Liability, and (c) nothing in this Order or the SPA shall effect or waive Bio-Tech or the Purchaser's rights and defenses both legal and equitable, with respect to any Retained Liability, including, but not limited to, all rights with respect to entitlements to set-offs or recoupments against such Retained Liabilities.

14. From and after the Closing Time, any and all Persons shall be and are hereby forever barred, estopped, stayed and enjoined from commencing, taking, applying for or issuing or continuing any and all steps or proceedings, whether directly, derivatively or otherwise, and including without limitation, administrative hearings and orders, declarations and assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against Bio-Tech relating in any way to or in respect of any Excluded Assets, Excluded Liabilities or Excluded Contracts and any other claims, obligations and other matters that are waived, released, expunged or discharged pursuant to this Order.

15. Upon delivery of the Monitor's Certificate, and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities (collectively, "**Governmental Authorities**") are hereby authorized, requested and directed to accept delivery of such Monitor's Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required in order to give effect to the terms of this Order and the SPA.

16. In order to affect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms of this Order and the SPA. Presentment of this Order and the Monitor's Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations such that Bio-Tech, the Bio-Tech Shares and the Retained Assets shall be free from all Claims and Encumbrances, with the exception of the Permitted Encumbrances.

17. From after the Closing Time:

- (a) except as contemplated by the SPA, the nature of the Retained Liabilities retained by Bio-Tech, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of the Transaction or this Order;

- (b) the nature of the Excluded Liabilities, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of their transfer to ResidualCo;
- (c) any Person that prior to the Closing Time had a valid right or claim against Bio-Tech under or in respect of any Excluded Contract or Excluded Liability (each an “**Excluded Liability Claim**”) shall no longer have such right or claim against Bio-Tech but will have an equivalent Excluded Liability Claim against ResidualCo in respect of the Excluded Contract or Excluded Liability from and after the Closing Time in its place and stead, and nothing in this Order limits, lessens or extinguishes the Excluded Liability Claim of any Person as against ResidualCo; and
- (d) the Excluded Liability Claim of any Person against ResidualCo following the Closing Time shall have the same rights, priority and entitlement as such Excluded Liability Claim had against Bio-Tech prior to the Closing Time.

18. Notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3 (as amended, the “**BIA**”), in respect of ResidualCo and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of ResidualCo,

the SPA and the implementation of the Transaction (including without limitation the transfer and vesting of the Excluded Assets, Excluded Contracts and Excluded Liabilities in and to ResidualCo and the sale, transfer and vesting of the Bio-Tech Shares in and to the Purchaser) and any payments by or to the Purchaser, Bio-Tech or the Monitor authorized herein shall be binding on any trustee in bankruptcy that may be appointed in respect of Bio-Tech and/or ResidualCo and shall not be void or voidable by creditors of Bio-Tech or ResidualCo, as applicable, nor shall they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the CCAA, the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

19. The amounts necessary to satisfy the Administration Charge and any claims under the Administration Charge against Bio-Tech, ResidualCo, the Retained Assets and the Bio-Tech Shares shall be paid by the Monitor from the Purchase Price from and after the Closing Date.

20. Without limiting anything in paragraph 5(a), as of the Closing Time:

- (a) ResidualCo shall be a company to which the CCAA applies; and
- (b) ResidualCo shall be added as an Applicant in these CCAA Proceedings and all references in any Order of this Court in respect of these CCAA Proceedings to: (i) an **"Applicant"** shall refer to and include ResidualCo; and (ii) **"Property"** shall include the current and future assets, licenses, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, of ResidualCo (collectively the **"ResidualCo Property"**), and, for greater certainty, each of the Charges (as defined in the Initial Order), shall constitute a charge on the ResidualCo Property.

## MONITOR

21. Nothing in this Order, including the release of Bio-Tech from the purview of these CCAA Proceedings pursuant to paragraph 5(f) hereof, shall affect, vary, derogate from, limit or amend any rights, approvals and protections afforded to the Monitor in these CCAA Proceedings and A&M shall continue to have the benefit of, any and all rights and approvals and protections in favour of the Monitor at law or pursuant to the CCAA, the ARIO, any other Orders in these CCAA Proceedings or otherwise, including all approval, protections and stays of proceedings in favour of A&M in its capacity as Monitor, all of which are expressly continued and confirmed.

22. No action lies against the Monitor by reason of this Order or the performance of any act authorized by this Order, except with leave of the Court following an application brought on not less than ten (10) days' notice to the Monitor and its legal counsel. The entities related or affiliated with the Monitor or belonging to the same group as the Monitor (including without limitation, any agents, employees, legal counsel or other advisors retained or employed by the Monitor) shall benefit from the protection granted to the Monitor under the present paragraph.

23. The Monitor shall not, as a result of this Order or any matter contemplated hereby: (a) be deemed to have taken part in the management or supervision of the management of Bio-Tech or ResidualCo or to have taken or maintained possession or control of the business or property of Bio-Tech or ResidualCo, or any part thereof; or (b) be deemed to be in possession of any property

of Bio-Tech or ResidualCo within the meaning of any applicable Environmental Legislation and/or Cannabis Legislation or otherwise.

24. Notwithstanding anything contained in this Order, the Monitor, its employees and representatives are not and shall not be or be deemed to be a director, officer or employee of ResidualCo, de facto or otherwise, and shall incur no liability as a result of acting in accordance with this Order, other than liability arising as a direct result of the gross negligence or willful misconduct of the Monitor.

25. Nothing in this Order shall constitute or be deemed to constitute the Monitor as receiver, assignee, liquidator, administrator, receiver-manager, agent of the creditors or legal representative of ResidualCo.

#### **MONITOR'S ENHANCED POWERS**

26. In addition to the powers and duties of the Monitor set out in the prior orders of this Court and the CCAA, and without altering in any way the limitations and obligations of ResidualCo as a result of these proceedings, the Monitor be and is hereby authorized and empowered, but not required to:

- (a) assign ResidualCo, or cause ResidualCo to be assigned, into bankruptcy, and the Monitor shall be entitled but not obligated to act as trustee in bankruptcy thereof; and
- (b) apply to this Court for advice and directions or any orders necessary or advisable to carry out its powers and obligations under this Order or any other Order granted by this Court including for advice and directions with respect to any matter.

#### **WEPPA**

27. Pursuant to section 5(5) of the *Wage Earner Protection Program Act* (Canada), S.C. 2005, c. 47 ("**WEPPA**"), Bio-Tech and each of its former employees meet the criteria prescribed by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222 and are individuals to whom the WEPPA applies as of the date this Order (the "**Former Employees**").

28. Notwithstanding anything else in this Order, all of the Former Employees' claims against Bio-Tech for wages (as defined in the WEPPA) shall be an Excluded Liability Claim and shall attach to ResidualCo in accordance with paragraph 16(c) of this Order.

## RELEASES

29. At the Closing Time: (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 their respective current directors, officers, partners, employees, consultants, advisors, and assignees; (v) Bio-Tech; and (vi) any directors or officers of ResidualCo (collectively, the **"Released Parties"**) shall be deemed to be forever irrevocably released and discharged from any and all present and future claims (including, without limitation, claims for contribution or indemnity), liabilities, indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, recoveries, and obligations of any nature or kind 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 equity and whether based in statute or otherwise) based in whole or in part of 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 Transaction, or the conduct of these CCAA Proceedings (collectively, the **"Released Claims"**), which Released Claims are hereby fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties; *provided that* nothing in this paragraph shall waive, discharge, release, cancel or bar any claim that is (i) not permitted to be released pursuant to Section 5.1(2) of the CCAA; or (ii) any of the Released Parties from the performance of their obligations pursuant to the Transaction.

30. Effective upon the filing of the Monitor's Closing Certificate, the current director and officers of Bio-Tech and ResidualCo (collectively, the **"Released D&Os"** and each a **"Released D&O"**) shall be and are hereby forever irrevocably released and discharged from any and all claims, including but not limited to claims for unpaid excise taxes, that any Person may have or be entitled to assert against the Released D&Os now or hereafter, 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 Bio-Tech and/or these CCAA Proceedings (collectively, the **"D&O Released Claims"**), and any such D&O Released Claims are hereby irrevocably and permanently released, discharged, stayed, extinguished, and forever barred, and the Released D&Os shall have no liability in respect thereof;



provided that, nothing in this paragraph shall waive, discharge, release, cancel or bar any claim or liability (a) arising out of any gross negligence or willful misconduct on the part of the applicable Released D&O; (b) that is not permitted to be released pursuant to section 5.1(2) of the CCAA; and (c) that is a Insured Claim (as hereinafter defined). For greater certainty, “current” in this paragraph refers to individuals who remain in their respective role(s) up to one day prior to closing of the Transaction.

## **INSURED CLAIMS**

31. Notwithstanding anything set out in any of the Orders made by the Court in these CCAA Proceedings, any Person shall be permitted to commence or continue an action, application or other proceeding in respect of any claim or liability which is an insured claim (the “**Insured Claims**”) under any insurance policy maintained by Bio-Tech (collectively, the “**Insurance Policies**”) to the point of determination of liability, if any. The Person asserting an Insured Claim shall be 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 shall be irrevocably and forever limited solely to such proceeds, without any additional rights of enforcement, recovery or recourse as against Bio-Tech or the Released D&Os, and such Person shall have no right to, and shall not, directly or indirectly, make any claim or seek any recoveries from Bio-Tech or any of the Released D&Os, other than enforcing such Person’s rights to be paid by the applicable insurer(s) from the proceeds of the applicable Insurance Policies. Nothing herein shall prejudice, compromise, release or otherwise affect any rights or defenses of any insurer with respect to its obligations under any of the Insurance Policies.

## **CANADA REVENUE AGENCY SET-OFF**

32. The Canada Revenue Agency’s right of set off is preserved to the extent that: (i) any amounts that are, or become, due to Bio-Tech or ResidualCo with respect to obligations arising prior to the CCAA filing date of July 15, 2024; or (ii) any amounts that are, or become, due to Bio-Tech or ResidualCo with respect to obligations arising after the CCAA filing date of July 15, 2024 are applied against any amounts that are, or become due, from Bio-Tech or ResidualCo with respect to obligations arising after the CCAA filing date of July 15, 2024.

## GENERAL

33. Following the Closing Time, the Purchaser and its representatives shall be authorized to take all steps as may be necessary to effect the discharge of the Claims and Encumbrances as against Bio-Tech, the Bio-Tech Shares and the Retained Assets.

34. Following the Closing Time, the title of these CCAA Proceedings shall be changed to:

IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C. 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 LIFESTYLE CANNABIS CLINIC INC.,  
DELTA 9 CANNABIS STORE INC., and RESIDUALCO.

35. This Order shall have full force and effect in all provinces and territories in Canada.

36. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, or elsewhere, to give effect to this Order and to assist Bio-Tech, the Monitor, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to Bio-Tech and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist Bio-Tech and the Monitor and their respective agents in carrying out the terms of this Order.

37. Each of Bio-Tech and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory, or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

38. This Order is effective from the date that it is made and is enforceable without any need for entry and filing.

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Justice of the Court of King's Bench of Alberta

**SCHEDULE "A"**  
**MONITOR'S CERTIFICATE**

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

## RECITALS

A. Pursuant to an Order of the Honourable Justice Marion of the Court of King's Bench of Alberta, Judicial District of Calgary, dated January 10, 2025 (the "**Approval and Vesting Order**"), the Court approved the transaction (the "**Transaction**") contemplated by the share purchase agreement made as of December 28, 2024, (the "**SPA**"), between Delta 9 Cannabis Inc. (the "**Vendor**"), as vendor, Delta 9 Bio-Tech Inc. ("**Bio-Tech**") and Simply Solventless Concentrates Ltd., as purchaser (the "**Purchaser**"), and ordered, *inter alia*, that (i) all of Bio-Tech's right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in a corporation

to be incorporated ("**ResidualCo**"); (ii) all of the Excluded Contracts and Excluded Liabilities shall be transferred to and assumed by and vest in ResidualCo; (iii) all of the right, title and interest in and to the Bio-Tech Shares shall vest absolutely and exclusively in the Purchaser, which vesting is, in each case, to be effective upon the delivery by the Monitor to the Vendor and the Purchaser of a certificate confirming that the Monitor has received written confirmation in the form and substance satisfactory to the Monitor from the Vendor and the Purchaser that all conditions to closing have been satisfied or waived by the parties to the SPA.

B. Capitalized terms not defined herein shall have the meaning given to them in the Order.

**THE MONITOR CERTIFIES** the following:

1. The Monitor has received written confirmation from the Vendor and the Purchaser, in form and substance satisfactory to the Monitor, that all conditions to closing have been satisfied or waived by the parties to the SPA.

2. This Monitor's certificate was delivered by the Monitor at \_\_\_\_\_ on \_\_\_\_\_, 2025.

**Alvarez & Marsal Canada Inc., in its capacity as Monitor 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., and not in its personal or corporate capacity.**

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

Name:

Title:

## **APPENDIX "E"**

### **UPDATED CASH FLOW FORECAST AND ASSUMPTIONS**

**Delta 9 Cannabis Inc., Delta 9 Bio-Tech Inc., Delta 9 Lifestyle Cannabis Clinic Inc., Delta 9 Cannabis Store Inc., and Delta 9 Logistics Inc.**  
**Management Prepared 9-Week Cash Flow Forecast**  
**For the period from December 28, 2024 to February 28, 2025**  
*unaudited, in CAD \$000's*

		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9		Total Actuals
	Notes	03-Jan-25	10-Jan-25	17-Jan-25	24-Jan-25	31-Jan-25	07-Feb-25	14-Feb-25	21-Feb-25	28-Feb-25	9 Week Total	(15-Jul-24 to 27-Dec-24)
<b>Receipts</b>												
Accounts Receivable - Government	1	85	85	85	85	85	85	85	85	85	765	2,473
Accounts Receivable - Other	2	170	170	170	170	170	170	170	170	170	1,530	3,736
Cannabis Sales	3	1,275	1,150	1,150	1,150	1,150	1,100	1,100	1,100	1,100	10,275	26,721
<b>Total Receipts</b>		<b>1,530</b>	<b>1,405</b>	<b>1,405</b>	<b>1,405</b>	<b>1,405</b>	<b>1,355</b>	<b>1,355</b>	<b>1,355</b>	<b>1,355</b>	<b>12,570</b>	<b>32,930</b>
<b>Operating Disbursements</b>												
Cannabis Product Purchases	4	775	775	775	775	775	775	775	775	775	6,975	19,811
Payroll and Source Deductions	5	514	-	514	-	514	-	514	-	514	2,569	6,871
Consultant Fees	6	32	-	16	-	16	-	16	-	16	95	147
Rent, Utilities and Insurance	7	270	-	-	112	-	270	-	112	-	764	2,700
Logistics, Product Treatment and Lab Testing	8	25	25	25	25	25	25	25	25	25	225	539
Production Supplies and Materials	9	45	45	45	45	97	45	45	45	45	457	1,062
SG&A Expenses	10	60	60	60	60	60	60	60	60	60	540	1,341
Contingency	11	5	5	5	5	5	5	5	5	5	45	-
Excise Tax Remittance	12	-	90	-	-	-	90	-	-	-	180	293
GST Remittance	13	-	80	-	-	-	80	-	-	-	160	176
<b>Total Operating Disbursements</b>		<b>1,725</b>	<b>1,080</b>	<b>1,439</b>	<b>1,022</b>	<b>1,491</b>	<b>1,350</b>	<b>1,440</b>	<b>1,022</b>	<b>1,441</b>	<b>12,010</b>	<b>33,114</b>
<b>Net Cash Flow from Operations</b>		<b>(195)</b>	<b>325</b>	<b>(34)</b>	<b>383</b>	<b>(86)</b>	<b>5</b>	<b>(85)</b>	<b>333</b>	<b>(86)</b>	<b>560</b>	<b>(184)</b>
<b>Non-Operating Disbursements</b>												
Professional Fees	14	211	213	149	-	114	-	114	-	151	952	3,195
Debt Service	15	-	281	-	-	-	281	-	-	-	562	1,394
<b>Total Non-Operating Disbursements</b>		<b>211</b>	<b>494</b>	<b>149</b>	<b>-</b>	<b>114</b>	<b>281</b>	<b>114</b>	<b>-</b>	<b>151</b>	<b>1,514</b>	<b>4,784</b>
<b>Net Cash Flow</b>		<b>(406)</b>	<b>(169)</b>	<b>(183)</b>	<b>383</b>	<b>(200)</b>	<b>(276)</b>	<b>(199)</b>	<b>333</b>	<b>(237)</b>	<b>(954)</b>	<b>(4,968)</b>
<b>Opening Cash</b>		<b>1,059</b>	<b>653</b>	<b>484</b>	<b>301</b>	<b>684</b>	<b>484</b>	<b>208</b>	<b>9</b>	<b>342</b>	<b>1,059</b>	<b>528</b>
Net Cash Flow		(406)	(169)	(183)	383	(200)	(276)	(199)	333	(237)	(954)	(4,968)
Interim Financing Advance/(Repayment)		-	-	-	-	-	-	-	-	-	-	5,500
<b>Ending Cash</b>		<b>653</b>	<b>484</b>	<b>301</b>	<b>684</b>	<b>484</b>	<b>208</b>	<b>9</b>	<b>342</b>	<b>105</b>	<b>105</b>	<b>1,060</b>
<b>Opening Interim Financing Balance</b>		<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>-</b>
Advances		-	-	-	-	-	-	-	-	-	-	5,500
Repayments		-	-	-	-	-	-	-	-	-	-	-
<b>Closing Interim Financing Balance</b>		<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>
<b>Opening Overholding Rent Funds Balance</b>		<b>174</b>	<b>174</b>	<b>174</b>	<b>174</b>	<b>174</b>	<b>174</b>	<b>174</b>	<b>174</b>	<b>174</b>	<b>174</b>	<b>-</b>
Funds Held by Monitor		-	-	-	-	-	-	-	-	-	-	174
<b>Closing Overholding Rent Funds Balance</b>		<b>174</b>	<b>174</b>	<b>174</b>	<b>174</b>	<b>174</b>	<b>174</b>	<b>174</b>	<b>174</b>	<b>174</b>	<b>174</b>	<b>174</b>

UNAUDITED CASH FLOW FORECAST PREPARED BY MANAGEMENT, MUST BE READ IN CONJUNCTION WITH THE NOTES AND ASSUMPTIONS & MONITOR'S REPORT ON THE CASH FLOW STATEMENT

John Arbuthnot  
Director

Orest Konowalchuk, LIT  
Senior Vice President

(1) Actuals for the period as of July 15, 2024 to December 27, 2025.

**Delta 9 Cannabis Inc., Delta 9 Bio-Tech Inc., Delta 9 Lifestyle Cannabis Clinic Inc., Delta 9 Cannabis Store Inc., and Delta 9 Logistics Inc.**  
**Notes to Management Prepared 9-Week Cash Flow Forecast**  
**For the period from December 28, 2024 to February 28, 2025**

**Note 1 (AR - Government):** Forecast collections of existing and forecast accounts receivable, primarily from the Manitoba Liquor & Lotteries Corporation and the Alcohol, Gaming, Lottery and Cannabis Authority of Alberta. Payment terms are generally 15 to 30 days. Forecast accounts receivables - government are based on the trailing 9-weeks of actuals.

**Note 2 (AR - Other):** Forecast collections of existing and forecast accounts receivable from private customers. Payment terms are generally 30 to 60 days. Forecast accounts receivables - other are based on the trailing 9-weeks of actuals.

**Note 3 (Cannabis Sales):** Forecast sales of inventory are based on the trailing 9-weeks of sales for Store and Lifestyle retail locations, with an anticipated decrease in February to account for decreased sales activity proceeding the holidays.

**Note 4 (Cannabis Product Purchases):** Forecast purchases are based on maintaining existing inventory levels and SKU diversity.

**Note 5 (Payroll and Source Deductions):** Forecast salaries, wages, statutory remittances and benefits for salaried and hourly employees disbursed bi-weekly.

**Note 6 (Consultant and Contractor Fees):** Bi-weekly payments to consultant and contractors related to the CCAA Proceedings.

**Note 7 (Rent, Utilities & Insurance):** Forecast monthly rent payments for Delta Group's logistics facility and retail locations, as well as monthly utilities and insurance costs. Rent is payable on the 1st of every month, utilities are payable on the 21st of every month and insurance is payable on the 20th of every month.

**Note 8 (Logistics, Product Treatment and Lab Testing):** Forecast shipping costs and required quality control and biological testing for cannabis product.

**Note 9 (Production Supplies and Materials):** Estimated supplies and materials related to cannabis product sales.

**Note 10 (S&GA Expenses):** Estimated selling, general, and administrative expenses required for operations.

**Note 11 (Contingency):** A weekly contingency of \$5,000 has been included to account for possible unforeseen expenditures

**Note 12 (Excise Tax Remittance):** Excise tax and regulatory fees relating to the sale of cannabis product in the CCAA Proceedings.

**Note 13 (GST Remittance):** Goods and Sales tax, net of input tax credits.

**Note 14 (Professional Fees & Expenses):** Expected professional fees to be paid to Delta Group's legal advisors as well as the CCAA Monitor, Monitor's Counsel, and Director's & Officers' Counsel. Forecasted fees are to be paid on a bi-weekly basis.

**Note 15 (Debt Service):** Forecast debt service for the senior secured indebtedness payable to SNDL.

John Arbuthnot  
Director